LSK
Since 1975
LEE SWEE KIAT GROUP BERHAD
[Registration No.: 200301005163 (607583-T)]

2024
ANNUAL REPORT

Napure®

ENGLANDER® USA since 1894

TEMPUR®

MFO
LEADING IN SLEEP INNOVATION

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

ANNUAL REPORT 2024

CONTENTS

CORPORATE STRUCTURE

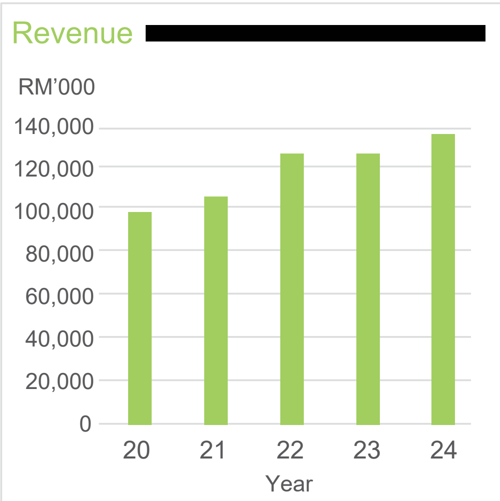
LEE SWEE KIAT GROUP BERHAD
[Registration No. 200301005163 (607583-T)]

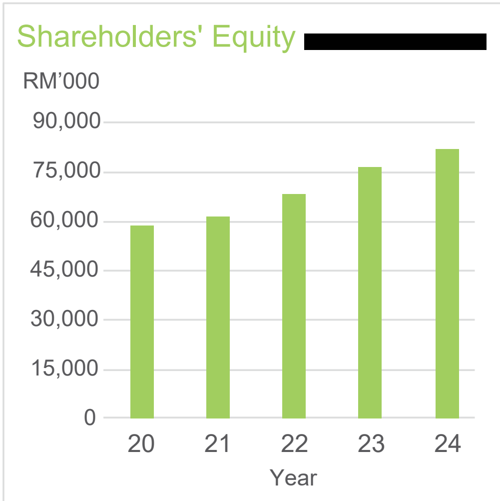
Since 1975

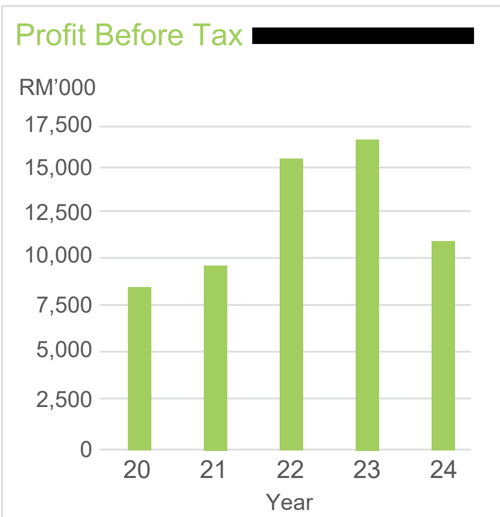
- **100% Lee Swee Kiat Holdings Sdn Bhd**
  Investment holding and management
  - **100% LSK Napure Latex Sdn Bhd**
    Manufacturing of natural latex bedding
  - **100% LSK Mattressworld Sdn Bhd**
    Manufacturing of mattresses and bedding accessories
  - **100% LSK Mattress Marketing Sdn Bhd**
    Marketing and distribution of mattresses and related products
  - **100% LSK Lamifoam Sdn Bhd**
    Dormant Company
  - **100% LSK Italhouse Sdn Bhd**
    Marketing and distribution of mattresses, furniture, related products and retail sale of mattresses

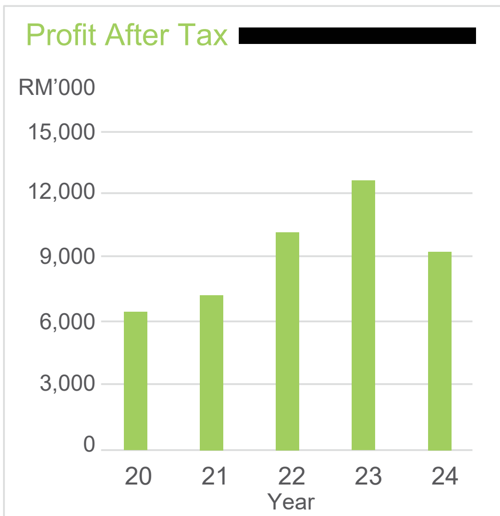
5 YEAR KEY FINANCIAL PERFORMANCE

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	96,608	104,633	129,024	127,707	136,331
Profit before tax	8,309	9,047	15,079	16,892	10,930
Profit attributable for ordinary shares	6,497	7,517	10,809	13,632	9,392
Earnings per share (sen) (restated for bonus issue)	2.68	3.09	4.42	5.56	3.76
Total shares issued (net of treasury shares) (restated for bonus issue)	245,663	245,663	245,320	245,320	251,653
Shareholders' equity	58,316	61,854	68,427	76,430	80,096
Total borrowings	(7,514)	(10,474)	(6,590)	(5,081)	(2,648)
Cash and bank balances	24,509	21,111	23,426	26,118	22,228
Net cash	16,995	10,637	16,836	21,037	19,580
Return on equity (%)	11.1%	12.2%	15.8%	17.8%	11.7%
Net gearing ratio	Net cash	Net cash	Net Cash	Net Cash	Net cash
Dividend per share (sen) (restated for bonus issue)	1.67	1.67	2.33	2.33	2.35
Special Treasury share dividend	-	-	-	1 for 25	-









CORPORATE INFORMATION

DIRECTORS

LEE AH BAH @ LEE SWEE KIAT	(Executive Chairman)
TAN KUIN LUAN	(Alternate Director to Lee Ah Bah @ Lee Swee Kiat)
DATO' LEE KONG SIM, ERIC	(Managing Director)
WONG YOKE SAN	(Senior Independent Non-Executive Director)
LEE KONG HOOI	(Non-Independent Non-Executive Director/Deputy Chairman)
NG FONG FONG	(Independent Non-Executive Director)

AUDIT COMMITTEE

WONG YOKE SAN
(Chairman, Senior Independent Non-Executive Director)
LEE KONG HOOI
(Member, Non-Independent Non-Executive Director/ Deputy Chairman)
NG FONG FONG
(Member, Independent Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

NG FONG FONG
(Chairperson, Independent Non-Executive Director)
WONG YOKE SAN
(Member, Senior Independent Non-Executive Director)
LEE KONG HOOI
(Member, Non-Independent Non-Executive Director/ Deputy Chairman)

SECRETARIES

NG CHEONG SENG (MIA 17444)
(SSM PC No. 202408000584)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Wisma LSK
Lot 6122, Jalan Haji Abdul Manan
Off Jalan Meru, 41050 Klang
Selangor Darul Ehsan
Tel : +(603) 3392 4488
Fax : +(603) 3392 5588
Website : www.lsk.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad

SOLICITOR

JM Chong, Vincent Chee & Co.

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +(603) 2783 9299
Email : is.enquiry@vistra.com

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Securities Berhad Stock Name : LEESK
Stock Code : 8079

AUDITORS

Nexia SSY PLT
(LLP0019490-LCA & AF 002009)
Chartered Accountants
UOA Business Park
Tower 3, 5th Floor, K03-05-08
1 Jalan Pengaturcara U1/51A
Section U1, 40150 Shah Alam
Selangor Darul Ehsan
Tel : +(603) 5039 1811
Fax : +(603) 5039 1822
Website : www.nexiassy.com

PROFILE OF THE DIRECTORS

EXECUTIVE DIRECTORS

LEE AH BAH @ LEE SWEE KIAT
Executive Chairman
Aged 86, Male, Malaysian

Mr. Lee Ah Bah @ Lee Swee Kiat was appointed to the Board of Directors of Lee Swee Kiat Group Berhad ("LSK" or "the Company") on 3 February 2004. He is the founder of LSK and its subsidiaries ("the Group"). He started his business venture in 1975 as a furniture wholesaler under Sun Sun Furniture (M) Sdn. Bhd. and ventured into manufacturing of laminated foam in the 1980s. He has since laid the foundation for the Company to expand until today.

DATO' LEE KONG SIM ("DATO' ERIC LEE")
Managing Director
Aged 50, Male, Malaysian

Dato' Eric Lee was appointed to the Board of Directors of LSK on 3 February 2004 as Executive Director. He was appointed as Managing Director on 25 August 2011.

Dato' Eric Lee is a Chartered Accountant under the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Taxation (MIT). He graduated from Association of Chartered Certified Accountants "ACCA" in 1997. He obtained his Master of Business Administration from the University of Gloucestershire, United Kingdom in 2020. He joined the Group since 1997 and currently also hold the position as Chief Financial Officer of the Group. He is the vice president of the Malaysia Furniture Council (MFC) since 2019 and the Honorary President of Kuala Lumpur and Selangor Furniture Association (KSFA).

NON-EXECUTIVE DIRECTORS

LEE KONG HOOI
Non-Independent Non-Executive Director/Deputy Chairman
Aged 58, Male, Malaysian

Mr. Lee Kong Hooi was appointed to the Board of Directors of LSK as Non-Independent Non-Executive Director/Deputy Chairman on 1 April 2021. He is a member of the Audit Committee ("AC") as well as Nomination and Remuneration Committee ("NRC").

He obtained his Master of Business Administration from Honolulu University, USA in 1999. He has more than 25 years of experience in the bedding industry. He is the Founder and Chief Executive Officer of Reztec Group Sdn Bhd, a manufacturing company specialising in foam mattresses and bedding products. He had served as Managing Director of LSK from February 2004 to April 2008.

WONG YOKE SAN
Senior Independent Non-Executive Director
Aged 69, Male, Malaysian

Mr. Wong Yoke San was appointed as Independent Non-Executive Director of LSK on 26 August 2019. He is the Chairman of the AC and a member of the NRC.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA), a member of the Chartered Tax Institute of Malaysia (CTIM) and a member of the Malaysian Institute of Chartered Secretaries and Administration (MAICSA).

He graduated with Bachelor of Commerce and Administration (BCA) degree from Victoria University, Wellington, New Zealand. He received audit training with Arthur Young, Singapore. Currently, he manages his own audit and tax practice in Kuala Lumpur and Seremban.

He has served as advisor to the Malaysia Furniture Council and Kuala Lumpur and Selangor Furniture Association (KLSFA) for many years.

PROFILE OF THE DIRECTORS *(cont'd)*

NON-EXECUTIVE DIRECTORS (Cont'd)

NG FONG FONG
Independent Non-Executive Director
Aged 52, Female, Malaysian

Ms. Ng Fong Fong was appointed as Independent Non-Executive Director of LSK on 1 November 2021. She is the Chairperson of the NRC and a member of the AC.

She is the founder and Chief Executive Officer of Ergoland Alliance Sdn. Bhd., a leading ergonomics solutions provider in Malaysia with multiple sales outlets and online presence.

She graduated with a Bachelor of Economics in University of Malaya and has more than 10 years of international experience in Business-to-Business (B2B) and Business-to-Consumer (B2C) marketing from multinational listed companies, BMI Group and Grundfos Asia Pacific.

ALTERNATE DIRECTOR

TAN KUIN LUAN
Alternate Director to Mr. Lee Ah Bah @ Lee Swee Kiat
Aged 84, Female, Malaysian

Madam Tan Kuin Luan was appointed to the Board of Directors of LSK as Alternate Director to Mr. Lee Ah Bah @ Lee Swee Kiat on 3 February 2004. She is the co-founder of the Group with Mr. Lee Ah Bah @ Lee Swee Kiat.

Note:-
Mr. Lee Kong Hooi and Dato' Eric Lee are brothers and they are the sons of Mr. Lee Ah Bah @ Lee Swee Kiat and Madam Tan Kuin Luan.

Mr. Lee Kong Hooi the Non-Independent Non-Executive Director of the Company is also the founder and Chief Executive Officer of Rezlec Group Sdn. Bhd. which is in the same industry with LSK.

Saved as disclosed, none of the Directors have:-
(1) any family relationship with any Directors and/or major shareholders of the Company;
(2) any conflict of interest or potential conflict of interest with the Company or its subsidiaries; and
(3) any conviction for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2024 other than traffic offences.

Details of the Directors' attendance at Board of Directors' meetings for financial year 2024 is provided in the page 47 of this Annual Report.

PROFILE OF THE KEY SENIOR MANAGEMENT

GOH KOK THAI
Technical Director for Latex Division
Aged 67, Male, Malaysian

Mr. Goh Kok Thai joined LSK Napure Latex Sdn Bhd, a wholly-owned subsidiary of the Group, as Technical Director since 1 November 2006. Mr. Goh has more than 30 years of experience in natural latex foam and related products. He holds a degree in Polymer Science & Technology from the University of Science Malaysia. He is responsible for the manufacturing and Research and Development of the latex division.

RATNADEWI A/P BAHWANDI @ FAN CHERN HUI
General Manager
Aged 46, Female, Malaysian

Ms. Ratna joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as Export Manager on 16 February 2004. She was promoted to General Manager of the Group's mattress division on 1 February 2009. She holds a degree in Economics & Management from the University of London. Ms. Ratna is responsible for the sales and marketing for local and exports of mattress and latex divisions.

YAP KOK SEONG
Factory Manager
Aged 61, Male, Malaysian

Mr. Yap joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as Factory Manager on 4 September 2017. He has more than 30 years of experience in bedding industry. Mr. Yap is currently in-charge of the production of all finished mattress and bedding accessories.

CHAI MUI CHICK, JASON
National Sales Manager
Aged 47, Male, Malaysian

Mr. Jason Chai joined LSK Mattressworld Sdn Bhd, a wholly-owned subsidiary of the Group, as National Sales Manager on 5 September 2017. He holds a Certificate from Chartered Institute of Marketing. He has more than 20 years of marketing and sales experience in the bedding industry, including 8 years in DMIB bedding division.

GAN LAY HONG, JANICE
Accountant
Aged 44, Female, Malaysian

Ms. Janice Gan joined LSK Napure Latex Sdn Bhd, a wholly-owned subsidiary of the Group, as Assistant Accountant on 26 March 2007. She was promoted to the position of Accountant on 1 January 2010 and is responsible for the Group's finance and accounting functions. She is a Chartered Accountant of Malaysian Institute of Accountants (MIA). She holds a Bachelor Degree in Accounting from University of Utara Malaysia. Prior to her joining to the Group, she worked as an external auditor for two years in a medium size audit firm.

None of the Key Senior Management has:-
(1) any family relationship with any Directors and/or major shareholders of the Company;
(2) any directorship in public companies and listed issuers;
(3) any conflict of interest potential conflict of interest with the Company or its subsidiaries; and
(4) any conviction for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2024 other than traffic offences.

MANAGEMENT DISCUSSION & ANALYSIS

Executive Summary of the Group

Core Business

LSK is a niche natural latex bedding company that embraces environmental sustainability through its core value proposition. LSK specialises in 100% natural latex and spring mattresses. The Group was established in 1975 and listed on Bursa Stock Exchange in 2004. For financial year ended 2024, approximately 26% of its products are exported while 40% of total revenue are derived from direct Business-to-Consumer ("B2C") sales channels within Malaysia.

Corporate Mission

LSK's mission is to help people to sleep healthier by using sustainable and renewable natural latex material, through energy efficient green technologies to reduce carbon footprint to the environment. Our main Corporate Social Responsibility is to generate reasonable returns responsibly by balancing the returns to stakeholders and impact on the environment.

Business Model

LSK operates as a niche player focusing on high value added natural latex & premium branded bedding. We adopt an asset-light model avoiding excessive investment in properties and venturing into non-core diversifications. LSK focuses on building brand-equity through branding, efficiencies and sustainability initiatives via continual improvement in operations to compete on equal footing at the world market.

The strategic management principles adopted by LSK in its major business decision making are as follows:-

Strategic Management Principles for LSK

(1) Focus – We strive to focus on our core competitive strength. We avoid diversification into non-related business of which we do not have competitive advantage.

(2) Sustainability – We endeavour to ensure sustainability in our business operations by using renewable natural latex as our core materials and utilising green technology in our manufacturing operations.

(3) Asset light – We avoid investment in properties other than those for our core business operations to keep our capital employed to those essential to our operations, so that to improve our return on equity.

(4) Building competitive advantage – We focus on brand building through investment in intellectual properties, improving efficiencies through technologies advancement and mechanisation to remain competitive at the world market.

(5) Conservatively financed – We manage our finance conservatively to be prepared for any unforeseen circumstances as well as to timely capture any good investment opportunity that may arise from time to time.

(6) Increase per share earnings – Our main business objective is to increase earnings on per share basis to create shareholder value. We do not wish to build the size of company by doubling profit through doubling shareholding base, which do not create value on per share basis for existing shareholders.

(7) Avoid dilution in shareholdings – We shun issuance of new shares through placements to new shareholders that may dilute the shareholdings for the existing shareholders. Unless the issue of new share is for acquisition of a business could provide incremental profit that is accretive on earnings per share basis for the existing shareholders or to bring in strategic shareholders that would create long-term value to the Group.

(8) Avoid unnecessary capital raising – We endeavour to avoid the need to raise additional capital from shareholders through right issues. The Company is ready to draw on debt for major expansions or merger and acquisition ("M&A") activities which is earnings accretive should the opportunities arise.

(9) Capital allocation – We practise due care in our capital allocation decision to bring in incremental profit on every ringgit we reinvested. We may keep more funds than needed in our operation as war chest for future expansion or potential M&A activities.

(10) Reward shareholders – We had adopted a dividend policy of a minimum 30% payout of the consolidated profit after tax and we strive to increase earnings on per share basis as well as reward shareholders on increasing dividend on per share basis in line with the growth of the Company.

Key Performance Indicators at a Glance

TURNOVER
RM136.331 MILLION
(INCREASED BY 6.7%)

PBT RM10.930 MILLION
(DECREASED BY 35.3%)

PAT RM9.392 MILLION
(DECREASED BY 31.1%)

EPS 3.76 SEN
(DECREASED BY 32.4%)

RETURN ON EQUITY
11.7% (2023: 17.8%)

NET CASH POSITION OF
RM19.580 MILLION
(DECREASED BY 6.9%)

DIVIDEND 2.35 SEN
(2023: 2.33 SEN)

SPECIAL TREASURY SHARES DIVIDEND: NIL
(2023 : ONE (1) TREASURY SHARE FOR EVERY 25 ORDINARY SHARES HELD)

MANAGEMENT DISCUSSION & ANALYSIS *(cont'd)*

Dear Fellow shareholders

On behalf of the Board of Directors, we are pleased to present to you the annual report of LSK for the financial year ended 31 December 2024 ("FY 2024"). The Group turnover for FY 2024 was RM136.331 million with Profit Before Tax ("PBT") and Net Profit of RM10.930 million and RM9.392 million respectively. The Company was in net cash position of RM19.580 million as at December 2024.

The key financial highlights are as follows:-

Financial Highlights

RM'000	FY 2024	FY 2023	Change
Turnover	136,331	127,707	+ 6.7%
Profit before tax	10,930	16,892	- 35.3%
Net profit for the year	9,392	13,632	- 31.1%
Earnings per share (sen)	3.76	5.56*	- 32.4%
Return on equity	11.7%	17.8%	- 6.1%
Net cash	19,580	21,037	- 6.9%
Dividend per share (sen)	2.35	2.33*	-
Special treasury share dividend	Nil	1 for 25	-

* Restated

Financial Analysis

The Group achieved record revenue for FY 2024 at RM136.331 million, a growth of 6.7% over RM127.707 million in FY 2023 despite various economical headwinds. Nevertheless. profit before tax decreased by 35.3% from RM16.892 million in FY 2023 to RM10.930 million in FY 2024. Net profit for the year decreased from RM13.632 million in FY 2023 to RM9.392 million in FY 2024. The reasons for the decrease are explained below.

The Group's net cash position decreased from RM21.037 million as at December 2023 to RM19.580 million as at December 2024.

The Group's total shareholder's fund stood at RM80.096 million as at December 2024 with no gearing. The Group generated a return on equity of 11.7% in FY 2024 against 17.8% in FY 2023.

General Operations

<u>**Balanced Sales Channels**</u>

Sales by Channels	2024 RM'000	%	2023 RM'000	%
Exports	34,987	25.7%	27,779	21.8%
Direct B2C	53,929	39.6%	57,169	44.8%
Wholesale	11,151	8.2%	11,008	8.6%
Cuckoo Napure	25,973	19.0%	24,873	19.5%
Others	10,291	7.5%	6,878	5.3%
Total	136,331	100%	127,707	100%

General Operations (continued)

Balanced Sales Channels (continued)

The Group has strong presence in a wide variety of sales channels including oversea and domestic market. The export and domestic market ratio were approximately 25:75 in FY 2024, compared to 22:78 in FY 2023. In FY 2024, export division experience a rebound in sales while domestic sales was facing headwinds with weak consumer purchasing power.

Collaboration with Cuckoo International (MAL) Sdn Bhd

This collaboration contributed RM25.973 million in revenue to the Group in FY 2024, representing 19.0% of overall Group Turnover. This Rental Based Business Model required substantial upfront working capital to finance the rent. The Group has passed the initial gestation period and now the monthly recurring collection is contributing positively to the Group's operating cashflows. The Group had launched new sofa bed product in with Cuckoo in Q2 of FY 2025 to expand the product range under the rental collaboration.

Main reasons for lower operating margin

In FY 2024, the centrifuged latex prices increased by 27% over those in FY 2023, thus affecting the operating margin of the Group. Besides, although the Group sells on FOB prices, the high freight cost caused by the Red Sea crisis, had affected our export customers. Despite the headwinds, the export division had experienced strong rebound in sales by 25.7% from RM27.779 million in FY 2023 to RM34.987 million in FY 2024.

During FY 2024, the Group had adopted a more prudent approach in treating the impairment of trade receivable pursuant to the rent-to-own division. Previously any customers with consecutive arrears of 6 month rental would be blacklisted and impaired. From FY 2024, any customers with cumulative arrears of 6 months, would be treated as blacklist. This, coupled with softer consumer market and cumulatively higher number of rental customers, had resulted in the total impairment and expected credit loss for Cuckoo Napure trade receivables to increase substantially from RM1.803 million in FY 2023 to RM8.150 million in FY 2024.

NAPURE – The No. 1 Selling Natural Latex Bedding

Our flagship brand Napure, is the proud owner of 3 Malaysia Book of Records, namely i) the largest natural latex bedding manufacturer, ii) the first and only "Aniline-free" natural latex bedding, and iii) the first and only certified organic latex bedding manufacturers under the Global Organic Latex System ("GOLS"). These records are solid proof of our achievement which again set us apart from our competitors. The Group has launched a lower priced Napureflex model for "latex-in-the-box" compressed latex mattress to further tap into the ecommerce segment.

Napure®
No.1
Latex Bedding Brand

ENGLANDER
USA since 1894
Top 10
American Bedding Brand

TEMPUR
World Leading Visco Elastic Bedding Brand

MANAGEMENT DISCUSSION & ANALYSIS *(cont'd)*

Strategic Management Principles

We have included our 10 strategic management principles on page 9 which form the central management philosophy of the present management in managing LSK. This serves to let shareholders and potential investors understand the process and rationales of decision making by the Management of LSK. We wish to attract likeminded investors and shareholders who share the same management concept with us over the long-term.

Awards

The Group obtained various awards over the years with our achievements, including the latest Malaysia Book of Records("MBR"). In 2019, we won the Sustainable Development Award organised by Junior Chamber International for our sustainable green natural latex building, as well as the MBR for the first Aniline-free latex bedding. In FY 2020, we were certified by MBR as the first organic latex bedding manufacturers under Global Organic Latex Standard ("GOLS").

Specific Business Risks

(i) Foreign labour

The Group is principally a manufacturing company and thus would rely on the use of foreign labour. The Group is targeting at mid to high end market and thus in a stronger position to absorb and pass on any increase in labour cost.

(ii) Centrifuged latex cost

Any huge fluctuation in the price may have an impact on the margin for our latex operations. The average centrifuged latex cost was about 27% higher in FY 2024 as compared to FY 2023. The Management has implemented hedging techniques to minimise any short-term fluctuation in the price of centrifuged latex.

(iii) Distribution agreement with Tempur

The Group has been the exclusive distributor for Tempur since 2006. The agreement is subject to review annually and there is no guarantee that Tempur would extend the distribution rights in the future. The total contribution from Tempur to the turnover of the Group was less than 5% in FY 2024.

Group Culture

Our Group culture could be summarised as EIIE, being the acronym for Effective, Integrity, Improve and Efficient. We inculcate our team to strive for effectiveness in achieving our Group strategies, be one of the most efficient players in the market, constantly improve oneself and grow with the Company, and finally the most important aspect, with strong integrity. We believe EIIE would be critical for the Group to face all economic challenges facing the Group from time to time, and allow us to excel over the long-term.

Dividend Policy

The Group has a dividend policy of declaring a minimum of 30% of consolidated profit after tax for dividend payment and is subject to factors such as the Group's earnings, capital commitment, general financial conditions, distributable reserves as well as the Group's solvency. Dividend will be in the form of cash or share dividends of equivalent market value at the time of declaration.

As for FY 2024, the Board of Directors had declared a single tier interim dividend of 2.35 sen per ordinary share representing a payout ratio of 62.5% on PAT. (FY 2023 2.33 sen after restated for bonus issue).

Share Buy-back, Special Treasury Share Dividend and Bonus Issue

The Board of Directors commenced share buy-back since November 2017. The shares purchased were kept as treasury shares and may be used, inter alia, as share dividend, share considerations for acquisitions, Employee Share Options Scheme, etc in future as permitted by the relevant regulatory requirements. This exercise allows the Group to utilise its cash flow into good use and increase the EPS of the Group. The Group has made one purchase and bought back 55,000 shares at an average price of RM0.910 per share in FY 2024.

On 27 February 2024, the Group had declared a special interim dividend via share dividend distribution of treasury shares on the basis of 1 treasury share for every 25 existing ordinary shares held for FY 2023, to reward its shareholders. This would be equivalent to an additional 4% dividend yield on top of the cash dividend of 3.5 sen. In relation to the share dividend distribution, a total of 6,411,413 treasury shares were credited to the eligible shareholders' securities account on 5 April 2024.

The Group had on 25 June 2024 issued bonus issue of 83,907,800 new ordinary shares in the Company on the basis of 1 Bonus Share for every 2 existing ordinary shares held after the treasury shares dividend. This is to reward the shareholders of the Company for their continuous support by increasing their equity participation in the Company in terms of the number of shares held and maintaining their percentage equity shareholding without incurring any cost.

As of December 2024, a total of 70,480 shares at an average cost of about RM0.30 per share were purchased and kept as treasury shares.

Land and Building at Historical Cost Valuation

Our two factories with freehold titles and a total land size of approximately 10 acres were recorded at historical cost as far as 20 years ago. Based on the recent transacted market value in the vicinity, the increase in value is very substantial.

Forward Looking Statement

The Management strives to build a sustainable business model to maximise long-term shareholder value. Overall, the Group had a stellar performance in FY 2024 despite the huge challenge on inflationary pressure. The performance of the Group will be affected from time to time by external factors including fluctuations in raw latex cost and exchange rate, as well as general economic situation. The Management is always cautious on various external risk factors that may affect the Group. We strive to have a relatively well-balanced structure in terms of composition of export and domestic sales, as well as a natural hedging of exports and imports which would minimise the impact of any sudden fluctuation in foreign exchange.

Acknowledgement

I would like to take this opportunity to express my sincere appreciation to the Board of Directors and Management team for their positive contributions, and to thank all customers, suppliers, bankers and our dedicated team of staff for their unwavering support throughout the years.

Dato' Eric Lee
Managing Director

SUSTAINABILITY STATEMENT

Managing Director Chairman Statement

As Managing Director of Lee Swee Kiat Group Berhad ("LSK"), I am honored to share our sustainability journey, a path shaped by collective determination, the unwavering dedication of our employees, and our steadfast commitment to stakeholders and investors alike."

Since its foundation, our organisation has recognised sustainability not as a secondary consideration but as a fundamental operating principle. This enduring commitment has been woven into the fabric of our corporate identity, guiding both strategic decisions and daily operations through a framework of environmental stewardship and social responsibility.

Our sustainability journey has been made possible through the collective efforts of all who share our mission. While stakeholders have provided invaluable guidance and investors have demonstrated foresight in supporting our vision, it is ultimately our employees who breathe life into these principles. Their technical expertise, operational diligence, and innovative thinking have been indispensable in implementing renewable energy solutions, achieving certified sustainable practices, and driving continuous improvement across all levels of our operations. Day after day, they transform our sustainability commitments from aspiration into reality.

The milestones we have achieved - including our solar PV investments and internationally recognised certifications - stand as testament to this collaborative effort. These accomplishments represent not endpoints but waypoints in an ongoing journey of improvement that our employees propel forward through their dedication. We understand that true sustainability requires constant evolution, and it is our workforce that drives this progress through their commitment to innovating processes, forging strategic partnerships, and redefining industry standards from within.

As we look to the future, we reaffirm our dedication to integrating sustainability into every dimension of our enterprise. We will continue to develop solutions that balance economic growth with ecological preservation and social equity, solutions that will be realised through the skill and perseverance of our employees. Our gratitude extends to all partners in this endeavor, with particular recognition of our workforce whose daily efforts make our sustainability ambitions achievable. We invite continued collaboration as we work toward a future where business success and planetary wellbeing are inextricably linked a future our employees are helping to build. This is not merely our corporate responsibility; it is our legacy to future generations.

LSK remains committed to transparent reporting and measurable progress on this critical path, progress made possible by the women and men who embody our sustainability values in their work every day.

Our commitment to sustainability

Since its establishment, LSK has remained steadfast in its commitment to sustainability, continuously striving to minimise its environmental footprint. Within its manufacturing operations, the Group places a strong focus on energy efficiency, optimising processes to lower carbon emissions and reduce operational costs. As part of its transition toward sustainable energy, LSK is actively exploring renewable sources, including solar power, to reduce reliance on non-renewable resources. The Group is dedicated to achieving decarbonisation across all scopes, aligning with industry best practices in emissions reporting. Key initiatives include the widespread implementation of LED lighting in facilities and the installation of rooftop solar panels where feasible.

At LSK, employee health, safety, and well-being are top priorities. Occupational health, safety, and environmental management are integral to the Group's efforts to ensure a secure and supportive work environment. LSK fosters a strong culture of safety, encouraging collective responsibility across all levels of the organisation. Additionally, the Group is committed to continuous learning and professional development, providing opportunities that attract, nurture, and retain top talent across its global operations.

Beyond its internal initiatives, LSK is deeply engaged in Corporate Social Responsibility (CSR), focusing on supporting marginalised communities and advancing sustainable development. Through strategic partnerships with organisations such as local foundations and NGOs, LSK works to enhance healthcare access and address pressing social challenges faced by underprivileged populations. By integrating sustainability, employee well-being, and social responsibility into its core values, LSK continues to drive long-term positive impact for both the environment and society.

About this Report

This Sustainability Report by LSK provides a detailed overview of our dedication to sustainability, highlighting our Environmental, Social, and Governance (ESG) performance during FY 2024. It reflects our unwavering commitment to integrating sustainable practices into all aspects of our operations, with a strong emphasis on creating value for both our stakeholders and the environment. Within this report, we thoroughly document the range of sustainability initiatives we have implemented, demonstrating their influence on our business direction. We also examine the challenges we have faced, including ESG-related issues and economic pressures, while pinpointing opportunities for growth and enhancement. At the core of our sustainability efforts are the carefully crafted strategies, frameworks, and initiatives that align with the Group's broader sustainability goals. Ultimately, this report offers a comprehensive account of our progress, accomplishments, and obstacles encountered throughout our sustainability journey in FY 2024, underscoring our steadfast commitment to ethical and responsible business practices.

Reporting Boundaries and Scope

The sustainability information contained in the Report covers the performance of the following Group assets unless otherwise indicated in the text of the Report.

Assets included in the Report boundaries are listed as follows:

Business Segment	Product Type	Company Reference in the Report
Latex Division	latex core, latex sheets, latex pillows	LSK Napure Latex Sdn Bhd
Mattress Foam Division	mattress, pillows and bedding accessories	LSK Mattressworld Sdn Bhd
Retail Segment Division	wholesale and retailing of sofa, mattress, bedframes, pillows and bedding accessories	LSK Mattress Marketing Sdn Bhd LSK Italhouse Sdn Bhd

Reporting frameworks

LSK maintains a robust set of reporting frameworks and rating tools to ensure transparency, accountability, and sustainability across its operations. These include compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and adherence to the Malaysian Code on Corporate Governance (MCCG), as mandated by the Securities Commission Malaysia. The Group also aligns its practices with the principles of Sustainable and Responsible Investment (SRI) outlined by the Securities Commission Malaysia. In addition, LSK follows globally recognised standards such as the Global Reporting Initiative (GRI) Standards to enhance the quality and relevance of its sustainability reporting. Furthermore, the Group integrates climate-related financial disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

To evaluate its performance in Environmental, Social, and Governance (ESG) areas, LSK utilises rating tools like FTSE Russell ESG Ratings, ensuring a holistic approach to sustainable business practices and stakeholder engagement. Below are some of the key reporting frameworks the Group adheres to:

Malaysian Code on Corporate Governance (MCCG) of Securities Commission Malaysia

Progressive Statement

Our report includes forward-looking statements concerning LSK's objectives, strategies, plans, and future initiatives, which are intricately linked with the Group's business, financial, and non-financial performance. These statements utilise terms such as 'expects', 'targets', 'intends', 'anticipates', 'believes', 'estimates', 'may', 'plans', 'projects', 'should', 'would', and 'will'. It's important to emphasise that these statements should not be interpreted as a guarantee of future operating or financial performance, as they may involve potential risks or unforeseen consequences for the Group. Factors that could result in actual results differing materially from those expressed in the forward-looking statements include global, national, and regional economic and social conditions, as well as matters that have not been reviewed or reported on by the Group and Company's auditors.

Statement of Assurance

All data presented in this report has been internally sourced and verified by the respective data owners. This Statement has undergone a thorough review by the Sustainability Committee and the Board of Directors, who confirm that the information accurately reflects the Group's sustainability impacts for the reporting period. To further enhance the credibility of this Sustainability Report, selected sections have been subjected to an internal review and approved by the company's internal auditor.

Feedback

We welcome feedback, suggestions and comments to help us improve our sustainability practices, reporting and overall performance. Kindly submit your feedback to:

Dato Lee
Lee Swee Kiat Group Berhad, Group Sustainability
Email: eric@lsk.com.my

Who we are

LSK stands as a distinguished public entity listed on the Bursa Malaysia Securities Bhd since 2004. With a rich legacy spanning over four decades since its establishment in 1975, LSK has solidified its position as a pioneering force in the mattress manufacturing industry.

At the heart of LSK's operations lie two expansive manufacturing facilities, spanning a combined land area of aproximately 420,000 square feet. These cutting-edge facilities serve as the cornerstone of LSK's production prowess, housing state-of-the-art machinery and one-stop production lines. From crafting natural latex foam and an array of spring productions, LSK boasts a comprehensive manufacturing setup capable of meeting diverse market demands.

Renowned as one of the foremost mattress manufacturers in Southeast Asia, LSK takes pride in its specialisation in niche natural latex bedding products. With an unwavering commitment to quality and innovation, the Group's product portfolio includes a wide range of mattresses, bedding accessories, among other related offerings.

At the forefront of LSK's product lineup is its expertise in 100% natural latex catering to the discerning preferences of customers seeking comfort, durability, and sustainability. Leveraging advanced technologies and industry-leading practices, LSK ensures that its mattresses not only deliver unparalleled comfort but also adhere to the highest standards of environmental responsibility.

A testament to its global reach and influence, about 20% of LSK's products find their way to international markets. With a robust export network spanning regions such as the United States of America, Korea, China, Europe, Canada, and Japan, LSK has earned a reputation for excellence on the global stage.

Complementing its manufacturing prowess is LSK's retail arm, epitomised by the International Brands Gallery (IBG). As a premier destination for ergonomic beddings and furniture, IBG showcases LSK's commitment to innovation and customer-centric design. Through IBG, LSK endeavours to offer customers a holistic shopping experience, combining superior craftsmanship with ergonomic excellence.

In addition to its flagship operations, LSK's corporate family encompasses a diverse array of subsidiaries, each playing a pivotal role in the Group's holistic ecosystem. From LSK Napure Latex Sdn. Bhd., LSK Mattressworld Sdn. Bhd. and LSK Mattress Marketing Sdn. Bhd., LSK's subsidiaries contribute to the Group's overarching mission of delivering quality products and services to customers worldwide.

In essence, LSK represents a beacon of innovation, quality, and sustainability in the mattress manufacturing industry. With a steadfast commitment to excellence and a forward-thinking approach, LSK continues to redefine industry standards and shape the future of bedding solutions globally.

What we produce

Sustainability Governance

A strong sustainability governance framework is crucial for LSK to seamlessly integrate sustainability initiatives, set clear goals, improve reporting standards, strengthen stakeholder relationships, and ensure organisational accountability. At LSK, sustainability is deeply embedded in our corporate culture, driven by a top-down approach led by a dedicated Board Sustainability Committee (BSC), which includes four members from our Board of Directors. Starting in FY 2023, we have strategically embedded sustainability criteria into the performance evaluations and key performance indicators (KPIs) of our Senior Management, tying them directly to remuneration incentives. These KPIs cover a variety of ESG objectives focused on lowering energy intensity, boosting the use of renewable energy, reducing landfill waste, enhancing Occupational Health and Safety (OHS) measures, promoting employee learning and development, and improving overall ESG rating scores.

Sustainability Governance (continued)

1. **Board of Directors:**

    - The Board of Directors oversees and guides LSK's overall sustainability strategy and initiatives.
    - They review and approve sustainability policies, goals, and targets proposed by the Mattress and Latex divisions' Sustainability Committees.
    - The Board ensures that sustainability considerations are integrated into the Group's long-term strategic planning and decision-making processes.
    - They monitor the progress and performance of sustainability initiatives through regular reports and updates from the Sustainability Committees.

2. **Sustainability Manager Mattress Division (A):**

    - Answering to the Board of Directors and the Mattress Division's Sustainability Committee, the Sustainability Manager (A) directs the creation and execution of sustainability plans tailored to mattress production.
    - They partner with the Board and senior executives to define divisional sustainability objectives, ensuring alignment with corporate aims and industry standards.
    - The Sustainability Manager (A) manages a team of experts, guaranteeing the rollout of projects aimed at lowering environmental footprints, boosting resource efficiency, and advancing sustainable practices within the division.

3. **Sustainability Manager Latex Division (B):**

    - Reporting to the Board of Directors and the Latex Division's Sustainability Committee, the Sustainability Manager (B) champions sustainability initiatives in latex production.
    - They collaborate with the Board and division stakeholders to craft and deploy strategies centred on environmental conservation, renewable energy integration, and waste minimisation.
    - The Sustainability Manager (B) spearheads efforts to streamline operations, reduce environmental hazards, and elevate sustainability outcomes in the Latex Division.

4. **Sustainability Manager Retail Division (C):**

    - Reporting to the Board of Directors and managing sustainability efforts in retail and distribution, the Sustainability Manager (C) is pivotal in advancing sustainability across the retail supply chain.
    - They work with the Board and key stakeholders to design and execute strategies focused on cutting environmental impacts, enhancing resource use, and fostering sustainable retail practices.
    - The Sustainability Manager (C) leads projects to reduce waste, encourage sustainable packaging, and adopt green transportation methods throughout the retail network.

5. **Environmental Sustainability Specialist:**

    - Under the supervision of the Sustainability Manager (A) and reporting to the Mattress Division's Sustainability Committee, the Environmental Sustainability Specialist identifies and addresses environmental issues in mattress production.
    - They offer technical insights to the Board and division leaders on environmental matters, conducting evaluations, launching projects, and tracking performance to meet regulatory and corporate sustainability standards.

6. **Renewable Energy Sustainability Specialist:**

    - Reporting to the Latex Division's Sustainability Committee and the Sustainability Manager (B), the Renewable Energy Sustainability Specialist promotes renewable energy projects in latex manufacturing.
    - They provide guidance to the Board and division heads on renewable energy prospects, performing feasibility analyses, securing resources, and managing the implementation of renewable energy solutions to cut emissions and strengthen energy sustainability.

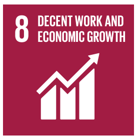
7. **Waste Management Sustainability Specialist:**

    - Guided by the Sustainability Manager (C) and reporting to the Retail Division's Sustainability Committee, the Waste Management Sustainability Specialist concentrates on reducing waste and advancing circular economy practices in retail operations.
    - They collaborate with the Board and division stakeholders to formulate and apply waste management plans, improve waste sorting and disposal methods, and explore opportunities for converting waste into valuable resources to lessen environmental effects and support sustainable retail practices.

SUSTAINABILITY STATEMENT *(cont'd)*

Alignment of United Nations Sustainable Development Goals (UN SDGs) with LSK

LSK is aligned with several. UN SDG Goals Let's analyse the data and identify the UN SDGs to which LSK aligns:

Business Segment	Initiatives	Description
	**Manufacturing and Exporting Products**	LSK produces and exports mattresses and bedding accessories to key international markets, including the United States, Korea, China, Europe, Canada, and Japan. This supports Goal 9: Industry, Innovation, and Infrastructure, which focuses on strengthening infrastructure, advancing sustainable industrial growth, and encouraging innovation.
	**Natural Latex and Sustainable Practices**	Specialising in 100% natural latex and spring mattresses, LSK prioritises sustainability by incorporating renewable energy and minimising waste in its production processes. These efforts align with Goal 12: Responsible Consumption and Production, which promotes sustainable resource use and responsible manufacturing.
 	**Environmental Initiatives**	LSK invests in renewable energy solutions, such as solar power, and implements waste management strategies to reduce landfill contributions. These initiatives support Goal 7: Affordable and Clean Energy and Goal 13: Climate Action, which emphasise access to sustainable energy and proactive measures against climate change.
	**International Trade and Partnerships**	With 20% of its products exported globally, LSK actively participates in global trade and partnerships, reinforcing its contribution to Goal 17: Partnerships for the Goals, which highlights the importance of international collaboration for sustainable progress.
	**Employment and Economic Growth**	Through its manufacturing operations, LSK contributes to job creation and economic advancement on both local and global scales. This aligns with Goal 8: Decent Work and Economic Growth, which promotes inclusive economic development and productive employment opportunities.

Stakeholders Engagement

Material Matrix

LSK determines its sustainability priorities by evaluating the importance and materiality of various sustainability issues, considering their potential impact and influence on the Group. This assessment takes into account current economic, environmental, and social trends at both local and global levels. During the financial year under review, an internal materiality assessment was conducted. This process allows LSK to identify and prioritise key sustainability risks and opportunities that could affect its business operations and key stakeholders.

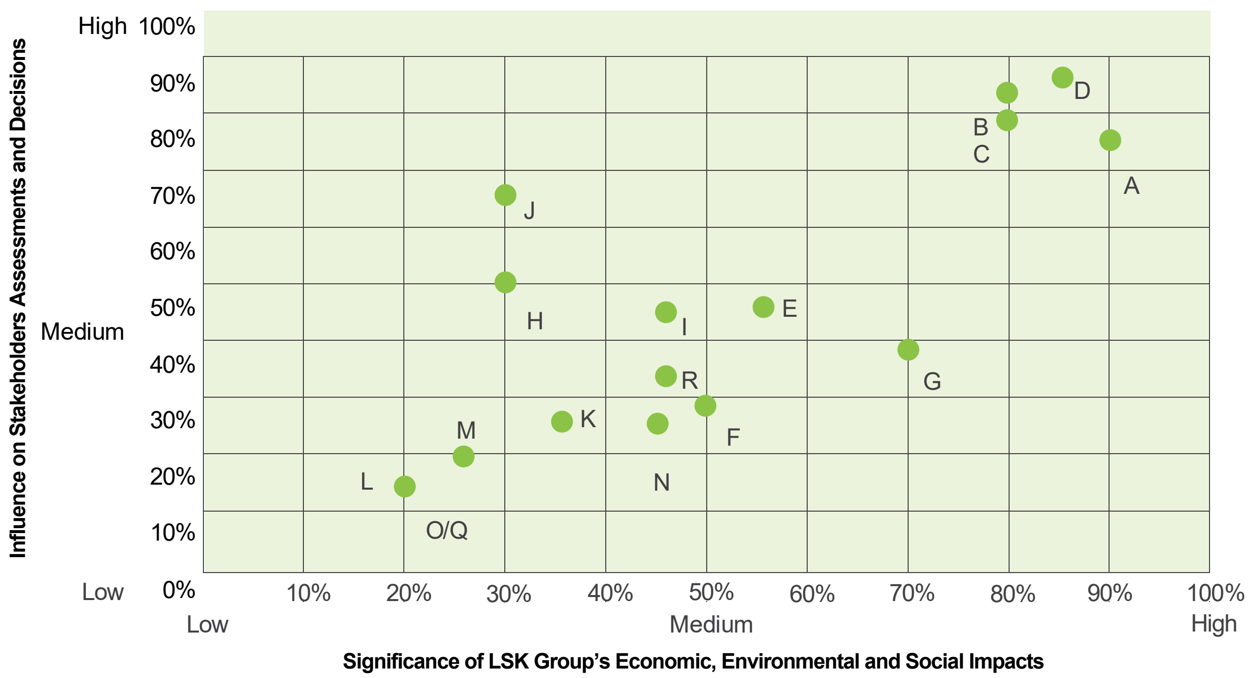
The materiality assessment process on sustainability matters of LSK is reflected below:

Identify sustainability matters	Prioritise material sustainability matters	Review and validate of process and outcome
- Grasp sustainability issues connected to business activities. - Recognise primary stakeholders and comprehend their interests. - Develop an initial list of sustainability-related topics.	- Use the materiality framework to rank stakeholder involvement. - Communicate the significance of each key sustainability issue.	- Present the materiality assessment results for review and endorsement. - Create a system to periodically evaluate the materiality process. - Decide how often the materiality assessment should be conducted.

Stakeholders Engagement (continued)

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
A. Customer Demand Based Business Model/Product Innovation B. Quality Commitment C. Supply Chain Management System E. Strategic Partners	F. Energy Management and Resource Conservation G. Responsibilities on Discharges to Air, Water and Land H. Active Role and Role Model	I. Leadership and People Interaction J. Trainings K. Safe Working Environment L. Creating a Sense of Belonging M. Conducive Work Place N. Employees Welfare and Workforce Diversity O. A pledge to the Triple Bottom Line P. Contribution to the Industrial Fraternity Q. Community Cohesion R. Healthy Lifestyle	D. Business Integrity/ Governance

Materiality Matrix



Stakeholders Engagement and Achievements

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential)	Frequency: Continuous Type: Awareness initiatives, personalised one-on-one interactions, tailored marketing collateral, and regional roadshows	- Quality of product - Timeliness of Deliveries - Identification and Resolution of Flaws - Reconnecting with Clients and Ensuring Continuous Improvement - Pricing Strategy and Perceived Value	- Quality management system - Pricing Strategies to Stay Ahead in the Market - Quality assurance and reunion program
Media	Frequency: Regularly Type: Print media, digital platforms, media briefings, and Product launches	- Company performance - Addressing Misunderstandings About the Brand - Resolving Concerns Regarding Offerings or Support	- Personalised Interaction - Media Announcements and Updates - Showcasing Initiatives via Outreach and Communication Platforms
Employees	Frequency: Regular, Continuous Type: Learning Workshops, Employee Interaction Initiatives, Staff Feedback Assessments, and Idea Development Drive	- Organisational Health and Employment Stability - Employee Care and Perks - Workplace Safety and Security - Professional Skills and Performance Excellence	- Staff engagement programmes (e.g. HR4U, Customer 1st programme) - Implementation of Environment, Safety and Health (ESH) programmes involving employees - Professional Development Sessions and Skill-Building Programs
Suppliers	Frequency: Periodic Type: Evaluation Discussions, Training Sessions, and Guidance for Adherence	- Compliance issues - Bid Pricing and Payment Terms - Cost Optimisation and Launch of Cutting-Edge Solutions - Employee Accommodation Facilities - Environmental, Safety, and Health Standards	- Engagement with suppliers during Safety Day and assurance audit - Consistent and ongoing communication - Continuous process enhancement - Collaborate and address concerns with relevant stakeholders - ESH (Environment, Safety, and Health) awareness campaigns, integrating ESH criteria into tender and contract documentation
Investors and Financiers	Frequency: Annual, quarterly Type: Annual general meeting, Quarterly Performance Updates, Media Briefings, Focused Presentations, and Strategic Discussions	- Adherence to Regulatory Requirements - Profitability at the Cost of Environmental and Community Welfare - Operational Vulnerabilities - Challenging Market Dynamics - Adverse Public Sentiment	- Monthly reporting and regular audit - Communicating with investors and conveying the corporate strategy - Launching a variety of cost-effective products

Stakeholders Engagement and Achievements (continued)

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Industry associations	Frequency: Continuous Type: Represent in association, lobbying, Advocacy Efforts, Dissemination of Insights Across Forums, and Contribution to Research Studies	- Rising cost of materials - Financial Impact Stemming from New Regulatory Measures - Legislative Changes and Policies Negatively Influencing the Sector	- Implementing advanced procurement strategies & utilising cutting-edge materials
Business partners	Frequency: Ad hoc Type: Meetings, discussions, functions, product launches	- Payment - Terms of reference (TOR) - Performance Evaluation - Human Rights - Environmental, Safety, and Health Standards	- Standard Operation Procedure (SOP) - Proper SOP for monitoring and tracking - Audit and using e-tendering - Benchmarking
General public	Frequency: Ad hoc Type: Discussions, Consultations, and Collaborative Interactions	- Environmental impact on communities	- Collaborate with specialists and communicate through reports on environmental conservation efforts (e.g., tree planting).
NGOs	Frequency: Ad hoc Type: Meetings, discussions, Joint Initiatives	- Environmental issues - Human rights - Challenges Impacting the Surrounding Population	- Environment engagement programmes (e.g. tree planting) - CSR programmes (e.g. safety in school), plastic waste separation awareness

Our Key Performance and Metrics for Latex and Mattress Division

We prioritise the Sustainability Leadership Index (SLI) and Critical and Trending Sustainability Key Performance Indicators (KPIs). These tools enable us to concentrate on essential material issues with clear, measurable goals, backed by well-structured initiatives and programs.

At the Divisional level, LSK fully embraces the Sustainability Strategic Framework, with a particular focus on the Critical and Trending Sustainability KPIs. Additionally, we consistently review the Division Strategy Blueprint, the division's core business strategy tool, to ensure alignment and drive the implementation of the sustainability framework.

To advance on our sustainability journey and progress along the sustainability maturity curve, we aim to meet the targets for six critical KPIs and at least six trending KPIs. This approach ensures measurable progress and continuous improvement in our sustainability efforts.

Our Key Performance and Metrics for Latex and Mattress Division (continued)

Critical KPIs

Key Area	KPI	Purpose	Subsidiary Target	Status
Safety and Health	Reduce Lost Time Injury Frequency Rate	Safeguard our workforce by promoting a culture of safety.	Achieve 2 concern reports per OU each month.	Reporting Next Year
Business Efficiency	Mechanisation of its key operations	Drive operational excellence for financial growth.	Aim to boost productivity by 20% within two years.	Planning Stage
Sustainability Reporting	Global Reporting Initiative (GRI)	Engaging stakeholders and enhancing transparency	Contribute to the group sustainability content of the annual report and division materiality assessment	Ongoing
Emissions	Carbon Intensity Reduction	Mitigating climate change impact	Review and reaffirm carbon emission reduction targets.	Ongoing
Managing Waste	Setting Waste Baseline	Promoting sustainable consumption and production	Establish a preliminary waste baseline to minimise environmental impact.	Ongoing
Water	Setting Water Baseline	Adopting responsible water stewardship to protect the environment	Set a preliminary water baseline to ensure sustainable water usage and environmental protection.	Ongoing

Trending KPIs

Key Area	KPI	Purpose	Divisional Target	Status
Safety	Implement Divisional ESH Roadmaps	Support divisions by guiding strategic Environment, Safety, and Health (ESH) initiatives, targeting	10% completion of the 3-year ESH Division Roadmap	On-going
Safety and Health	Implementing Sustainability Management System (SMS)	Enable teams to report Sustainability data effectively through a reliable automated system	90% reporting to SMS	Ongoing
Safety and Health	Maintaining Quality, Environmental Safety and Health Management System (QESH-MS)	Ensure operational readiness for QESH-MS certification	Preparation for certification	Ongoing

Our Key Performance and Metrics for Latex and Mattress Division (continued)

Trending KPIs (continued)

Key Area	KPI	Purpose	Divisional Target	Status
Safety and Health	Ensuring a safe working environment for all employees	Reduce safety and health metrics to guarantee a safe workplace	Meeting targets for Incident Rate, Frequency Rate, and Severity Rate.	On-going
Energy	Energy Efficiency	Address climate change by promoting eco-efficient initiatives	Establish a commitment to review and set energy reduction targets by FY 2030.	Ongoing
Risk Management	Implementing ESH Risk Management	Safeguard LSK from significant Environment, Safety, and Health (ESH) risks by implementing robust and effective risk management practices.	Identifying the top 3 risks and implementing effective mitigation controls	Ongoing
Sustainability Engagement and Recognition	National competition/ Sustainability engagement/Awards	Showcase the importance of corporate sustainability	Aim for shortlisting in Sustainability Awards	On-going
Quality	Quality Assessment System	Maintain product quality and minimise customer complaints	Continuous quality assessment processes	On-going

This table highlights key focus areas, Key Performance Indicators (KPIs), their objectives, divisional targets, and the current status of initiatives aligned with LSK's goals.

Anti-Bribery and Anti-Corruption

Business integrity and ethics are at the core of LSK's long-term success, reflecting our unwavering commitment to upholding the highest standards of corporate ethics and ethical behavior. We are dedicated to conducting business responsibly, ensuring strict compliance with all applicable laws and regulations. The Audit Committee, chaired by experienced Independent Non-executive Directors, plays a critical role in identifying and mitigating risks that could impact LSK's operations. The committee oversees the Internal Audit Department, which conducts regular internal audits, reviews transactions involving related parties, performs enterprise risk management surveys, and carries out ad-hoc audits to ensure adherence to established rules, regulations, and policies.

LSK is fully compliant with the Malaysian Anti-Corruption Commission (Amendment) Act 2018, reinforcing our commitment to ethical practices. We have established a robust Anti-Bribery and Corruption Policy, reflecting our zero-tolerance stance against bribery and corruption in any form. To further strengthen this commitment, we have implemented a "No Gift" Policy, which prohibits employees from accepting or giving gifts except under strictly defined procedures and exceptional circumstances. A detailed gift register form is maintained to monitor and evaluate any gift-related transactions.

In line with our anti-corruption efforts, LSK has recorded zero substantiated complaints related to Anti-Bribery and Corruption or gift-giving incidents during the fiscal years 2022, 2023, and 2024. This achievement aligns with our KPI target of zero complaints and highlights our steadfast dedication to fostering a corruption-free environment across all business operations.

Anti Bribery and Anti Corruption

LSK has **ZERO** case of substantiated complaints pertaining to Anti-Berbery & Corruption and gift giving incidents across 3 financial years

Anti-Bribery and Anti-Corruption (continued)

Anti-Corruption	FY 2022	FY 2023	FY 2024	Target (s)
Substantiated complaints pertaining to Anti- Bribery & Corruption and gift giving incidents	0 case	0 case	0 case	0 case

LSK has conducted a thorough and meticulous risk assessment across various operational areas, including procurement, payment, sales, charity, sponsorship, business gifts, hospitality, interactions with business partners, and engagements with government officials and suppliers. Each domain has successfully achieved its respective targets, demonstrating a robust and comprehensive evaluation process.

In the procurement domain, detailed assessments were performed to identify potential corruption risks. Procurement staff received extensive training on anti-bribery and corruption policies, and due diligence measures were effectively implemented for suppliers and contractors. For payment processes, regular reviews were conducted, and all transactions were subject to documented approvals to ensure transparency and compliance.

Sales activities were scrutinised to ensure ethical practices, with any unauthorised or unethical behavior promptly addressed. Expenditures related to charity, sponsorship, gifts, and hospitality were closely monitored, with all activities requiring prior approval and staying within approved budgets.

Annual due diligence checks were conducted on potential business partners, complemented by employee training to identify and report suspicious activities. Quarterly reviews were carried out for interactions with government officials and suppliers, with stringent measures in place to mitigate compliance risks. Documented reports of attempted bribery or corruption highlight the effectiveness of these controls.

Risk Area	Target of Risk Assessment	Key Performance Indicators (KPIs)	% Assessed	Targets Achieved
Procurement	Conduct risk assessment annually for procurement processes	- Number of corruption risks identified	100%	100%
		- Percentage of procurement staff trained on anti-bribery and corruption policies and procedures	100%	100%
		- Number of due diligence measures implemented for suppliers and contractors	100%	100%
Payment	Review payment processes quarterly for corruption risks	- Number of audits and reviews conducted for payment processes	100%	100%
		- Percentage of payment transactions with documented approvals	100%	100%
Sales	Assess sales activities bi-annually for ethical compliance	- Compliance rate with ethical sales practices	100%	100%
		- Number of unauthorised or unethical sales activities detected	100%	100%
Charity, Sponsorship, Business Gifts, Hospitality	Monitor expenditure monthly for compliance risks	- Number of approvals obtained for charitable donations, sponsorships, gifts, and hospitality	100%	100%
		- Percentage of expenditure within approved budgets	100%	100%

Anti-Bribery and Anti-Corruption (continued)

Risk Area	Target of Risk Assessment	Key Performance Indicators (KPIs)	% Assessed	Targets Achieved
Interaction with Business Partners	Conduct due diligence checks for new partners annually	- Number of due diligence checks performed on potential partners	100%	100%
		- Percentage of employees trained to recognise and report suspicious behavior	100%	100%
Government Officials and Suppliers	Review interactions quarterly for compliance risks	- Number of interactions with government officials and suppliers in high-risk jurisdictions	100%	100%
		- Percentage of interactions with documented reports of attempted bribery or corruption	100%	100%

Whistle Blowing Policies

LSK fosters a transparent and accountable work environment through a strong whistleblowing framework, enabling employees and stakeholders to report unethical or improper conduct without fear of retaliation. The company ensures confidential and secure reporting channels, allowing concerns related to fraud, corruption, misconduct, or policy violations to be raised and addressed promptly. This initiative reflects LSK's commitment to upholding integrity and embedding ethical behavior across all levels of the organisation.

To reinforce its governance practices, LSK takes all whistleblowing reports seriously, ensuring they are investigated fairly and impartially. The company actively promotes awareness of this policy, encouraging employees to voice concerns when encountering misconduct. By maintaining a secure and transparent reporting mechanism, LSK builds trust within the organisation while safeguarding its ethical standards and corporate reputation.

Stakeholders are encouraged to report concerns in good faith through designated reporting channels, including email, direct reporting to an immediate superior, or the Audit Committee Chairman.

Letter	Email
Mr. Richard Wong Audit Committee Chairman	yswong8989@gmail.com

Data Privacy

Data privacy and security are critical priorities for LSK, reflecting the Group's steadfast commitment to ethical conduct and regulatory compliance. As guardians of integrity, the Internal Audit Department plays a central role in upholding these values, ensuring the organisation operates with the highest levels of integrity and adherence to relevant regulations. Among these regulations is the Personal Data Protection Act, with which LSK Group rigorously complies to protect personal and sensitive data.

LSK Group has implemented robust data security measures to minimize the risk of unauthorized access or data breaches. Through stringent protocols and advanced technologies, the company ensures the safeguarding of personal and sensitive information from external threats. Critical documents, such as proprietary blueprints and pricing information, are securely stored in designated locations accessible only to authorized personnel, further strengthening confidentiality and data protection.

Data privacy and security

LSK has **ZERO** case of reported cases of breach data across 3 financial years

Data Privacy (continued)

In line with its commitment to data privacy and security, the Group has set a high standard for itself, achieving zero instances of data breach complaints. This proactive approach demonstrates the Group's dedication to maintaining the trust and confidence of its stakeholders while protecting their information. By continuously monitoring and enhancing its data protection practices, LSK strives to exceed regulatory requirements and industry standards, solidifying its reputation as a responsible and trustworthy organisation.

Data privacy and security	FY 2022	FY 2023	FY 2024	Target (s)
No. of complaints on breach data	0 case	0 case	0 case	0 case

Our Commitment to Community

On 27th October 2024, fifty employees from LSK played a pivotal role in the Pantai Lestari coastal cleanup at Esplanade Tanjung Harapan, demonstrating how corporate leadership can drive tangible progress toward the United Nations Sustainable Development Goals. Their efforts directly advanced **SDG 14 (Life Below Water)** through the removal of marine debris, **SDG 11 (Sustainable Cities and Communities)** by transforming the waterfront into a cleaner public space, and **SDG 12 (Responsible Consumption)** via creative upcycling competitions that repurposed waste into cultural art pieces. The team's comprehensive approach created a model for public-private partnerships that embodies **SDG 17 (Partnerships for the Goals)**.

By investing in responsible waste management and engaging with the community, LSK demonstrates its dedication to contributing positively to the environment and society, aligning with the broader goals of the Sustainable Development Goals.

Protecting our Environment

At LSK, protecting the environment is a core part of our corporate values, and we are deeply committed to minimising our environmental impact across all areas. For Scope 1, which includes direct emissions from sources we own or control, we focus on adopting energy-efficient technologies and refining our manufacturing processes to reduce carbon emissions. We also closely monitor and optimise our energy usage to lessen greenhouse gas emissions from our operations.

In Scope 2, which involves indirect emissions from purchased energy, we actively seek out renewable energy options and invest in sustainable energy solutions to reduce our dependence on fossil fuels. Initiatives like installing solar panels and prioritising green energy procurement help us lower our carbon footprint and support a cleaner energy future.

For Scope 3, covering indirect emissions across the value chain, we work closely with suppliers and partners to encourage sustainable practices and reduce emissions throughout our supply chain. By collaborating with stakeholders and embedding environmental considerations into our decision-making, we aim to fulfill our responsibility to preserve the environment and create a more sustainable world for future generations.

Our Management Approach

Our management approach includes:

a) Environmental Compliance: We comply with all environmental laws, regulations, and standards to ensure accountability and reduce our ecological impact.

b) Sustainable Resource Management: We aim to maximize resource efficiency and minimise waste by adopting streamlined production methods and sustainable resource practices.

c) Energy Efficiency: We continuously evaluate and improve our energy-saving initiatives to reduce emissions and lessen our dependence on non-renewable energy. This includes upgrading to energy-efficient technologies and implementing conservation measures.

d) Renewable Energy Adoption: We are committed to integrating renewable energy sources, such as solar and wind, wherever possible, to cut down on fossil fuel use and lower emissions.

e) Pollution Prevention: We employ advanced technologies and wastewater treatment systems to prevent contamination of air, water, and soil.

f) Collaborative Engagement: We work closely with stakeholders, including employees, suppliers, customers, and local communities, to promote environmental awareness and drive joint sustainability efforts.

g) Ongoing Enhancement: We consistently track, analyse, and refine our environmental performance to identify opportunities for improvement and implement measures to meet our sustainability targets.

Scope 1 GHG Emissions

Scope 1 emissions are direct greenhouse gas (GHG) emissions generated from sources owned or controlled by a company. For LSK, a foam and latex mattress manufacturer, these emissions primarily result from burning fossil fuels, such as natural gas and diesel in production processes, as well as from fuel combustion in company-owned vehicles used by its mattress division.

LSK depends on fossil fuels to operate its manufacturing facilities and production equipment for latex foam. Natural gas fuels heating systems for drying processes and powers boilers to generate steam, which is critical for multiple manufacturing stages. Diesel is used to run heavy machinery, logistics vehicles for transporting raw materials and finished goods, and forklifts for material handling within facilities. It also serves as a backup power source for generators, ensuring uninterrupted production operations.

By using these fossil fuels, LSK Group releases CO2, CH4, and N2O emissions directly into the atmosphere, contributing to its Scope 1 emissions profile. As part of its sustainability efforts, LSK Group aims to monitor and mitigate these emissions to minimise its environmental impact while ensuring efficient production processes.

Year[1]	Total Gas Usage (m^3)	Total CO2 Emissions (tonnes)
2022	1,377,573	2,817.72
2023	1,602,309	3,277.39
2024	1,466,338	2,999.28

Gas usage over the three-year period from 2022 to 2024 shows notable fluctuations, reflecting potential changes in demand, efficiency, or operational factors. In 2022, gas consumption stood at 1,377,573 m^3, rising sharply by 16.3% in 2023 to 1,602,309 m^3—the highest level in the recorded period. However, usage declined by 8.5% in 2024 to 1,466,338 m^3, suggesting a possible reduction in energy demand, improved efficiency, or a shift to alternative energy sources. Despite the dip in 2024, gas consumption remained 6.4% higher than 2022 levels, indicating an overall upward trend.

To align with the Task Force on Climate-related Financial Disclosures (TCFD) and leverage machine efficiency, LSK can implement several key initiatives to reduce Scope 1 emissions:

a) **Enhancing Energy Performance:** Upgrade to advanced, low-consumption machinery and systems to cut energy use and decrease on-site emissions, such as upgrading to high-efficiency boilers, HVAC systems, and lighting.

b) **Process Optimisation:** Apply efficiency-boosting techniques to enhance workflows and curb unnecessary energy expenditure, such as refining manufacturing timetables, reducing inactive machinery periods, and optimizing upkeep procedures.

c) **Alternative Fuel Adoption:** Investigate shifting to eco-friendly energy options with reduced carbon output, like replacing conventional fuels with sustainable alternatives—solar, wind, or biomass for heating and power generation.

d) **Catalyst Regeneration:** Introduce processes to renew catalytic agents in industrial applications, prolonging their usability and lessening emissions tied to production and disposal of replacements.

e) **Monitoring and Reporting:** Strengthen systems for observing and documenting Scope 1 emissions to ensure precise measurement, supporting informed choices and pinpointing enhancement areas.

f) **Employee Engagement and Training:** Motivate staff to participate in eco-friendly programs and train them in energy-conserving methods, promoting engagement and embedding an ethos of sustainability across the company.

g) **Continuous Improvement:** Create a framework for perpetual advancement to routinely assess and refine processes, uncover fresh emission-cutting prospects, and maintain steady strides toward decarbonisation goals.

By implementing these key initiatives, LSK can effectively reduce Scope 1 emissions in alignment with TCFD recommendations while leveraging machine efficiency to optimise energy use and enhance sustainability across its operations.

[1] The Data for 2023 and 2022 was restated to align to m3 butane volume metric from previous metric. The total m3 consist of Gas bill and Boiler gas from Petronas. Data provided for Gas Bill from Jan 2024 to December 2024, whereas Boiler information is only for Year 2023 and for Year 2022 it is from August 2022 to December 2022. The Emission factor used to determine the co2 is 2.04 kg/co2. Gas usage (m^3)=Gas usage (mmbtu)×27.8 is used to convert mmbtu to m3.

Scope 2 GHG Emissions

Over the past three years, LSK has actively monitored and managed its electricity consumption and CO_2 emissions across its divisions.

In FY 2022, total electricity consumption stood at 1,665,289 kWh, with the Latex Division being the highest consumer, followed by the Mattress Division and the Office Division. Corresponding CO_2 emissions were 1,039,140 kg, 194,839 kg, and 64,946 kg, respectively.

In FY 2023, total electricity consumption increased by 5.6% to 1,758,807 kWh, with a similar division breakdown. The Latex Division's emissions increased by 5.6% to 1,097,496 kg, while the Mattress Division's emissions grew by 5.6% to 205,780 kg. The Office Division's emissions also rose by 5.6% to 68,593 kg, reflecting higher energy consumption. Meanwhile, the Retail Division's emissions dropped by 18.2%, from 868,517 kg in 2022 to 710,745 kg in 2023.

In FY 2024, total electricity consumption increased by 10.51% to 3,036,182.61 kWh. The Latex Division remained the highest consumer at 1,868,634 kWh, marking a 29.1% increase from 2023. The Mattress Division's consumption decrease by 23.5% to 207,626 kWh. The Retail Division recorded 862,489 kWh, a 8.0% decrease, reflecting a shift in energy distribution.

Year2	2024	2023	2022
Latex Division (kg/co2)	1,416,425	1,097,496	1,039,140
Mattress Divisions (kg/co2)	157,381	205,780	194,839
Office Divisions (kg/co2)	73,855	68,593	64,946
Retail Divisions (kg/co2)	653,767	710,745	868,517
Solar Panel Output Offset (kg/co2)	420,328	N/A	N/A
Solar Panel Output Offset against total electricity consumption (in %)	18.9%	N/A	N/A

[2] The calculation is based on the emission factor of 0.758kg/co2 . Scope 2 Emission factor for peninsular Malaysia is 0.758. Source: https://meih.st.gov.my/

The installation of solar panels has proven highly successful, enabling LSK to offset 18.9% of total electricity consumption. This significant contribution directly reduces our Scope 2 emissions, marking a major step forward in our sustainability journey. The project demonstrates how clean energy solutions can effectively lower our carbon footprint while supporting our long-term environmental and operational goals.

Several key initiatives can be outlined to align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and proposed energy measures which are as follows: -

a) **Energy Efficiency Programmes:** Implementing energy efficiency programmes across all divisions to reduce electricity consumption and corresponding CO2 emissions. This can include upgrading lighting systems, optimising HVAC (heating, ventilation, and air conditioning) systems, and implementing energy-efficient equipment and appliances.

b) **Renewable Energy Integration: I**ncreasing the use of renewable energy sources, such as solar or wind power, to meet electricity needs. This can involve investing in onsite renewable energy generation systems or purchasing renewable energy from external sources to reduce reliance on fossil fuels and decrease carbon emissions.

c) **Carbon Reduction Targets:** Setting ambitious carbon reduction targets aligned with science-based targets to mitigate climate risks and transition to a low-carbon economy. These targets should be measurable, time-bound, and aligned with the Group's long-term sustainability goals.

d) **Energy Monitoring and Reporting:** Enhancing energy monitoring and reporting systems to track electricity usage, identify inefficiencies, and measure progress towards energy reduction goals. Regular reporting on energy consumption and CO2 emissions can improve transparency and accountability.

Scope 2 GHG Emissions (continued)

e) **Employee Engagement and Training:** Engaging employees across all divisions through awareness campaigns, training programmes, and incentives to promote energy conservation practices and encourage behavioural changes that contribute to reducing electricity consumption.

f) **Investment in Technology:** Investing in innovative technologies such as smart metres, energy management systems, and advanced analytics to optimise energy use, identify energy-saving opportunities, and enhance operational efficiency.

g) **Supply Chain Engagement:** Collaborating with suppliers and partners to promote energy efficiency, renewable energy adoption, and carbon reduction initiatives throughout the supply chain. This can involve supplier assessments, capacity-building programmes, and joint projects to address shared sustainability challenges.

By implementing these proposed key initiatives, LSK can demonstrate its commitment to sustainability, enhance resilience to climate-related risks, and create long-term value for stakeholders in alignment with the TCFD recommendations and proposed energy measures.

Scope 3 – GHG Emissions

Business Travelled Emission

In 2024, LSK's total transportation distance increased by 16.8%, from 28,848 km in 2023 to 33,703 km, leading to a 16.8% rise in CO_2 emissions, from 624.11 kg to 728.95 kg. The Mattress Division recorded the highest increase, with distance traveled rising by 48.7% from 8,784 km to 13,068 km, resulting in a 48.7% jump in CO_2 emissions from 189.86 kg to 282.46 kg. Conversely, the Latex Division saw a significant 60% reduction in travel distance, from 20,064 km to 8,023 km, leading to a 60% decrease in emissions, from 434.25 kg to 173.64 kg. Meanwhile, the Retail Division, which had no recorded travel in 2023, added 12,612 km in 2024, contributing 272.85 kg of CO_2 emissions.

Year	2024		2023[1]	
Division	Distance Travelled (km)	CO2 Emission (kg)	Distance Travelled (km)	CO2 Emission (kg)
Mattress	13,068	2,147	8,784	1,445
Latex	8,023	1,320	20,064	3,301
Retail	12,612	2,075	N/A	N/A
Total	33,703	5,542	28,848	4,746

[1] 2023 data restated to match average car co2 emission rate per kg.

Employee Commuting

At LSK Group, a total of 120 employees contribute to the daily operations across various departments and branches. Each day, these employees travel to and from work using different modes of transportation, which impacts the Group's Scope 3 CO2 emissions.

Year	2024		2023[2]	
Type of Transport	Total Distance (km)	CO2 Emissions (kg)	Total Distance (km)	CO2 Emissions (kg)
Car	348,100	57,262	281,500	46,307
Motorcycle	131,400	14,936	107,625	12,234
Walk	N/A	N/A	500	N/A
Public Transport	46,650	2,331	29,500	1,046

[2] 2023 data restated to match average car/ motorbike co2 emission rate per kg with factor of average of 250 workdays each financial year.

Employee Commuting

The majority of employees, approximately 70%, commute to work using their private vehicles, primarily cars and motorcycles. These vehicles collectively cover significant distances, resulting in substantial CO2 emissions. The distances travelled vary, ranging from short commutes of a few kilometres to longer journeys spanning over 53 kilometres. Despite the convenience of private transportation, it also contributes significantly to carbon emissions, thereby affecting the environment.

A smaller portion of employees opt for alternative modes of transportation, such as utilising public transport. While these options are more environmentally friendly, they represent a minority among the commuting workforce.

In recent years, the Group has recognised the importance of reducing its carbon footprint and promoting sustainable commuting practices among employees. Initiatives such as carpooling, promoting cycling or walking to work, and providing incentives for the use of public transportation have been implemented to encourage greener commuting habits. Through collective efforts and conscious choices, LSK strives to contribute positively to environmental sustainability while ensuring the convenience and well-being of its employees.

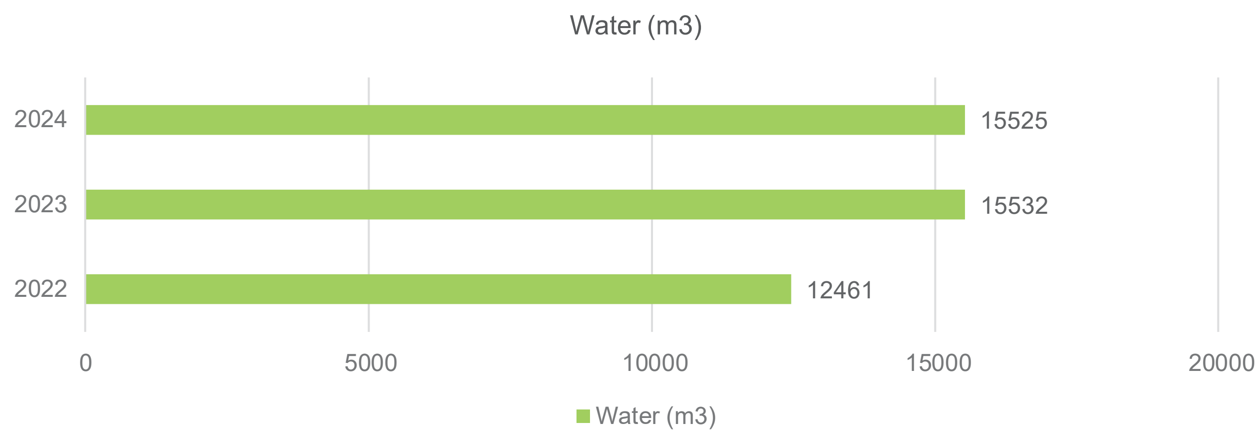
Water Management

Water Stewardship: LSK acknowledges the critical role of sustainable water governance in its business activities and maintains a steadfast dedication to ethical water resource practices. Historical consumption metrics from recent operational years demonstrate LSK's water consumption, reinforcing its pledge to systematically decrease water-related environmental impacts.

Management Approach: The organization employs a forward-thinking regulatory framework for water preservation and custodianship. This includes regular monitoring of water usage across its manufacturing facilities and retail outlets. By tracking water consumption monthly, SK establishes performance benchmarks, evaluates conservation effectiveness, and deploys precise interventions to curtail unnecessary water expenditure.

Water Efficiency: LSK prioritises water efficiency initiatives to minimise wastage and optimise resource utilisation. The Group invests in technologies and equipment that promote water efficiency, such as low-flow fixtures, water-saving processes, and recycling systems.

Water Conservation: LSK maintains an active commitment to hydrological protection measures, extending beyond operational boundaries to encompass regional community ecosystems. LSK pursues collaborative conservation ventures through public engagement initiatives, informational programming, and alliances with local organisations. By promoting awareness and advocating for responsible water use, LSK contributes to the broader goal of sustainable water management and conservation.



Waste Management

Waste Stewardship:

LSK is committed to waste stewardship, recognising the importance of responsible waste management practices to minimise environmental impact. Our waste stewardship efforts are aligned with the Global Reporting Initiative (GRI) guidelines, focusing on transparent reporting and continuous improvement in waste management.

a) **Management Approach** We optimise production processes, enforce waste segregation, and promote recycling to reduce waste generation across operations.

b) **Waste Efficiency:** By improving resource utilisation and adopting waste-reduction technologies, we enhance operational efficiency while lowering our environmental footprint. Regular monitoring helps us identify and implement targeted improvements.

c) **Waste Conservation:** LSK embeds circular economy principles across operations through source reduction, material recovery, and closed-loop innovation. Measurable outcomes include reduced virgin material consumption, higher recycling rates, and decreased landfill reliance, demonstrating how sustainability and profitability advance together through responsible stewardship.

Aligned with GRI standards, LSK's waste stewardship program reflects our dual commitment to environmental leadership and operational excellence. We implement systematic waste minimisation strategies while optimising resource efficiency across all operations. Through innovative solutions and strategic partnerships, we transform waste management into value creation, delivering measurable environmental benefits alongside sustainable business growth. Our approach demonstrates that responsible resource stewardship can simultaneously reduce ecological impact while generating long-term value for all stakeholders.

Year	2024		2023	
Waste Type	Latex Division (tonnes)	Mattress Division (tonnes)	Latex Division (tonnes)	Mattress Division (tonnes)
Reuse	N/A	603.35	N/A	504.00
Recycle	N/A	137.66	N/A	513.00
Incinerator	N/A	N/A	286.22	N/A
Landfill	132.61	212.00	15.45	N/A

The provided data outlines the waste management practices within LSK, categorising waste types and their respective quantities across the Latex Division and Mattress Division.

In the Mattress Division, waste management involves recycling and landfill methods. A significant portion of waste, totaling 603.35 tonnes, is directed towards repurpose and reuse initiatives, demonstrating a commitment to sustainable practices and resource conservation within the division. Additionally, 137.66 tonnes of waste are sent to recycling, signifying that the waste in LSK is prudently managed and treated.

Overall, the data underscores LSK's efforts to implement diverse waste management strategies tailored to each division's operational needs and environmental considerations. Through practices such as recycling and incineration, the Group aims to minimise waste generation, promote resource efficiency, and contribute to a more sustainable future.

Supply Chain Management

From 2022 to 2024, LSK's expenditure on local and overseas suppliers showed notable shifts in both monetary values and percentage distributions. In 2022, the company spent RM 29,194,315 on local suppliers and RM 27,579,641 on overseas suppliers, resulting in a slight majority of 51.42% for local sourcing compared to 48.58% for international procurement. However, in 2023, spending on local suppliers decreased to RM 23,509,652, while overseas supplier costs slightly rose to RM 24,079,339, causing a reversal in proportions of 49.40% local and 50.60% overseas. By 2024, the trend toward overseas suppliers became more pronounced, with expenditures reaching RM 33,551,904 (54.28%) compared to RM 28,262,309 (45.72%) for local suppliers.

Supply Chain Management (continued)

Key initiatives in supporting local procurement include:

a) **Supplier Enhancement Initiatives:** Introducing schemes to improve the skills and resources of regional vendors, encouraging their development and market competitiveness.

b) **Inclusive Sourcing Strategies:** Encouraging a diverse supplier base by prioritising collaborations with local enterprises led by minorities, women, veterans, and other marginalised communities.

c) **Strategic Alliances:** Building enduring relationships with nearby suppliers founded on trust and aligned goals, ensuring a consistent and dependable supply network.

d) **Vendor Evaluation Systems:** Continuously evaluating the effectiveness of local vendors to uphold quality, timely delivery, and cost efficiency.

e) **Skill Development Programs:** Offering education, tools, and assistance to regional suppliers to help them align with the organisation's expectations and benchmarks.

f) **Local Economic Analysis:** Performing studies to gauge how procurement choices affect nearby economies and sectors, informing future sourcing strategies. By prioritising local procurement and implementing these key initiatives, LSK demonstrates its commitment to contributing to the local economy, fostering sustainable growth, and building resilient supply chains.

Year	Local Suppliers (RM)	Overseas Suppliers (RM)	Local Suppliers (%)	Overseas Suppliers (%)
2022	29,194,315	27,579,641	51.42%	48.58%
2023	23,509,652	24,079,339	49.40%	50.60%
2024	28,262,309	33,551,904	45.72%	54.28%

Diversity, Inclusion and Gender Equality

Our People are Our Asset

Inclusion

Diversity

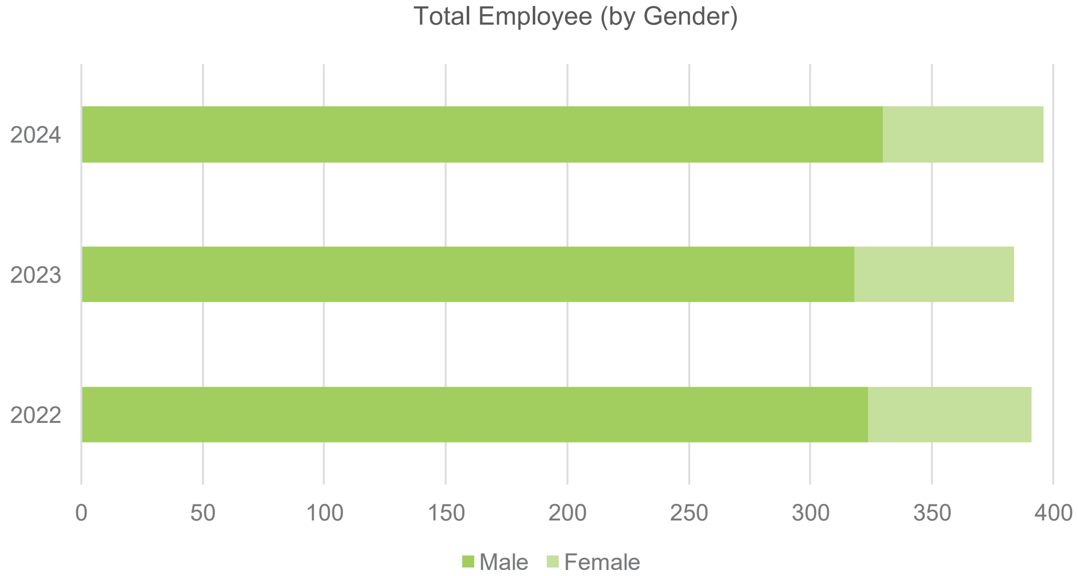
Equality

LSK is firmly dedicated to promoting diversity, equity, and well-being across its organization. We believe that embracing diversity and fostering inclusion are critical to achieving excellence, as they fuel innovation, creativity, and more effective decision-making. Our organisation celebrates diversity in all its dimensions, encompassing gender, age, ethnicity, religion, disability, sexual orientation, and beyond. We are committed to cultivating an inclusive environment where every individual feels appreciated, respected, and encouraged to share their distinct viewpoints and abilities.

As part of our dedication to equity, we ensure fair and impartial treatment for all staff, guaranteeing that career growth, training, and development opportunities are available to everyone, irrespective of their background. We have established robust policies and practices to eliminate discrimination and harassment, nurturing a workplace culture rooted in respect, understanding, and inclusivity.

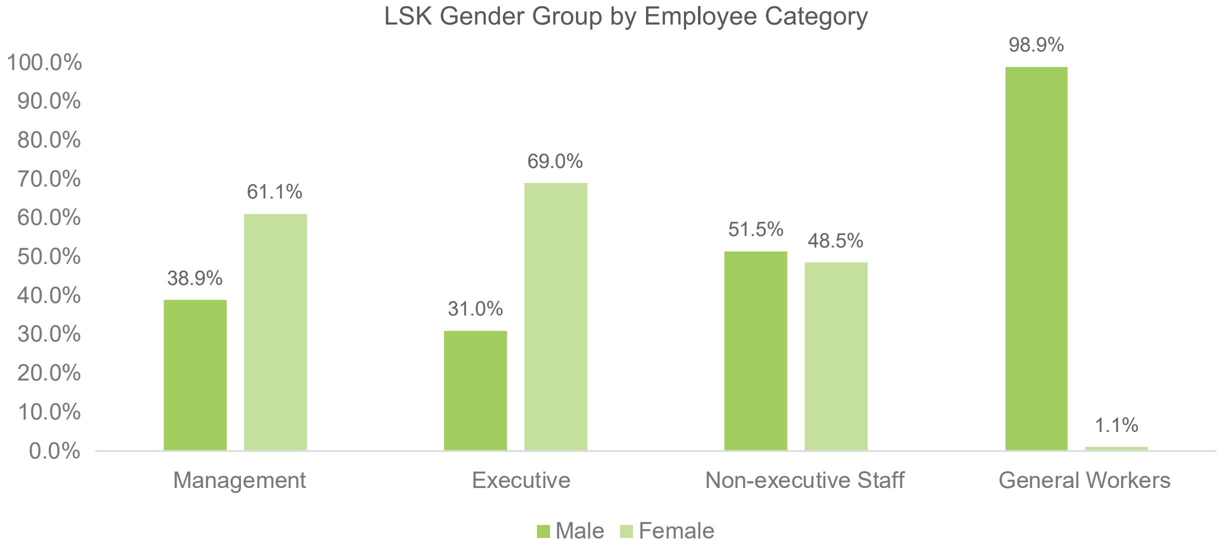
LSK places a high priority on the well-being of its employees, recognising that their physical health, mental wellness, and overall happiness are vital to our collective success. We offer extensive health and wellness initiatives, including medical care, mental health resources, and programs designed to support a healthy work-life balance. Our aim is to foster a nurturing workplace where employees feel empowered, inspired, and equipped to excel both in their personal lives and professional careers.

Diversity, Inclusion and Gender Equality (continued)



Year	Male	Female
2022	324	67
2023	318	66
2024	330	66

LSK remains steadfast in its commitment to promoting diversity and inclusion both within our organisation and across our broader stakeholder network. In FY2024, our workforce totalled 396 employees, comprising 330 male (83.3%) and 66 female (16.7%) team members. While these figures demonstrate progress, we recognise the ongoing need to improve gender representation and foster greater diversity across all levels of business.



Beyond our internal operations, we actively engage with customers, suppliers and local communities to champion inclusive practices and drive positive social change. Through strategic partnerships and targeted initiatives, we are working to create equal opportunities, eliminate barriers and build a culture of belonging that extends throughout our value chain. Our efforts in this space reflect our fundamental belief that diverse and inclusive organisations are not only more equitable, but also more innovative, resilient and ultimately more successful in delivering sustainable value for all stakeholders.

Diversity, Inclusion and Gender Equality (continued)

LSK's organisational structure demonstrates distinct generational stratification across employment tiers. Within senior leadership, our data reveals a pronounced concentration of mid-career professionals, with 83.33% of managerial positions occupied by individuals aged 30-50. This cohort provides stability and industry-specific expertise to strategic decision-making processes. A smaller but critical 11.11% of managers above age 50 contribute longitudinal institutional knowledge, while the minimal 5.55% representation of under-30 managers indicates potential gaps in our leadership development pipeline for emerging talent.

The executive presents a more balanced distribution, with 34.48% under 30, 51.72% aged 30-50, and 13.79% above 50. This configuration suggests successful early-career progression opportunities, though the declining representation beyond age 50 may warrant examination of retention factors for senior individual contributors. However, the age diversity amongst Non-executives are also shown here by 25.76% under 30, 16.67% above 50 and the majority of Non-executives are aged 30-50 range.

Operational roles exhibit markedly different demographics, with 41.69% of general workers below age 30 and 56.18% in the 30-50 range. The striking underrepresentation of workers above 50 with 2.12% in these positions implies either effective upward mobility or potential challenges in retaining experienced operational staff.

- **FY2023 (by Percentage)**

Designation	Below 30 (%)	30 -50 (%)	Above 50 (%)
Management	5.00	80.00	15.00
Executive	26.00	65.00	9.00
Non-executive	31.00	53.00	16.00
General Workers	43.00	55.00	2.00

- **FY2024 (by Percentage)**

Designation	Below 30 (%)	30 -50 (%)	Above 50 (%)
Management	5.00	80.00	15.00
Executive	26.00	65.00	9.00
Non-executive	31.00	53.00	16.00
General Workers	43.00	55.00	2.00

Diversity among Board of Directors

The LSK Board of Directors for FY2024 consists of six members, with a gender distribution of four male (66.7%) and two female directors (33.3%). This reflects a moderate level of gender diversity, though there is room for increased female representation to align with global best practices for balanced leadership. In terms of age diversity, the board is predominantly composed of younger members, with four directors (66.7%) between the ages of 30 and 50, while the remaining two directors (33.3%) are above 50. This suggests a blend of fresh perspectives and seasoned experience in governance.

The board's composition indicates a deliberate effort to incorporate diversity in age, ensuring a mix of dynamic decision-making and institutional knowledge. However, gender parity remains an area for potential improvement, as female representation falls below the 40% benchmark often recommended for corporate boards. Strengthening diversity could enhance governance effectiveness, innovation, and stakeholder confidence, aligning LSK with progressive corporate trends. Further steps, such as targeted recruitment or diversity policies, could help achieve a more inclusive leadership structure.

Diversity among Board of Directors (continued)

• **Board of Directors by Gender**

Year	Male	Female
2022	5	3
2023	4	3
2024	4	2

• **Board of Directors by Age**

Year	Below 30	30 -50	Above 50
2022	0	2	6
2023	0	1	6
2024	0	1	5

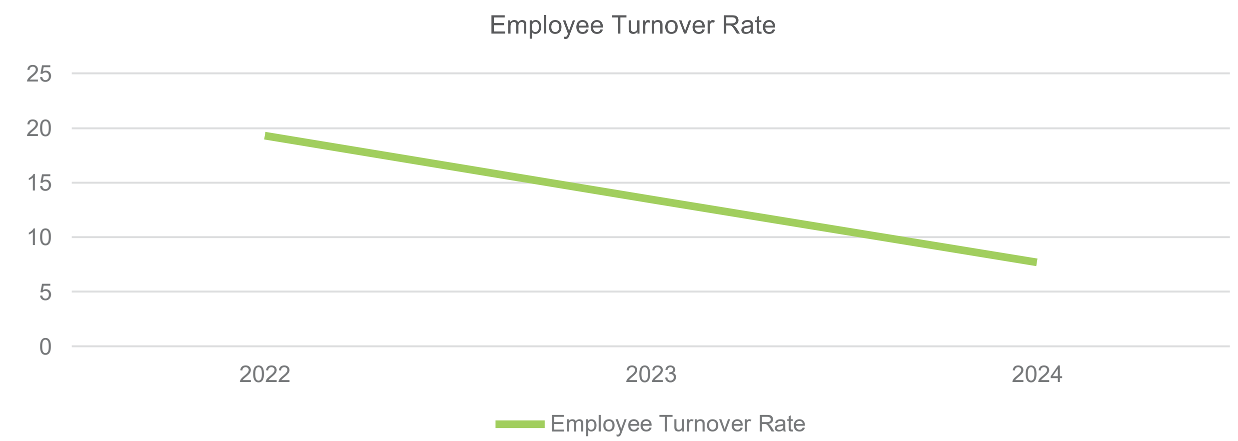
Employee Turnover rates

This report presents a comprehensive examination of employee turnover patterns across our organisation during the three-year period from FY2022 to FY2024. The findings reveal significant trends and provide valuable insights into workforce stability and retention effectiveness.

The analysis commenced with FY2022, during which the organisation experienced a mean turnover rate of 19.29% across all operational units. Of particular note was the performance of LSKMM (LSK Mattress Marketing), which recorded a substantially elevated turnover rate of 27.06%. This differential suggested the presence of unit-specific retention challenges requiring targeted intervention.

Subsequent data from FY2023 indicated a marked improvement in workforce retention, with the mean turnover rate decreasing to 13.43%. This positive trajectory was temporarily offset by an anomalous development at LSKH (LSK Holdings), where turnover escalated from 0% to 28.57%. This divergence from the overall trend merited scrutiny and analysis.

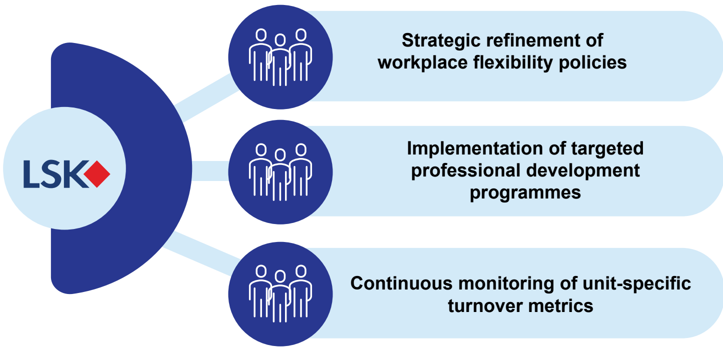
The most recent data for FY2024 demonstrates the successful implementation of retention strategies, with turnover declining to 7.7% (representing 30 departures from an average workforce of 390). This achievement not only represents a significant improvement in previous fiscal years but also compares favourably with established industry benchmarks.



Year	Mean Turnover Rate (%)
2022	19.29
2023	13.43
2024	7.69

Employee Turnover rates (continued)

Moving forward, the organisation remains committed to enhancing its retention framework through:



These measures will ensure the maintenance of optimal workforce stability while addressing any residual retention challenges. The positive trajectory evidenced in the FY2024 data provides a robust foundation for future human capital management strategies.

Training and Development

During the 2024 financial year, the organisation implemented a structured training programme totaling 364 hours across its workforce. The distribution of these training hours was strategically allocated, with management personnel receiving 252 hours, while both executive and non-executive staff completed 56 hours each. Notably, general workers were not included in this year's formal training initiatives. With a workforce of 396 employees, this translated to an average of 0.92 training hours per staff member, reflecting a focused approach to leadership development and role-specific skills enhancement.

The current year's training approach presents a marked contrast to the previous financial year. In FY2023, the organisation adopted a more comprehensive training strategy, delivering 1,694 hours across all staff levels. Management received 259 hours, executive staff 595 hours, non-executive staff 476 hours, and general workers 364 hours. This broader allocation, distributed among 384 employees, resulted in a significantly higher average of 4.41 training hours per person, demonstrating the organisation's commitment to organisation-wide capability building during that period.

The evolution in training strategy from FY2023 to FY2024 indicates a deliberate shift in focus. While the earlier approach emphasised inclusive workforce development, the current year has seen a more targeted investment in management and business-critical roles. This strategic realignment reflects the organisation's adaptive approach to human capital development, ensuring training resources are deployed where they can deliver maximum organisational impact.

These training initiatives form an integral part of the organisation's comprehensive human capital development framework. The ability to adapt training methodologies while maintaining consistent investment levels reflects a thoughtful approach to talent management. As the business landscape evolves, the organisation remains well-positioned to continue delivering targeted training solutions that address both current challenges and future opportunities, thereby maintaining its competitive edge in the marketplace.

Training and Development (continued)

The organisation may wish to consider implementing regular reviews of training hour allocation across different staff levels, along with continuous evaluation of programme effectiveness. Maintaining an appropriate balance between leadership development and broad-based skills enhancement will be crucial for sustaining workforce excellence and achieving long-term business objectives. Further enhancements to this analysis could include detailed performance metrics and return-on-investment assessments to provide a more comprehensive view of training programme outcomes.

Total Training Hour (s)			
Designation	**FY 2022**	**FY 2023**	**FY 2024**
Management	14	259	252
Executive	NA	595	56
Non-Executive	NA	476	56
General Worker	NA	364	NA
Total	14	1,694	364

Human Rights and Community Engagement

LSK acknowledges the critical need to uphold human rights, including the rights of children, across all areas of its operations. Guided by the United Nations Guiding Principles on Business and Human Rights, we are dedicated to respecting human rights, conducting thorough due diligence, and establishing processes to address any related concerns. Our commitment extends beyond workplace practices to include the wider impact of our activities on the communities we engage with.

Child Labour and Forced Labour Policy

Although LSK does not yet have a formal policy addressing child labour and forced labour, we are unwavering in our efforts to prevent such practices within our organisation and supply chain. We recognise the seriousness of these issues and are focused on taking proactive steps to combat them.

Prevention of Child Labor

LSK ensures the verification of all job applicants' ages by mandating valid identification from official authorities prior to employment. We also confirm that applicants have met compulsory education requirements as stipulated by law. While a formal policy is not yet established, we prioritise adherence to legal standards and regulations related to child labour.

Prevention of Forced Labour

LSK strictly prohibits forced labour, modern slavery, and human trafficking in every facet of its operations. We have implemented measures to identify and prevent such practices, including conducting regular social compliance audits and requiring self-assessment questionnaires from our business partners. Despite the absence of a formal policy, we remain steadfast in maintaining ethical labour standards and safeguarding the welfare of everyone connected to our supply chain.

Human Rights Complaint Mechanism

At present, LSK has not received any human rights-related complaints. However, we are committed to developing an effective grievance mechanism to address any potential violations in the future. We promote open dialogue and transparency within our organisation to ensure concerns are resolved promptly and efficiently.

In conclusion, while LSK has not yet formalised specific policies regarding child labour and forced labour, we are deeply committed to protecting human rights and upholding ethical labour practices. We recognise the need for ongoing improvement and are dedicated to implementing stronger policies and systems to ensure the protection of human rights across our operations and supply chain.

Human Rights Complaint Mechanism

LSK has **ZERO** case of substantiated complaints concerning human rights violations

Ensuring our Employees Health and Safety

LSK has demonstrated an unwavering commitment to ensuring the health and safety of its workforce over the years, as evidenced by its impeccable safety record. Throughout the years FY 2022 and FY 2023, the Group proudly reported zero injuries of any kind, signifying the effectiveness of its robust health and safety policies and procedures. This impressive safety achievement is further underscored by the Group's Lost Time Frequency Injury Rate (LTFIR) of 0 for both years.

Total Number of Employees Trained on Health and Safety	
FY 2023	FY 2024
53	64

The organisation has demonstrated consistent progress in health and safety training participation over the past two financial years. In FY2023, we successfully trained 53 employees in critical health and safety protocols, establishing a strong foundation for workplace safety awareness. Building on this achievement, FY2024 saw a significant 20.75% increase in participation, with 64 employees completing the training programme - an additional 11 staff members compared to the previous year.

Occupational Safety and Health

LSK has **ZERO** case of reported workplace fatalities across 2 financial years

This growth reflects our strengthened commitment to fostering a culture of safety and our enhanced capacity to deliver training to a broader employee base. The increasing participation rates indicate greater organisational awareness of health and safety importance and improved accessibility of our training programmes. Moving forward, we plan to maintain this positive trajectory by introducing quarterly refresher courses and expanding training delivery methods to reach an even greater proportion of our workforce, while continuing to monitor and improve the quality and practical application of our health and safety training initiatives.

LSK prioritises workplace safety by conducting regular fire safety drills, ensuring employees are well-versed in emergency evacuation procedures and the proper use of fire extinguishers. This proactive approach enhances preparedness and enables swift, effective responses in fire-related emergencies.

To minimise risks associated with hazardous materials, chemical handling training is provided, equipping employees with the necessary knowledge to handle dangerous substances safely and reduce exposure to harmful chemicals. Similarly, first aid training empowers staff to administer immediate medical assistance during emergencies, potentially preventing severe injuries and saving lives. Below are some of the main trainings done for LSK officers and employees during the financial year of 2024:

Fire and Emergency Training

Ensuring our Employees Health and Safety (continued)

FORKLIFT Training (LICENSING)

Store (Loading and Unloading)

Finishing Department (Cutting and Packing)

Department Training

Fire Drill

Ensuring our Employees Health and Safety (continued)

Ensuring employees are adequately protected, LSK offers personal protective equipment (PPE) training, which educates staff on the correct usage of safety gear to mitigate workplace hazards. Noise risk training is also conducted to raise awareness of the dangers of excessive noise exposure and to implement preventative strategies for hearing protection.

Additional safety training covers ergonomic best practices, electrical safety, manual handling techniques, and emergency response protocols, fostering a well-rounded safety culture. By integrating comprehensive health and safety training with effective work-hour management, LSK reinforces its commitment to employee well-being. These initiatives not only improve the Group's overall safety performance but also empower employees to proactively identify and mitigate risks, creating a safer, healthier, and more productive work environment.

Alignment with Key Initiatives

To conform with the Global Reporting Initiative (GRI) standards and Task Force on Climate-related Financial Disclosures (TCFD) LSK can implement key initiatives in health and safety that promote transparency, accountability, and sustainability. Some of these initiatives include:

a) **Risk Assessment and Management:** Conduct thorough risk assessments across all operational areas, including manufacturing sites, offices, and distribution centers, to identify potential health and safety hazards. Implement comprehensive risk management strategies to minimise these risks and enhance workplace safety.

b) **Health and Safety Policies:** Develop and enforce clear health and safety policies that reflect the Group's commitment to a secure work environment for employees, contractors, and visitors. Ensure alignment with regulatory requirements and industry best practices to maintain compliance.

c) **Training and Awareness Programmes:** Provide regular health and safety training to equip employees with knowledge on hazard identification, safe work procedures, emergency protocols, and the correct use of personal protective equipment (PPE). Foster a strong safety culture by encouraging proactive participation in safety initiatives.

d) **Incident Reporting and Investigation:** Establish a structured system for reporting workplace incidents, near misses, and hazards. Enable prompt and, if necessary, anonymous reporting. Conduct thorough investigations to determine root causes and implement corrective measures to prevent recurrence.

e) **Emergency Preparedness and Response:** Develop and maintain response plans for various emergencies, including fires, chemical spills, natural disasters, and medical incidents. Regularly conduct drills and simulations to assess response effectiveness and ensure employees are well-prepared for crisis situations.

f) H**ealth Promotion and Wellness Programmes:** Promote employee well-being through initiatives such as health screenings, wellness workshops, fitness challenges, and ergonomic assessments. Encourage healthy lifestyles and provide resources for stress management and mental health support.

g) **Supply Chain Safety Management:** Extend health and safety standards to suppliers and contractors by ensuring compliance with established safety regulations. Implement supplier evaluation criteria that include safety performance metrics and conduct periodic audits to maintain high safety standards across the supply chain.

h) **Performance Monitoring and Reporting:** Implement robust systems for monitoring and measuring health and safety performance indicators, such as injury rates, near-miss reporting rates, and compliance with safety regulations. Integrate these metrics into regular reports to monitor progress and drive continuous improvement.

By adopting these strategic initiatives, LSK can significantly enhance its health and safety management framework, reducing risks for employees and stakeholders while improving overall sustainability performance. Aligning with TCFD (Task Force on Climate-related Financial Disclosures) and GRI (Global Reporting Initiative) standards, these measures foster a safer and healthier workplace while reinforcing the Group's long-term resilience and value creation. Prioritising health and safety not only ensures compliance but also strengthens LSK's commitment to sustainable growth and operational excellence.

Bursa Key Performance Indicator 2023 & 2024

Indicator	Measurement Unit	2023	2024
Bursa (Anti-Corruption)			
Bursa C1(a) Percentage of employees who have received training on anti- corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Community-Society)			
Bursa C2(a) Total amount invested in the community where the target			
beneficiaries are external to the listed issuer	MYR	2,000.00	2,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	30	30
Bursa (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	5.00	5.55
Management Between 30-50	Percentage	80.00	83.33
Management Above 50	Percentage	15.00	11.11
Executive Under 30	Percentage	26.00	34.48
Executive Between 30-50	Percentage	65.00	51.72
Executive Above 50	Percentage	9.00	13.79
Non-executive/Technical Staff Under 30	Percentage	31.00	25.76
Non-executive/Technical Staff Between 30-50	Percentage	53.00	57.58
Non-executive/Technical Staff Above 50	Percentage	16.00	16.67
General Workers Under 30	Percentage	43.00	41.69
General Workers Between 30-50	Percentage	55.00	56.18
General Workers Above 50	Percentage	2.00	2.12
Gender Group by Employee Category			
Management Male	Percentage	38.00	38.90
Management Female	Percentage	62.00	61.10
Executive Male	Percentage	44.00	31.00
Executive Female	Percentage	56.00	69.00
Non-executive/Technical Staff Male	Percentage	44.00	51.50
Non-executive/Technical Staff Female	Percentage	56.00	48.50
General Workers Male	Percentage	99.00	98.90
General Workers Female	Percentage	1.00	1.10
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	62.50	66.67
Female	Percentage	37.50	33.33

Indicator	Measurement Unit	2023	2024
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	12.00	16.67
Above 50	Percentage	88.00	83.33
Bursa (Energy Management)			
Bursa C4(a) Total energy consumption	Megawatt	1,758.81	10,930,257.40
Bursa (Health and Safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	53	64
Bursa Labour Practices and Standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	259	252
Executive	Hours	595	56
Non-executive/Technical Staff	Hours	476	56
General Workers	Hours	364	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0	0
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	1	2
Executive	Number	2	5
Non-executive/Technical Staff	Number	15	14
General Workers	Number	89	17
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply Chain Management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	49.40	45.72
Bursa (Data Privacy and Security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	15.53	15.53
Bursa (Waste Management)			
Bursa C10(a) Total Waste Generated	Metric Tonnes	N/A	1,085.62
Bursa C10(a)(i) Total waste diverted from disposal	Metric Tonnes	N/A	741.01
Bursa C10(a)(ii) Total waste directed to disposal	Metric Tonnes	N/A	132.61
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric Tonnes	N/A	3,356.82[1]
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric Tonnes	N/A	1,807.24[2]
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric Tonnes	N/A	63.92

(*) Restated

[1] **Including Scope 1 Emission for Mobile combustion and Natural Gas**

[2] **Offset the solar output generated**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Lee Swee Kiat Group Berhad ("LSK" or "the Company") and its subsidiaries ("the Group") remain fully committed in maintaining good corporate governance practices in accordance with the Malaysian Code on Corporate Governance ("MCCG") and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has therefore strived to formulate policies and objectives as a fundamental part of discharging their responsibilities in protecting and enhancing shareholders' value with the practice of openness and corporate accountabilities.

The Board further acknowledged and applied the principles and best practices embodied in the MCCG in the manner set below.

This corporate governance ("CG") overview statement report is prepared in compliance with Paragraph 15.25(1) of the MMLR of Bursa Securities and it is to be read together with the Corporate Governance Report 2024 ("CG Report 2024") of the Company which is available on the Company's website at www.lsk.com.my.

This CG overview statement covers the three principles of MCCG, namely:-

(A) Board leadership and effectiveness;
(B) Effective audit and risk management; and
(C) Integrity in corporate reporting and meaningful relationship with stakeholders.

Principle A – Board Leadership and Effectiveness

Part I: Board Responsibilities

(1) The Board

(1.1) The main responsibility of the Board is to set a strategic direction of the Group with measurable objectives and goals. The Group's strategic plan is to be one of the leading bedding companies focusing on environmental, social and governance ("ESG") initiatives.

(1.2) The Company endeavours to become a responsible corporate citizen by incorporating Corporate Social Responsibilities ("CSR"). The Board embedded Economic, Environment and Social ("EES") into our corporate mission to ensure sustainability of the Group.

Mission Statement of the Group

LSK is a responsible corporate citizen helping people to sleep better by using environmentally friendly natural latex as raw materials, through utilising energy-efficient green technology production methods, in order to minimise carbon footprint to the environment.

(1.3) The Board strives to incorporate a happy and healthy culture through our core values "EIIE", which stands for Effective, Integrity, Improve and Efficient. The Group establishes internal control and risk management controls to uphold integrity and to encourage critical awareness of various risks and issues facing the Group. The Board would formulate innovative solutions to manage the risks and issues identified.

(1.4) The Board has in place a Management Succession Plan listing out the potential candidates for each and every Board member and Senior Management and will review the plan on an annual basis or when the need arises.

(1.5) The Board maintains a corporate website at www.lsk.com.my for corporate communication. Detail information about the Group, including explanation of corporate background, principal business, portfolio of brands as well as latest announcement of the Groups are published on the website. Besides, the corporate website also contains the Board Charter, Terms of Reference of the Board Committees including Audit Committee ("AC") and Nomination and Remuneration Committee ("NRC") as well as policies of the Group. The Management welcomes interviews from business press as well as research house for further analysis and exposure on the Group's profile.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(1) The Board (continued)

(1.6) The Board strives to maintain high standard of compliance on disclosure of financial and non-financial reporting with relevant standards and authorities. Management focuses on core business and keep the Group's financial accounting simple and easy to understand. The Group avoids derivatives and businesses that require complex accountings and valuations that make understanding the financial reports difficult.

(1.7) The Board seeks to have a clear division of responsibilities between running the Board and the Group's operational business. The positions of Chairman and Managing Director are separated and their roles and responsibilities are clearly defined in the Company's Board Charter.

(1.8) The Chairman of the Board, Mr. Lee Ah Bah @ Lee Swee Kiat ("Mr. Lee"), is not a member of the AC and NRC ("Board Committees") of the Company since the date of his appointment to the Board on 3 February 2004. Further, Mr. Lee had not been invited to participate in the meeting and deliberation of the Board Committees to ensure there is check and balance as well as objective review by the Board.

(1.9) All Board members are expected to commit their time in proper discharging of their duties by attending at least 50% of meetings conducted by the Company. All Directors do not hold more than 5 directorships in listed companies as required under Paragraph 15.06 of the MMLR.

(1.10) The Board was supported by qualified and competent Company Secretaries pursuant to Section 235(2) of the Companies Act 2016 as they are members of the Malaysian Institute of Chartered Secretaries and Administrators and Malaysian Institute of Accountants. All Directors have access to the advice and services of the Company Secretaries. The Company Secretaries play important advisory role by providing sound governance advice and advocate adoption of CG best practices. In order to contribute and function effectively, the Company Secretaries keep themselves abreast of relevant corporate governance and regulatory requirements by undertaking continuous professional development.

(1.11) Meetings

The Board endeavours to meet at least five (5) times a year, with additional meetings to be convened when necessary. The annual meeting calendar was prepared and distributed to all Directors at the beginning of the financial year.

The Company practices timely dissemination of all relevant Board Papers with at least five (5) business days prior to the Board meetings. The dissemination includes both electronic copy or hard copy as needed for ease of reference for all Board members. The external Company Secretaries are required to be present to ensure smooth conduct of meetings in accordance with the relevant regulations in effect. Minutes are taken by the external Company Secretaries and are circulated in a timely manner to all Board members. The Board ensures that the Minutes accurately reflect the deliberations and decisions of the Board, including dissenting views and Directors' abstention from deliberations and decisions on a particular manner.

Five (5) Board meetings were held during the financial year ended 31 December 2024 and the details of attendance are as follows:-

Directors	Attendance
(1) Lee Ah Bah @ Lee Swee Kiat	5/5
(2) Dato' Lee Kong Sim	5/5
(3) Wong Yoke San	5/5
(4) Lee Kong Hooi	5/5
(5) Ng Fong Fong	5/5
(6) Seow Nyoke Yoong (Retired at the 21st Annual General Meeting held on 27 May 2024)	2/2

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(2) Board Charter

The Board maintains a Board Charter which is reviewed at least once a year and published on the Company's website at www.lsk.com.my. The Board Charter clearly defines the respective roles and responsibilities of the Board, Board Committees, the Executive Chairman, Managing Director, Executive Directors and Non-Executive Directors, Independent Non-Executive Directors, Senior Independent Non-Executive Director and Senior Management. There are limits of authority in place for various Management positions and there are certain material issues and decisions reserved for the Board. The Board Charter was last reviewed by the Board on 27 February 2024 and published on the Company's website at www.lsk.com.my.

(3) Corporate Culture

(3.1) The Board establishes a Code of Conducts and Ethics ("the Code") for the Group, and together with Management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code was last reviewed by the Board on 27 February 2024 and published on the Group's website at www.lsk.com.my.

(3.2) The Board maintains a Whistle Blowing Policy with clear objectives, scopes as well as fraud reporting and investigation procedures. Any employee that suspected fraud could report directly to the Management, the internal auditors, Executive Directors and even directly to the AC Chairman through his designated email. The identity of the whistle blower will be kept anonymous and external investigators may be engaged to carry out necessary investigations. The AC Chairman may decide on the next course of action to be taken, including making a formal police report if the situation warrants it. The Whistle Blowing Policy was last reviewed by the Board on 27 February 2024 21 February 2023 and published on the Group's website at www.lsk.com.my.

(3.3) The Board established an Anti-Corruption and Bribery Policy for the Group in June 2020 in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. This policy serves to provide guidance on how to recognise and deal with bribery and corruption issues and act as a deterrence to such practices. This is to promote fair and equitable business practices with business ethics. The policy was last reviewed by the Board on 27 February 2024 and published on the Group's website at www.lsk.com.my.

(4) Environmental, Social and Governance

(4.1) The Board recognises the need for strategies and plans to promote and contribute towards sustainable development with particular focus on economic and ESG aspect of business, and together with Management ensure that the strategic plan of the Group supports the long-term shareholder value creation and includes strategies on ESG considerations underpinning sustainability in the Group's operations.

(4.2) The governance and reporting on the Group's sustainability agenda are led by the Managing Director and overseen by the Board. Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensure the effective implementation of the Group's sustainability strategies and plans.

(4.3) The Group endeavours to use renewable natural latex as its key raw material in the production of its bedding products, which reduces its reliance on fossil-based material and thus help to reduce carbon emissions.

(4.4) The Group pioneered the use or organic latex in its production in Malaysia to further encourage environmental friendly supply chain without using artificial pesticides and fertilizers. Further, the Group invested in co-generator which qualified under the green technology as promoted by the Malaysian Investment Development Authority.

(4.5) The Group's sustainability strategies are communicated via its annual Sustainability Statement to its internal and external stakeholders, which is available on the Company's website at www.lsk.com.my.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(4) Environmental, Social and Governance (continued)

(4.6) The Board through the NRC:-

(i) reviewed the training needs of the Directors to ensure that they stay abreast with the latest development in the industry as well as the sustainability issues which are relevant to the Group; and

(ii) conducted the performance evaluation for the Board and Board Committees in which the relevant ESG considerations and sustainability targets had been integrated into the annual Board and Board Committee Performance Evaluation to ensure accountability in the performance of the Directors against sustainability targets. Senior Management is required to follow the Group's pursuits in achieving its sustainability initiatives.

(5) Directors' Training and Continuing Education

All Directors of the Company have attended both Mandatory Accreditation Programme Part 1 (in relation to a Director's roles, duties and liabilities) and Part II (in relation to sustainability and the related roles of a Director). Directors are encouraged to undergo continuous programmes and attend similar seminars from time to time to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively.

During the FY 2024, the Directors after assessing their own training needs, had attended the following training programmes/seminars:-

Name of Directors	Date	Training Programmes
Lee Ah Bah @ Lee Swee Kiat	30 Jan 2024	Rules and Responsibilities of Directors in relation to Financial Statements
	20 Mar 2024	Anti Bribery and Anti-Corruption
Dato' Eric Lee	30 Jan 2024	Rules and Responsibilities of Directors in relation to Financial Statements
	20 Mar 2024	Anti Bribery and Anti-Corruption
Lee Kong Hooi	30 Jan 2024	Rules and Responsibilities of Directors in relation to Financial Statements
	20 Mar 2024	Anti Bribery and Anti-Corruption
Wong Yoke San	30 Jan 2024	Rules and Responsibilities of Directors in relation to Financial Statements
	8 August 2024	Cukai Keuntungan Modal 2024
	24 September 2024	Review of Latest Deve;opments in MFRS/MPERS
	28 October 2024	Technical Updates Affecting Financial Reporting
Ng Fong Fong	30 Jan 2024	Rules and Responsibilities of Directors in relation to Financial Statements
	20 Mar 2024	Anti Bribery and Anti-Corruption

The Board had attended the Mandatory Accreditation Programme Part II: Leading for Impact on 13 and 14 January 2025.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(6) Board Composition

(6.1) The Board through the NRC conducted a fit and proper assessment and an annual review of its composition, assessed the suitability of the candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement in accordance with the Company's Constitution, with due consideration to the extent to which the interplay of the Director's expertise, skills, knowledge, tenure and experience with those of other board members and fit and proper criteria, as well as their roles as committee members. The re-election of a Director is contingent on satisfactory evaluation of the Director's performance and contribution to the Board as well as the receipt of the fit and proper declarations in accordance with the Directors' Fit and Proper Policy from the retiring Directors.

(6.2) In the beginning of FY 2024 until 27 May 2024, the Board comprised six (6) Directors, i.e. two (2) Executive Directors (including the Executive Chairman and Managing Director) and four (4) Non-Executive Directors, of which three (3) were Independent Directors. On 27 May 2024, one of the Independent Director, Ms. Seow Nyoke Yoong, retired at the conclusion of the Company's 21st AGM held on 27 May 2024 and had resulted in the number of Directors in the Board reduce to five (5) Directors, i.e. two (2) Executive Directors (including the Executive Chairman and Managing Director) and three (3) Non-Executive Directors, whereby two (2) were Independent Directors. The Senior Independent Director of the Company is Mr. Wong Yoke San. None of the Board members is person linked directly with the executive powers such as heads of states, heads of government and ministers. Further, none of the Board members is an active politician.

(6.3) The Company complies with the requirements under Paragraph 15.02 of the MMLR of Bursa Securities, i.e. at least two (2) Independent Directors or one-third of the Board, whichever is the higher.

(6.4) The Board has delegated specific functions to the following Board Committees with the functions, duties and responsibilities were set out in the Terms of Reference of the respective Board Committees, approved and adopted by the Board:-

- AC
- NRC

The Terms of Reference of the AC was revised in line with the Practices and Guidance recommended under the MCCG and approved by the Board on 27 February 2024. The Terms of Reference of the NRC was reviewed by the Board on 27 February 2024. Both of the Terms of References of the Board Committees are published on the Group's website at www.lsk.com.my.

(6.5) The Board Charter stipulates that the tenure of the Company's Independent Directors shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board as Non-Independent Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

(6.6) The tenure of all the current Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years.

(6.7) Any appointment of a new Director shall first be reviewed by the NRC and the NRC shall conduct the fit and proper assessment on the new Director before recommending to the Board for approval. Any new appointment would have to be notified to the Executive Chairman.

(6.8) The Group practices meritocracy in the appointment of Board and Senior Management members, based on the objective criteria, skills, experience, gender, age and integrity. The Board encourages a mix of gender on both the Board and Senior Management positions.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(6) Board Composition (continued)

(6.9) At present, the Board has four (4) male Directors and one (1) female Directors, representing 20% female participation. The Alternate Director to the Executive Chairman is also a female. The NRC will take steps to identify more female candidates subject to appropriate due diligence on the candidate's compatibility, competency, character, time commitment, integrity and experience, to meet the recommendation of the Malaysian Code on Corporate Governance, where the board should comprise at least 30% women directors. The Group has gender diversity at the Senior Management level. There are two female out of the top five Senior Management, which representing 40% female representation.

(6.10) The Board is open to various sources to identify suitable candidates for the Board and Senior Management and does not rely solely on the recommendations from the existing Board members, Management or major shareholders. Any new appointment of Director will be interviewed and reviewed by the NRC, who would determine the suitability of the candidate based on the criteria of selection which include the appropriate mix of skill, knowledge, expertise and experience, time commitment, character, professionalism and integrity, before recommending the proposed appointment to the Board for approval. In addition, the proposed candidate shall not be an active politician.

(6.11) The Board ensures that shareholders are kept informed on the changes in the composition of the Board and Board Committees via announcements on Bursa Link within the prescribed timeline under the MMLR of Bursa Securities.

(6.12) Pursuant to the Company's Constitution, at least one-third (1/3) of the Directors are required to retire by rotation from office at each Annual General Meeting ("AGM") and may offer themselves for re-election. Every Director must retire from office at least once in every three (3) years. The name and details of the Directors standing for re-election at the Company's forthcoming AGM are disclosed in the Notice of AGM and their profiles are set out on pages 5 to 6 of this Annual Report.

(6.13) The Board through the NRC carries out formal annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director. Each individual Director has specific tasks, and some comes with general functions within a committee. The evaluation of individual Director includes their performance for both specific and general functions, integrity, commitment and confidence to stand up for his view. There was no apparent weaknesses or shortcomings identified that warrant specific action plan to address the same during the most recent evaluation done in 26 February 2025.

(7) Nomination and Remuneration Committee

The NRC is chaired by an Independent Director and the members of the NRC are as follows:-

Chairperson

Ng Fong Fong – Independent Non-Executive Director

Members

Wong Yoke San – Senior Independent Non-Executive Director
Lee Kong Hooi – Non-Independent Non-Executive Director/Deputy Chairman
Seow Nyoke Yoong – Independent Non-Executive Director (Retired at the 21st Annual General Meeting held on 27 May 2024)

The Terms of Reference of the NRC is published on the Group's website at www.lsk.com.my.

The terms of office of NRC are reviewed annually and may be re-nominated and re-appointed by the Board. Its role and function are to assist the Board in nominating and recommending suitable candidates to the Board of Directors, reviewing succession planning for the position as Board Chairman, Directors and key management personnel, assessing the performance of the Board, Board Committees and individual Directors on an on-going basis and assessing and reviewing the remuneration package of the Executive Directors and Senior Management.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(7) Nomination and Remuneration Committee (continued)

The NRC also takes recognition of the requirement that the Board shall consist of an appropriate balance of a broad range of skills, knowledge, expertise and experience, character and competence and encourages diversity in gender, age, culture and socioeconomic backgrounds.

During the FY 2024, the NRC has conducted one (1) meeting and the attendance of the NRC members are as follows:-

NRC		Attendance
(1)	Ng Fong Fong	1/1
(2)	Wong Yoke San	1/1
(3)	Lee Kong Hooi	1/1
(4)	Seow Nyoke Yoong (Retired at the 21st Annual General Meeting held on 27 May 2024)	1/1

The following activities were carried out by the NRC in FY 2024:-

(i) Carried out an annual assessment on the independence of the Independent Directors as well as the contribution and performance of Board, Board Committees and each individual Director against a variety of assessment criteria that encompasses a diverse set of skills and experience via the following performance evaluation form, facilitated by the Company Secretaries:-

(a) Directors' Self and Peer Evaluation; and
(b) Board and Board Committee Evaluation Form.

The NRC is satisfied with the contribution and performance of each individual Director. The Independent Directors comply with the criteria of independence based on the MMLR of Bursa Securities. All the Directors complied with the fit and proper criteria approved by the Board.

(ii) Conducted the fit and proper assessment on the Directors who were proposed for re-election at the AGM of the Company before recommending the said proposed re-election.

(iii) Reviewed and evaluated the term of office and performance of the AC and its members to determine whether such AC and members have carried out their duties in accordance with their Terms of Reference.

(iv) Reviewed the remuneration of the Directors including salary increment and benefit payable to the Executive Directors and incentives payable to the Executive Directors under the Executive Directors Incentive Scheme ("EDIS") and recommended to the Board for approval.

(v) Reviewed the remuneration package of the Senior Management and recommended to the Board for approval.

(vi) Reviewed the succession plan for Directors and Senior Management.

(vii) Reviewed the Terms of Reference of the NRC and the Remuneration Policy.

(viii) Reviewed the matters relating to the retirement of Executive Director from the Group and proposed gratuity payment.

(ix) Reviewed and recommended to the Board on the remuneration of the Non-Executive Directors.

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(8) Remuneration

(8.1) The Board has adopted a Remuneration Policy for determining the remuneration of Directors and Senior Management. The policy was reviewed by the Board on 27 February 2024 and published on the Group's website at www.lsk.com.my. KPIs are set for the Executive Directors in the EDIS covering profitability target, return on shareholders' fund and gearing control to ensure conservative financing. For FY 2024, approximately 35.6% (FY 2023: 39%) of the remunerations are incentive-based. Should the Group make a loss, no incentive will be payable. The remunerations of the Senior Management are tied to their individual responsibilities aligned to the long-term strategic plan of the Group. Their remunerations include salaries, commissions and output incentives.

(8.2) The Directors who are shareholders of the Company shall abstain from voting at general meetings to approve their fees. Executive Directors shall not be involved in deciding their own remuneration package.

(8.3) The main objective of remuneration procedures is to attract and retain talents that contribute positively to the Group, and provides basis for assessment with KPIs to link remunerations to performances.

(9) Details of Remuneration

(9.1) The details of the remuneration for the individual Board members on named basis of the Company and the Group, including fees, salaries, incentives, defined contributions, benefits-in-kinds and others for FY 2024 were RM2.103 million (FY 2023: RM3.131 million) are as follow:-

Group							
Directors	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Performance incentive RM'000	Benefit-in-kind RM'000	Gratuity RM'000	Total RM'000
Executive Directors:-							
Lee Ah Bah @ Lee Swee Kiat	-	-	234.0	150.0	13.3	-	397.3
Tan Kuin Luan (Alternate Director to Lee Ah Bah @ Lee Swee Kiat)	-	-	174.0	150.0	-	-	324.0
Dato' Lee Kong Sim	24.0	-	715.0	450.0	12.0	-	1,201.0
Non – Executive Directors:-							
Wong Yoke San	48.0	3.0	-	-	-	-	51.0
Lee Kong Hooi	42.0	3.0	-	-	-	-	45.0
Ng Fong Fong	42.0	3.0	-	-	-	-	45.0
Seow Nyoke Yoong (Retired at the 21st Annual General Meeting held on 27 May 2024)	17.5	1.2	-	-	-	21.0	39.7
Total	173.5	10.2	1,123.0	750.0	25.3	21.0	2,103.0

Principle A – Board Leadership and Effectiveness (continued)

Part I: Board Responsibilities (continued)

(9) Details of Remuneration (continued)

Company							
Directors	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Performance incentive RM'000	Benefit-in-kind RM'000	Gratuity RM'000	Total RM'000
Executive Directors:-							
Lee Ah Bah @ Lee Swee Kiat	-	-	-	-	-	-	-
Tan Kuin Luan (Alternate Director to Lee Ah Bah @ Lee Swee Kiat)	-	-	-	-	-	-	-
Dato' Lee Kong Sim	24.0	-	-	-	-	-	24.0
Non – Executive Directors:-							
Wong Yoke San	48.0	3.0	-	-	-	-	51.0
Lee Kong Hooi	42.0	3.0	-	-	-	-	45.0
Ng Fong Fong	42.0	3.0	-	-	-	-	45.0
Seow Nyoke Yoong (Retired at the 21st Annual General Meeting held on 27 May 2024)	17.5	1.2	-	-	-	21.0	39.7
Total	173.5	10.2	-	-	-	21.0	204.7

(9.2) The Board is of the opinion that the disclosure of the remuneration of the Top Five Senior Management does not bring advantage and business interest to the Group, instead it will increase the risk of external pinching of talent which may be detrimental to the operation of the Group. Nevertheless, the total remuneration for Top Five Senior Management including salary, bonus, incentives, defined contributions, benefits-in-kind and other emoluments for FY 2024 were RM1,830,096 (FY 2023: RM1,803,720).

Principle B – Effective Audit and Risk Management

(10) Audit Committee

(10.1) The Chairman of AC shall not be the Chairman of the Board. The Chairman of the AC is Mr. Wong Yoke San whilst the Chairman of the Board is Mr. Lee Ah Bah @ Lee Swee Kiat. This is to ensure objectivity of the Board's review of the AC's findings and recommendations.

(10.2) The main role of the AC Chairman and its members is to facilitate proper compliance of the financial reporting of the Group. This includes working closely and communicate directly with both the external auditors and internal auditors. The AC shall assess the key audit matters highlighted by the external auditors and recommend appropriate measures should the need arise. The AC should facilitate the external auditors to conduct proper audits to ensure a true and fair view of the financial position of the Group.

(10.3) The Terms of Reference of the AC is published on the Company's website at www.lsk.com.my.

Principle B – Effective Audit and Risk Management (continued)

(10) Audit Committee (continued)

(10.4) The AC has incorporated in its Terms of Reference that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as member of the AC and it shall apply to all former partners of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) of the Company or any entity within the Group. This is to avoid potential undue influence the former audit partner may exert over the external auditors. Nonetheless, it does not apply if the external auditor is from a different audit firm.

(10.5) The AC has formal procedures to assess the suitability, objectivity and independence of the external auditors. The assessment is conducted annually in written form, includes the competence, audit quality, and timeliness in performing the audit. The external auditors are required to give a written assurance confirming their independence to the AC annually. The AC would take into accounts any non-audit services rendered by the external auditors (if any) in their evaluation. For the FY 2024, there is no non-audit service rendered by the external auditors. At least two (2) private meetings are held with the external auditors without the presence of Executive Directors and Management annually.

(10.6) All members of the AC are financially literate and possess the requisite experience, skills and specialised knowledge to discharge their duties. They are encouraged to undertake continual professional development to keep themselves updated with the latest accounting standards and relevant practices.

(10.7) The details of activities of the AC are disclosed in the AC Report on pages 59 to 60 of this Annual Report.

(11) Risk Management and Internal Control Framework

(11.1) The Board maintains an internal control system to safeguard shareholders' investment and Group's assets. The Board has taken an active approach to establish a Risk Management Framework to identify various risks facing the Group and drawn up measures to contain and mitigate the risks.

(11.2) The Board actively identifies, assesses and monitor key business risks and determine the level of risk tolerance for the Group. There is a Risk Management Committee consist of the Executive Directors and certain Senior Management. The AC would review quarterly the risk management reports submitted by the internal auditors and report to the Board to take appropriate actions to review and improve on the risk management and internal control functions.

(11.3) A detailed statement on how the Group evaluate key risk areas, the control in place to mitigate the risks, the periodic reviews and changes made are disclosed in the Statement on Risk Management and Internal Control on pages 61 to 63 of this Annual Report.

(12) Internal Audit Function

(12.1) The AC ensures that the internal audit function be carried out effectively and function independently by determining the reporting structure of the internal auditors directly under the AC. Any appointment or termination of senior staff members of the internal audit function is decided by the AC on criteria of skills, experience and independence.

(12.2) The AC sets annual Internal Audit Plan with clear scope of audit and instruct the internal auditors to carry out the audits according to the plan. The AC would facilitate the internal auditors with appropriate authority and resources to carry out the role effectively. The AC conducts quarterly review on the Internal Audit Reports presented by the internal auditors and take appropriate actions including making suggestions and remedial measures to the Board to enhance any weakness in the internal controls and risk management. The internal auditors should continue with professional developments to keep abreast with the development in the relevant internal audit and risk management fields.

(12.3) A report on internal audit function is disclosed in the Statement on Risk Management and Internal Control on pages 61 to 63 of this Annual Report.

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

(13) Engagement with Stakeholder

(13.1) The Board is mindful on the disclosure requirements of Bursa Securities in relation to the proper and timely dissemination of information to the shareholders. The Company is cautious not to provide undisclosed material information to any party to the disadvantage of other shareholders. The Company maintains an official website at www.lsk.com.my which channels the updates of all announcements made to Bursa Securities, annual report and other corporate information as well as corporate governance documents. There is also a link to the Group's marketing website showing portfolio of international brands.

(13.2) The Managing Director is the Group's spokesperson for the investor relation of the Group. The Group welcomes the visit and interview of financial reporters and investment analysts from investment house as well as fund managers. The Group is currently covered by research houses including CGS-CIMB and AmInvestment Bank.

(13.3) The Group continues to participate in investor and analyst briefings to improve the profile of the Group and attract fund managers to strengthen the shareholder profile of the Group.

(14) Conduct of General Meeting

(14.1) The AGMs and EGMs are the principal forum for dialogue with shareholders for effective communications with the Company. Shareholders are encouraged to participate in the Question and Answer ("Q&A") session wherein the Directors, and the External Auditors are available to respond to the questions raised. For questions where answers could not be readily given at the meeting, the Board will undertake to provide a written reply to the shareholder.

(14.2) The Company gave at least twenty-eight (28) days notices to the shareholders prior to the 21st AGM to allow the shareholders to make the necessary arrangement to attend and participate in the AGM either in person, proxy or corporate representative or by attorney. Detailed explanations to the resolutions, especially items under special business are provided with background information and report (if applicable) in the notice to enable shareholders to make an informed decision in exercising their voting rights.

(14.3) All the Directors, save for Ms Seow Nyoke Yoong attended the Company's 21st AGM held on 29 May 2024 and the Chairperson of each Board Committee were present to provide meaningful response to questions addressed to them.

(14.4) Active participation from the shareholders, proxies and/or corporate representatives in the 21st AGM is greatly encouraged. During the 21st AGM, shareholders, proxies and/or corporate representatives also took the opportunity to raise questions where the Managing Director responded to all questions raised.

(14.5) The outcome of the general meeting was announced to Bursa Securities on the same day and the minutes together with the summary of key matters discussed at the 21st AGM were published on the Company's website at www.lsk.com.my within thirty (30) business days after the conclusion of the AGM.

Future priorities in key areas of Corporate Governance Practices

The Company aimed to conduct or participate in more investor relations activities for better engagement with the investment community.

This Statement on the Company's CG practices is made in compliance with Paragraph 15.25(1) of the MMLR and approved by the Board on 8 April 2025.

(1) Utilisation of Proceeds

The Company did not raise any funds through any corporate proposals during the financial year.

(2) Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

At the Annual General Meeting held on 27 May 2024, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs").

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of RRPTs transacted during the financial year ended 31 December 2024 pursuant to the shareholders' mandate were as follows:-

Company(ies) within our Group	Related Party	Nature of relationship of related parties	Nature of transactions	Amount transacted (RM)
LSK Mattress Marketing Sdn Bhd	Reztec Marketing Sdn. Bhd.	Lee Kong Hooi is a Director of Lee Swee Kiat Group Berhad, brother of Dato' Lee Kong Sim and son of Lee Ah Bah @ Lee Swee Kiat and Tan Kuin Luan 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. 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.	Purchase of rebounded foam mattresses from Reztec Marketing Sdn. Bhd.	32,200.00
LSK Napure Latex Sdn. Bhd.	Reztec Industries Sdn. Bhd.	Lee Kong Hooi is a Director of Lee Swee Kiat Group Berhad, brother of Dato' Lee Kong Sim and son of Lee Ah Bah @ Lee Swee Kiat and Tan Kuin Luan 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. 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.	Sale of latex foam padding to Reztec Industries Sdn. Bhd.	2,034,565.90

(3) Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the external auditors of the Company and its subsidiaries for FY 2024 are as follows:-

Fees paid / payable	Group RM'000	Company RM'000
Audit	185	37
Non-Audit	69	60

(4) Material Contracts or Loans

During FY 2024, there was no material contract or loans entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

(5) Employee Share Scheme

The Company did not establish any Employee Share Scheme and does not have any subsisting Employee Share Scheme during the FY 2024.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Lee Swee Kiat Group Berhad ("LSK" or "the Company") and its subsidiaries ("the Group") is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 December 2024 ("FY 2024").

Audit Committee

Chairman

Wong Yoke San – Senior Independent Non-Executive Director

Members

Lee Kong Hooi – Non-Independent Non-Executive Director/Deputy Chairman
Ng Fong Fong – Independent Non-Executive Director
Seow Nyoke Yoong – Independent Non-Executive Director (Retired at the 21st Annual General Meeting held on 27 May 2024)

The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The AC Chairman, Mr. Wong Yoke San, is a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

None of the AC members are former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the Terms of Reference of the AC.

The full Terms of Reference of the AC outlines the Composition and Membership, Duties and Responsibilities Rights and Reporting of the AC as well as the Procedure of AC Meeting is accessible via the Company's website at www.lsk.com.my.

Meetings and Attendance of Audit Committee

The Members of AC met five (5) times during FY 2024 and the minutes of the AC meetings were formally tabled to the Board for its attention and notation. The attendance of the AC members is as follows:-

Directors		Attendance
(1)	Wong Yoke San	5/5
(2)	Lee Kong Hooi	5/5
(3)	Ng Fong Fong	5/5
(4)	Seow Nyoke Yoong (Retired at the 21st Annual General Meeting held on 27 May 2024)	2/2

Summary of Work for the Financial Year 2024

Summary of activities and work of the AC in the discharge of its duties and responsibilities for the FY 2024 is as follows:-

(1) Financial Reporting

(a) Reviewed the unaudited quarterly financial results of the Group for the fourth quarter of 2024 and the annual audited financial statements for FY 2024 of the Company at the meetings held on 26 February 2025 and 8 April 2025 respectively;

(b) Reviewed the unaudited quarterly financial results of the Group for the first, second and third quarters of 2024, which were prepared in compliance with the Malaysian Financial Reporting Standards (MFRS), International Accounting Standards (IAS) and Paragraph 9.22, including Appendix 9B of the MMLR of Bursa Securities before recommending to the Board for consideration and approval at the meetings held on 27 May 2024, 27 August 2024 and 27 November 2024 respectively; and

(c) Reviewed the deviation between the unaudited fourth quarterly financial results and the audited financial statements for FY 2024.

(2) Recurrent Related Party Transactions

Reviewed recurrent related party transactions entered into by the Group and its subsidiaries quarterly to ensure that such transactions were undertaken in line with the Group's normal commercial terms, the MMLR of Bursa Securities and relevant accounting and financial reporting standards.

Summary of Work for the Financial Year 2024 (continued)

(3) External Auditors

(a) Reviewed the annual audited financial statements for FY 2024 together with external auditors' and Management's responses, before recommending for the Board of Directors' approval on meeting held on 8 April 2025;

(b) Reviewed and discussed with external auditors on their Audit Planning Memorandum for FY 2024 outlining their scope of work and proposed fee for the statutory audit as well as the audit procedures on 27 November 2024;

(c) Obtained the written assurance from external auditors which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements, including the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants on meeting held on 27 November 2024;

(d) Reviewed the independence and suitability of the external auditors at the meeting held on 8 April 2025;

(e) Had two private meetings with external auditors on 8 April 2024 and 27 November 2024 without the presence of Executive Directors and Management staff; and

(f) Reviewed the reason of deviation between the unaudited fourth quarterly financial results and the audited financial statements for FY 2024.

(4) Internal Audit

(a) Reviewed with the internal auditors, the Internal Audit Reports of the Group and their follow-up on the audit findings at the meetings held on 27 February 2024, 27 May 2024, 27 August 2024 and 27 November 2024; and

(b) Reviewed and approved the Internal Audit Plan of the Group for 2024 proposed by the internal auditors at the meeting held on 27 November 2024.

(5) Internal Control and Risk Management Reviews

(a) Assessed the operational risk profile of the Group to identify risk areas of and impacts to the Group and to recommend the remedial action plans;

(b) Reviewed the reports and recommendations of the internal and external auditors on areas of concern relating to the risk management framework and internal control system of the Group and made the appropriate recommendations to the Board of Directors; and

(c) Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Group's Annual Report.

(6) Reviewed any related party transaction and conflict of interest situations along with the measures taken to resolve, eliminate or mitigate such conflicts.

Summary of Work of Internal Audit Function

An Internal Audit Plan approved by the AC is in place and during FY 2024, the internal audit department has conducted audits in various areas and controls put in place to strengthen the Group's operating procedures.

In 2024, the internal auditors have completed the key areas of audit in accordance to the Internal Audit Plan and Risk Management Framework, including trade receivables, revenue recognition, inventory, borrowing and lease liabilities, property, plant and debtors credit control, fire risk, flood risk, related parties transactions, receivables – new account control, billing control, selling price control and approved pricing control, production – wastage control and recoveries, payables – new account control, purchase order control and goods received control, accounting – backups, customer deposit and journals control, stock control, equipment, lease liabilities and right-of-use assets and review of impairment, human resources – payroll reconciliation and overtime control, operating expenditure – operating expenditure trend analysis, department environment – waste water treatment test, risk management – competitive risk and Occupational Safety and Health Act 1994 (OSHA) – JKKP Licenses. Please refer to the Statement on Risk Management and Internal Control as contained on pages 61 to 63 of this Annual Report for more information.

The Internal Audit Reports and recommended actions were presented to the AC at their quarterly meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Code of Conducts and Ethics ("the Code") requires the Board of listed companies to maintain a sound internal control system to safeguard shareholders' investment and Group's assets. The Board has taken an active approach to establish a Risk Management Framework to identify various risks facing the Group and drawn up measures to contain and mitigate the risks. The Board is pleased to provide the following statement, which outlines the state of internal control of the Group pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Board Responsibilities

The Board is responsible for the Group's system of internal control and for reviewing its adequacy, effectiveness and integrity. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate risk of failure to achieve business objectives, and to provide only reasonable and not absolute assurance against material misstatement or loss.

There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process is regularly reviewed by the Board.

The key features of the internal control framework include the following:-

(1) Company's policies and procedures are documented and communicated to the staff so as to ensure clear accountabilities. The effectiveness of internal control procedures are subject to continuous assessments, reviews and improvements;

(2) Organisation structure is clearly defined with clear line of responsibilities and delegation of authorities. Key responsibilities are properly segregated;

(3) The Board meets regularly and is kept updated on the progress and operations of the Group, and any significant changes in both the internal and external business environment, which may result in significant risk;

(4) The financial results are reviewed quarterly by the Audit Committee and the Board, and if necessary with the presence of the external auditors; and

(5) The Executive Directors and Management meet regularly to discuss various operational issues and market changes to decide tactical plan.

Risk Management Framework

The Board is aware of the importance of effective risk management system to get the Company prepared amidst the turbulent business environment. This system should be capable of responding quickly to risk factors arising from factors within the Group as well as external factors. The Group has on-going process for identifying and monitoring of significant risks through continuous review of potential risk areas by regular meetings and discussions. Where a particular risk is identified, the Board will implement precautionary measures to mitigate the risk, if possible.

Identify, Evaluation, Managing and Review of Risks

A Risk Management Framework was established after detail review and brainstorming between the Board and the Management. A total of 6 major risks are identified as key risks, including Foreign Exchange Risk, Credit Risk, Default Risk, Fire Risk, Competitive Risk and Information Technology or Cyber Risk. Various measures to contain and mitigate the identified risks were established.

(a) Foreign Exchange Risk - The Group has substantial export billings in foreign currencies and any fluctuation, especially US Dollar, will have a direct impact on the performance of the Group. The Group classifies the risk level as low. The mitigation measures include having a diversity of billing currencies, having natural hedging by matching export proceeds with import payments as well as entering into forward forex contract.

(b) Credit Risk – The risk of default by debtors in both domestic and international markets. The Group classifies the risk level as medium. The mitigation measures include control on credit term and credit limit, as well as requesting for personal guarantor from certain customers as feasible.

Identify, Evaluation, Managing and Review of Risks (continued)

(c) Default Risk – The Group monitors the total borrowing level in relation to the shareholders' fund size to minimize risk of over-gearing that may substantially increase the default risk. The Group classifies the risk level as low. The mitigation measures include quarterly financial analysis on liquidity and gearing ratio of the Group as well as establish gearing ratio as one of the key performance indicators ("KPIs") in Executive Directors' Compensation Scheme.

(d) Fire Risk – The risk of accidental fire on principal premises of operation that may seriously disrupt or even jeorpardise the operations of the Group. The Group classifies the risk level as high based on the nature of the Group's product. The Group has established mitigation measures with installations of various firefighting systems under the recommendations of external consultants, work closely with insurance company and brokers on fire risk survey and fire insurance coverage.

(e) Competitive Risk – The Group is principally a manufacturing company which are subject to fluctuation of raw materials cost especially raw latex price, increasing labour cost that may affect the competitiveness of the Group. The Group operates in a free market environment that is subject to strong competition in both domestic and international markets. The Group classifies the risk level as medium. The mitigation measures include investing in intellectual properties like trademarks, hedging of key raw material, actively engaging in mechanisation of its operations to improve efficiencies, as well as endeavour to have a diversity of customers in both export and domestic market.

(f) Information Technology ("IT") or Cyber Risk – The risk of system and data corruption that my affect the operations of the Group. The Group classifies the risk level as low. The mitigation measures include engaging external IT support consultants, installation of external fire walls on company server and regular back-ups of important data to external cloud-based data centres.

The Board has empowered the Audit Committee to oversee the continual monitoring and implementation of the various measures of containment and mitigation of risks with the assistance of the Internal Audit team. The internal auditors have to verify and confirm the measures taken by the Management and submit quarterly updates on all development in accordance to the Risk Management Framework. The Board would carry out annual assessment of the adequacy and effectiveness of the risk management and internal control by the end of every year and issue directives to amend and improve the Internal Audit Plan as the Board deem necessary.

In 2024, the Board has assessed the adequacy and effectiveness of the risk management and internal control for reasonable assurance that significant risks which impact the Company's strategies and objectives are within levels appropriate to the Company's business. The Board acknowledged that neither risk management nor internal control processes could provide absolute assurance.

The Board has taken steps to highlight the importance of risk management by embedding risk management in the KPIs for the Management in the annual assessment and in determining Directors' remuneration and incentives. The KPIs includes profitability, return on shareholders' fund and gearing level.

The Board has received assurance from the Managing Director/Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Company.

The external auditors have reviewed the Group's Statement on Risk Management and Internal Control for financial year 2024.

Internal Audit Function

The Group has in place an in-house Internal Audit team which provides the Board with much of the assurance it requires regarding the effectiveness, adequacy and integrity of the systems of internal control put in place. This function adopts a risk-based approach drawn in accordance to the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors. The main function of the Internal Audit is to provide reasonable assurance to the Audit Committee and Board of Directors of the Company concerning the adequacy and operating effectiveness in relation to Governance, Risk Management and Internal Control processes in realizing corporate objectives. The head of internal audit team is Ms. Wong Huey Mei. Ms. Wong is a member of the Institute of Internal Auditors Malaysia and she reports directly to the Audit Committee of the Company. All the Internal Audit team members are free from any relationship or conflicts of interest which could impair their objectivities and independence.

Internal Audit Function (continued)

The Internal Audit Plan for 2024 covers areas including:-

(a) Debtors' credit control on both new customers as well as customer overdue aging details which overdue for more than 6 months.

(b) Control on purchasing cycle, stock cycle, product specification, selling price, general ledger, export procedures, payroll processing and petty cash system.

(c) Control of documentations including safe upkeep and ease of retrievals.

(d) Control on compliance with standard operating procedures.

(e) Risk Management covering Fire risk, Flood risk, Competitive Risk, Credit Risk, Foreign Exchange Risk, Default Risk, and Information Technology or Cyber Risk, with periodic reports on latest development and management actions to contain the identified risks.

(f) Control and report on related party transactions.

(g) Fire and Safety Risk to prevent the premises and potential for fire to occur and harm the people around the premises.

(h) Personal Guarantee for customer with high credit limit as legal promise to repay the credit issued to a business.

(i) Control and report on compliance to DOE, Occupational Safety & Health Act 1994 ("OSHA").

A total of four (4) reports were submitted directly to Audit Committee in 2024 covering 11 key audit areas identified in Annual Audit Plan which was approved by the Audit Committee.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's system of internal control.

The Internal Audit Reports and Risk Management Reports are made available to the external auditors to provide assistance to the risk-based audit approach.

For FY 2024, the cost incurred for our internal audit function was approximately RM60,000.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:-

- Adopted appropriate accounting policies and apply them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that applicable approved accounting standards have been complied with; and
- Ensured the financial statements has been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

REPORTS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM'000	Company RM'000
Profit for the year	9,392	5,546
Profit attributable to:		
Owners of the Company	9,403	5,546
Non-controlling interests	(11)	-
	9,392	5,546

Dividends

The Company paid the following dividends since the end of the previous financial year:

	Company RM'000
Interim single tier dividend of 3.5 sen per ordinary share on 161,357,304 ordinary shares, declared on 27 February 2024 and paid on 5 April 2024 in respect of financial year ended 31 December 2023	5,648
Share dividend distribution of 6,411,413 treasury shares on a basis of one (1) treasury share for every twenty-five (25) existing ordinary shares held, declared on 27 February 2024 in respect of financial year ended 31 December 2023:	
- treasury shares distributed on 5 April 2024	2,850
- cash dividend in lieu of treasury shares to entitled shareholders with holdings of fewer than 2,500 ordinary shares, in order to reduce the incidence of odd lots was paid on 5 April 2024	39
	8,537

The Directors recommended and approved the interim single tier dividend of 2.35 sen per ordinary share on 251,653,024 ordinary shares, declared on 26 February 2025 and paid on 28 March 2025 in respect of financial year ended 31 December 2024 at the Board of Directors' meeting held on 26 February 2025.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares and debentures, treasury shares

On 25 June 2024, the Company completed the bonus issue of 83,907,800 shares on the basis of one (1) bonus share for every two (2) existing ordinary shares held on the entitlement date.

During the financial year, the Company repurchased 55,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.912 per ordinary share.

Other than the above, there was no issuance of new 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.

Directors

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

Lee Ah Bah @ Lee Swee Kiat	
Tan Kuin Luan	(alternate Director to Lee Ah Bah @ Lee Swee Kiat)
Dato' Lee Kong Sim	
Lee Kong Hooi	
Ng Fong Fong	
Seow Nyoke Yoong	(retired on 27 May 2024)
Wong Yoke San	

The directors of the subsidiaries who were in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lee Ah Bah @ Lee Swee Kiat	
Tan Kuin Luan	
Dato' Lee Kong Sim	
Wong Shyh Chyuan	(ceased to be director on 30 April 2024 following disposal of Homeplus Furniture Sdn. Bhd.)

Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests in the shares of the Company and its related companies during the financial year of those Directors who held office at the end of the financial year were as follows:

	Number of ordinary shares in the Company			
	At 1.1.2024	Additions	Disposals	At 31.12.2024
Shareholdings in the name of the Directors:				
Lee Ah Bah @ Lee Swee Kiat	3,000,000	1,680,000	-	4,680,000
Tan Kuin Luan	-	-	-	-
Dato' Lee Kong Sim	6,880,000	2,513,480	(3,000,000)	6,393,480
Lee Kong Hooi	-	-	-	-
Ng Fong Fong	-	-	-	-
Wong Yoke San	-	-	-	-
Shareholdings in which the Directors are deemed to have an interest:				
Lee Ah Bah @ Lee Swee Kiat*	89,978,700	52,638,072	(2,250,000)	140,366,772
Tan Kuin Luan*	89,978,700	52,638,072	(2,250,000)	140,366,772
Dato' Lee Kong Sim*	89,978,700	50,388,072	-	140,366,772

* Deemed interest by virtue of their interests in Lee Swee Kiat & Sons Sdn. Bhd.

	Number of ordinary shares in Lee Swee Kiat & Sons Sdn. Bhd.			
	At 1.1.2024	Additions	Disposals	At 31.12.2024
Shareholdings in the name of the Directors:				
Lee Ah Bah @ Lee Swee Kiat	30,000	-	-	30,000
Tan Kuin Luan	30,000	-	-	30,000
Dato' Lee Kong Sim	20,000	-	-	20,000

	Redeemable Non-Cumulative Non-Convertible Preference shares in Lee Swee Kiat & Sons Sdn. Bhd.			
	At 1.1.2024	Additions	Disposals	At 31.12.2024
Shareholdings in the name of the Directors:				
Lee Ah Bah @ Lee Swee Kiat	195,000	-	-	195,000
Tan Kuin Luan	195,000	-	-	195,000
Dato' Lee Kong Sim	130,000	-	-	130,000

By virtue of their interest in the shares of the Company, Lee Ah Bah @ Lee Swee Kiat, Tan Kuin Luan and Dato' Lee Kong Sim are deemed to have interests in the shares of all the subsidiaries as at the financial year to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company or its related companies during the financial year.

Directors' benefits

In respect of the Directors or past Directors of the Company, no fees and other benefits distinguished separately, have been paid to or receivable by them as remuneration for their services to the Company, other than Directors' remuneration, as disclosed in Note 26 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company 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, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or a related 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 for Directors, Officers and Auditors

(a) Directors and Officers

The Directors and Officers of the Group and the Company are covered by Directors' and Officers' Liability Insurance ("DOL Insurance") basis for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the DOL Insurance effected for the Directors and Officers of the Group and of the Company was RM10,000,000. The insurance premium for the DOL Insurance paid during the financial year amounted to RM8,515.

(b) Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for this auditors during the financial year.

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 had 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 realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they 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 amounts written off for bad debts or the amount of the 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 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, which would render any amount stated in the financial statements misleading.

Other statutory information (Cont'd)

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

Significant events

The details of significant events are disclosed in Note 38 to the financial statements.

Ultimate and immediate holding company

The ultimate and immediate holding company of the Company is Lee Swee Kiat & Sons Sdn. Bhd., a company incorporated and domiciled in Malaysia.

Auditors

The auditors, Nexia SSY PLT, have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2025.

Lee Ah Bah @ Lee Swee Kiat
Executive Chairman

Dato' Lee Kong Sim
Managing Director

Klang

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**36,060**	37,916	**-**	-
Right-of-use assets	7	**5,348**	2,528	**-**	-
Intangible assets	8	**5,858**	5,858	**-**	-
Investment in subsidiaries	9	**-**	-	**69,000**	69,000
Trade receivables	10	**10,166**	6,239	**-**	-
		57,432	52,541	**69,000**	69,000
Current assets					
Inventories	11	**17,241**	14,461	**-**	-
Trade receivables	10	**21,166**	21,440	**-**	-
Other receivables, deposits and prepayments	12	**2,303**	3,069	**17**	-
Amount due from a subsidiary	13	**-**	-	**859**	1,027
Tax recoverable		**345**	204	**-**	-
Short term deposits with licensed banks	14	**8,262**	4,562	**-**	-
Cash and bank balances	15	**13,966**	21,556	**96**	117
		63,283	65,292	**972**	1,144
TOTAL ASSETS		**120,715**	117,833	**69,972**	70,144

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

STATEMENTS OF FINANCIAL POSITION *(cont'd)*

AS AT 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	16	**16,782**	16,782	**16,782**	16,782
Treasury shares	17	**(21)**	(2,821)	**(21)**	(2,821)
Capital reserves		**5,410**	5,410	**5,410**	5,410
Retained profits		**57,925**	57,059	**47,744**	50,735
Equity attributable to owners of the Company		**80,096**	76,430	**69,915**	70,106
Non-controlling interests	9(b)	**-**	115	**-**	-
TOTAL EQUITY		**80,096**	76,545	**69,915**	70,106
Non-current liabilities					
Borrowings	18	**1,178**	2,648	**-**	-
Lease liabilities	19	**2,953**	534	**-**	-
Deferred tax liabilities	20	**5,559**	5,767	**-**	-
		9,690	8,949	**-**	-
Current liabilities					
Trade payables	21	**20,448**	19,561	**-**	-
Other payables, accruals and deposits received	22	**6,176**	7,539	**52**	36
Borrowings	18	**1,470**	2,433	**-**	-
Lease liabilities	19	**2,472**	2,082	**-**	-
Provision for tax		**363**	724	**5**	2
		30,929	32,339	**57**	38
TOTAL LIABILITIES		**40,619**	41,288	**57**	38
TOTAL EQUITY AND LIABILITIES		**120,715**	117,833	**69,972**	70,144

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	23	136,331	127,707	6,305	6,280
Cost of sales		(80,315)	(69,946)	-	-
Gross profit		56,016	57,761	6,305	6,280
Other operating income		1,739	1,427	2	2
Net impairment losses on financial assets	10	122	(1,803)	-	-
Administrative expenses		(13,974)	(14,664)	(752)	(408)
Selling and distribution expenses		(27,147)	(20,124)	-	-
Other operating expenses		(5,453)	(5,216)	-	-
Profit from operations	24	11,303	17,381	5,555	5,874
Finance costs	27	(373)	(489)	-	-
Profit before taxation		10,930	16,892	5,555	5,874
Taxation	28	(1,538)	(3,260)	(9)	(6)
Profit for the year		9,392	13,632	5,546	5,868
Profit attributable to:					
Owners of the Company		9,403	13,652		
Non-controlling interests		(11)	(20)		
Profit for the year		9,392	13,632		
Basic earnings per share (sen)	29	3.76	5.56		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Treasury shares RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 January 2024		**16,782**	**(2,821)**	**5,410**	**57,059**	**76,430**	**115**	**76,545**
Disposal of subsidiary		-	-	-	-	-	**(104)**	**(104)**
Shares repurchased		-	**(50)**	-	-	**(50)**	-	**(50)**
Profit for the year		-	-	-	**9,403**	**9,403**	**(11)**	**9,392**
Dividends paid:	30							
- interim single tier dividend		-	-	-	**(5,648)**	**(5,648)**	-	**(5,648)**
- distribution of treasury shares		-	**2,850**	-	**(2,850)**	-	-	-
- balancing cash dividend (in lieu of treasury shares)		-	-	-	**(39)**	**(39)**	-	**(39)**
At 31 December 2024		**16,782**	**(21)**	**5,410**	**57,925**	**80,096**	-	**80,096**
At 1 January 2023		16,782	(2,821)	5,410	49,056	68,427	135	68,562
Profit for the year		-	-	-	13,652	13,652	(20)	13,632
Dividends	30	-	-	-	(5,649)	(5,649)	-	(5,649)
At 31 December 2023		16,782	(2,821)	5,410	57,059	76,430	115	76,545

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

STATEMENTS OF CHANGES IN EQUITY *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Share capital RM'000	Treasury shares RM'000	Capital reserves RM'000	Retained profits RM'000	Total RM'000
Group						
At 1 January 2024		**16,782**	**(2,821)**	**5,410**	**50,735**	**70,106**
Shares repurchased		**-**	**(50)**	**-**	**-**	**(50)**
Profit for the year		**-**	**-**	**-**	**5,546**	**5,546**
Dividends paid:	30					
- interim single tier dividend		**-**	**-**	**-**	**(5,648)**	**(5,648)**
- distribution of treasury shares		**-**	**2,850**	**-**	**(2,850)**	**-**
- balancing cash dividend (in lieu of treasury shares)		**-**	**-**	**-**	**(39)**	**(39)**
At 31 December 2024		**16,782**	**(21)**	**5,410**	**47,744**	**69,915**
At 1 January 2023		16,782	(2,821)	5,410	50,516	69,887
Profit for the year		-	-	-	5,868	5,868
Dividends	30	-	-	-	(5,649)	(5,649)
At 31 December 2023		16,782	(2,821)	5,410	50,735	70,106

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
	Note	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
Cash flows from operating activities					
Profit before taxation		**10,930**	16,892	**5,555**	5,874
Adjustments for:					
Allowance for impairment loss on trade receivables	10	**-**	1,532	**-**	-
Allowance of expected credit loss	10	**1,620**	271	**-**	-
Bad debts (recovered)/written off		**(7)**	*	**-**	-
Depreciation of property, plant and equipment	6	**3,456**	3,320	**-**	-
Depreciation of right-of-use assets	7	**3,646**	3,596	**-**	-
Dividend income		**-**	-	**(6,000)**	(6,000)
Fair value gain on short term deposits with licensed banks		**(207)**	(77)	**-**	-
Forfeited deposits		**(748)**	(461)	**-**	-
Gain on disposal of investment in subsidiary		**(143)**	-	**-**	-
Gain on disposal of property, plant and equipment		**-**	(53)	**-**	-
Gain on lease modification		**(19)**	(32)	**-**	-
Impairment of property, plant and equipment		**935**	-	**-**	-
Interest expenses		**373**	489	**-**	-
Interest income		**(334)**	(380)	**(2)**	(2)
Property, plant and equipment written off		**34**	27	**-**	-
Rental income		**(153)**	(152)	**-**	-
Reversal for impairment loss on trade receivables		**(1,735)**	-	**-**	-
Reversal of written-down of inventories		**-**	(217)	**-**	-
Written-down of inventories		**7**	-	**-**	-
Waiver of lease payment		**(51)**	(33)	**-**	-
Unrealised foreign exchange loss/(gain) - net		**118**	(39)	**-**	-
Operating profit/(loss) before working capital changes		**17,722**	24,683	**(447)**	(128)
(Increase)/decrease in inventories		**(3,128)**	1,410	**-**	-
(Increase)/decrease in receivables		**(2,812)**	(8,879)	**(17)**	2
Increase/(decrease) in payables		**338**	(418)	**16**	2
Decrease/(increase) in amount due from a subsidiary		**-**	-	**168**	(224)
Cash generated from/(used in) operations		**12,120**	16,796	**(280)**	(348)
Income tax paid		**(2,248)**	(2,277)	**(6)**	(6)
Income tax refunded		**-**	137	**-**	-
Net cash generated from/(used in) operating activities		**9,872**	14,656	**(286)**	(354)

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

STATEMENTS OF CASH FLOWS *(cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from investing activities					
Disposal of subsidiary, net of cash and cash equivalents		**225**	-	**-**	-
Dividend received		**-**	-	**6,000**	6,000
Interest received		**334**	380	**2**	2
Proceeds from disposal of property, plant and equipment		**-**	53	**-**	-
Purchase of property, plant and equipment	33	**(2,569)**	(545)	**-**	-
Rental received		**153**	152	**-**	-
Net cash (used in)/generated from investing activities		**(1,857)**	40	**6,002**	6,002
Cash flows from financing activities					
Repayment of lease liabilities - hire purchase arrangements		**(151)**	(254)	**-**	-
Repayment of term loans		**(2,282)**	(2,205)	**-**	-
Interest paid		**(373)**	(489)	**-**	-
Payment of lease liabilities		**(3,584)**	(3,567)	**-**	-
Purchase of treasury shares	17	**(50)**	-	**(50)**	-
Dividend paid	30	**(5,687)**	(5,649)	**(5,687)**	(5,649)
Net cash used in financing activities		**(12,127)**	(12,164)	**(5,737)**	(5,649)
Net (decrease)/increase in cash and cash equivalents		**(4,112)**	2,532	**(21)**	(1)
Cash and cash equivalents at beginning of the year		**26,118**	23,426	**117**	118
Effect of changes in exchange rates on cash and cash equivalents		**222**	160	**-**	-
Cash and cash equivalents at end of the year		**22,228**	26,118	**96**	117
Cash and cash equivalents comprise:					
Short term deposits with licensed banks	14	**8,262**	4,562	**-**	-
Cash and bank balances	15	**13,966**	21,556	**96**	117
		22,228	26,118	**96**	117

** Denotes amount below RM1,000.*

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. Corporate information

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

The registered office and the principal place of business of the Company are located at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The ultimate and immediate holding company of the Company is Lee Swee Kiat & Sons Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 399 (2023: 390) and 4 (2023: 5) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2025.

2. Basis of preparation of the financial statements

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information have been rounded to the nearest thousand (RM'000), unless otherwise stated.

3. Material accounting policy information

All material accounting policy information set out below are consistent with those applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events of similar circumstances. Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves. The consolidated financial statements reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

3. Material accounting policy information (continued)

(a) Basis of consolidation (continued)

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 3(b). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(b) Goodwill or reserve arising from consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's Cash-Generating Units (CGUs) that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an indefinite useful life and is therefore not depreciated.

No depreciation is provided for capital work-in-progress until the assets are ready for their intended use.

3. Material accounting policy information (continued)

(c) Property, plant and equipment, and depreciation (continued)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold buildings	2%
Plant and machinery	10%
Furniture, fittings, factory and office equipment	10% - 33%
Motor vehicles	10% - 20%

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

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised.

(d) Intangible assets

Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Goodwill

As disclosed in Note 3(b).

(e) Investment in subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investment in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw material, direct labour, other direct costs and appropriate production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3. Material accounting policy information (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(i) Interest bearing loans and borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. All other borrowing costs are charged to profit or loss. Borrowings are derecognised from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in profit or loss. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(j) Leases

As Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made).

3. Material accounting policy information (continued)

(j) Leases (continued)

As Lessee (continued)

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MRFS 137: Provision, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies MFRS 136: Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As Lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to financial periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies MFRS 15: Revenue from Contract with Customers to allocate the consideration under the contact to each component.

3. Material accounting policy information (continued)

(k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

(l) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

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

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Material accounting policy information (continued)

(m) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(n) Revenue recognition

The Group recognises revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below:

i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

v Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

i Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

ii Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii Provides benefits that the customer simultaneously receives and consumes as the Group performs.

3. Material accounting policy information (continued)

(n) Revenue recognition (continued)

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue

a. Sale of goods

Revenue is recognised at the point in time when the control of goods is transferred to customer with a right of return within a specified period.

An element of significant financing is deemed present for the Group's credit sales, as the payment terms provide customers with a significant benefit of financing.

The Group adjust the promised consideration (total future instalment payments receivable) for the effect of the significant financing component using the discount rate that would be reflected in a separate financing transaction between Group and its customer at contract inception. Any discount or premium arising from the adjustment of the consideration price will be allocated to the performance obligations using a relative stand-alone selling price basis.

The significant financing component is recognised as service income over the credit period using the effective interest method applicable at the inception date. Unearned service incomes as the reporting date are deferred to future periods, and are deducted from the trade receivables balance.

The Group recognised non-refundable trade deposits as revenue, when customers fail to proceed with their purchases from deposits placed as evidenced in sales orders with validity of two years from the date of issue.

b. Management fee

Management fee is recognised as and when the services are performed.

c. Dividend income

Dividend income represents dividend received from unquoted investments, and is recognised when the right to receive payment is established.

d. Royalty income

Royalty fee is recognised on an accrual basis in accordance with the substance of relevant agreement.

e. Service income

Service income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

3. Material accounting policy information (continued)

(n) Revenue recognition (continued)

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

b. Rental income

Rental income from operating lease (net of any incentive given to the lease) is recognised on an accrual basis.

(o) Foreign currencies transactions

i 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 the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at financial year end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

3. Material accounting policy information (continued)

(o) Foreign currencies transactions (continued)

ii Foreign currency transactions (continued)

The principal closing rates used in translation of foreign currency amounts are as follows:

	2024 RM	2023 RM
1 United States Dollar (USD)	**4.47**	4.59
1 Australian Dollar (AUD)	**2.76**	3.12
1 Euro (EUR)	**4.63**	5.07
1 Singapore Dollar (SGD)	**Not applicable**	3.48
1 Chinese Yuan (CNY)	**0.61**	0.65

(p) Impairment of non-financial assets

The Group assesses at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

(q) Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, deposits with financial institutions, investments, receivables, payables, lease liabilities and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to financial instruments classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

3. Material accounting policy information (continued)

(q) Financial instruments (continued)

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, 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 determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets is as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

3. Material accounting policy information (continued)

(q) Financial instruments (continued)

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument 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 amount is recognised in profit or loss.

Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(r) Impairment of financial assets

Financial assets measured at amortised cost, financial guarantee contracts and lease receivables will be subject to the impairment requirement in MFRS 9: Financial Instruments, which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

3. Material accounting policy information (continued)

(r) Impairment of financial assets (continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

(i) debt securities that are determined to have low credit risk at the reporting date; and
(ii) other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

The Group and the Company consider a financial asset to be in default when:

(i) The receivables are unable to pay their credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
(ii) The contractual payment of the financial asset is more than 180 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses resulting from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows due to an entity under the contract and the cash flows the entity expects to receive.

The Group and Company apply the 3-stage general approach to measuring expected credit losses for its lease receivables, other trade receivables, other receivables which are financial assets and amount owing by subsidiary.

Under this approach, the Group and the Company assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider there has been a significant increase in credit risk when there are changes in contractual terms or delays in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 180 days past due in making a contractual payment.

The Group and the Company use 3 categories to reflect their credit risk and how the loss allowance is determined for each category:

Category	Definition of Category	Loss Allowance
Stage 1: Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Stage 2: Underperforming	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Stage 3: Not performing	There is evidence indicating the receivable is credit impaired or more than 180 days past due	Lifetime expected credit losses

3. Material accounting policy information (continued)

(r) Impairment of financial assets (continued)

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD). In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date.

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

- significant financial difficulty of the receivables;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the receivables will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset due to financial difficulties.

The amount of impairment losses (or reversal) is recognised in profit or loss as an impairment gain or loss.

(s) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) of identical asset in active markets
Level 2: Inputs other at quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices)
Level 3: Inputs for the assets are not based on observable market data (unobservable inputs)

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Material accounting policy information (continued)

(t) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where these is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements, if any.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and measurement basis of segment information.

(v) Related parties

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

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(w) Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4. Adoption of new and revised Malaysian Financial Reporting Standards ("MFRS") and interpretations ("MFRSs")

MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 16:	Leases	1 January 2024
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2024
Amendments to MFRS 107:	Statement of Cash Flows	1 January 2024
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2024

MFRSs that have been issued but only effective for financial period beginning on 1 January 2025 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 121:	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9:	Financial Instruments	1 January 2026
Amendments to MFRS 10:	Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107:	Statement of Cash Flows	1 January 2026
MFRS 18:	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19:	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

5. Significant accounting judgement and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment over their estimated useful lives after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 3(c) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of property, plant and equipment

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(c) Impairment of investments

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. The recoverable amounts of these investments have been determined based on their fair value less costs to sell. The fair value less costs to sell was arrived at by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at each statement of financial position date.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

(d) Impairment of intangible assets

The Group determines whether the goodwill which has indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill belongs to.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are as disclosed in Note 8.

(e) Loss allowances for financial assets

The Group recognises impairment losses for receivables under the expected credit loss model. Individually significant receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

(f) Write-down of inventories to the lower of cost and net realisable value

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred on marketing, selling and distribution. Estimates of net realisable value are based on the most reliable evidence available at the time of the estimates are made, of the amount the inventories are expected to realise. Due to the nature of the inventories, significant judgement is required in estimating the net realisable value of premium products that are targeted towards the niche market segment and the moving life style trends.

5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(g) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(h) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(i) Fair value estimates of certain financial instruments

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

(j) Determination of lease term

The Group determine 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. As disclosed in Note 7, the Group has a lease contract that include extension and termination option. The Group apply judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group consider all relevant factors that create an economic incentive for them to exercise the renewal or termination. 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 or to terminate.

6. Property, plant and equipment

Group	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings, factory and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2024	6,901	20,556	29,298	12,752	3,680	1,241	74,428
Disposal of subsidiary (Note 9)	-	-	-	(167)	-	-	(167)
Additions (Note 33)	60	352	2	1,379	-	776	2,569
Write-offs	-	-	-	(696)	-	-	(696)
Reclassifications	-	-	-	226	-	(226)	-
At 31 December 2024	6,961	20,908	29,300	13,494	3,680	1,791	76,134
Accumulated depreciation							
At 1 January 2024	-	(5,374)	(20,762)	(7,295)	(3,081)	-	(36,512)
Disposal of subsidiary (Note 9)	-	-	-	167	-	-	167
Charge for the financial year	-	(417)	(1,522)	(1,294)	(223)	-	(3,456)
Write-offs	-	-	-	662	-	-	662
At 31 December 2024	-	(5,791)	(22,284)	(7,760)	(3,304)	-	(39,139)
Accumulated impairment loss							
At 1 January 2024	-	-	-	-	-	-	-
Charge for the financial year	-	-	(935)	-	-	-	(935)
At 31 December 2024	-	-	(935)	-	-	-	(935)
Carrying amount							
At 31 December 2024	6,961	15,117	6,081	5,734	376	1,791	36,060

6. Property, plant and equipment (continued)

Group	Freehold land RM'000	Freehold buildings RM'000	Plant and machinery RM'000	Furniture, fittings, factory and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2023	6,901	20,556	31,422	12,005	3,938	1,374	76,196
Additions (Note 33)	-	-	20	419	100	956	1,495
Write-offs	-	-	(2,144)	(749)	-	-	(2,893)
Disposals	-	-	-	(2)	(358)	-	(360)
Reclassifications	-	-	-	1,089	-	(1,089)	-
Reversal of cost	-	-	-	(10)	-	-	(10)
At 31 December 2023	6,901	20,556	29,298	12,752	3,680	1,241	74,428
Accumulated depreciation							
At 1 January 2023	-	(4,963)	(21,229)	(7,072)	(3,154)	-	(36,418)
Charge for the financial year	-	(411)	(1,677)	(947)	(285)	-	(3,320)
Write-offs	-	-	2,144	722	-	-	2,866
Disposal	-	-	-	2	358	-	360
At 31 December 2023	-	(5,374)	(20,762)	(7,295)	(3,081)	-	(36,512)
Carrying amount							
At 31 December 2023	6,901	15,182	8,536	5,457	599	1,241	37,916

6. Property, plant and equipment (continued)

(a) The carrying amount of plant and machinery, factory equipment and fittings held under capital work-in-progress is RM1,791,312 (2023: RM1,241,334).

(b) The freehold land and buildings of the Group are pledged to licensed banks for banking facilities granted to a subsidiary, as disclosed in Note 18.

(c) Included in motor vehicles with carrying amount of RM202,936 (2023: RM457,643) are right-of-use assets in which is held under hire purchase arrangements with their corresponding lease liabilities disclosed in Note 18.

7. Right-of-use assets

	Group Buildings 2024 RM'000	2023 RM'000
Carrying amount		
At beginning of the year	**2,528**	5,643
Disposal of subsidiary (Note 9)	**(41)**	-
Additions	**2,254**	124
Remeasurement/modification of lease liabilities	**4,253**	855
Derecognition due to lease termination	**-**	(498)
Depreciation charges	**(3,646)**	(3,596)
At end of the year	**5,348**	2,528

(a) The Group has lease contracts for showrooms used in its operations. Their lease terms range from 1 to 3 years (2023: 1 to 3 years).

(b) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(c) In view of the uncertain economic conditions affected by the pandemic, a tenancy agreement has not been renewed but by mutual consent, the affected premise has continued to be utilised by the Group and the lease deemed as on a rolling basis. Included in depreciation of right-of-use assets and lease liabilities interest amounting to RM497,495 (2023: RMNil) and RM6,005 (2023: RMNil) respectively, totalling RM503,500 (2023: RMNil) is equivalent to the certain period rental for the said outlet.

8. Intangible assets

	Group 2024 RM'000	2023 RM'000
At beginning/end of the year	**5,858**	5,858
Intangible assets comprise:		
Intellectual properties	**5,858**	5,858

8. Intangible assets (continued)

Intellectual properties

(a) On 3 March 2015, the Group entered into an asset sale and purchase agreement with Englander Sleep Products, L.L.C ("ESP") for the acquisition of ESP's rights to certain intellectual properties, including the trademarks, trade names, service marks and domain names for a cash consideration of RM4,608,100.

(b) On 21 May 2018, the Group entered into an asset sale and purchase agreement with Mattress Factory Outlet Sdn. Bhd. ("MFO") for the acquisition of MFO's rights to certain intellectual properties, including the trademarks, trade names, service marks and domain names for a cash consideration of RM1,250,000.

(c) The Group has assessed its recoverable amount which is determined using the value in use approach.

Value in use was determined by discounting the future cash flows generated from the continuing operation of the natural latex and mattress related products segment and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a 5-year (2023: 5-year) projection.
- The anticipated revenue growth rate remains constant in Year 1 and is expected to increase by 5% per annum starting from Year 2 (2023: 5% per annum).
- A discount rate of 4.67% (2023: 4.67%) was applied in determining the recoverable amount. The discount rate was estimated based on the borrowing rate.

With regard to the assessment of value in use for the natural latex and mattress related products segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount to materially exceed its recoverable amount.

9. Investment in subsidiaries

	Company 2024 RM'000	2023 RM'000
Unquoted shares		
Cost		
At beginning/end of the year	**69,000**	69,000

Name of company	Equity interest held 2024	2023	Principal activities
Lee Swee Kiat Holdings Sdn. Bhd.	**100%**	100%	Investment holding and management.
Subsidiaries of Lee Swee Kiat Holdings Sdn. Bhd.			
LSK Napure Latex Sdn. Bhd.	**100%**	100%	Manufacturing of natural latex bedding.
LSK Mattressworld Sdn. Bhd.	**100%**	100%	Manufacturing of mattresses and bedding accessories.
LSK Mattress Marketing Sdn. Bhd.	**100%**	100%	Marketing and distribution of mattresses and related products.
LSK Lamifoam Sdn. Bhd.	**100%**	100%	Dormant company.
Homeplus Furniture Sdn. Bhd. ("HFSB")	-	60%	Marketing and distribution of mattresses, household furniture and related products.
LSK Italhouse Sdn. Bhd. ("LIH")	**100%**	100%	Marketing and distribution of mattresses, furniture, related products and retail sale of mattresses.

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY PLT, a member of Nexia International.

9. Investment in subsidiaries (continued)

(a) Disposal of Homeplus Furniture Sdn. Bhd. ("HFSB")

On 30 April 2024, Lee Swee Kiat Holdings Sdn. Bhd. entered into a Share Sale Agreement with Wong Shyn Chyuan to dispose 60 ordinary shares of Homeplus Furniture Sdn Bhd, representing 60% equity interest in Homeplus Furniture Sdn. Bhd. for a purchase consideration of RM300,000.

(i) Summary of the effects of disposal of HFSB:

	2024 RM'000
Recognised:	
Cash consideration received	**300**
Derecognised:	
Fair value of identifiable net assets at disposal date:	
Property, plant and equipment (Note 6)	**-**
Right-of-use assets (Note 7)	**41**
Inventories	**341**
Receivables	**55**
Cash and bank balances	**75**
Payables	**(207)**
Lease liabilities (Note 19)	**(44)**
Net assets disposed off	**261**
Equity attributable to owners of the Company	**157**
Gain on disposal of investment in subsidiary	**143**
Net proceeds received	**300**
Less: Cash and cash equivalents of subsidiary disposed off	**(75)**
Cash inflows from disposal, net of cash and cash equivalents disposed off	**225**

(b) Material partly-owned subsidiary

Set out below is the Group's subsidiary which has a material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated profit of non-controlling interests	
	2024 %	2023 %	**2024 RM'000**	2023 RM'000	**2024 RM'000**	2023 RM'000
Homeplus Furniture Sdn. Bhd.	-	40	**(11)**	(20)	-	135

9. Investment in subsidiaries (continued)

(b) Material partly-owned subsidiary (continued)

Summarised financial information for the subsidiary that has non-controlling interests that are material to the Group is set out below before inter-company eliminations.

i Summarised statement of financial position

	2023 RM'000
Non-current assets	74
Current assets	462
Current liabilities	(247)
Net assets	289
Equity attributable to owners of the Company	174
Non-controlling interest	115
	289

ii Summarised statement of comprehensive income

	2023 RM'000
Revenue	711
Loss before taxation	(49)
Taxation	-
Loss for the year, representing total comprehensive loss for the financial year	(49)

iii Summarised statement of cash flows

	2023 RM'000
Net cash generated from operating activities	90
Net cash generated from investing activities	3
Net cash used in financing activities	(106)
Net decrease in cash and cash equivalents	(13)

10. Trade receivables

	Group 2024 RM'000	2023 RM'000
Non-current		
Instalment payment receivables (a)	**10,166**	6,709
Less: Allowance for impairment loss on trade receivables	**-**	(470)
	10,166	6,239
Current		
Instalment payment receivables (a)	**17,007**	18,210
Other trade receivables	**6,380**	4,982
Amount due from related party (b)	**-**	*
Trade deposits	**22**	143
	23,409	23,335
Less: Allowance for impairment loss on trade receivables	**(*)**	(1,272)
	23,409	22,063
Less: Allowance of expected credit loss	**(2,243)**	(623)
	21,166	21,440
Total trade receivables	**31,332**	27,679

(a) Instalment payment receivables

	Group 2024 RM'000	2023 RM'000
Instalment receivables including unearned service income		
- due within one year	**17,007**	18,210
- due between one year and seven years	**33,808**	23,559
	50,815	41,769
Less: Unearned service income	**(23,642)**	(16,850)
Less: Allowance for impairment loss on trade receivables	**-**	(1,735)
Less: Allowance of expected credit loss	**(2,243)**	(623)
	24,930	22,561
Unbilled service income	**13,116**	12,187
Less: Allowance for impairment loss on trade receivables	**-**	(988)
Less: Allowance of expected credit loss	**(720)**	(328)
	12,396	10,871
Analyses as follows:		
Current	**14,764**	16,322
Non-current	**10,166**	6,239
	24,930	22,561

(b) The amount due from a related party, Luis Furniture Centre Sdn. Bhd., is unsecured, interest free and is repayable on demand.

10. Trade receivables (continued)

The currency exposure profile of trade receivables of the Group is as follows:

	Group	
	2024 RM'000	2023 RM'000
RM	**15,958**	15,409
USD	**2,257**	664
EUR	**597**	517
AUD	**124**	151
SGD	**-**	67
CNY	*****	-
	18,936	16,808

The above foreign currency financial assets are exposed to foreign currency risk.

** Denotes amount below RM1,000*

11. Inventories

	Group	
	2024 RM'000	2023 RM'000
Raw materials	**5,872**	3,674
Work-in-progress	**202**	174
Finished goods	**10,757**	10,613
Goods-in-transit	**410**	-
	17,241	14,461
Recognised in profit and loss:		
Inventories recognised as cost of sales	**(80,315)**	(69,946)
Amount written down to net realisable value	**7**	-
Reversal of written down	**-**	217

12. Other receivables, deposits and prepayments

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Deposits - others	**1,185**	1,346	**-**	-
Deposits for acquisition of property, plant and equipment	**912**	1,119	**-**	-
Other receivables	**59**	57	**1**	-
Prepayment	**147**	547	**16**	-
	2,303	3,069	**17**	-

12. Other receivables, deposits and prepayments (continued)

An aggregate amount of RM911,996 (2023: RM1,119,307) included in the deposits for acquisition of property, plant and equipment has been accounted for in capital commitments, as disclosed in Note 34.

Included in previous year's deposit for acquisition of property, plant and equipment is a foreign currency financial asset with an aggregate amount RM118,546 denominated in EUR which is exposed to foreign currency risk.

13. Amount due from a subsidiary

The amount due from a subsidiary is as follows:

	Company	
	2024 RM'000	2023 RM'000
Lee Swee Kiat Holdings Sdn. Bhd.	**859**	1,027

Amount due from a subsidiary represents non-trade advances and is unsecured, interest free and is repayable on demand.

14. Short term deposits with licensed banks

	Group	
	2024 RM'000	2023 RM'000
Short term deposits with licensed banks	**8,262**	4,562

The money market funds which amount to RM8,262,080 (2023: RM4,562,183) represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

15. Cash and bank balances

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Cash in hand	**326**	404	**-**	-
Cash at bank (USD)	**1,493**	893	**-**	-
Cash at bank (RM)	**12,147**	20,259	**96**	117
Cash and bank balances	**13,966**	21,556	**96**	117

The cash at bank (USD) is a foreign currency financial asset which is exposed to foreign currency risk.

16. Share capital

	Group and Company			
	2024 '000 Unit	2023 '000 Unit	**2024 RM'000**	2023 RM'000
Issued and fully paid ordinary shares				
At beginning of the year	**167,816**	167,816	**16,782**	16,782
Issuance of bonus shares	**83,908**	-	**-**	-
At end of the year	**251,724**	167,816	**16,782**	16,782

On 25 June 2024, the Company completed the bonus issue of 83,907,800 shares on the basis of one (1) bonus share for every two (2) existing ordinary share held on the entitlement date.

17. Treasury shares

During the financial year, the Company repurchased 55,000 (2023: Nil) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.912 (2023: RMNil) per ordinary share.

On 5 April 2024, the Company had made a total share dividend distribution of 6,411,413 treasury shares on a basis of one (1) treasury share for every twenty-five (25) existing ordinary shares held in respect of financial year ended 31 December 2023, amounting to a total of RM2,850,567.

As at the end of the financial year, the Company held 70,480 (2023: 6,403,400) treasury shares out of its 251,723,504 (2023: 167,815,704) issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM20,891 (2023: RM2,821,292).

18. Borrowings

	Group	
	2024 RM'000	2023 RM'000
Current		
Lease liabilities under hire purchase arrangements	**57**	152
Term loans (secured)	**1,413**	2,281
	1,470	2,433
Non-current		
Lease liabilities under hire purchase arrangements	**217**	273
Term loans (secured)	**961**	2,375
	1,178	2,648
Total borrowings		
Lease liabilities under hire purchase arrangements	**274**	425
Term loans (secured)	**2,374**	4,656
	2,648	5,081

18. Borrowings (continued)

Interest rates during the financial year are as follows:

	Group 2024 Per annum	2023 Per annum
Bank overdrafts	**7.89%-7.92%**	7.89%-8.85%
Bills payable	**-**	3.79%-5.25%
Lease liabilities under hire purchase arrangements	**3.84%-6.23%**	3.84%-6.38%
Term loans	**4.00%-5.62%**	4.42%-5.60%

The bank overdrafts, bills payable and term loans are secured by the following:

(a) specific debenture over machinery/equipment;
(b) freehold land and buildings of a subsidiary, as disclosed in Note 6(b);
(c) letter of negative pledge; and
(d) corporate guarantee by the Company.

As at the end of the financial year, there was no bank overdraft and bill payables balance, however the facility is still available.

	Group 2024 RM'000	2023 RM'000
Lease liabilities under hire purchase arrangements		
Repayment terms:		
- not later than 1 year	**66**	177
- later than 1 year and not later than 2 years	**66**	66
- later than 2 years and not later than 5 years	**164**	198
- later than 5 years	**-**	33
Total lease payments	**296**	474
Future finance charges on lease liabilities	**(22)**	(49)
Present value of lease liabilities	**274**	425
Present value of lease liabilities		
- not later than 1 year	**57**	152
- later than 1 year and not later than 2 years	**59**	57
- later than 2 years and not later than 5 years	**158**	184
- later than 5 years	**-**	32
	274	425

18. Borrowings (continued)

The movement of lease liabilities under hire purchase arrangements during the financial year is as follows:

	Group 2024 RM'000	2023 RM'000
At beginning of the year	**425**	679
Lease payments	**(178)**	(283)
Interest expense recognised in the statements of comprehensive income		
- Lease liabilities interest under hire purchase arrangements	**27**	29
At end of the year	**274**	425

	Group 2024 RM'000	2023 RM'000
Term loans		
Repayment terms:		
- not later than 1 year	**1,413**	2,281
- later than 1 year and not later than 2 years	**643**	1,414
- later than 2 years and not later than 5 years	**318**	961
	2,374	4,656

19. Lease liabilities

	Group 2024 RM'000	2023 RM'000
Current	**2,472**	2,082
Non-current	**2,953**	534
	5,425	2,616
The repayment terms of lease liabilities is as follows:		
- not later than 1 year	**2,666**	2,145
- later than 1 year and not later than 5 years	**3,068**	542
Total lease payments	**5,734**	2,687
Future finance charges on lease liabilities	**(309)**	(71)
Present value of lease liabilities	**5,425**	2,616
Present value of lease liabilities		
- not later than 1 year	**2,472**	2,082
- later than 1 year and not later than 5 years	**2,953**	534
	5,425	2,616

19. Lease liabilities (continued)

The movement of lease liabilities during the financial year is as follows:

	Group 2024 RM'000	2023 RM'000
At beginning of the year	**2,616**	5,767
Disposal of subsidiary (Note 9)	**(44)**	-
Additions	**2,254**	124
Termination of lease	**-**	(510)
Remeasurement/modification of lease	**4,234**	835
Waiver of lease payment	**(51)**	(33)
Repayment of principal	**(3,584)**	(3,567)
Repayment of interest expenses	**(185)**	(205)
Interest expense recognised in the statements of comprehensive income		
- Lease liabilities interest	**185**	205
At end of the year	**5,425**	2,616

20. Deferred tax liabilities

	Group 2024 RM'000	2023 RM'000
At beginning of the year	**5,767**	5,155
Recognised in the statements of comprehensive income (Note 28)	**(208)**	612
At end of the year	**5,559**	5,767
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(1,875)**	(1,112)
Deferred tax liabilities	**7,434**	6,879
	5,559	5,767

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

	Group		
	Lease liabilities RM'000	Other taxable temporary differences RM'000	Total RM'000
Deferred tax assets			
At 1 January 2024	**(533)**	**(579)**	**(1,112)**
Recognised in the statements of comprehensive income			
- current year	**(717)**	**(46)**	**(763)**
At 31 December 2024	**(1,250)**	**(625)**	**(1,875)**
At 1 January 2023	(1,119)	(85)	(1,204)
Recognised in the statements of comprehensive income			
- current year	586	(494)	92
At 31 December 2023	(533)	(579)	(1,112)

20. Deferred tax liabilities (continued)

	Group Right-of-use assets RM'000	Other taxable temporary differences RM'000	Temporary differences between capital allowances and depreciation RM'000	Total RM'000
Deferred tax liabilities				
At 1 January 2024	**518**	**2,940**	**3,421**	**6,879**
Recognised in the statements of comprehensive income - current year	**716**	**208**	**(369)**	**555**
At 31 December 2024	**1,234**	**3,148**	**3,052**	**7,434**
At 1 January 2023	1,095	2,000	3,264	6,359
Recognised in the statements of comprehensive income - current year	(577)	940	157	520
At 31 December 2023	518	2,940	3,421	6,879

21. Trade payables

	Group 2024 RM'000	2023 RM'000
Trade payables	**11,247**	9,014
Amount due to related party	**-**	11
Trade deposits received	**8,726**	10,536
Deferred revenue	**475**	-
	20,448	19,561

The amount due to a related party, Luis Furniture Centre Sdn. Bhd., is unsecured, interest free and is repayable on demand.

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2023: 30 to 90 days).

The currency exposure profile of trade payables of the Group is as follows:

	Group 2024 RM'000	2023 RM'000
RM	**15,299**	15,996
USD	**4,674**	3,564
CNY	**-**	1
	19,973	19,561

The above foreign currency financial liabilities are exposed to foreign currency risk.

22. Other payables, accruals and deposits received

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Sundry payables	**5,938**	7,328	**10**	-
Amount due to a related party	**-**	5	**-**	-
Accruals	**238**	206	**42**	36
	6,176	7,539	**52**	36

The amount due to related party, Luis Furniture Centre Sdn. Bhd., is interest free and is payable on demand.

The currency exposure profile of other payables, accruals and deposits received of the Group and the Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
RM	**5,831**	7,331	**52**	36
USD	**130**	123	**-**	-
EUR	**215**	82	**-**	-
SGD	**-**	3	**-**	-
	6,176	7,539	**52**	36

The above foreign currency financial liabilities are exposed to foreign currency risk.

23. Revenue

Revenue consists of the followings:

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Sale of goods	**125,984**	116,576	**-**	-
Management fee	**5**	-	**305**	280
Dividend income	**-**	-	**6,000**	6,000
Service income	**10,342**	11,131	**-**	-
	136,331	127,707	**6,305**	6,280

Revenue arising from sales of goods is recognised at the point in time as or when the customer obtains control of the promised goods for each performance obligation. Earned service income on instalment sales is recognised using the effective interest method over time, over 36 months to 84 months (2023: 36 months or 60 months).

Included in the sales of goods are trade deposits forfeited amounting to RM747,957 (2023: RM461,153).

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Timing of revenue recognition:				
At a point in time	**125,989**	116,576	**6,305**	6,280
Over time	**10,342**	11,131	**-**	-

24. Profit from operations

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Profit from operations is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit	**185**	150	**37**	30
- Non-statutory audit	**69**	-	**60**	-
Allowance for impairment loss on trade receivables	**-**	1,532	**-**	-
Allowance of expected credit loss	**1,620**	271	**-**	-
Bad debts written-off	**-**	*	**-**	-
Depreciation of property, plant and equipment	**3,456**	3,320	**-**	-
Depreciation of right-of-use assets	**3,646**	3,596	**-**	-
Impairment of property, plant and equipment	**935**	-	**-**	-
Property, plant and equipment written-off	**34**	27	**-**	-
Realised foreign exchange loss - net	**-**	86	**-**	-
Unrealised foreign exchange loss - net	**118**	-	**-**	-
Written-down of inventories	**7**	-	**-**	-
Staff costs (Note 25)	**20,253**	21,218	**213**	209
and after crediting:				
Bad debts recovered	**7**	-	**-**	-
Interest income	**334**	380	**2**	2
Fair value gain on short term deposits with licensed banks	**207**	77	**-**	-
Forfeited deposits	**748**	461	**-**	-
Gain on disposal of investment in subsidiary	**143**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	53	**-**	-
Gain on lease modification	**19**	32	**-**	-
Rental income	**153**	152	**-**	-
Realised foreign exchange gain - net	**175**	-	**-**	-
Reversal for impairment loss on trade receivables	**1,735**	-	**-**	-
Reversal of written-down of inventories	**-**	217	**-**	-
Unrealised foreign exchange gain - net	**-**	39	**-**	-
Waiver of lease payment	**51**	33	**-**	-

** Denotes amount below RM1,000*

25. Staff costs

	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Salaries, wages and remuneration	**18,258**	19,137	**205**	198
Employment Insurance Scheme	**12**	12	**-**	-
Employees Provident Fund	**1,166**	1,214	**-**	-
Social security costs	**230**	202	**-**	-
Others staff related expenses	**587**	653	**8**	11
	20,253	21,218	**213**	209

25. Staff costs (continued)

The remuneration of Directors and other members of key management during the year are as follows:

	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
Directors				
Executive:				
Salaries and other emoluments	**1,873**	2,906	**-**	-
Fees	**24**	24	**24**	24
	1,897	2,930	**24**	24
Non-executive:				
Other emoluments	**31**	17	**31**	17
Fees and allowances	**150**	157	**150**	157
	181	174	**181**	174
Grand total	**2,078**	3,104	**205**	198

The remuneration of Executive Directors and other members of key management during the year are as follows:

	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
Short-term employee benefits	**1,687**	2,674	**24**	24
Post-employment benefits:				
Defined contribution plan	**210**	256	**-**	-
	1,897	2,930	**24**	24
Included in the total key management personnel is:				
Executive Directors' remuneration	**1,897**	2,930	**24**	24

Details of Directors' remuneration of the Group and the Company are further analysed in Note 26.

26. Directors' remuneration

	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
Directors				
Executive:				
Salaries and other emoluments	**1,897**	2,930	**24**	24
Non-executive:				
Fees and allowances	**181**	174	**181**	174
Grand total	**2,078**	3,104	**205**	198

26. Directors' remuneration (continued)

The remuneration of each Director is as follows:

	Group		Company	
	2024	2023	**2024**	2023
	RM'000	RM'000	**RM'000**	RM'000
Lee Ah Bah @ Lee Swee Kiat	**384**	422	**-**	-
Tan Kuin Luan	**324**	366	**-**	-
Lee Kong Yam*	**-**	880	**-**	-
Dato' Lee Kong Sim	**1,189**	1,262	**24**	24
Wong Yoke San	**51**	46	**51**	46
Seow Nyoke Yoong*	**40**	42	**40**	42
Lee Kong Hooi	**45**	43	**45**	43
Ng Fong Fong	**45**	43	**45**	43
	2,078	3,104	**205**	198

* The Director's remuneration has been accounted for up to his date of retirement.

27. Finance costs

	Group	
	2024	2023
	RM'000	RM'000
Interest expenses on borrowings:		
- bills payable	**-**	24
- lease liabilities under hire purchase arrangements	**27**	29
- lease liabilities	**185**	205
- term loans	**161**	231
	373	489

28. Taxation

	Group		Company	
	2024	2023	**2024**	2023
	RM'000	RM'000	**RM'000**	RM'000
Malaysian income tax				
Current year	**1,618**	2,632	**9**	6
Under/(over) provision in prior years	**128**	16	**(*)**	(*)
	1,746	2,648	**9**	6
Deferred tax (Note 20)				
Current year	**(225)**	786	**-**	-
Under/(over) provision in prior years	**17**	(174)	**-**	-
	(208)	612	**-**	-
	1,538	3,260	**9**	6

28. Taxation (continued)

The reconciliations of income tax expense applicable to the results of the Group and of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Profit before taxation	**10,930**	16,892	**5,555**	5,874
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	**2,623**	4,054	**1,333**	1,410
Tax effects of:				
- expenses not deductible for tax purposes	**300**	166	**116**	36
- income not subject to tax	**(87)**	(50)	**(1,440)**	(1,440)
- double tax deductions	**(139)**	(152)	**-**	-
- other deductible tax incentive	**(905)**	(450)	**-**	-
- utilisation of deferred tax assets not recognised previously	**(399)**	(150)	**-**	-
Under/(over) provision of income tax in prior years	**128**	16	**(*)**	(*)
Under/(over) provision of deferred tax in prior years	**17**	(174)	**-**	-
Tax expense for the year	**1,538**	3,260	**9**	6

The unabsorbed tax losses are allowed to be utilised for 10 (2023: 10) consecutive years of assessment while the unutilised capital allowances are allowed to be carried forward indefinitely.

Subject to the agreement by Inland Revenue Board, the certain subsidiaries of the Group has estimated unabsorbed tax losses and unutilised capital allowances carried forward of RM1,905,000 (2023: RM3,847,000) and RM1,000 (2023: RM55,000) respectively at year end to set off against future chargeable income.

The certain subsidiaries of the Group's unabsorbed tax losses of RM530,000, RM1,341,000, RM10,000, RM12,000 and RM12,000 can be carried forward up to YA2030, YA2031, YA2032, YA2033 and YA2034 (2023: RM2,250,000, RM1,418,000, RM117,000 and RM62,000 can be carried forward up to YA2030, YA2031, YA2032 and YA2033) respectively.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2024 RM'000	2023 RM'000
Unabsorbed tax losses	**(457)**	(923)
Unutilised capital allowances	**(*)**	(13)
Deductible temporary differences:		
- property, plant and equipment	**(30)**	(46)
- right-of-use assets	**(2)**	(5)
	(489)	(987)

Included in the previous year's unrecognised deferred tax amount is RM99,664 attributable to the disposed subsidiary, HFSB.

The above deferred tax assets have not been recognised in financial statements as the Directors are uncertain whether future taxable profit will be available against which the Group can recover all or part of these assets.

** Denotes amount below RM1,000*

29. Earnings per share

Basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2024	2023
	RM'000	RM'000
Profit after taxation attributable to owners of the Company	**9,403**	13,652
Weighted average number of ordinary shares in issue	**249,988**	245,320*
Basic earnings per share (sen)	**3.76**	5.56

* The weighted average number of ordinary shares in issue as at 31 December 2023 have been adjusted retrospectively to reflect the Bonus Issue of one (1) for two (2) which was completed on 25 June 2024 as disclosed in Note 16.

30. Dividends

	Group and Company	
	2024	2023
	RM'000	RM'000
Interim single tier dividend of 3.5 sen per ordinary share on 161,357,304 ordinary shares, declared on 27 February 2024 and paid on 5 April 2024 in respect of financial year ended 31 December 2023	**5,648**	-
Share dividend distribution of 6,411,413 treasury shares on a basis of one (1) treasury share for every twenty-five (25) existing ordinary shares held, declared on 27 February 2024 in respect of financial year ended 31 December 2023:		
- treasury shares distributed on 5 April 2024	**2,850**	-
- cash dividend in lieu of treasury shares to entitled shareholders with holdings of fewer than 2,500 ordinary shares, in order to reduce the incidence of odd lots was paid on 5 April 2024	**39**	-
Interim single tier dividend of 3.5 sen per ordinary share on 161,412,304 ordinary shares, declared on 21 February 2023 and paid on 31 March 2023 in respect of financial year ended 31 December 2022	**-**	5,649
	8,537	5,649

31. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have mostly been placed in short term money market placement or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting year would not affect profit or loss.

ii Sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's results would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The Group's floating rate borrowings in RM are exposed to variability in future interest payments. If the Bank's Base Lending Rate (BLR) were to increase/decrease by 0.5%, it would impact the Group's profit after taxation by approximately RM9,022 (2023: RM17,691).

(b) Liquidity risk

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

31. Financial risk management policies (continued)

(b) Liquidity risk (continued)

The maturity profiles of the Group and the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations are as follows:

	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	Maturity Less than 1 year RM'000	Maturity Between 2 and 5 years RM'000
Group					
2024					
Trade payables	**-**	**19,973**	**19,973**	**19,973**	**-**
Other payables, accruals and deposits received	**-**	**6,176**	**6,176**	**6,176**	**-**
Term loan	**4.00 – 5.62**	**2,374**	**2,494**	**1,488**	**1,006**
Lease liabilities under hire purchase arrangements	**3.84 – 6.23**	**274**	**296**	**66**	**230**
Lease liabilities	**4.00 – 4.67**	**5,425**	**5,734**	**2,666**	**3,068**
		34,222	**34,673**	**30,369**	**4,304**
2023					
Trade payables	-	19,561	19,561	19,561	-
Other payables, accruals and deposits received	-	7,539	7,539	7,539	-
Term loan	4.42 – 5.60	4,656	4,938	2,444	2,494
Lease liabilities under hire purchase arrangements	3.84 – 6.38	425	474	177	297
Lease liabilities	4.00 – 4.67	2,616	2,687	2,145	542
		34,797	35,199	31,866	3,333
Company					
2024					
Other payables, accruals and deposits received	**-**	**52**	**52**	**52**	**-**
Financial guarantee contracts*	**-**	**-**	**2,494**	**1,488**	**1,006**
		52	**2,546**	**1,540**	**1,006**
2023					
Other payables, accruals and deposits received	-	36	36	36	-
Financial guarantee contracts*	-	-	4,938	2,444	2,494
		36	4,974	2,480	2,494

* Being corporate guarantees granted for banking facilities of the subsidiaries, which will only be encashed in the event of the default by the subsidiaries. The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting year. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

Other payables, accruals and deposits received which are financial liabilities are disclosed in Note 22.

31. Financial risk management policies (continued)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk primarily from their trade receivables, other receivables and cash and bank balances, all which are financial assets.

As at the current and previous financial year end, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For cash and bank balances, the Group minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Cash and bank balances

The Group's and the Company's cash and bank balances at the financial year end are as follows:

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Short term deposits with licensed banks	14	**8,262**	4,562	**-**	-
Cash and bank balances	15	**13,966**	21,556	**96**	117
		22,228	26,118	**96**	117

No expected credit loss on the Group's and the Company's balances were recognised arising from the cash and bank balances because the probability of default by these financial institutions were negligible.

31. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables

The management's ageing analysis of the Group and the Company's gross receivables (before deducting allowance of expected credit loss) are as follows:

				Not credit impaired					
					Past due				
	Note	Total RM'000	Credit impaired RM'000	Current RM'000	30 days RM'000	60 days RM'000	90 days RM'000	>90 days RM'000	Total RM'000
Group									
2024									
Trade receivables	10	**20,459**	*	**18,594**	**596**	**466**	**297**	**506**	**1,865**
Other receivables which are financial assets	12	**2,156**	-	**2,150**	*	-	-	**6**	**6**
		22,615	*	**20,744**	**596**	**466**	**297**	**512**	**1,871**
2023									
Trade receivables	10	16,869	754	14,947	276	104	125	663	1,168
Other receivables which are financial assets	12	2,522	-	2,521	-	1	-	*	1
		19,391	754	17,468	276	105	125	663	1,169
Company									
2024									
Other receivables which are financial assets	12	**1**	-	**1**	-	-	-	-	-
Amount due from a subsidiary	13	**859**	-	**859**	-	-	-	-	-
		860	-	**860**	-	-	-	-	-
2023									
Amount due from a subsidiary	13	1,027	-	1,027	-	-	-	-	-

** Denotes amount below RM1,000*

31. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group. The Group's trade receivables credit term ranges from 30 days to 90 days (2023: 30 days to 90 days). Certain receivables' credit terms are assessed and approved on a case by case basis.

Other receivables which are financial assets include sundry receivables and deposits.

None of the Group's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amount owing by one (2023: one) major customers which constituted 70% (2023: 81%) of its trade receivables at the end of the reporting year.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	Group	
	2024 RM'000	2023 RM'000
Domestic	**15,919**	15,409
United States	**878**	-
Korea	**533**	179
Belgium	**454**	253
Sri Lanka	**269**	-
Others	**883**	967
	18,936	16,808

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

31. Financial risk management policies (continued)

(c) **Credit risk (continued)**

Impairment on receivables

In managing credit risk of instalment payment receivables, other trade receivables and other receivables which are financial assets, the Group manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade and other receivables will pay within 180 days, while the instalment payment receivables will pay within 1 month. The Group uses an allowance matrix to measure ECLs of instalment payment receivables, other trade receivables and other receivables which are financial assets as follows:

Group	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
2024							
Other trade receivables	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	**6,402**	**-**	**(*)**	**6,402**
Instalment payment receivables	180 days	Stage 3	Lifetime expected losses	**27,173**	**(2,243)**	**-**	**24,930**
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	**2,156**	**-**	**-**	**2,156**
				35,731	**(2,243)**	**(*)**	**33,488**

** Denotes amount below RM1,000*

31. Financial risk management policies (continued)

(c) Credit risk (continued)

Impairment on receivables (continued)

Group	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
2023							
Other trade receivables	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	5,125	-	(7)	5,118
Instalment payment receivables	180 days	Stage 3	Lifetime expected losses	24,919	(623)	(1,735)	22,561
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	2,522	-	-	2,522
				32,566	(623)	(1,742)	30,201

i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

ii The Group's allowance for impairment loss on trade and other receivables during the current financial year decreased by RM121,837 mainly due to the provision for lower impaired trade and other receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables increased by RM1,803,036 mainly due to the provision for higher impaired trade and other receivables.

31. Financial risk management policies (continued)

(c) Credit risk (continued)

Impairment on receivables (continued)

In managing credit risk of other receivables which are financial assets, the Company manages its debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, other receivables will pay within 180 days. The Company uses an allowance matrix to measure ECLs of other receivables which are financial assets as follows:

Company	Credit impaired when past due	Staging	Basis for recognition of ECL provision	Gross receivables RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note i) RM'000	Net receivables RM'000
2024							
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	**1**	**-**	**-**	**1**
2023							
Other receivables which are financial assets	180 days	Stage 1	12-months expected losses. Where expected lifetime of an asset is less than 12-months, expected losses are measured at its expected lifetime	-	-	-	-

i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

ii The Company's allowance for impairment loss on trade and other receivables during the current and previous financial years is RMNil.

31. Financial risk management policies (continued)

(c) Credit risk (continued)

Financial guarantees

The Company provides financial corporate guarantees to licensed banks in respect of banking facilities granted to the subsidiaries.

The maximum exposure to credit risk amounts to RM2,494,042 (2023: RM4,938,357) representing the outstanding banking facilities of the subsidiaries as at end of the reporting year.

As at the end of the reporting year, there was no indication that any subsidiary would default on repayment.

(d) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and Euro (EUR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, if any.

The following table shows the accumulated amount of financial assets and liabilities in foreign currency:

Group	Note	USD RM'000	EUR RM'000	AUD RM'000	CNY RM'000	Total RM'000
2024						
Financial assets						
Trade receivables	10	**2,257**	**597**	**124**	*	**2,978**
Cash and bank balances	15	**1,493**	**-**	**-**	**-**	**1,493**
		3,750	**597**	**124**	*	**4,471**
Financial liabilities						
Trade payables	21	**4,674**	**-**	**-**	**-**	**4,674**
Other payables, accruals and deposits received	22	**130**	**215**	**-**	**-**	**345**
		4,804	**215**	**-**	**-**	**5,019**
Net financial (liabilities)/assets		**(1,054)**	**382**	**124**	*	**(548)**

** Denotes amount below RM1,000*

Group	Note	USD RM'000	EUR RM'000	AUD RM'000	SGD RM'000	CNY RM'000	Total RM'000
2023							
Financial assets							
Trade receivables	10	664	517	151	67	-	1,399
Other receivables, deposits and prepayments	12	-	118	-	-	-	118
Cash and bank balances	15	893	-	-	-	-	893
		1,557	635	151	67	-	2,410

31. Financial risk management policies (continued)

(d) Foreign currency risk (continued)

Group	Note	USD RM'000	EUR RM'000	AUD RM'000	SGD RM'000	CNY RM'000	Total RM'000
2023							
Financial liabilities							
Trade payables	21	3,564	-	-	-	1	3,565
Other payables, accruals and deposits received	22	123	82	-	3	-	208
		3,687	82	-	3	1	3,773
Net financial (liabilities)/ assets		(2,130)	553	151	64	(1)	(1,363)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonable possible change in the exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Impact on profit for the year 2024 RM'000	2023 RM'000
USD/RM – strengthened/(weakened) 3%	**(24)**	(49)
EUR/RM – strengthened/(weakened) 3%	**9**	13
AUD/RM – strengthened/(weakened) 3%	**3**	4
SGD/RM – strengthened/(weakened) 3%	**-**	2
CNY/RM – strengthened/(weakened) 3%	*****	(*)

** Denotes amount below RM1,000*

(e) Capital management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company'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.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	Note	2024 RM'000	2023 RM'000
Total borrowings	18	**2,648**	5,081
Less: Short term deposits with licensed banks (not pledged)	14	**(8,262)**	(4,562)
Less: Cash and bank balances	15	**(13,966)**	(21,556)
Net cash		**(19,580)**	(21,037)
Total equity		**80,096**	76,545
Gearing ratio		**N/A**	N/A

N/A – Not applicable

32. Segment reporting

Primary segment reporting - business

The Group is organised into two major business segments as follows:

Business segments	**Business activities**
Investment holding	Investment holding.
Natural latex and mattress related products	Manufacturing, trading and distribution of mattresses, bedding accessories, laminated foam, polyurethane foam, natural latex foam and other related products.

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
2024					
Revenue					
External revenue	5	136,326	136,331	-	136,331
Intersegment revenue	14,575	42,291	56,866	(56,866)	-
Total revenue	14,580	178,617	193,197	(56,866)	136,331
Results					
Segment results	14,033	11,385	25,418	(14,449)	10,969
Interest income	2	332	334	-	334
Profit from operations	14,035	11,717	25,752	(14,449)	11,303
Interest expenses	-	(526)	(526)	153	(373)
Profit from ordinary activities before taxation	14,035	11,191	25,226	(14,296)	10,930
Taxation	(29)	(1,509)	(1,538)	-	(1,538)
Profit for the financial year	14,006	9,682	23,688	(14,296)	9,392
Other information					
Segment assets	88,037	136,110	224,147	(103,777)	120,370
Tax recoverable	1	344	345	-	345
Consolidated assets	88,038	136,454	224,492	(103,777)	120,715
Segment liabilities	4,790	58,651	63,441	(28,381)	35,060
Deferred taxation	-	5,559	5,559	-	5,559
Consolidated liabilities	4,790	64,210	69,000	(28,381)	40,619
(Reversal)/allowance of impairment loss	(2,819)	(122)	(2,941)	2,819	(122)
Capital expenditure on property, plant and equipment	-	2,569	2,569	-	2,569

32. Segment reporting (continued)

Primary segment reporting – business (continued)

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
2024					
Other information (continued)					
Depreciation of property, plant and equipment	-	**3,456**	**3,456**	-	**3,456**
Depreciation of right-of-use assets	-	**9,672**	**9,672**	**(6,026)**	**3,646**
(Loss)/gain on disposal of investment in subsidiary	**(380)**	-	**(380)**	**523**	**143**
Impairment of property, plant and equipment	-	**935**	**935**	-	**935**
Unrealised foreign exchange loss - net	-	**118**	**118**	-	**118**
Realised foreign exchange gain - net	-	**(175)**	**(175)**	-	**(175)**
2023					
Revenue					
External revenue	-	127,707	127,707	-	127,707
Intersegment revenue	16,070	38,750	54,820	(54,820)	-
Total revenue	16,070	166,457	182,527	(54,820)	127,707
Results					
Segment results	13,147	17,187	30,334	(13,333)	17,001
Interest income	2	378	380	-	380
Profit from operations	13,149	17,565	30,714	(13,333)	17,381
Interest expenses	-	(634)	(634)	145	(489)
Profit from ordinary activities before taxation	13,149	16,931	30,080	(13,188)	16,892
Taxation	(27)	(3,233)	(3,260)	-	(3,260)
Profit for the financial year	13,122	13,698	26,820	(13,188)	13,632

32. Segment reporting (continued)

Primary segment reporting - business (continued)

	Investment holding RM'000	Natural latex and mattress related products RM'000	Total RM'000	Elimination RM'000	Consolidation RM'000
2023					
Other information					
Segment assets	89,455	136,908	226,363	(108,734)	117,629
Tax recoverable	-	204	204	-	204
Consolidated assets	89,455	137,112	226,567	(108,734)	117,833
Segment liabilities	8,475	62,523	70,998	(35,477)	35,521
Deferred taxation	-	5,767	5,767	-	5,767
Consolidated liabilities	8,475	68,290	76,765	(35,477)	41,288
(Reversal)/allowance of impairment loss	(688)	1,803	1,115	688	1,803
Capital expenditure on property, plant and equipment	-	1,495	1,495	-	1,495
Depreciation of property, plant and equipment	-	3,320	3,320	-	3,320
Depreciation of right-of-use assets	-	9,630	9,630	(6,034)	3,596
Unrealised foreign exchange gain - net	-	(39)	(39)	-	(39)
Realised foreign exchange gain - net	-	86	86	-	86

Information about major customer

There is one (2023: one) customer whose transactions arising from sales in the natural latex and mattress related product segment amounting to RM25,972,608 (2023: RM24,873,383) representing more than 10% of the Group's revenue.

33. Purchase of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with aggregate cost of RM2,568,909 (2023: RM1,495,414) which were satisfied as follows:

	Group 2024 RM'000	2023 RM'000
Cash payments	**2,569**	545
Term loan	**-**	950
	2,569	1,495

34. Capital commitments

	Group 2024 RM'000	2023 RM'000
Approved and contracted for:		
Property, plant and equipment*	**221**	1,040
Approved but not contracted for:		
Property, plant and equipment*	**45,407**	45,407

* Included is an amount of RM911,996 (2023: RM1,119,307) which has been recognised in the deposits for acquisition of property, plant and equipment, as disclosed in Note 12.

35. Significant related party transactions

(a) Transactions with related parties

Transactions arising from normal business transactions of the Company and its subsidiaries with their related parties during the financial year are as follows:

	Group 2024 RM'000	2023 RM'000
Sales to related parties		
Luis Furniture Centre Sdn. Bhd.	**17**	59
Reztec Industries Sdn. Bhd.	**2,034**	-
Purchases from related parties		
Luis Furniture Centre Sdn. Bhd.	**9**	79
Reztec Marketing Sdn. Bhd.	**31**	59
Wages recharged by a related party		
Reztec Industries Sdn. Bhd.	**39**	-
Transportation charged by a related party		
Luis Furniture Centre Sdn. Bhd.	**12**	36
Rental charged by ultimate and immediate holding company		
Lee Swee Kiat & Sons Sdn. Bhd.	**197**	197

The related parties are Luis Furniture Centre Sdn. Bhd., Reztec Marketing Sdn. Bhd. and Reztec Industries Sdn. Bhd. in which the executive Directors of the Company have either common Directorship or/and substantial equity interest in these related parties.

35. Significant related party transactions (continued)

(b) Compensation of key management personnel

The remuneration of key management personnel including Directors during the financial year are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	**2024 RM'000**	2023 RM'000
Salaries, allowances and incentive	**1,693**	2,666	**31**	17
Fees	**174**	181	**174**	181
Employees Provident Fund	**210**	256	**-**	-
Social security costs	**1**	1	**-**	-
Employment Insurance Scheme	*****	*	**-**	-
Grand total	**2,078**	3,104	**205**	198

Included in total remuneration of key management personnel are the Executive Directors' remuneration of the Group and of the Company amounting to RM1,896,977 (2023: RM2,930,069) and RM24,000 (2023: RM24,000) respectively.

The detailed remuneration of each named Directors of the Group during the current financial year is as follows:

	Salaries, allowance, fees and incentives RM'000	Employees Provident Fund RM'000	Social security costs RM'000	Employment Insurance Scheme RM'000	Total RM'000
Lee Ah Bah @ Lee Swee Kiat	**384**	-	-	-	**384**
Tan Kuin Luan	**324**	-	-	-	**324**
Dato' Lee Kong Sim	**978**	**210**	**1**	*	**1,189**
Wong Yoke San	**51**	-	-	-	**51**
Seow Nyoke Yoong	**40**	-	-	-	**40**
Lee Kong Hooi	**45**	-	-	-	**45**
Ng Fong Fong	**45**	-	-	-	**45**
	1,867	**210**	**1**	*	**2,078**

** Denotes amount below RM1,000*

36. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ["AC"]
(b) Fair value through profit or loss ["FVTPL"]

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2024			
Group			
Non-derivative financial assets			
Trade receivables	**18,936**	**18,936**	**-**
Other receivables and deposits	**2,156**	**2,156**	**-**
Short term deposits with licensed banks	**8,262**	**556**	**7,706**
Cash and bank balances	**13,966**	**13,966**	**-**
At 31 December 2024	**43,320**	**35,614**	**7,706**
Non-derivative financial liabilities			
Trade payables	**19,973**	**19,973**	**-**
Other payables, accruals and deposits received	**6,176**	**6,176**	**-**
Lease liabilities	**5,425**	**5,425**	**-**
Borrowings	**2,648**	**2,648**	**-**
At 31 December 2024	**34,222**	**34,222**	**-**
Company			
Non-derivative financial assets			
Other receivables and deposits	**1**	**1**	**-**
Amount due from a subsidiary	**859**	**859**	**-**
Cash and bank balances	**96**	**96**	**-**
At 31 December 2024	**956**	**956**	**-**
Non-derivative financial liabilities			
Other payables, accruals and deposits received	**52**	**52**	**-**
At 31 December 2024	**52**	**52**	**-**
2023			
Group			
Non-derivative financial assets			
Trade receivables	16,808	16,808	-
Other receivables and deposits	2,522	2,522	-
Short term deposits with licensed banks	4,562	818	3,744
Cash and bank balances	21,556	21,556	-
At 31 December 2023	45,448	41,704	3,744
Non-derivative financial liabilities			
Trade payables	19,561	19,561	-
Other payables, accruals and deposits received	7,539	7,539	-
Lease liabilities	2,616	2,616	-
Borrowings	5,081	5,081	-
At 31 December 2023	34,797	34,797	-

36. Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2023			
Company			
Non-derivative financial assets			
Amount due from a subsidiary	1,027	1,027	-
Cash and bank balances	117	117	-
At 31 December 2023	1,144	1,144	-
Non-derivative financial liabilities			
Other payables, accruals and deposits received	36	36	-
At 31 December 2023	36	36	-

37. Fair values

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of long-term floating rate term loans is reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the current and previous financial year.

38. Significant events

(a) On 13 June 2023 LSK Mattressworld Sdn. Bhd.("LSKMW") paid a booking fee of RM908,146 to acquire industrial land from Golden Valley Development Sdn. Bhd. During the year, the developer revised the factory's design and layout based on the LSKMW's requirements. They are currently determining the revised price after these modifications, and the LSKMW is awaiting their response.

(b) On 30 April 2024, Lee Swee Kiat Holdings Sdn. Bhd. ("LSKH") entered into a Share Sale Agreement with Wong Shyn Chyuan to dispose of 60 ordinary shares of Homeplus Furniture Sdn. Bhd. ("HFSB"), representing 60% equity interest in HFSB for a purchase consideration of RM300,000.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lee Ah Bah @ Lee Swee Kiat and Dato' Lee Kong Sim, being two of the Directors of Lee Swee Kiat Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 71 to 132 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 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 April 2025.

Lee Ah Bah @ Lee Swee Kiat
Executive Chairman

Dato' Lee Kong Sim
Managing Director

Klang

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Dato' Lee Kong Sim, being the Director primarily responsible for the financial management of Lee Swee Kiat Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 132 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.

Subscribed and solemnly declared by
the abovenamed Dato' Lee Kong Sim
at Petaling Jaya in the state of Selangor
on 8 April 2025

Dato' Lee Kong Sim
Managing Director

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEE SWEE KIAT GROUP BERHAD
[REGISTRATION NO. 200301005163 (607583-T)] (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lee Swee Kiat Group Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 71 to 132.

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 2024, and of their financial performance and their cash flows for the 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"), 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 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 these matters.

Key Audit Matters (continued)

1. Trade receivables

The carrying amount of trade receivables as at 31 December 2024: RM31,332,424.

We refer to the consolidated financial statements: Note 3(q) "Financial instruments", Note 3(r) "Impairment of financial assets", Note 5(e) "Loss allowances for financial assets" and Note 10 "Trade receivables".

Key audit matter	Our response
Recoverability of trade receivables The Group's trade receivables amounted to RM31.3 million, representing approximately 26% of the Group's total assets as at 31 December 2024. The assessment of recoverability of receivables involved judgement and estimation uncertainty in analysing historical bad debts, customers credit concentration, creditworthiness and payment terms.	Our audit procedures included, among others: • We obtained an understanding of the Group's credit risk policy, and tested the processes used by management to assess credit risk exposures. • We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss including the expected credit loss assumption, which including consideration of the current economic situation. • We tested the accuracy and completeness of the data used by the management. • We reviewed the adequacy of the amount of impairment loss and inquired the management regarding the recoverability of trade receivables that are past due but not impaired balances and review customers' correspondences and past payment settlements. • We evaluated the appropriateness and adequacy of the disclosures of expected credit loss in accordance with MFRS 9 *Financial Instruments.* • We sent confirmations of the balances of significant receivables.

Key Audit Matters (continued)

2. Intangible assets

The carrying amount of intangible assets as at 31 December 2024: RM5,858,100.

We refer to the consolidated financial statements: Note 3(d) "Intangible assets", Note 5(d) "Impairment of intangible assets" and Note 8 "Intangible assets".

Key audit matter

On an annual basis, Management is required to perform an impairment assessment for their intangible assets.

We determine this to be a key audit matter as it involves significant estimation of the value in use and is based on assumptions that are affected by expected future market and economic conditions.

Our response

Our audit procedures included, among others:

- Examine the cash flow forecasts which support Management's intangible assets impairment assessment. We evaluate the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expense to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations;
- Perform sensitivity analysis on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value;
- Review the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive;
- Challenge the appropriateness of the useful lives of intangible assets.

3. Inventories

The carrying amount of inventories as at 31 December 2024: RM17,241,255.

We refer to the consolidated financial statements: Note 3(f) "Inventories", Note 5(f) "Write-down of inventories to the lower of cost and net realisable value" and Note 11 "Inventories".

Key audit matter

The cost of inventories may not be recoverable if those inventories are damaged, if they become wholly or partially obsolete, or if their selling prices have declined. The Management reviews for any necessary write-down at the financial year end.

We determine this as a key audit matter as inventories represent a significant component of the Group's statements of financial position and, due to the nature of the inventories, the estimation of the net realisable values of the inventories involved significant judgement by the Management.

Our response

Our audit procedures included, among others:

- Obtain and review the list of slow moving, damaged or obsolete inventories;
- Assess the Group's processes used to identifying slow moving, damaged or obsolete inventories;
- Assess the Group's judgement made to the net realisable value of slow moving, damaged or obsolete inventories;
- Inquire Management the reasons if slow moving, damaged or obsolete inventories are not written-down to its net realisable value.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information included in the 2024 Annual Report. The other information comprises the Directors' Report which was obtained prior to the date of this auditors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The other sections of the 2024 Annual Report, including the Statement on Risk Management and Internal Control are expected to be made available to us subsequently.

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

Responsibilities of the Directors for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 or on 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 units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 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.

Other Matters

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.

Nexia SSY PLT
201906000679 (LLP0019490-LCA) & AF 002009
Chartered Accountants

Bavany a/p Chellappan
No. 03138/09/2025 J
Chartered Accountant

Shah Alam
8 April 2025

LIST OF PROPERTIES

	Location	Desciption	Exisitng Use	Tenure	Land area/built up area	Net book value @ 31/12/2024 (RM)
(1)	Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor D.E.	Office cum factory	Corporate head office and mattress factory	Freehold	Approximately 210,000 sq feet / 150,000 sq feet	11,616,539
(2)	Wisma LSK, Lot 6122, Jalan Haji Salleh, Off Jalan Meru, 41050 Klang, Selangor D.E.	Factory II	Factory for latex foam	Freehold	Approximately 210,000 sq feet / 120,000 sq feet	8,472,466
(3)	No. 19-2, Jalan Klang Sentral 9/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,875 sq feet	155,348
(4)	No. 9-2, Jalan Klang Sentral 9/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,650 sq feet	144,829
(5)	No. 26-1, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,187 sq feet	142,592
(6)	No. 9-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,371 sq feet	180,245
(7)	No. 30-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,371 sq feet	147,200
(8)	No. 32-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,385 sq feet	151,139
(9)	No. 21-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,575 sq feet	138,333
(10)	No. 7-2, Jalan Klang Sentral 6/KU5 Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation (Temporary renting out)	Freehold	Approximately 1,450 sq feet	140,836
(11)	No. 34-2, Jalan Klang Sentral 5/KU5, Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,540 sq feet	182,854
(12)	No. 31-1, Jalan Klang Sentral 5/KU5 Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,216 sq feet	206,925
(13)	No. 31-1, Jalan Klang Sentral 7/KU5 Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,421 sq feet	224,972
(14)	No. 31-2, Jalan Klang Sentral 7/KU5 Bukit Raja Meru, 41050 Klang, Selangor D.E.	Shop office	Workers accommodation	Freehold	Approximately 1,356 sq feet	173,980

ANALYSIS OF SHAREHOLDINGS

AS AT 25 MARCH 2025

Total Number of Issued Shares	: 251,723,504 Ordinary Shares
Number of Treasury Shares	: 70,480 Ordinary Shares
Class of Shares	: Ordinary Shares
Voting Rights	: One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Holdings	No. of Shareholders	%	No. of Shares	% (^)
1 - 99	2,443	37.133	175,505	0.069
100 – 1,000	2,088	31.737	594,581	0.236
1,001 – 10,000	1,043	15.854	5,019,836	1.995
10,001 – 100,000	864	13.133	26,689,512	10.606
100,001 – 12,582,650 (*)	139	2.113	103,844,818	41.265
12,582,651 and above (**)	2	0.030	115,328,772	45.829
Total	**6,579**	**100.000**	**251,653,024**	**100.000**

(*) Less than 5% of issued shares.
(**) 5% and above of issued shares.
(^) Based on the total number of issued shares in the Company excluding 70,480 Ordinary Shares bought back by the Company and retained as treasury shares as at 25 March 2025.

SUBSTANTIAL SHAREHOLDERS (As per Register of Substantial Shareholders)

		Direct Interest		Indirect Interest	
	Name of Shareholders	No. of Shares	%(^)	No. of Shares	%(^)
1.	Lee Swee Kiat & Sons Sdn Bhd	140,366,772	55.778	-	-
2.	Lee Ah Bah @ Lee Swee Kiat	4,680,000	1.860	140,366,772 (#)	55.778
3.	Lee Kong Yam	-	-	140,366,772 (#)	55.778
4.	Dato' Lee Kong Sim	6,393,480	2.541	140,366,772 (#)	55.778
5.	Tan Kuin Luan	-	-	140,366,772 (#)	55.778

(#) Deemed interested by virtue of their interests in Lee Swee Kiat & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(^) Based on the total number of issued shares in the Company excluding 70,480 Ordinary Shares bought back by the Company and retained as treasury shares as at 25 March 2025.

DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

		Direct Interest		Indirect Interest	
	Name of Directors	No. of Shares	%(^)	No. of Shares	%(^)
1.	Lee Ah Bah @ Lee Swee Kiat	4,680,000	1.860	140,366,772 (#)	55.778
2.	Lee Kong Hooi	-	-	-	-
3.	Dato' Lee Kong Sim	6,393,480	2.541	140,366,772 (#)	55.778
4.	Tan Kuin Luan *(Alternate Director to Lee Ah Bah @ Lee Swee Kiat)*	-	-	140,366,772 (#)	55.778
5.	Wong Yoke San	-	-	-	-
6.	Ng Fong Fong	-	-	-	-

(#) Deemed interested by virtue of their interests in Lee Swee Kiat & Sons Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(^) Based on the total number of issued shares in the Company excluding 70,480 Ordinary Shares bought back by the Company and retained as treasury shares as at 25 March 2025.

LIST OF TOP 30 HOLDERS AS AT 25 MARCH 2025

NO.	NAME	HOLDINGS	%(^)
1.	LEE SWEE KIAT & SONS SDN. BHD.	93,622,772	37.203
2.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD	21,706,000	8.625
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD	12,480,000	4.959
4.	HLB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BERHAD (GLOBAL MARKET)	9,960,000	3.957
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (E-KLG)	7,800,000	3.099
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	7,176,000	2.851
7.	LOW YING CHEK	4,907,300	1.950
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SWEE KIAT & SONS SDN BHD (8109706)	4,758,000	1.890
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE AH BAH @ LEE SWEE KIAT	4,680,000	1.859
10.	GOH KOK THAI	4,445,844	1.766
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (8036608)	3,182,400	1.264
12.	HARMONY EFFECTIVE SDN BHD	2,535,000	1.007
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEE KONG SIM (PB)	1,657,500	0.658
14.	TEH LAY KOON	1,425,840	0.566
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG SIM (E-KLG)	1,419,600	0.564
16.	YAP WEI HSIUNG	1,261,000	0.501
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN	1,159,150	0.460
18.	SOUTHERN REALTY RESOURCE SDN. BHD.	1,100,000	0.437
19.	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,078,602	0.428
20.	CHAI MOOI CHONG	900,000	0.357
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD YAP KOON TECK	900,000	0.357

ANALYSIS OF SHAREHOLDINGS *(cont'd)*

AS AT 25 MARCH 2025

LIST OF TOP 30 HOLDERS AS AT 25 MARCH 2025 (continued)

NO.	NAME	HOLDINGS	%(^)
22.	RATNADEWI A/P BAHWANDI @ FAN CHERN HUI	821,760	0.326
23.	LING CHIN TIONG	787,190	0.312
24.	OOI EWE CHOON	780,000	0.309
25.	TAN CHU CHIN	780,000	0.309
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PHILLIP MASTER EQUITY GROWTH FUND (50144 TR01)	723,264	0.287
27.	LEE ENG HOCK & CO. SENDIRIAN BERHAD	648,000	0.257
28.	PHUAH JIA XUAN	633,434	0.251
29.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM SOON HEE	601,050	0.238
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK LOW CHIN KOON (7003384)	600,000	0.238
	TOTAL	**194,529,706**	**77.285**

(^) *Based on the total number of issued shares in the Company excluding 70,480 Ordinary Shares bought back by the Company and retained as treasury shares as at 25 March 2025.*

NOTICE OF TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING

NOTICE IS GIVEN THAT the Twenty-Second ("22nd") Annual General Meeting ("AGM") of the Company will be held at Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 2)

2. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution, as Directors of the Company:-

   (a) Dato' Lee Kong Sim (Resolution 1)
   (b) Ng Fong Fong (Resolution 2)
   (c) Wong Yoke San (Resolution 3)

3. To approve the payment of Directors' fees to each of the following Non-Executive Directors for the period from the 22nd AGM until the next AGM of the Company:-

   (a) Lee Kong Hooi – RM42,000 (Resolution 4)
   (b) Wong Yoke San – RM48,000 (Resolution 5)
   (c) Ng Fong Fong – RM42,000 (Resolution 6)
   (d) Additional Directors' Fees – RM50,000 (Resolution 7)

4. To approve the payment of Directors' benefits up to an amount of RM50,000 to the Non-Executive Directors for the period from the 22nd AGM until the next AGM of the Company. (Resolution 8)

5. To re-appoint Messrs Nexia SSY PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

Special Business:

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

6. **ORDINARY RESOLUTION**
   AUTHORITY TO ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (Resolution 10)

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the company be and are hereby authorised to allot shares in the Company 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 allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company 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 earlier, unless such approval is revoked or varied by the Company at a general meeting."

NOTICE OF TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING *(cont'd)*

7. **ORDINARY RESOLUTION**

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES (Resolution 11)

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

(i) To cancel all or part of the Purchased Shares;
(ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
(iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
(iv) To resell all or part of the treasury shares;
(v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
(vi) To transfer all or part of the treasury shares as purchase consideration;
(vii) To sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
(viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

NOTICE OF TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING *(cont'd)*

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

By Order of the Board
NG CHEONG SENG
(SSM PC No. 202408000584)
(MIA No. 17444)
Company Secretary

Kuala Lumpur

29 April 2025

NOTES:-

1. Appointment of Proxy

(i) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as of 20 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote (collectively, "participate") on his/her/its behalf.

(ii) A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

(iii) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

(iv) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("**MMLR**").

(v) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(vi) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

(vii) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

NOTICE OF TWENTY-SECOND (22ND) ANNUAL GENERAL MEETING *(cont'd)*

(viii) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(a) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

(b) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 22nd AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

(ix) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited 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 AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(x) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

(xi) Last date and time for lodging this proxy form is Monday, 26 May 2025 at 10.00 a.m.

(xii) Please bring an ORIGINAL of the following identification papers (where applicable) and present it to the registration staff for verification:

(a) Identity card (NRIC) (Malaysian); or
(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
(c) Passport (Foreigner).

(xiii) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the ORIGINAL certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan. Alternatively, please bring the ORIGINAL certificate of appointment of authorised representative if it has not been deposited at the Company's registered office earlier.

(xiv) Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 22nd AGM.

2. Audited Financial Statements for the financial year ended 31 December 2024

This agenda item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on this agenda item is not put forward for voting by shareholders.

3. Resolution 1 to 3 – Re-election of Directors

Dato' Lee Kong Sim, Ng Fong Fong and Wong Yoke San ("the Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 22nd AGM.

Please refer to the Statement Accompanying the Notice of AGM for information.

4. Resolutions 4 to 8 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Directors' fees for the period from the 22nd AGM until the date of next AGM under Resolutions 4 to 8 are to allow the Company to make payment of Directors' fees to the Non-Executive Directors up to next AGM of the Company.

Resolution 7 is to facilitate the payment of additional Directors' fees which were budgeted for the period from the 22nd AGM until the date of next AGM in the event the Company appoints additional Non-Executive Director(s).

The proposed Directors' benefits under Resolution 8 are calculated based on the current Board size and the number of scheduled Board and Committee meetings from the 22nd AGM until the date of next AGM. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

5. Resolution 9 – Re-appointment of Auditors

The Board had on 8 April 2025 through the Audit Committee ("AC") assessed the suitability, objectivity and independence of the External Auditors, Messrs Nexia SSY PLT and considered the re-appointment of Messrs Nexia SSY PLT as Auditors of the Company. The Board and AC collectively agreed and satisfied that Messrs Nexia SSY PLT has the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 10 – Authority to Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

This resolution is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company.

This resolution, if passed, would provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings and acquisition.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or at the expiration of the period within which the next AGM is required to be held, whichever is earlier.

As at the date of this Notice, the Company did not issue any shares pursuant to the 10% General Mandate granted to the Directors at the Twenty-First AGM held on 27 May 2024 which will lapse at the conclusion of the 22nd AGM.

2. Resolution 11 - Proposed Renewal of Share Buy-Back Mandate

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 29 April 2025 for further information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

[PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD]

Election/ Appointment as Directors

As at date of this notice, there are no individuals standing for election/appointment as Directors at the Twenty-Second Annual General Meeting ("22nd AGM").

Directors who are seeking re-election at the 22nd AGM are as follows:-

(1) Dato' Lee Kong Sim;
(2) Ng Fong Fong; and
(3) Wong Yoke San

("the Retiring Directors").

The profiles of the Retiring Directors are set out on pages 5 and 6 respectively of the Annual Report 2024. The details of their interest in the securities of the Company can be found on page 140 of the Annual Report 2024.

The Retiring Directors had provided their fit and proper declarations and the Board of Directors had through the Nomination and Remuneration Committee ("NRC") carried out the assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors. They have also confirmed that they do not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Group.

In addition to the above, the Board supports and recommended the re-election of Dato' Lee Kong Sim, Ng Fong Fong and Wong Yoke San as Directors of the Company based on the following:-

(1) Dato' Lee Kong Sim ("Dato' Eric Lee")

Dato' Eric Lee was appointed as Executive Director of the Company on 3 February 2004 and was subsequently re-designated as the Managing Director on 25 August 2011. The Board of Directors, through the NRC had assessed Dato' Eric Lee, who is due to retire at the forthcoming 22nd AGM and is confident that, given his extensive background, skills and vast experience in the mattress manufacturing industry, he would continue to offer valuable insights and perspectives to the Group. His presence ensures continuity and stability in the Group's operations.

(2) Ng Fong Fong and Wong Yoke San

Ng Fong Fong and Wong Yoke San were appointed as Independent Non-Executive Directors of the Company on 1 November 2021 and 26 August 2019 respectively. They have provided their confirmation that they fulfil the independence criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have also confirmed that they do not have any existing or potential conflict of interest, business, family or other special relationship within or outside of the Company that could impair their independent judgement.

In this connection the Board supports the re-election of the abovementioned Director.

Authority for Directors to allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

Kindly refer to item (1) of Explanatory Notes on Special Business as contained in the Notice of 22nd AGM.

ADMINISTRATIVE GUIDE FOR THE TWENTY-SECOND ANNUAL GENERAL MEETING ("22ND AGM")

Day and Date	:	Wednesday, 28 May 2025
Time	:	10.00 a.m.
Venue	:	Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan

1. REGISTRATION ON THE DAY OF THE 22ND AGM

Registration will start at 9.00 a.m. and will remain open until the conclusion of the 22nd AGM or such time may be determined by the Chairman of the meeting.

Please produce your original MyKad or passport (for Non-Malaysian) during registration for verification purposes. You will not be allowed to register on behalf of another person even with the original MyKad or passport of that person.

Upon verification of your MyKad or passport and signing of attendance list, you will be given the voting slip for voting purposes before entering the meeting room. Please vacate the registration area immediately after registration to prevent congestion.

2. ELIGIBILITY TO ATTEND BASED ON THE RECORD OF DEPOSITORS

Only a member whose name appears on the Record of Depositors as of 20 May 2025 shall be entitled to attend or appoint proxy(ies) to attend, participate, speak and/or vote on his/her/its behalf.

3. CORPORATE MEMBER

Corporate members who wish to appoint corporate representatives instead of proxy(ies), must deposit their original certificate of appointment of corporate representative to the Registered Office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan before the 22nd AGM or bring the original certificate of appointment of corporate representative to the 22nd AGM.

Attorneys appointed by power of attorney are required to deposit their power of attorney with the Registered Office of the Company not later than Monday, 26 May 2025 at 10.00 a.m. to attend and vote at the 22nd AGM.

4. APPOINTMENT OF PROXY

The appointment of proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(a) <u>In hard copy form</u>

In case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

(b) <u>By electronic means</u>

The proxy appointment can be lodged electronically with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the procedures below for electronic lodgement of proxy form via TIIH Online.

ADMINISTRATIVE GUIDE FOR THE TWENTY-SECOND ANNUAL GENERAL MEETING ("22ND AGM") *(cont'd)*

5. ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:-

Procedure	Action
(i) Steps for Individual Members	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "**e-Services Login**". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with Submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event "**LEE SWEE KIAT GROUP BERHAD 22ND AGM - Submission of Proxy Form**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the proxy form for your record.
(ii) Steps for Corporate or Institutional Members	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services Login, the authorised or nominated representative of the corporate or institutional member selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporate or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with Submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event "**LEE SWEE KIAT GROUP BERHAD 22ND AGM - Submission of Proxy Form**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Login to TIIH Online, select corporate event "**LEE SWEE KIAT GROUP BERHAD 22ND AGM - Submission of Proxy Form**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

6. POLL VOTING

The voting at the 22nd AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to conduct the poling process and independent Scrutineers to verify the poll results.

7. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 22nd AGM proceedings is allowed without prior written permission of the Company.

8. NO DOOR GIFTS OR FOOD VOUCHERS

There will be no door gifts or vouchers provided to members, proxies and invited guests who attend the 22nd AGM.

9. ENQUIRY

If you have any enquiry on the above, please contact the following person-in charge during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General No.	:	+603-2783 9299
Email	:	is.enquiry@vistra.com
Contact Person		
Mohammad Amirul Iskandar	:	+603-2783 9279 (mohammad.amirul@vistra.com)
Syafiqul Hafidz	:	+603-2783 9024 (syafiqul.hafidz@vistra.com)

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LEE SWEE KIAT GROUP BERHAD
Registration no. 200301005163 (607583-T)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares held:	

I/We .... NRIC No./ Passport No. ....
[Full name in block and as per NRIC/Passport/Registration No.]

of ....
[Address]

being member(s) of **Lee Swee Kiat Group Berhad**, hereby appoint:-

Full Name (in block capitals and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Mobile Phone No.	

^ and/or

Full Name (in block capitals and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address		Mobile Phone No.	

or failing him/her, the Chairman of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Twenty-Second (22nd) Annual General Meeting of the Company, which will be held at Function Room 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen 13, 40170 Shah Alam, Selangor Darul Ehsan on Wednesday, 28 May 2025 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Resolution no.	Description of Resolution	For	Against
1	Re-election of Dato' Lee Kong Sim as Director of the Company		
2	Re-election of Ng Fong Fong as Director of the Company		
3	Re-election of Wong Yoke San as Director of the Company		
4	Approval on payment of Director's fee to Lee Kong Hooi amounting to RM42,000.00 for the period from the 22nd Annual General Meeting until the next Annual General Meeting of the Company		
5	Approval on payment of Director's fee to Wong Yoke San amounting to RM48,000.00 for the period from the 22nd Annual General Meeting until the next Annual General Meeting of the Company		
6	Approval on payment of Director's fee to Ng Fong Fong amounting to RM42,000.00 for the period from the 22nd Annual General Meeting until the next Annual General Meeting of the Company		
7	Approval on payment of additional Directors' fees amounting to RM50,000.00 for the period from the 22nd Annual General Meeting until the next Annual General Meeting of the Company		
8	Approval on payment of Directors' benefits up to an amount of RM50,000.00 to the Non-Executive Directors for the period from the 22nd AGM until the next Annual General meeting of the Company		
9	Re-appointment of Messrs Nexia SSY PLT as Auditors of the Company		
10	Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
11	Proposed Renewal of Share Buy-Back Mandate		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

Signed this …………… day of ………………………… 2025

....
Signature*
Member

^ Delete whichever is inapplicable
** Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Fold this flap for sealing

NOTES:-

1. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as of 20 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote (collectively, "participate") on his/her/its behalf.
2. A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
   (a) <u>In hard copy form</u>
   In the case of an appointment made in hard copy form, the proxy form must be deposited at the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
   (b) <u>By electronic means</u>
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 22nd AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited 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 AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Monday, 26 May 2025 at 10.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
   (a) Identity card (NRIC) (Malaysian); or
   (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
   (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the registered office of the Company at Wisma LSK, Lot 6122, Jalan Haji Abdul Manan, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan. Alternatively, please bring the ORIGINAL certificate of appointment of authorised representative if it has not been deposited at the Company's registered office earlier.
14. Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the 22nd AGM.

Fold here

Affix
Stamp
Here

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

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

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Since 1975

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

Wisma LSK,
Lot 6122, Jalan Haji Abdul Manan,
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