

Unless stated otherwise, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after 6 months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants, which is the subject matter of this Abridged Prospectus, should be addressed to the Share Registrar, Workshire Share Registration Sdn Bhd at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia (Tel: +603 - 6413 3271).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 27 February 2023 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 27 February 2023. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, TA Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by Bursa Securities. The registration of this Abridged Prospectus should not be taken to indicate that Bursa Securities recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. Bursa Securities has not, in any way, considered the merits of this Rights Issue with Warrants. A copy of this Abridged Prospectus, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 20 September 2022. Approval has been obtained from Bursa Securities via its letter dated 18 August 2022 for the admission of the Warrants to the Official List as well as the listing and quotation of the Rights Shares, Warrants and the new Shares to be issued upon exercise of the Warrants on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter). The listing of the Rights Shares and Warrants will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) have been duly credited with the Rights Shares and Warrants allotted to them and notices of allotment have been despatched to them.

Bursa Securities is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus. Admission to the Official List of Bursa Securities and quotation of the new securities are not to be taken as an indication of the merits of the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.



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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 291,480,162 NEW ORDINARY SHARES IN LKL INTERNATIONAL BERHAD ("LKL" OR THE "COMPANY") ("LKL SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.17 PER RIGHTS SHARE TOGETHER WITH UP TO 194,320,108 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS") ON THE BASIS OF 3 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY AT 5.00 P.M. ON 27 FEBRUARY 2023

Principal Adviser

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
Registration No. 197301001467 (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

| | |
|--|---|
| Entitlement Date | : Monday, 27 February 2023 at 5.00 p.m. |
| Last date and time for: | |
| Sale of Provisional Allotments | : Monday, 6 March 2023 at 5.00 p.m. |
| Transfer of Provisional Allotments | : Wednesday, 8 March 2023 at 4.30 p.m. |
| Acceptance and payment | : Tuesday, 14 March 2023 at 5.00 p.m. |
| Excess Rights Shares with Warrants Application and payment | : Tuesday, 14 March 2023 at 5.00 p.m. |

This Abridged Prospectus is dated 27 February 2023

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE DIRECTORS OF THE COMPANY HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE WITH WARRANTS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THE SAID DOCUMENTATION. HAVING MADE ALL REASONABLE INQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

TA SECURITIES, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE WITH WARRANTS, ACKNOWLEDGES THAT BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE WITH WARRANTS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS SHOULD NOTE THAT THEY MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THE ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THE ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO THE COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE ABRIDGED PROSPECTUS, TOGETHER WITH THE NPA AND RSF (COLLECTIVELY, THE “DOCUMENTS”) IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF SUCH RESTRICTIONS AND TO OBSERVE THEM.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

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

| | |
|------------------------------|---|
| 20% Private Placement | - Private placement of 85,760,000 Shares, representing 20% of the total number of issued shares of the Company, which was completed on 12 April 2021 |
| Abridged Prospectus | - This abridged prospectus dated 27 February 2023 in relation to the Rights Issue with Warrants |
| Act | - Companies Act 2016, as amended from time to time and any re-enactment thereof |
| Aluxcare Wellness | - Aluxcare Wellness Sdn Bhd (202101015036 (1415336-K)) |
| Bloomberg | - Bloomberg Finance Singapore L.P. and its affiliates |
| BNM | - Bank Negara Malaysia |
| Board | - The Board of Directors of the Company |
| Bursa Depository | - Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W)) |
| Bursa Securities | - Bursa Malaysia Securities Berhad (200301033577 (635998-W)) |
| CDS | - Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository |
| CDS Account | - Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor |
| Closing Date | - 14 March 2023 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants |
| CMSA | - Capital Markets and Services Act, 2007 of Malaysia as amended from time to time and any re-enactment thereof |
| Code | - Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time |
| Corporate Exercises | - Collectively, Share Consolidation, Diversification, Rights Issue with Warrants and SIS |
| COVID-19 | - Coronavirus disease of 2019 |
| Deed Poll | - Deed poll constituting the Warrants and governing the rights of Warrants holders executed by the Company and dated 10 February 2023 |
| Directors | - Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the CMSA and Director shall be construed accordingly |

DEFINITIONS (CONT'D)

| | |
|---|---|
| Diversification | - Diversification of the principal activities of LKL Group to include the Pharmacy Business |
| e-RSF | - Electronic RSF |
| e-Subscription | - Electronic subscription of the Rights Shares with Warrants via the Share Registrar's Investor Portal at https://www.wscs.com.my/ |
| EGM | - Extraordinary general meeting of the Company |
| Entitled Shareholders | - Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants |
| Entitlement Date | - 27 February 2023, at the close of business at 5.00 p.m., on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants |
| EPS | - Earnings per Share |
| Excess Rights Shares with Warrants | - The Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) by the Closing Date |
| Excess Rights Shares with Warrants Application | - Application for additional Rights Shares with Warrants in excess of the Provisional Allotments by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) |
| Exercise Period | - Any time within a period of 3 years commencing from and including the date of issuance of the Warrants to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid |
| Exercise Price | - RM0.17, being the price at which 1 Warrant is exercisable into 1 new Share, subject to adjustments in accordance with the provisions of the Deed Poll |
| FPE | - Financial period(s) ended / ending, as the case may be |
| FYE | - Financial year(s) ended / ending, as the case may be |
| Government | - Government of Malaysia |
| GP | - Gross profit |
| IMR Report | - Independent market research report dated 30 January 2023 prepared by Infobusiness |
| Infobusiness or the IMR | - Infobusiness Research & Consulting Sdn Bhd (199901024026 (498926-P)) |
| LAT | - Loss after taxation |
| LBT | - Loss before taxation |

DEFINITIONS (CONT'D)

| | |
|-----------------------------------|---|
| Listing Requirements | - ACE Market Listing Requirements of Bursa Securities, including any amendments made thereto from time to time |
| LKL or the Company | - LKL International Berhad (201501014673 (1140005-V)) |
| LKL Group or the Group | - Collectively, LKL and its subsidiaries |
| LKL Shares or the Shares | - Ordinary shares in the Company |
| LKLAM | - LKL Advance Metaltech Sdn Bhd (199301023839 (278577-X)) |
| LPD | - 30 January 2023, being the latest practicable date prior to the printing of this Abridged Prospectus |
| LPS | - Loss per Share |
| LTD | - 9 February 2023, being the last trading day prior to the date of fixing the issue price of the Rights Shares and the Exercise Price |
| Market Day(s) | - Any day on which Bursa Securities is open for trading in securities |
| Maximum Scenario | - Assuming that all the Entitled Shareholders and/or their renounee(s) fully subscribe to their respective entitlements under the Rights Issue with Warrants |
| MCO | - Movement Control Order issued by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 |
| Minimum Scenario | - Assuming that the Rights Issue with Warrants is undertaken based on the Minimum Subscription Level |
| Minimum Subscription Level | - Minimum subscription level of 29,411,765 Rights Shares together with 19,607,843 Warrants based on an issue price of RM0.17 per Rights Share to arrive at RM5.00 million |
| NA | - Net assets |
| NPA | - Notice of provisional allotment in relation to the Rights Issue with Warrants |
| Official List | - Official list of the ACE Market of Bursa Securities |
| PAT | - Profit after taxation |
| PBT | - Profit before taxation |
| Pharmacy Business | - Operation of pharmacies including retailing of pharmaceutical, healthcare and personal care products |
| PPE | - Personal protective equipment |
| Provisional Allotments | - The Rights Shares with Warrants provisionally allotted to Entitled Shareholders |

DEFINITIONS (CONT'D)

| | |
|---|--|
| Record of Depositors | - A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository |
| Rights Issue with Warrants | - Renounceable rights issue of up to 291,480,162 Rights Shares together with up to 194,320,108 free detachable Warrants on the basis of 3 Rights Shares together with 2 free Warrants for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date |
| Rights Shares | - New Shares to be allotted and issued pursuant to the Rights Issue with Warrants |
| RM and sen | - Ringgit Malaysia and sen respectively |
| RSF | - Rights subscription form in relation to the Rights Issue with Warrants |
| Rules of Bursa Depository | - The Rules of Bursa Depository issued pursuant to the SICDA, as amended from time to time |
| Rules on Take-overs, Mergers and Compulsory Acquisitions | - Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time |
| SC | - Securities Commission Malaysia |
| Share Consolidation | - Consolidation of every 10 LKL Shares into 1 LKL Share, which was completed on 17 October 2022 |
| Share Registrar | - Workshire Share Registration Sdn Bhd (202101030155 (1430455-D)) |
| Shareholders | - Registered holders of LKL Shares |
| SICDA | - Securities Industry (Central Depositories) Act, 1991 of Malaysia, as amended from time to time |
| SIS | - Share issuance scheme for the granting of the SIS Options to the eligible directors and the eligible employees to subscribe for new Shares upon the terms as set out in the by-laws, such scheme to be known as "LKL Share Issuance Scheme" |
| SIS Options | - Options that may be granted to eligible persons, during the duration of the SIS pursuant to the existing by-laws governing the SIS, where each option holder can subscribe for 1 new Share for every 1 SIS Option held |
| TA Securities or the Principal Adviser | - TA Securities Holdings Berhad (197301001467 (14948-M)) |
| TEAP | - Theoretical ex-all price |
| Undertaking | - The irrevocable and unconditional written undertaking from the Undertaking Shareholder dated 16 June 2022, details of which are set out in Section 3 of this Abridged Prospectus |
| Undertaking Shareholder | - Datuk Chong Loong Men (Executive Director of the Company) |

DEFINITIONS (CONT'D)

| | |
|------------------------|--|
| VWAP | - Volume-weighted average market price |
| Warrants | - Up to 194,320,108 free detachable warrants in the Company to be allotted and issued pursuant to the Rights Issue with Warrants |
| Warrant Holders | - Holders of the Warrants |

In this Abridged Prospectus, all references to “the Company” are to LKL and references to “we”, “us”, “our” and “ourselves” are to the Company and, where the context otherwise requires, the subsidiaries of the Company. All references to “you” in this Abridged Prospectus are to the Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to a time and date in this Abridged Prospectus shall be a reference to Malaysian time and date, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

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ADVISERS' DIRECTORY

- COMPANY SECRETARY** : Tea Sor Hua (MACS 01324)
(SSM PC No. 201908001272)
Third Floor, No. 77, 79 & 81
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya, Selangor
Tel : +603 – 7725 1777
Fax : +603 – 7722 3668
- PRINCIPAL ADVISER** : TA Securities Holdings Berhad
29th Floor, Menara TA One
22, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : +603 - 2072 1277
Fax : +603 - 2026 0127
- SOLICITORS FOR THE RIGHTS
ISSUE WITH WARRANTS** : Messrs Gary Teh & Ngiam
Advocates & Solicitors
Unit 1608, 16th Floor
Block A, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya, Selangor
Tel : +603 – 7612 6982
Fax : +603 – 7666 5643
- SHARE REGISTRAR** : Workshire Share Registration Sdn Bhd
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : +603 – 6413 3271
Fax : +603 – 6413 3270
- INDEPENDENT MARKET
RESEARCHER** : Infobusiness Research & Consulting Sdn Bhd
C4-3A-3, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel : +603 – 6205 3930
Fax : +603 – 6205 3927
- Person-in-charge: Leow Hock Bee
(Bachelor of Science (Honours) in Geology from The University
of Western Ontario, Canada)
(Master of Business Administration, Massey University, New
Zealand)
- STOCK EXCHANGE LISTING** : ACE Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS

This summary of the Rights Issue with Warrants only highlights the key information from other parts of the Abridged Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Abridged Prospectus.

Summary**Number of Rights Shares to be issued and basis of allotment**

Basis: 3 Rights Shares with 2 free Warrants for every 1 existing Share held by the Entitled Shareholders. Please refer to Section 2.1 of this Abridged Prospectus for further information.

| | Minimum Scenario | Maximum Scenario |
|---|------------------|------------------|
| Number of Rights Shares to be issued | 29,411,765 | 291,480,162 |
| Number of Warrants attached | 19,607,843 | 194,320,108 |

The Rights Shares with Warrants which are not taken up or not validly taken up by the Entitled Shareholders and/or their transferee(s) and/or their renounee(s) (if applicable) prior to the Closing Date shall be made available for Excess Rights Shares with Warrants Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the priority as set out in Section 11.8.2 of this Abridged Prospectus.

Pricing

Issue price of the Rights Shares: RM0.17 per Rights Share

Exercise Price for the Warrants: RM0.17 per Warrant (payable for every 1 new Share)

Please refer to Section 2.2 of this Abridged Prospectus for further information.

Undertaking

Undertaking Shareholder and undertaking amount : Datuk Chong Loong Men (Executive Director of the Company): RM5.00 million

Minimum Rights Shares to be subscribed for pursuant to the Undertaking :

| Undertaking Shareholder | Entitlement | Excess application | Total |
|-------------------------|-------------|--------------------|--|
| Datuk Chong Loong Men | 30,000 | 29,381,765 | ⁽¹⁾ / ₍₂₎ 29,411,765 |

Notes:

- (1) Based on the issue price of RM0.17 per Rights Share.
 (2) Representing 10.09% of the total number of 291,480,162 Rights Shares available for subscription under the Maximum Scenario.

| Undertaking Shareholder | Existing direct shareholdings as at the LPD | | Minimum Scenario | |
|-------------------------|---|---------------------|------------------|----------------------|
| | No. of Shares | % | No. of Shares | % |
| Datuk Chong Loong Men | 10,000 | ⁽¹⁾ 0.01 | 29,421,765 | ⁽²⁾ 23.25 |

Notes:

- (1) Based on 97,160,054 issued Shares as at the LPD.
 (2) Based on 126,571,819 enlarged issued Shares under the Minimum Scenario.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders. Please refer to Section 3 of this Abridged Prospectus for further information.

SUMMARY OF THE RIGHTS ISSUE WITH WARRANTS (CONT'D)**Summary****Rationale for the Rights Issue with Warrants**

- (i) To raise funds and channel them towards the utilisation as set out in Section 6 of this Abridged Prospectus.
- (ii) To raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

Please refer to Section 4 of this Abridged Prospectus for further information.

Utilisation of proceeds

| Utilisation of proceeds | Expected timeframe for utilisation from completion of the Rights Issue with Warrants | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
|---|---|----------------------------------|----------------------------------|
| (i) Expansion of the Pharmacy Business | Within 24 months | 3,900 | 48,452 |
| (ii) Estimated expenses for the Corporate Exercises | Immediate | 1,100 | 1,100 |
| Total | | 5,000 | 49,552 |

Please refer to Section 6 of this Abridged Prospectus for further information.

Risk factors

You should consider the following risk factors before subscribing for or investing in the Rights Issue with Warrants:

- (i) the Group's businesses are depending on key senior management and qualified personnel;
- (ii) the Group's manufacturing operations may be disrupted by unanticipated failures or damages during operations, catastrophic loss due to natural disasters and supply of electricity;
- (iii) the Group's manufacturing process is subject to fluctuation in price or availability of raw materials such as steel and electrical components;
- (iv) the Group's business operations are subject to political, economic and regulatory risks, availability and cost of labour as well as competition risk;
- (v) the Group may be exposed to new business risks inherent to the Pharmacy Business;
- (vi) the Group faces competition from other market players as well as new market entrants in the pharmacy retail industry in Malaysia in terms of competency and reliability of services; and
- (vii) the Group does not have any prior experience specifically in the operation of pharmacies.

Please refer to Section 7 of this Abridged Prospectus for further information.

Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you and application for the Excess Rights Shares with Warrants must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein.

The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares with Warrants is on **14 March 2023 at 5.00 p.m.**

Please refer to Section 11 of this Abridged Prospectus for further information.



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

Registered Office

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

27 February 2023

Board of Directors:

Zulkarnin Bin Ariffin (Executive Director)
Datuk Chong Loong Men (Executive Director)
Lim Ming Chang (Non-Independent Non-Executive Director)
Ling Chi Hoong (Independent Non-Executive Director)
Chan Jee Peng (Independent Non-Executive Director)
Ng Fun Kim (Independent Non-Executive Director)

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 291,480,162 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.17 PER RIGHTS SHARE TOGETHER WITH UP TO 194,320,108 FREE DETACHABLE WARRANTS ON THE BASIS OF 3 RIGHTS SHARES TOGETHER WITH 2 FREE WARRANTS FOR EVERY 1 EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 27 FEBRUARY 2023

1. INTRODUCTION

On 17 June 2022, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Corporate Exercises.

On 18 August 2022, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 18 August 2022 granted its approval for the following:

- (i) Share Consolidation;
- (ii) admission of the Warrants to the Official List;
- (iii) listing and quotation of the Rights Shares and Warrants;
- (iv) listing and quotation of the new Shares to be issued pursuant to the exercise of the Warrants; and
- (v) listing and quotation of up to 30% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the SIS Options under the SIS.

The approval of Bursa Securities referred to above is subject to, amongst others, the following conditions:

| Conditions | Status of compliance |
|--|----------------------|
| (i) LKL and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Share Consolidation and Rights Issue with Warrants; | To be complied |
| (ii) LKL and TA Securities to inform Bursa Securities upon the completion of the Share Consolidation and Rights Issue with Warrants; and | To be complied |
| (iii) LKL to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Share Consolidation and Rights Issue with Warrants are completed. | To be complied |

On 20 September 2022, the Shareholders had approved the Corporate Exercises at the EGM.

On 10 February 2023, TA Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.17 per Rights Share as well as the Exercise Price at RM0.17 per Warrant.

On 10 February 2023, TA Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 27 February 2023.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by TA Securities or the Company in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

The Rights Issue with Warrants involves the issuance of up to 291,480,162 Rights Shares together with up to 194,320,108 free Warrants to be implemented on a renounceable basis of 3 Rights Shares together with 2 free Warrants for every 1 existing Share held by the Entitled Shareholders on the Entitlement Date at an issue price of RM0.17 per Rights Share.

The actual number of Rights Shares and Warrants to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date as well as the eventual subscription level for the Rights Issue with Warrants. As at the LPD, the Company has 97,160,054 issued Shares and does not hold any treasury shares.

As the Rights Shares and Warrants are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares with Warrants if Entitled Shareholders so choose to.

However, only Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided the Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

The Warrants are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renounee(s) who subscribe for the Rights Shares. The Warrants are exercisable into new Shares and each Warrant will entitle the Warrant Holder to subscribe for 1 new Share at the Exercise Price. The Warrants will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll. The salient terms of the Warrants are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly into the respective CDS Accounts of successful applicants and Warrant Holders who exercise their Warrants (as the case may be). No physical certificates will be issued to the successful applicants of the Rights Shares with Warrants, nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants.

The Rights Issue with Warrants is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements will not be entitled to the Warrants. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in proportion to their acceptance of the Rights Shares entitlements.

The Rights Shares and Warrants which are not taken up or not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable, shall be made available for Excess Rights Shares with Warrants Applications. It is the intention of the Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner in the priority as set out in Section 11.8.2 of this Abridged Prospectus.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

Notices of allotment will be despatched to the successful applicants of the Rights Shares with Warrants within 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities.

The Warrants will be admitted to the Official List and the listing and quotation of the Warrants on the ACE Market of Bursa Securities will commence 2 Market Days upon the receipt by Bursa Securities of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited with the Rights Shares and Warrants.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

(i) Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.17 per Rights Share after taking into consideration, amongst others, the following:

- (i) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus; and
- (ii) the TEAP of RM0.20 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3498 per Share.

The issue price of RM0.17 per Rights Share represents a discount of 15.00% to the TEAP of RM0.20 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3498 per Share and the exercise price of RM0.17 per Warrant.

(ii) Exercise Price

The Board had fixed the Exercise Price at RM0.17 per Warrant after taking into consideration, amongst others, the TEAP of RM0.20 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3498 per Share.

The exercise price of RM0.17 per Warrant represents a discount of 15.00% to the TEAP of RM0.20 per Share, calculated based on the 5-day VWAP of the Shares up to and including the LTD of RM0.3498 per Share and the issue price of RM0.17 per Rights Share.

2.3 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants

(i) Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares.

(ii) New Shares to be issued arising from the exercise of the Warrants

The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **Tuesday, 14 March 2023**.

2.5 Salient terms of the Warrants

| | | |
|------------------|---|---|
| Issuer | : | LKL |
| Issue size | : | Up to 194,320,108 Warrants |
| Form | : | The Warrants will be issued in registered form and constituted by the Deed Poll. |
| Board lot | : | For purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, carrying the right to subscribe for 100 new Shares at any time during the Exercise Period, or such other denomination as determined by Bursa Securities. |
| Tenure | : | 3 years commencing from and including the date of issuance of the Warrants. |
| Exercise Period | : | The Warrants may be exercised at any time within the tenure of the Warrants, commencing from and including the date of issuance of the Warrants (" Issue Date ") and expiring at the close of business at 5.00 p.m. in Kuala Lumpur on the date immediately preceding the 3rd anniversary of the Issue Date, and if such a day is not a market day, on the immediately preceding market day. Any Warrants not exercised at the expiry of the Exercise Period will thereafter lapse and become null and void. |
| Exercise Price | : | RM0.17 per Warrant. The Exercise Price and/or the number of Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll. |
| Exercise rights | : | Each Warrant shall entitle the holder of the Warrants to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with provisions of the Deed Poll. |
| Mode of exercise | : | The holders of the Warrants shall pay the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares in the Company: <ul style="list-style-type: none"> (i) via online payment into a bank account of the Company maintained with a bank operating in Malaysia and provide the payment advice; or (ii) by banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia. <p>The payment of such amount must be made in RM.</p> |

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| | | |
|---|---|--|
| Adjustments to the Exercise Price and/or the number of the Warrants | : | The Exercise Price and/or the number of unexercised Warrants shall be adjusted from time to time by the Board in consultation with an approved adviser appointed by the Company and/or certified by the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants and such other event stipulated in the Deed Poll, subject to the provisions of the Deed Poll. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen. |
| Rights of the Warrant Holders | : | The Warrants do not confer on their holders any voting rights or any rights to participate in any forms of distribution and/or offer of further securities in the Company until and unless the holders of such Warrants have exercised their Warrants to subscribe for new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to such holders. |
| Ranking of the new Shares to be issued pursuant to the exercise of the Warrants | : | The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and payment of the Exercise Price, rank equally in all respects with the existing issued Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of the Company where the entitlement date of which is prior to the date of issuance and allotment of the new Shares to be issued arising from the exercise of the Warrants. |
| Further issues | : | Subject to the provisions of the Deed Poll, the Company shall be at liberty to issue Shares or other securities convertible into Shares either for cash or other consideration or as a bonus distribution and further exercise rights upon such terms and conditions as the Company sees fit but the Warrant Holders shall not have any participating rights in such issue unless the Warrant Holder becomes a Shareholder by exercising his Warrants into ordinary shares or otherwise resolved by the Company in general meeting. |
| Modification of rights of the Warrant Holders | : | Save as otherwise provided in the Deed Poll, a special resolution of the Warrant Holders is required to sanction any modification, amendments, deletions or additions in respect of the rights of the Warrant Holders. |
| Modification of the Deed Poll | : | The Company may, from time to time, without the consent or sanction of the Warrant Holders make modifications to the Deed Poll which in the opinion of the Company are not materially prejudicial to the interest of the Warrant Holders or are to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia, the Rules of Bursa Depository, Securities Industry (Central Depositories) Act, 1991 and/or the Listing Requirements. |

Subject to the above, any modification to the Deed Poll may, subject to the approval of any relevant authorities, be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll.

Rights of the Warrant Holders in the event of winding-up, compromise and/or arrangement : Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:

- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant Holders (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the Warrant Holders; and
- (ii) in any other case, every Warrant Holder shall be entitled to exercise the exercise rights at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks from the granting of the court order approving the winding up, compromise or arrangement, as the case may be, by the irrevocable surrender of his Warrants to the Company by submitting the duly completed exercise notices authorising the debit of his Warrants, together with payment of the relevant payments and fees for the Exercise Price, to elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement, exercised the exercise rights to the extent specified in the exercise notices and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company must give effect to such election accordingly. All exercise rights which have not been exercised within the above 6 weeks of either the passing of such resolution for the members' voluntary winding up or the granting of the court order for the approval of such winding up, compromise or arrangement, as the case may be, will lapse and all the unexercised Warrants will cease to be valid for any purpose.

If the Company is wound up (other than by way of a members' voluntary winding up), all the exercise rights which have not been exercised prior to the date of the commencement of the winding up shall lapse and cease to be valid for any purpose.

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| | |
|-----------------|---|
| Listing status | : The Warrants will be listed on the ACE Market of Bursa Securities. The listing and quotation of the Warrants on the ACE Market of Bursa Securities are subject to a minimum of 100 holders of Warrants. |
| Transferability | : The Warrants shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository. |
| Governing law | : The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia. |

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants and SIS, the Board confirmed that there are no other corporate exercises which have been announced and/or approved by the regulatory authorities but are pending completion. The SIS will be implemented after the completion of the Rights Issue with Warrants.

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3. MINIMUM SUBSCRIPTION LEVEL AND THE UNDERTAKING

LKL intends to raise a minimum of RM5.00 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the utilisation as set out in Section 6 of this Abridged Prospectus. As such, the Rights Issue with Warrants will be undertaken on the Minimum Subscription Level.

The Minimum Subscription Level will be met via the Undertaking from Datuk Chong Loong Men (Executive Director of the Company) to apply and subscribe in full for his Rights Shares entitlement and additional Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares with Warrants Application, to the extent such that the aggregate subscription proceeds of the Rights Shares received by the Company arising from the subscription by all Entitled Shareholders and/or their renouncee(s) (including the Undertaking Shareholder, if necessary) amount to not less than RM5.00 million.

A summary of the Undertaking is set out as below:

| Undertaking Shareholder | Existing direct shareholdings as at the LPD | | Subscription amount pursuant to Undertaking | Minimum Rights Shares to be subscribed for pursuant to the Undertaking | | Assuming none of the other Entitled Shareholders subscribe for their Rights Shares | |
|-------------------------|---|-------------------|---|--|--|--|---------------------|
| | No. of Shares | (¹)% | | Subscription based on entitlement | Subscription based on excess application | No. of Shares held after the Rights Issue with Warrants | (³)% |
| Datuk Chong Loong Men | 10,000 | 0.01 | RM 5,000,000 | 30,000 | 29,381,765 | (⁴)29,411,765 | 29,421,765 23.25 |

Notes:

(1) Based on 97,160,054 issued Shares as at the LPD.

(2) Based on an issue price of RM0.17 per Rights Share.

(3) Based on the 126,571,819 enlarged issued Shares under the Minimum Scenario.

(4) Representing 100% of the total number of 29,411,765 Rights Shares available for subscription under the Minimum Scenario and 10.09% of the total number of 291,480,162 Rights Shares available for subscription under the Maximum Scenario.

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that he has sufficient financial means and resources to fulfil his obligations under the Undertaking.

TA Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

The Undertaking Shareholder has confirmed that:

- (i) his subscription for Rights Shares and excess Rights Shares pursuant to the Undertaking will not give rise to any consequence of mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after completion of the Rights Issue with Warrants; and
- (ii) he will observe and comply at all times with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, the Company will not procure any underwriting arrangement for the remaining open portion of 262,068,397 Rights Shares (representing 89.91% of the total number of 291,480,162 Rights Shares under the Maximum Scenario) not subscribed for by other Entitled Shareholders.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

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The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:

| Particulars | As at the LPD | | (I) After the Rights Issue with Warrants | | (II) After (I) and assuming full exercise of the Warrants | |
|---|-------------------|--------------|--|--------------|---|--------------|
| | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (3)% |
| Issued share capital | 97,160,054 | 100.00 | 126,571,819 | 100.00 | 146,179,662 | 100.00 |
| Less: | | | | | | |
| Directors ⁽⁴⁾ , substantial Shareholders and their associates | | | | | | |
| - Datuk Chong Loong Men | 10,000 | 0.01 | 29,421,765 | 23.25 | 49,029,608 | 33.54 |
| - Amsec Nominees (Tempatan) Sdn Bhd (Exempt An for KGI Securities (Singapore) Pte. Ltd) | 14,859,880 | 15.29 | 14,859,880 | 11.74 | 14,859,880 | 10.17 |
| - Lim Pak Hong | 7 | * | 7 | * | 7 | * |
| - Lee Siaw Ling | 1,000 | * | 1,000 | * | 1,000 | * |
| - Tan Lee Ching | 10,500 | 0.01 | 10,500 | 0.01 | 10,500 | 0.01 |
| Public shareholding spread | 82,278,667 | 84.68 | 82,278,667 | 65.01 | 82,278,667 | 56.29 |

Notes:

(1) Based on the total number of 97,160,054 Shares as at the LPD.

(2) Based on the enlarged total number of 126,571,819 Shares under the Minimum Scenario.

(3) Based on the enlarged total number of 146,179,662 Shares under the Minimum Scenario and assuming full exercise of the Warrants.

(4) Includes directors of subsidiaries of the Company. Save for Lim Pak Hong, Lee Siaw Ling and Tan Lee Ching, none of the directors of subsidiaries of the Company hold any Shares as at the LPD.

* Less than 0.01%.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the utilisation as set out in Section 6 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable means of fund raising for the Company due to the following reasons:

- (i) it will involve the issuance of new LKL Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants subsequently;
- (ii) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and
- (iii) it will enable the Company to raise the requisite funds without incurring additional interest expense from bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants will provide the Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and will allow the Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants are exercised.

The exercise of the Warrants in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

5. DIVERSIFICATION

5.1 Details of the Diversification

LKL Group is currently involved in the manufacturing of medical / healthcare beds, medical peripherals and accessories as well as the trading of medical furniture, medical devices, medical peripherals and accessories.

The Group has been actively identifying other business opportunities to expand its revenue stream to reduce dependence on any single revenue source. After taking into consideration the growing need for individuals to look after their own health, the Group has resolved to venture into the Pharmacy Business.

The Diversification will allow the Group to leverage on the increasing health and wellness awareness amongst the consumers pre-COVID-19 pandemic, as well as the growing demand for preventive healthcare products due to the COVID-19 pandemic. Under the Pharmacy Business, the products to be supplied by the Group will include pharmaceutical drugs, dietary supplements, cosmetics and personal care products, medical equipment and medical devices.

The Group expects the demand for healthcare-related products will continue to grow and sustain in Malaysia even after the recovery of the COVID-19 pandemic due to the constant demand in the medical industry as well as the prevailing public awareness of the need for self-protection and hygienic practices. Further details on the prospects for the pharmacy retail industry in Malaysia is set out in Section 8.2 of this Abridged Prospectus.

Further, the Pharmacy Business complements the existing business of the Group in the healthcare sector, as the Group will be able to tap on its existing network within the healthcare industry to operate this business as well as to expand its customer base. In addition, the Group will be able to use the pharmacy outlets as an additional distribution channel to market its existing healthcare-related products.

In this regard, Aluxcare Wellness (a wholly-owned subsidiary of LKL), had setup its first pharmacy outlet in Solaris Dutamas, Kuala Lumpur under the "Pharmacy" brand name. This outlet was officially launched on 23 March 2022 and served as the Group's pilot project in undertaking the Pharmacy Business.



(Pictures of the pharmacy outlet operated by Aluxcare Wellness)

The Group has been promoting its first pharmacy outlet via digital marketing, promotional campaigns and loyalty program.

Moving forward, the Group is looking to open 20 to 30 pharmacy outlets within 2 years from the completion of the Rights Issue with Warrants. With more pharmacy outlets and a more extensive distribution network, the Group hopes to achieve a higher stock turnover and therefore be able to negotiate for better pricing or bulk discount for the products that it sells in its pharmacy outlets. In this regard, the Group is planning to undertake the Rights Issue with Warrants to fund the expansion of the Pharmacy Business.

The Diversification has been approved by Shareholders at the EGM on 20 September 2022. Notwithstanding the Diversification, the Board intends to continue its existing principal activities in the same manner.

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5.2 Key management personnel

The Group has identified William Shak Soo Wei and Zulkarnin Bin Ariffin to oversee the Pharmacy Business. Their profiles are set out below:

(i) William Shak Soo Wei

William Shak Soo Wei, Malaysian, aged 33, attended UCSI University, Malaysia and obtained a Bachelor of Pharmacy in 2014. He started his career with Hospital Keningau in 2014 as a Provisionally Registered Pharmacist. From 2014 to 2016, he was mainly involved in the operations of outpatient and inpatient pharmacy.

He joined Hospital Pitas in 2016 as a Fully Registered Pharmacist. From 2016 to 2017, he has mainly been involved in the operations of outpatient pharmacy as well as inventory management.

He then joined Health Lane Family Pharmacy, Taman Cheras in 2017 as a Pharmacist cum Branch Manager. From 2017 to 2021, he was mainly involved in the operations of this pharmacy outlet which includes providing customer service medication and over-the-counter drugs, training customer service personnel, inventory management as well as financial management.

He joined LKL Group since July 2021 and is currently an executive director in Aluxcare Wellness (a wholly-owned subsidiary of LKL). He has been involved in the Group's venture into the Pharmacy Business and is a full-time pharmacist in the Group's first pharmacy outlet in Solaris Dutamas, Kuala Lumpur. He is licensed to dispense over-the-counter drugs and his primary responsibility is to oversee the daily operations of the pharmacy outlets and inventory management.

(ii) Zulkarnin Bin Ariffin

Zulkarnin Bin Ariffin, Malaysian, aged 50, attended International Islamic University, Malaysia and obtained a Bachelor of Accounting (Honours) in 1997. He is also a member of the Malaysia Institute of Certified Public Accountants (MICPA) and a member of the Malaysia Institute of Accountants (MIA) since 1998 and 2000 respectively.

He started his career with KPMG PLT in 1997 as an auditor. From 1997 up to 2000, he was mainly involved in audit and advisory services for both private and public listed companies. He joined Malaysia Mining Corporation Berhad in 2000 as an Assistant Finance Manager. From 2000 to 2003, he was mainly involved in the finance department and accounts matters.

He then joined Furqan Business Organisation Berhad in 2003 as a Senior Group Finance Manager. From 2003 to 2005, he was mainly involved in the company's finance department matters including taxation.

He joined Seacera Group Berhad in 2005 as the Group Financial Controller where he was mainly involved in overseeing the business's day-to-day financial operations. He was appointed as the Chief Executive Officer of Seacera Group Berhad in January 2008. Subsequently, he was appointed as the Group Managing Director in February 2011. On 29 May 2019, he was redesignated as the Group Chief Executive Officer of the aforesaid company and has since remained in this position.

On 29 March 2021, he was appointed as the Executive Director of LKL Group and was subsequently appointed as Group Chief Executive Office of the Group on 23 May 2022. He has been leading the Group's initiatives to expand its product portfolio. He also oversees the operations and business activities of the Group including the Group's venture into the Pharmacy Business. His past operational and managerial experiences will be crucial in managing the team tasked to undertake the Pharmacy Business.

LKL's senior management team will, from time to time, review the capabilities and resources needed for the Pharmacy Business. By leveraging on the expertise of the aforesaid key management personnel, the Board believes that the Group has the capability and resources to diversify into the Pharmacy Business without impacting the Group's existing operations.

As and when the need arises, the Group may employ more employees to support the Pharmacy Business, taking into consideration the number of new pharmacy outlets to be set up, the cost in employing additional employees and the cash flow position of the Group at the relevant point in time.

6. UTILISATION OF PROCEEDS

As disclosed in the circular to the Shareholders dated 2 September 2022, the Rights Issue with Warrants was expected to raise indicative gross proceeds of RM58.30 million under the Maximum Scenario, based on an illustrative issue price of RM0.20 per Rights Share.

Subsequently, on 10 February 2023, the Board had resolved to fix the issue price at RM0.17 per Rights Share. Pursuant thereto, the Rights Issue with Warrants is now expected to raise indicative gross proceeds of RM49.55 million under the Maximum Scenario. The gross proceeds to be raised from the Rights Issue with Warrants are intended to be utilised in the following manner:

| Utilisation of proceeds | | Expected timeframe for utilisation from completion of the Rights Issue with Warrants | ⁽¹⁾ Minimum Scenario (RM'000) | ⁽¹⁾ Maximum Scenario (RM'000) |
|-------------------------|---|--|--|--|
| (i) | Expansion of the Pharmacy Business | Within 24 months | 3,900 | 48,452 |
| (ii) | Estimated expenses for the Corporate Exercises ⁽²⁾ | Immediate | 1,100 | 1,100 |
| Total | | | 5,000 | 49,552 |

Notes:

(1) Any additional proceeds raised in excess of the RM5.00 million under the Minimum Scenario will be allocated up to its respective maximum allocation under the Maximum Scenario in the following order:

- (i) estimated expenses for the Corporate Exercises; and
- (ii) expansion of the Pharmacy Business.

The Company will fund the deficit via the Group's existing cash and bank balances, bank borrowings and/or future fund-raising exercises to be undertaken by the Group (if required). The exact breakdown cannot be determined at this juncture as it would depend on the actual shortfall amount as well as the availability and suitability of other funding alternatives at the relevant time.

(2) If the actual expenses incurred are higher than the allocated amount, the deficit will be funded via the proceeds allocated for expansion of the Pharmacy Business. Conversely, any surplus of funds following payment of expenses will be utilised for expansion of the Pharmacy Business.

Pending the utilisation of the proceeds from the Rights Issue with Warrants, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments of licenced financial institutions. The interests derived from the deposits with financial institutions or any gains arising from money market financial instruments will be used for the working capital requirements of the Group, such as utilities, rental costs, transportation costs and insurance. The exact breakdown of such utilisation cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time. Nonetheless, the Company intends to prioritise the payment of utilities and rental costs with the said interests derived due to the recurring nature of these expenses to the Group.

(i) Expansion of the Pharmacy Business

As disclosed in Section 5.1 of this Abridged Prospectus, Aluxcare Wellness (a wholly-owned subsidiary of LKL) launched the Group's first pharmacy outlet in Solaris Dutamas, Kuala Lumpur under the "Pharmacy" brand name on 23 March 2022. The said outlet is the Group's pilot project in undertaking the Pharmacy Business.

Moving forward, the Group is looking to open 20 to 30 pharmacy outlets within 2 years from the completion of the Rights Issue with Warrants. The primary focus of the Group's expansion plan is within the Klang Valley area, followed by other states in Malaysia. In this regard, the Group may acquire or rent the shop lot / property of the new pharmacy outlets depending on the location of these outlets as well as the actual proceeds raised from the Rights Issue with Warrants.

Aside from the acquisition cost of a retail shop lot, the Group estimates to incur approximately RM2.00 million to set-up a pharmacy outlet. However, the estimated set-up cost varies depending on the location, size and layout of the outlet as well as the estimated rental deposit (for rented retail location), cost of fixtures and fittings, renovation works and initial stocks placed at each new outlet.

Following the above, the Group intends to allocate proceeds of RM3.90 million under the Minimum Scenario (to set up 2 new pharmacy outlets) and RM48.45 million under the Maximum Scenario (to set up 20 – 30 new pharmacy outlets) for the expansion of the Pharmacy Business, as follows:

| | Minimum Scenario | Maximum Scenario |
|--|-------------------------|-------------------------|
| | (RM'000) | (RM'000) |
| Inventories | 1,500 | 19,500 |
| Property, plant and equipment ⁽¹⁾ | 1,600 | 21,300 |
| Marketing expenses ⁽²⁾ | 200 | 3,000 |
| Working capital ⁽³⁾ | 600 | 4,652 |
| Total | 3,900 | 48,452 |

Notes:

(1) The Group intends to utilise up to RM21.30 million of the total proceeds from the Rights Issue with Warrants as initial set-up cost of the new pharmacy outlets as follows:

| Purpose | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
|-----------------------|----------------------------------|----------------------------------|
| Renovation | 600 | 7,800 |
| Fixtures and fittings | 1,000 | 13,500 |
| Total | 1,600 | 21,300 |

- (2) The Group intends to allocate up to RM3.00 million for marketing activities to be carried out by the Group, in order to promote the Group's corporate presence and products in the market. This will include amongst others, the following:

| Marketing activities | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
|---|----------------------------------|----------------------------------|
| Digital marketing Advertising through various online channels such as Facebook, Instagram, Twitter and YouTube as well as carrying out online promotional campaigns to attract potential audience / customers | 30 | 100 |
| Lifestyle / social media influencers Engaging lifestyle / social media influencers to events organised by the Group | - | 2,100 |
| Local sponsorships and marketing campaigns Including event sponsorships, giveaways and discounts | 170 | 800 |
| Total | 200 | 3,000 |

- (3) The Group intends to utilise up to RM4.65 million of the total proceeds from the Rights Issue with Warrants to fund its working capital in the following manner:

| Working capital | Percentage allocation % | Minimum Scenario (RM'000) | Maximum Scenario (RM'000) |
|---|--------------------------------|----------------------------------|----------------------------------|
| Operating and administrative expenses such as utilities, rental costs, transportation costs and insurance | 50 | 300 | 2,326 |
| Payment of staff salaries | 50 | 300 | 2,326 |
| | | 600 | 4,652 |

The actual breakdown of the operating and administrative expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

Any shortfall between the actual total costs and the funds available will be funded via the Group's existing cash and bank balances, bank borrowings and/or future fund-raising exercises to be undertaken by the Group (if required).

(ii) Estimated expenses for the Corporate Exercises

The breakdown of the estimated expenses for the Corporate Exercises is illustrated below:

| Estimated expenses | Amount (RM'000) |
|---|----------------------------|
| Professional fees ⁽¹⁾ | 910 |
| Fees to relevant authorities | 110 |
| Printing, despatch and advertising expenses | 80 |
| | 1,100 |

Note:

(1) These include advisory fees payable to the Principal Adviser and other professional fees payable to the company secretary, share registrar, solicitors, reporting accountants and IMR in relation to the Corporate Exercises.

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of Rights Shares that will be issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants would depend on the actual number of Warrants exercised. The proceeds from the exercise of the Warrants will be received on an "as and when basis" over the tenure of the Warrants.

For illustrative purposes, based on the Exercise Price of RM0.17 per Warrant, the Company will raise gross proceeds of up to RM33.03 million upon full exercise of the Warrants under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants in the future will be used to finance the future working capital requirements of the Group including the payment of staff salaries, operating expenses and administrative expenses such as utilities, rental costs and purchase of inventories and payment to creditors (e.g. marketing agencies, and external information technology service providers). The exact breakdown of utilisation cannot be determined at this juncture as it would depend on the actual requirements of the Group at the relevant time. Nonetheless, the Company intends to prioritise the payment of utilities and rental costs with the said interests derived due to the recurring nature of these expenses to the Group.

7. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:

7.1 Risks relating to the Group's existing businesses

(i) Fluctuation in the price of raw materials

The Group depends on a continuous supply of raw materials on a timely basis, at reasonable prices and of the required quality. Some of the major raw materials used in the Group's business operations include steel (comprising sheets, tubes and bars) as well as electrical components.

The prices of steel sheets, tubes and bars are, amongst others, subject to market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs and Governmental regulations.

Any material changes in the conditions of any of the above factors may cause an increase in the price of steel and electrical components, and this may lead to a rise in the Group's cost of production. In the event of any significant increase in price in the aforesaid raw materials wherein the Group is unable to pass on such increase in costs to its customers or find a cheaper source of raw materials in a timely manner, the profit margin of the Group may be negatively impacted.

Further, there can be no assurance that passing on an increase in raw materials costs to its customers (in the form of increased prices of the Group's products) will not weaken the market demand and sales for the Group's products, which in turn would adversely affect the Group's financial performance.

(ii) Dependence on both the local and overseas healthcare industry

The Group's business is affected by developments in the healthcare industry as its products are supplied to public and private hospitals, medical centres, clinics as well as agents and distributors. The growth in the healthcare industry depends on various factors, particularly in the number of patient admissions (which are driven by factors such as a rise in incidences of chronic diseases, growing ageing population and increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance), as well as the increase in public and private healthcare expenditure.

The public and private healthcare expenditure comprises healthcare services operational costs, capacity building and procurement of pharmaceuticals and medical supplies and equipment. If there is any decrease or reduction in public and private healthcare expenditure, it may have an impact on the spending on hospital supplies and equipment and may in turn, affect the Group's business operations and financial performance. In private hospitals, the purchase of the Group's products could be reduced due to the lowering or tightening of hospital budgets. In addition, any cutbacks on public healthcare expenditure could also negatively impact the sales of the Group's products.

(iii) Dependence on key senior management and qualified personnel

LKL Group believes that continued success will depend on the abilities and continued efforts of the Directors and key senior management. Any unexpected loss of any of the Directors or members of the Group's key senior management team without any suitable or prompt replacements may have an adverse impact or material impact on the Group's operations. A prolonged vacancy in any of the key roles may eventually affect the Group's ability to maintain and/or improve its business performance.

If any of the Group's key personnel decides to leave the Group without any suitable and timely replacement, or the Group is unable to attract other qualified personnel to spearhead and/or oversee the Group's business operations, consequently the Group's operations, revenue and profitability may be adversely affected.

Although the Group strives to retain its Directors and key senior management team by providing competitive and performance-based remuneration and adopts succession planning for key positions, there can be no assurance that the Group will be able to retain any of its Directors or key management.

(iv) Political, economic and regulatory risks

The nature of the Group's business is subject to prevailing political, economic and regulatory circumstances in Malaysia. Adverse changes in political, economic and regulatory conditions include but are not limited to unfavourable changes in interest rates, Government policies and regulations in relation to the healthcare industry, trade war and political uncertainties.

There is no assurance that any adverse developments in the political, economic and regulatory conditions in Malaysia and/or other countries, which are beyond the Group's control, will not adversely affect the Group's business operations and financial performance.

7.2 Risks relating to the Pharmacy Business

(i) Business diversification risk

The Diversification may expose the Group to new business risks inherent to the Pharmacy Business that could have a material adverse effect on its financial performance, including the following:

- (i) changes in economic and social conditions and consumer preferences and spending patterns. Negative changes which may impact consumer spending include unemployment levels, level of interest rate, levels of personal disposable income, availability of debts, tax rates, etc.; and
- (ii) changes in the Government's legislation and policies (including those relating to environment, fiscal and taxation) governing the Pharmacy Business.

In order to mitigate such risks, the management of the Group endeavours to keep abreast with the latest market conditions relating to the Pharmacy Business and maintain close working relationships with suppliers, distributors as well as government agencies. The Group also seeks to mitigate these risks by conducting periodical reviews of its business performance and adopting prudent financial management. However, there can be no assurance that any changes to the abovementioned factors, which are beyond the control of the Board, will not adversely affect the Pharmacy Business.

(ii) Competition risks

The Group faces competition from other market players as well as new market entrants in the pharmacy retail industry in Malaysia in terms of competency and reliability of services. Some of the competitors may have greater financial resources, more extensive networks and exposure to potential business opportunities, and have a more comprehensive range of services than the Group.

In addition, the Group may not be able to provide comparable services at lower prices or respond faster to market trends, compared to competitors who have larger economies of scale and established networks. Intensified competition may result in lower profit margins, which may adversely affect the Group's financial performance.

Although the management will take proactive measures to remain competitive in the pharmacy retail industry in Malaysia by ensuring costs are effectively managed, products are priced competitively, location of new stores are cautiously reviewed and keeping abreast with the latest market development, there can be no assurance that the Group will be able to compete effectively against its competitors.

(iii) No prior experience in the Pharmacy Business

The Group does not have any prior experience specifically in the operation of pharmacies. In particular, the marketing and operating strategies that may be required for the success of the Pharmacy Business may be relatively distinct from the Group's existing business.

Notwithstanding the above, the Group's background in the healthcare industry puts it in an advantageous position to embark on the Pharmacy Business as the Group can capitalise on its existing business networks for the Pharmacy Business. Nevertheless, there is no assurance that the Group will be able to derive sufficient revenue to offset the start-up costs and operating costs arising from the Pharmacy Business.

7.3 Risks relating to the Rights Issue with Warrants

(i) Failure or delay in the completion of the Rights Issue with Warrants

The Rights Issue with Warrants may be terminated or delayed in the event of a material adverse change of events or circumstances (such as force majeure events including without limitation, acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling), which is beyond the control of the Group and the Principal Adviser, arising prior to the completion of the Rights Issue with Warrants.

If you have acquired the Provisional Allotments via the open market, you may not be able to recover your investment cost in the event the Rights Issue with Warrants is terminated or delayed.

There can be no assurance that the abovementioned factors or events will not cause a failure or delay in the completion of the Rights Issue with Warrants.

In the event the Rights Shares and Warrants have been allotted to the successful Entitled Shareholders and/or their transferee(s) and/or their renounee(s), if applicable and:

- (i) the SC issues a stop order under Section 245(1) of the CMSA, any issue of the Rights Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) the Rights Issue with Warrants is aborted other than pursuant to a stop order by the SC, a return of monies to the Shareholders may only be achieved by way of a cancellation of the share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of the Shareholders by way of special resolution in a general meeting and supported by either:

- (a) consent by the creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances, or
- (b) a solvency statement from the directors.

There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates and the outlook of the industry in which the Company operates in.

In view of the above, there can be no assurance that the Rights Shares (together with any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants will be at a level that meets the specific investment objectives or targets of any holder of the Warrants.

(iii) Potential dilution of existing Shareholders' shareholding

Those Entitled Shareholders who do not subscribe for their entitlement of Rights Shares with Warrants under the Rights Issue with Warrants will experience dilution in their existing shareholding in the Company as a result of the issuance of the Rights Shares arising from the subscription by other Entitled Shareholders and/or their transferees and/or their renounees. In addition, the issuance of new Shares arising from the exercise of the Warrants in the future will lead to further such dilution.

Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that the Company may declare, make or pay after completion of the Rights Issue with Warrants will correspondingly be diluted.

(iv) Forward-looking statements and other information

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of future results and others are forward-looking in nature, which are subject to uncertainties and contingencies. All statements, other than statements of historical data, included in this Abridged Prospectus, including without limitation, those regarding the financial position, risk factors, prospects and future plans of the Group are forward-looking statements.

Such forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements.

In light of these uncertainties, the inclusion of such forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers in relation to the Rights Issue with Warrants that the plans and objectives of the Group will be achieved.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Overview and outlook of the Malaysian economy

Malaysia's economic recovery continued its strong momentum in the first half of 2022 amid the global headwinds, with the GDP expanding at 6.9% during the period, and is projected at between 6.5% and 7.0% in 2022. The economic recovery process is well underway and as the country transitions into endemicity, efforts are now focused on quick execution of post-COVID-19 measures and strategies including expediting business recovery, providing conducive business environment, facilitating trade and investment, improving labour market conditions, safeguarding households' livelihood and inculcating sustainability principles throughout the whole spectrum of the economy. Malaysia's economy is expected to grow at between 4.0% and 5.0% in 2023, in line with the softening global economic outlook.

The services sector is anticipated to expand by 5.0% in 2023 (8.2% in 2022), benefitting from sustained domestic demand, despite a moderate global economic growth. The growth will continue to be mainly driven by the wholesale and retail trade; real estate and business services; information and communication; transportation and storage; and food and beverages; and accommodation subsectors.

The manufacturing sector is forecast to grow by 3.9% in 2023 (6.3% in 2022), supported by expansion in all subsectors. Output in export-oriented industries is anticipated to increase despite softening global trade, driven by the electrical and electronics segment. In addition, the output of rubber-based products segment is projected to rise mainly attributed to the increase in production of tyres and tubes following buoyant global demand for automotive. Similarly, production in domestic-oriented industries is expected to increase driven by the manufacture of food-related and construction-related segments. The growth in the food and food-related manufacturing segments is in line with improvements in consumer sentiments and robust tourism activities. Meanwhile, expansion in residential and non-residential construction activities, as well as continuation of several infrastructure projects will boost the construction-related segment. In addition, output of transport-related goods is expected to increase further attributed to strong demand from both households and businesses following improvements in labour market and investment activities.

For 2023, the agriculture sector is forecast to increase by 2.3% attributed to an improvement in labour supply within the sector (0.1% in 2022). In 2023, the mining sector is expected to expand by 1.1% on account of higher natural gas output (2.1% in 2022).

The construction sector is forecast to expand by 4.7% in 2023 (2.3% in 2022) following better performance in all subsectors. The civil engineering subsector is anticipated to be supported by the implementation of new projects such as Mass Rapid Transit Line 3 and acceleration of ongoing infrastructure projects such as the Rapid Transit System Link, East Coast Rail Link and Light Rail Transit Line 3. In addition, approved investment projects in the manufacturing sector are anticipated to come onstream, creating greater demand for industrial buildings. Meanwhile, the residential buildings subsector is expected to grow steadily, supported by the construction of affordable houses.

(Source: IMR Report)

8.2 Overview and outlook of the pharmacy retail industry in Malaysia

Pharmacy is the science of preparing and dispensing drugs for preventing, diagnosing or treating diseases or disorders in humans. In this respect, pharmacists are healthcare professionals who prepare and dispense prescriptions, ensure medicines and doses are correct, prevent harmful drug interactions and counsel patients on the safe and appropriate use of their medications.

Presently, pharmacy retail stores (also known as community pharmacies) delivers health solutions to the general population and is central to the prescription drug market. Pharmacies are where many patients receive prescription drugs and over-the-counter drugs. They provide convenient services to the general population in the neighbourhood through setting up stores in commercial districts and shopping malls.

While some pharmacy retail stores are independent stores, others are national or regional chains. The variety of a pharmacy's merchandise varies from one store to another. Generally, a larger chain of pharmacy stores carries a wider variety of merchandise compared to independent stores.

In addition, these chain pharmacy stores use a franchise model which provides corporate branding, management support, training, distribution channels and marketing support to individual owners who franchises the said pharmacy stores, in exchange for a fee. In contrast, independent stores may face challenges such as lower purchasing power, limited promotional budgets and less merchandise inventory relative to a larger chain of pharmacy.

Most community pharmacies combine a pharmacy section with a general retail store dealing in products such as, amongst others, dietary supplements, medical equipment, medical devices, and cosmetics and personal care consumables. Besides retailing, community pharmacies are also involved in dispensing and providing consultation on minor ailments or general health matters to the general public. Over the years, the role of community pharmacists has evolved from merely focusing on the retail of pharmaceutical drugs to more patient-centric and have become an integral part of the community.

Over-the-counter pharmaceuticals are drug products sold in a retail store or pharmacy which do not require a prescription or the approval of a medical or pharmacy professional. Both over-the-counter drugs and prescription drugs comprise patented and generic drugs. When a pharmaceutical drug is first released into the market by a pharmaceutical drug company, it is protected by patents until it expires. On the other hand, a generic drug is equivalent to a brand name drug in terms of dosage, safety, strength, quality and efficacy.

Demand for dietary supplements such as vitamins, minerals and herbs, are expected to remain steady, as consumers who are health conscious tend to take measures to maintain their health by taking these supplements. With increased health awareness and better access to pharmacies, more people are taking dietary supplements in addition to regular consumption of nutritious food and beverages.

Medical equipment retailed in community pharmacies include, amongst others, crutches, walking aids, wheelchairs, and medical cabinets, while medical devices such as blood glucose meters, thermometers, pulse oximeters, diagnostic test kits and rubber examination gloves are also sold.

Cosmetics and personal care consumables such as deodorants, hair care, skin care, dental care, facial wipes, face masks and hand sanitisers are also available in community pharmacies for the convenience of consumers. These are fast moving consumer goods that are used in daily routines and consumers usually purchase them on impulse when shopping for pharmaceutical drugs, dietary supplements, medical equipment and medical devices in the community pharmacies.

Since 2020, the COVID-19 pandemic and various iterations of the MCO have reduced the number of operating hours of pharmacy retail stores in Malaysia and caused a reduction in foot traffic. In contrast, the MCO has led to an increase in sales through online platforms as consumers stocked up on dietary supplements, masks, hand sanitisers and over-the-counter pharmaceutical drugs online rather than visiting a community pharmacy. However, the Malaysian government re-opened all its economic sectors on 15 May 2022 as the country progresses into the endemic stage.

Consumers utilise online pharmacies for its convenience (as consumers no longer need to travel to a physical store to purchase products) and lower costs (as online retailers do not need to incur rental expenses and may be able to pass on these savings to consumers). Furthermore, the breadth of products offered online may at times surpass that of physical stores. Suitable products supplied from community pharmacies to consumers through the e-commerce platforms include medical equipment, medical devices, and cosmetics and personal care consumables.

The market size for the pharmacy retail industry in Malaysia expanded by 6.9% in 2021 to attain RM7.54 billion, from RM7.05 billion in 2020. It is expected to increase to RM8.03 billion in 2022 and RM8.51 billion in 2023, representing increases of 6.5% and 6.1%, respectively.

The pharmacy retailing industry is expected to continue its expansion due to the rising population, aging population and increasing urbanisation in Malaysia, as well as the Government's efforts to improve the health and wellbeing of its citizens. An aging population is defined as a population where those aged 65 years and above make up at least 15.0% of the total population. Malaysia is currently facing the prospect of an aging population and this is expected to happen by 2030, up from 7.0% in 2020.

An aging population is more vulnerable due to decreased resistance towards illnesses and the onset of health problems associated with old age. Health conditions that are expected to be a challenge to the health care system with an aging population include cancer, heart disease, obesity, diabetes, Parkinson's disease, Alzheimer's disease and orthopaedic conditions.

The COVID-19 pandemic has also caused an increase in demand for certain medications, medical equipment and medical devices. This is anticipated to continue over the foreseeable future with the emergence of new viral variants due to mutations. For instance, community pharmacies are currently allowed to supply medical devices such as COVID-19 self-test kits to the public. This has an impact on the growth and expansion of the pharmacy retail industry in Malaysia.

In Malaysia, the national or regional retail chains are expected to further expand organically or via the acquisition or merger with smaller pharmacy retail chains and independent stores. This will enable the larger entities to benefit from competitive advantages such as higher bargaining power when it comes to purchasing supplies from suppliers and enjoying volume discounts, marketing activities such as in advertising and promotions, and economies of scales in operations. The national or regional retail chains may also purchase their pharmaceutical drugs directly from manufacturers, bypassing the wholesaler markup in the supply chain.

Due to the onset of the COVID-19 pandemic, the retail industry has also been adversely affected as shoppers were reluctant to visit physical pharmacy stores and this has resulted in a decline in the overall occupancy rate of shop houses and malls. Unlike food and beverage concerns which need to change their business models to address the challenges of the pandemic (such as offering food through takeaways or using delivery apps like Grab and Foodpanda), certain businesses like community pharmacies, grocers and hardware stores may benefit with a physical retail presence. Further, community pharmacies in mature commercial areas that are strategically located will continue to gain high visibility and attract foot traffic.

The COVID-19 pandemic is expected to lead to increased health awareness amongst the general population. As such, the public is likely to take more initiatives in terms of preventive healthcare and this will bolster the sale of medical devices (eg. COVID-19 self-test kits, pulse oximeters and thermometers) and dietary supplements as well as other consumables (eg. face masks and hand sanitisers). These preventive healthcare measures by the general public are the key in reducing transmission of the COVID-19 virus. All these factors will bode well for the prospect of the pharmacy retail industry in Malaysia.

Moving forward, along with rising adoption of digital payments, vending machines incorporating artificial intelligence and digital displays are expected to be adopted by community pharmacies for self-service experiences by consumers. Technological advancements in artificial intelligence and robotics will enable vending machines to pack, store, counsel, dispense and respond to requests from consumers. The vending machines will also be able to perform these tasks in a more efficient and accurate manner.

Vending machines are becoming better, smarter and can deliver more engaging consumer experiences such as digital payments in a seamless fashion. In addition, there has been increased reliance on digitalisation (such as the use of digital payments) due to the COVID-19 pandemic by the general public to limit close physical contact. Digital payments enable consumers to transact in a secure and seamless environment as they become more particular about physical hygiene and social distancing.

Premised on the above, Infobusiness believes that the pharmacy retail industry in Malaysia is expected to grow as the impact of the COVID-19 pandemic subsides.

(Source: IMR Report)

8.3 Prospects and future plans of the Group

LKL Group is currently involved in the manufacturing of medical / healthcare beds, medical peripherals and accessories as well as the trading of medical furniture, medical devices, medical peripherals and accessories, gloves and PPE.

In view of the improvement in personal and public health awareness after the outbreak of COVID-19 pandemic, the Diversification represents a timely opportunity for the Group to venture into the Pharmacy Business and generate an additional source of income. Premised on the prospects of the pharmacy retail industry in Malaysia as mentioned in Section 8.2 of this Abridged Prospectus, LKL expects the demand for pharmaceutical, healthcare and personal care products to remain high even after the recovery of COVID-19 pandemic.

Further, the Malaysian government has re-opened all economic sectors on 15 May 2022 as the country progresses into the endemic stage. Following this, economic activities across various sectors are expected to recover gradually in the months to come. In this respect, it is expected to see a resumption in demand and improving traffic for retail pharmacies. Recognising this opportunity, the Rights Issue with Warrants is undertaken to raise funds mainly for expanding the Pharmacy Business.

Moving forward, the Group will focus on improving its business strategy by streamlining its operations and continued monitoring of its existing business. In respect of the Pharmacy Business, the Group will continue to assess the demand for pharmaceutical, healthcare and personal care products from time to time, and roll out its plan of opening up to 30 pharmacy outlets (as set out in Section 6 of this Abridged Prospectus) accordingly.

Premised on the above as well as the outlook and prospects of the pharmacy retail industry in Malaysia set out in Section 8.2 of this Abridged Prospectus, the management is cautiously optimistic about the Group's future prospects.

9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the issued share capital of the Company are as follows:

| | Minimum Scenario | | Maximum Scenario | |
|--|--------------------|--------------------------|--------------------|---------------------------|
| | No. of Shares | Share capital (RM) | No. of Shares | Share capital (RM) |
| Issued share capital as at the LPD | 97,160,054 | 193,762,948 | 97,160,054 | 193,762,948 |
| New Shares to be issued pursuant to the Rights Issue with Warrants | 29,411,765 | ⁽¹⁾ 2,217,647 | 291,480,162 | ⁽¹⁾ 21,977,604 |
| | 126,571,819 | 195,980,595 | 388,640,216 | 215,740,552 |
| New Shares to be issued assuming full exercise of the Warrants | 19,607,843 | ⁽²⁾ 6,115,686 | 194,320,108 | ⁽²⁾ 60,608,442 |
| Enlarged issued share capital | 146,179,662 | 202,096,281 | 582,960,324 | 276,348,994 |

Notes:

- (1) Based on the issue price of RM0.17 per Rights Share and after accounting for the creation of warrant reserve.
(2) Based on the Exercise Price of RM0.17 per Warrant and after accounting for the reversal of warrant reserve.

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9.2 NA and gearing

As at the LPD, there are no material transactions which may have a material effect on the operations, financial position and results of the Group since the Group's latest unaudited financial statements as at 30 September 2022.

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:

Minimum Scenario

| | Unaudited as at 30 September 2022 (RM'000) | (I) After subsequent event ⁽¹⁾ (RM'000) | (II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ (RM'000) | (III) After (II) and assuming full exercise of Warrants ⁽⁴⁾ (RM'000) |
|----------------------------------|--|---|---|--|
| Share capital | 193,763 | 193,763 | 195,981 | 202,096 |
| Merger deficit | (29,580) | (29,580) | (29,580) | (29,580) |
| Warrants reserve | - | - | 2,782 | - |
| Accumulated losses | (12,565) | (12,565) | (13,665) | (13,665) |
| Shareholders' equity / NA | 151,618 | 151,618 | 155,518 | 158,851 |
| Non-controlling interest | (667) | (667) | (667) | (667) |
| Total equity | 150,951 | 150,951 | 154,851 | 158,184 |
| No. of Shares in issue ('000) | 971,601 | 97,160 | 126,572 | 146,180 |
| NA per Share (RM) | 0.16 | 1.56 | 1.23 | 1.09 |
| Total borrowings (RM'000) | 10,008 | 10,008 | 10,008 | 10,008 |
| Gearing (times) | 0.07 | 0.07 | 0.06 | 0.06 |

Notes:

- (1) After accounting for the Share Consolidation which was completed on 17 October 2022.
- (2) Based on the issuance of 29,411,765 Rights Shares at an issue price of RM0.17 each together with 19,607,843 Warrants and after deducting estimated expenses for the Corporate Exercises of RM1.10 million.
- (3) After accounting for the creation of warrant reserve based on the issuance of 19,607,843 Warrants at an allocated fair value of RM0.1419 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (4) Based on the Exercise Price of RM0.17 per Warrant and after accounting for the reversal of warrant reserve.

Maximum Scenario

| | Unaudited as at 30 September 2022 (RM'000) | (I) After subsequent event ⁽¹⁾ (RM'000) | (II) After (I) and the Rights Issue with Warrants ⁽²⁾⁽³⁾ (RM'000) | (III) After (II) and assuming full exercise of Warrants ⁽⁴⁾ (RM'000) |
|----------------------------------|--|--|--|---|
| Share capital | 193,763 | 193,763 | 215,741 | 276,349 |
| Merger deficit | (29,580) | (29,580) | (29,580) | (29,580) |
| Warrants reserve | - | - | 27,574 | - |
| Accumulated losses | (12,565) | (12,565) | (13,665) | (13,665) |
| Shareholders' equity / NA | 151,618 | 151,618 | 200,070 | 233,104 |
| Non-controlling interest | (667) | (667) | (667) | (667) |
| Total equity | 150,951 | 150,951 | 199,403 | 232,437 |
| No. of Shares in issue ('000) | 971,601 | 97,160 | 388,640 | 582,960 |
| NA per Share (RM) | 0.16 | 1.56 | 0.51 | 0.40 |
| Total borrowings (RM'000) | 10,008 | 10,008 | 10,008 | 10,008 |
| Gearing (times) | 0.07 | 0.07 | 0.05 | 0.04 |

Notes:

- (1) After accounting for the Share Consolidation which was completed on 17 October 2022.
- (2) Based on the issuance of 291,480,162 Rights Shares at an issue price of RM0.17 each together with 194,320,108 Warrants and after deducting estimated expenses for the Corporate Exercises of RM1.10 million.
- (3) After accounting for the creation of warrant reserve based on the issuance of 194,320,108 Warrants at an allocated fair value of RM0.1419 per Warrant (computed based on the Trinomial option pricing model with data sourced from Bloomberg).
- (4) Based on the Exercise Price of RM0.17 per Warrant and after accounting for the reversal of warrant reserve.

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Registration No. 201501014673 (1140005-V)

9.3 Substantial Shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on the substantial Shareholders' shareholding in the Company based on the Record of Depositories of the Company as at the LPD are as follows:

Minimum Scenario

| Substantial Shareholders | As at the LPD | | | | (I) After the Rights Issue with Warrants | | | | (II) After (I) and assuming full exercise of Warrants | | | |
|---|---------------|-------|---------------|------|---|-------|---------------|------|--|-------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% | No. of Shares | (3)% | No. of Shares | (3)% |
| Datuk Chong Loong Men | 10,000 | 0.01 | - | - | 29,421,765 | 23.25 | - | - | 49,029,608 | 33.54 | - | - |
| Amsec Nominees (Tempatan) Sdn Bhd (Exempt An for KGI Securities (Singapore) Pte. Ltd) | 14,859,880 | 15.29 | - | - | 14,859,880 | 11.74 | - | - | 14,859,880 | 10.17 | - | - |

Notes:

- (1) Based on 97,160,054 LKL Shares as at the LPD.
- (2) Based on the enlarged number of 126,571,819 LKL Shares after the Rights Issue with Warrants.
- (3) Based on the enlarged number of 146,179,662 LKL Shares assuming full exercise of the Warrants.

Registration No. 201501014673 (1140005-V)

Maximum Scenario

| Substantial Shareholders | As at the LPD | | | | (I) After the Rights Issue with Warrants | | | | (II) After (I) and assuming full exercise of Warrants | | | |
|---|---------------|-------|---------------|------|---|-------|---------------|------|--|-------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% | No. of Shares | (3)% | No. of Shares | (3)% |
| Amsec Nominees (Tempatan) Sdn Bhd (Exempt An for KGI Securities (Singapore) Pte. Ltd) | 14,859,880 | 15.29 | - | - | 59,439,520 | 15.29 | - | - | 89,159,280 | 15.29 | - | - |

Notes:

(1) Based on 97,160,054 LKL Shares as at the LPD.

(2) Based on the enlarged number of 388,640,216 LKL Shares after the Rights Issue with Warrants.

(3) Based on the enlarged number of 582,960,324 LKL Shares assuming full exercise of the Warrants.

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9.4 Losses and LPS

The potential effects of the Rights Issue with Warrants on the future consolidated earnings / losses of the Company will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants as set out in Section 6 of this Abridged Prospectus.

For illustration, the pro forma effects of the Rights Issue with Warrants on the consolidated losses and LPS of the Company are as follows:

| | Unaudited 12-month FPE 30 September 2022 | (I) After subsequent event up to the LPD | | (II) After (I) and the Rights Issue with Warrants | | (III) After (II) and assuming full exercise of the Warrants | |
|--|--|--|------------------|---|------------------|---|------------------|
| | | Minimum Scenario | Maximum Scenario | Minimum Scenario | Maximum Scenario | Minimum Scenario | Maximum Scenario |
| PAT attributable to owners of the Company (RM'000) | 1,137 | 1,137 | 1,137 | (2)37 | (2)37 | (2)37 | (2)37 |
| Weighted average number of Shares ('000) | 913,774 | (1)91,377 | (1)91,377 | 120,789 | 382,858 | 140,397 | 577,178 |
| EPS (sen) | 0.12 | 1.24 | 1.24 | 0.03 | 0.01 | 0.03 | 0.01 |

Notes:

- (1) After accounting for the Share Consolidation which was completed on 17 October 2022
- (2) After accounting for estimated expenses incidental to the Corporate Exercises of RM1.10 million.

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10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital and sources of liquidity

The Group's working capital is funded through the Group's existing cash and bank balances, credit extended by suppliers, bank borrowings as well as the proceeds from the issuance of equity securities.

As at the LPD, the Group's cash and bank balances (including fixed deposit pledged with licensed bank of RM16.00 million) stood at RM27.19 million.

Apart from the sources of liquidity described above, the Group does not have access to other material unused sources of liquidity as at the LPD.

The Board confirmed that, after taking into consideration the Group's existing cash and bank balances, the banking facilities available to the Group, future collections from customers and the proceeds to be raised from the Rights Issue with Warrants, the Group has sufficient working capital for its current level of operations for a period of 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing and denominated in RM) are set out as follows:

| Borrowings | Total (RM'000) |
|---------------------------------------|---------------------------|
| <u>Short term borrowing (secured)</u> | |
| - Bank acceptances | 1,417 |
| - Term loans | 375 |
| - Lease liabilities | 789 |
| <u>Long term borrowing (secured)</u> | |
| - Term loans | 6,692 |
| - Lease liabilities | 1,001 |
| Total | 10,274 |

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past 1 financial year and the subsequent financial period up to the LPD.

10.3 Contingent liabilities

Save as disclosed below, as at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group:

| Description | RM'000 |
|--|---------------|
| Performance bonds issued to third party customers for projects granted to LKLAM | 422 |
| Bank guarantee issued to Tenaga Nasional Berhad for supply of electricity to LKLAM | 128 |
| Total | 550 |

10.4 Material commitments

Save as disclosed below, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group as at the LPD:

| Capital commitments | RM'000 |
|---------------------------------------|---------------|
| Contracted but not provided for | |
| - Purchase of software ⁽¹⁾ | 2,077 |

Note:

(1) This will be funded via the Company's existing cash and bank balances.

11. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS APPLICATION

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants Applications and the procedures to be followed should you and/or your transferee(s) and/or your renounee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renounee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

11.1 General

If you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that have been provisionally allotted to you, as well as to apply for Excess Rights Shares with Warrants, if you choose to do so.

This Abridged Prospectus and the RSF are also available on Bursa Securities' website at <https://www.bursamalaysia.com>.

11.2 NPA

The Provisional Allotments are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares with Warrants.

11.3 Last time and date for acceptance and payment

The last time and date for acceptance and payment for the Provisional Allotments and Excess Rights Shares with Warrants is at 5.00 p.m. on **Tuesday, 14 March 2023**. An announcement shall be made on the subscription rate of the Rights Issue with Warrants after the Closing Date.

11.4 Methods of acceptance and application

You may subscribe for such number of Rights Shares with Warrants that you have been provisionally allotted as well as apply for Excess Rights Shares with Warrants, if you so choose, using either of the following methods:

| <u>Method</u> | <u>Category of Entitled Shareholders</u> |
|----------------|--|
| RSF | All Entitled Shareholders |
| e-Subscription | All Entitled Shareholders |

11.5 Procedures for acceptance and payment

11.5.1 By way of RSF

Acceptance and payment for the Provisional Allotment to you as an Entitled Shareholder and/or your renounee(s) and/or your transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this Abridged Prospectus, NPA or RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) AND/OR YOUR TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

YOU AND/OR YOUR RENOUNCEE(S) AND/OR YOUR TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept the Provisional Allotments, either in full or in part, please complete **Parts I(A) and II** of the RSF strictly in accordance with the notes and instructions contained in the RSF. Send each completed and signed RSF with the relevant payment in the reply envelope enclosed with this Abridged Prospectus, by **ORDINARY POST, COURIER OR DELIVERED BY HAND** (at your own risk) to the Share Registrar at the following address:

Workshire Share Registration Sdn Bhd

A3-3-8, Solaris Dutamas
 No. 1, Jalan Dutamas 1
 50480 Kuala Lumpur
 Wilayah Persekutuan (KL)
 Tel No.: 03 – 6413 3271
 Fax No.: 03 – 6413 3270

and should reach the Share Registrar not later than **5.00 p.m. on Tuesday, 14 March 2023**, being the Closing Date.

If you have lost, misplaced or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, the Share Registrar at the address stated above, the registered office of the Company or on Bursa Securities' website at <https://www.bursamalaysia.com>.

You must use 1 RSF for the acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of the Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants accepted by you in accordance with the notes and instructions contained in the RSF will be credited into the respective CDS Accounts where the Provisional Allotments is standing to the credit.

The minimum number of Rights Shares that can be accepted is 1 Rights Share. You should take note that a trading board lot for the Rights Shares and Warrants comprise 100 Rights Shares and 100 Warrants each respectively. Successful applicants of the Rights Shares will be given free Warrants on the basis of 2 Warrants for every 3 Rights Shares successfully subscribed for. Fractions of a Rights Share or Warrant, if any, will be disregarded and will be dealt with in such manner and on such terms and conditions as our Board, in its absolute discretion deem fit or expedient or in the best interest of the Company.

Each completed RSF must be accompanied by the appropriate remittance made in RM for the FULL and EXACT amount payable for the Provisional Allotments accepted, in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "LKL RIGHTS ISSUE ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters, contact number and CDS Account number to be received by the Share Registrar by the Closing Date. The payment must be made for the FULL and EXACT amount payable for the Provisional Allotments accepted. Applications accompanied by payment other than in the manner stated above or with excess or insufficient payment may be rejected at the absolute discretion of our Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

If the acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part) are not received by the Share Registrar by **5.00 p.m. on Tuesday, 14 March 2023**, the provisional entitlement to you will be deemed to have been declined and will be cancelled. our Board will then have the right to allot such Rights Shares with Warrants not taken up or not validly taken up to applicants applying for the Excess Rights Shares with Warrants in the manner as set out in Section 11.6 of this Abridged Prospectus.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY THE SHARE REGISTRAR. NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR THE APPLICATION MONIES FOR THE RIGHTS SHARES WITH WARRANTS APPLICATION WILL BE ISSUED BY THE COMPANY OR THE SHARE REGISTRAR.

Applications for Rights Shares with Warrants shall not be deemed to have been accepted by reason of the remittance being presented for payment. our Board reserves the right not to accept any Rights Shares with Warrants application, in full or in part.

Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within 8 Market Days from the last date for application and payment for the Rights Shares with Warrants; or

- (ii) unsuccessful / partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest by banker's cheque within 15 Market Days from the last day for application and payment for the Rights Shares with Warrants.

11.5.2 By way of e-Subscription

The e-Subscription is available to you upon your login to the Share Registrar's Investor Portal at <https://www.wscs.com.my/>. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

The e-Subscription is available to all Entitled Shareholders.

Entitled Shareholders who wish to subscribe for the Rights Shares with Warrants and apply for the Excess Rights Shares with Warrants by way of e-Subscription, shall take note of the following:

- (a) the e-Subscription will be closed at **5.00 p.m. on Tuesday, 14 March 2023**. All valid e-Subscription received by the Share Registrar is irrevocable and cannot be subsequently withdrawn;
- (b) the e-Subscription must be made in accordance with the procedures and terms and conditions of the e-Subscription, this Abridged Prospectus and the notes and conditions contained in the RSF. Any incomplete or incorrectly completed e-RSF submitted via the Share Registrar's Investor Portal may or may not be accepted at the absolute discretion of our Board.
- (c) your application for the Rights Shares with Warrants and Excess Rights Shares with Warrants must be accompanied by the remittance in RM via internet bank transfer, the bank account details as follows:

Name of Bank : ALLIANCE BANK MALAYSIA BERHAD
Name of Account : LKL RIGHTS ISSUE ACCOUNT
Bank Account No : 122490010007881

Name of Bank : ALLIANCE BANK MALAYSIA BERHAD
Name of Account : LKL EXCESS RIGHTS ISSUE ACCOUNT
Bank Account No : 122490010007879

You are required to pay an additional fee of **RM15.00** being the stamp duty and handling fee for each e-Subscription.

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- (d) All Entitled Shareholders who wish to submit by way of e-Subscription are required to follow the procedures and read the terms and conditions as stated below:

(i) **Procedures**

| Procedures | Action |
|--|---|
| User Registration | |
| 1. Register as a user with the Investor Portal | <ul style="list-style-type: none"> - Access the website at https://www.wscs.com.my/. Click Investor Portal. Refer to the online help tutorial for assistance. - Read and agree to the terms and conditions and confirm the declaration. - Upon submission of your registration, your account will be activated within one working day. - If you have already registered an account with Investor Portal, you are not required to register again. |
| e-Subscription | |
| 2. Sign in to Investor Portal | <ul style="list-style-type: none"> - Login with your user ID and password for e-Subscription before the Closing Date. |
| 3. Complete the e-Subscription | <ul style="list-style-type: none"> - Select the corporate exercise “LKL INTERNATIONAL BERHAD – RIGHTS ISSUE WITH WARRANTS”. - Key in/check your full name, CDS account number, contact number, the number of units for acceptance of your Rights Shares with Warrants and Excess Rights Shares with Warrants (if you choose to apply for additional Rights Shares with Warrants). - Proceed with the payment via online banking and indicate your name and last 9 digits of the CDS account number. - Upload the proof of payment(s) and ensure all information in the form is accurate before submitting the form. - Print your e-RSF for your reference and record. |

If you encounter any problems during the registration or submission, please email the Share Registrar at support@wscs.com.my for assistance.

(ii) **Terms and conditions of the e-Subscription**

By submitting your acceptance of the Rights Shares with Warrants and application of the Excess Rights Shares with Warrants (if applicable) by way of e-Subscription:

- (A) You acknowledge that your submission by way of e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer related faults and breakdowns, fires and other events beyond the control of our Company or the Share Registrar and irrevocably agree that if:
- (i) our Company or the Share Registrar does not receive your submission of the e-RSF; or

- (ii) data on the e-RSF is wholly or partially lost, corrupted or inaccessible, or not transmitted,

your submission of the e-RSF will be deemed as failed and not to have been made. Our Company and the Share Registrar will not be held liable for any delays, failures or inaccuracies in the processing of your e-Subscription due to the above reasons and you further agree that you may not make any claims whatsoever against our Company or the Share Registrar for any loss, compensation or damage in relation to the unsuccessful or failure of your e-Subscription.

- (B) You will ensure that all information provided by you in the e-RSF is identical with the information in the records of Bursa Depository and further agree and confirm that in the event the said information differs from the records of Bursa Depository, your application by way of e-Subscription may be rejected at the absolute discretion of our Board without assigning any reason.
- (C) You agree that your application shall not be deemed to have been accepted by reason of the remittance have been made.
- (D) You agree that all the Rights Shares and Warrants to be issued pursuant to the Rights Issue of Shares with Warrants will be allotted by way of crediting the Rights Shares and Warrants into your CDS account. No physical share or warrant certificates will be issued.
- (E) You agree that our Company and the Share Registrar reserve the right to reject your application which does not conform to these terms and conditions.
- (F) If your application is successful, a notice of allotment will be issued and despatched by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the Closing Date.
- (G) Where your application is not accepted or accepted only in part, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest by banker's cheque within 15 Market Days from the Closing Date and will be despatched by ordinary post to the address as shown in the Record of Depositor provided by Bursa Depository at your own risk.

11.6 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares that may be subscribed or accepted is 1 Rights Share. Fractions of a Rights Shares and/or Warrant arising from the Rights Issue of Shares with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interests of our Company. Applicants should take note that a trading board lot comprises 100 Rights Shares and 100 Warrants each respectively. You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 11.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.7 Procedures for the sale or transfer of the Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer, all or part of your entitlement to the Provisional Allotments to 1 or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement in the open market or transfer to such persons as may be allowed pursuant to the Rules of Bursa Depository, both for the period up to the last date and time for the sale and transfer of the Provisional Allotments.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments not sold or transferred, in accordance with the instructions as set out in Section 11.6 of this Abridged Prospectus.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

11.8 Procedures for application for the Excess Rights Shares with Warrants

11.8.1 By way of RSF

If you wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it (together with a **separate remittance in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants applied for) to the Share Registrar no later than 5.00 p.m. on Tuesday, 14 March 2023, being the last time and date for Excess Rights Shares with Warrants Applications and payment.

Payment for the Excess Rights Shares applied for should be made in the same manner as set out in Section 11.5.1 of this Abridged Prospectus except that Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**LKL EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters, contact number and CDS Account number to be received by the Share Registrar by the Closing Date. Applications accompanied by payment other than in the manner stated above or with excess or insufficient payment may be rejected at the absolute discretion of our Board. Details of the remittances must be filled in the appropriate boxes provided in the RSF.

11.8.2 By way of e-Subscription

You may apply for the Excess Rights Shares with Warrants via e-Subscription in addition to your Provisional Allotments. If you wish to do so, you may apply for the Excess Rights Shares with Warrants by following the steps as set out in Section 11.5.2 of this Abridged Prospectus. The e-Subscription for Excess Rights Shares with Warrants will be made on, and subject to, the same terms and conditions appearing in Section 11.5.2 of this Abridged Prospectus.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, in a fair and equitable manner to our Entitled Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants in the following order of priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, taking into consideration their respective shareholding as at the Entitlement Date;
- (iii) thirdly, on a pro-rata basis and in board lot to our Entitled Shareholders who have applied for the Excess Rights Shares with Warrants, taking into consideration the quantum of their respective Excess Rights Shares with Warrants applied for; and
- (iv) lastly, on a pro-rata basis and in board lot to the renounee(s) and/or transferee(s) (if applicable) who have applied for the Excess Rights Shares with Warrants, taking into consideration the quantum of their respective Excess Rights Shares with Warrants applied for.

In the event there is any balance Excess Rights Shares with Warrants after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares with Warrants.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for in such manner as it deems fit and expedient, and in the best interest of the Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i) to (iv) above is achieved. our Board also reserves the right to accept any application for the Excess Rights Shares with Warrants, in full or in part.

Notification on the outcome of your application for the Excess Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within 8 Market Days from the last date for application and payment for the Excess Rights Shares with Warrants; or
- (ii) unsuccessful / partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest by banker's cheque within 15 Market Days from the last date for application and payment for the Excess Rights Shares with Warrants.

11.9 Procedures for acceptance by renounee(s) and/or transferee(s)

The procedures applicable to renounee(s) and/or transferee(s) for acceptance, selling and/or transferring of the Provisional Allotments, applying for the Excess Rights Shares with Warrants and/or payment are the same as those which are applicable to the Entitled Shareholders as described in Sections 11.3 to 11.8 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you may obtain for the same from your stockbroker, the registered office of the Company, the Share Registrar or on Bursa Securities' website at <https://www.bursamalaysia.com>.

RENOUNCEE(S) AND/OR TRANSFEREE(S) ARE ADVISED TO READ AND ADHERE STRICTLY TO THIS ABRIDGED PROSPECTUS AND THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

11.10 CDS Accounts

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants will be by book entry through a CDS Account and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants. Failure to comply with these specific instructions for application or inaccuracy in the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares with Warrants shall constitute consent to receive such Rights Shares with Warrants as prescribed securities which will be credited directly into your CDS Account. No physical share certificates will be issued to you.

Any person who intends to subscribe for the Rights Shares with Warrants as a renounee and/or transferee by purchasing the Provisional Allotments from an Entitled Shareholder will have his Rights Shares with Warrants credited directly as prescribed securities into his/ her CDS Account.

All Excess Rights Shares with Warrants, if allotted to the successful applicants who apply for the Excess Rights Shares with Warrants, will be credited directly into the CDS Accounts of the successful applicants.

11.11 Notice of allotment

Within 5 Market Days after the Closing Date, our Company will make the relevant announcements on Bursa Securities in relation to the subscription rate of the Rights Issue of Shares with Warrants.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renounee/transferee acceptance (if applicable) and Excess Rights Shares with Warrants Application (if any), the Rights Shares shall be credited directly into the respective CDS Account where the Provisional Allotments were credited.

No physical certificates will be issued in respect of the Rights Shares. However, a notice of allotment will be despatched to you and/or your renounee and/or your transferee (if applicable) by ordinary post within 8 Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be by issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof, once lodged with the Share Registrar for the Rights Shares, cannot be withdrawn subsequently.

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11.12 Foreign Addressed Shareholders

The Documents have not been, and will not be made to, comply with the laws of any country or jurisdiction other than Malaysia, and have not been, and will not be, lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The Documents are not intended to be, and will not be, issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents within Malaysia.

Accordingly, the Documents have not been, and will not be, despatched to the Foreign Addressed Shareholders. However, the Foreign Addressed Shareholders may collect the Documents from the Share Registrar in Malaysia, Workshire Share Registration Sdn Bhd, at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), who is entitled to request such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the Documents.

The Company will not make or be bound to make any enquiry as to whether you have an address or address for service in Malaysia other than as stated in the Record of Depositors on the Entitlement Date or who have provided the Share Registrar with an address in Malaysia for the despatch of Documents as at **5.00 p.m. on Monday, 27 February 2023** and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue with Warrants and the acceptance by our Entitled Shareholders thereof would not be in breach of the laws of any jurisdiction. We will further assume that our Entitled Shareholders have accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

To the extent you accept your Provisional Allotments and/or apply for the Excess Rights Shares with Warrants, your acceptance of the terms thereof will be deemed to be in compliance with the Rights Issue with Warrants and not in breach of the laws of any country or jurisdiction. To the extent you accept your Provisional Allotments and/or apply for the Excess Rights Shares with Warrants, you will be deemed to have accepted the Rights Issue with Warrants in Malaysia and be subject to the laws of Malaysia with respect thereto.

All Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject. Neither we, the Board, TA Securities, nor any other adviser to the Rights Issue with Warrants ("**Parties**") shall accept any responsibility or liability whatsoever in the event any acceptance or renunciation made by any Foreign Addressed Shareholder and/or his renounee(s) and/or transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such country or jurisdiction. Such Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against us in respect of their entitlements or to any proceeds thereof.

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Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such foreign country or jurisdiction and the Company shall be entitled to be fully indemnified and held harmless by such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) for any issue, transfer or any other taxes or duties as such person may be required to pay. They will have no claims whatsoever against the Parties in respect of their rights or entitlements under the Rights Issue with Warrants. Such Foreign Addressed Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable) should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

We reserve the right, at our absolute discretion, to treat any acceptance as invalid, if we believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements in any country or jurisdiction outside Malaysia. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of the Excess Rights Shares with Warrants available for excess application by other Entitled Shareholders and/or their renouncee(s) and/or transferee(s) (if applicable).

No shareholder or person acting for the account or benefit of any such person, or any other person, shall have any claims whatsoever against any of the Parties.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus, or subscribing for or acquiring the Rights Shares with Warrants, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the Foreign Addressed Shareholder and/or his renouncee(s) and/or transferee(s) (if applicable) are or may be subject to;
- (ii) that person has complied with the laws to which he and/or his renouncee(s) and/or transferee(s) (if applicable) is or may be subject to in connection with the acceptance or renunciation;
- (iii) that person is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation, be in breach of the laws of any country or jurisdiction to which that person is or may be subject to;
- (iv) that person has an address for service of process in Malaysia;
- (v) that person is aware that his Provisional Allotments can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (vi) that person has obtained a copy of this Abridged Prospectus and understands the contents of this Abridged Prospectus, and had relied on his own evaluation to assess the merits and risks of the investment; and
- (vii) that person has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares with Warrants, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue with Warrants, offer, distribute or send any of them into any jurisdiction where doing so would or might contravene local securities, exchange control or other relevant laws or regulations. If the Documents are received by any person in such jurisdiction or by the agent or nominee of any such person, he/ she/ it/ they must not seek to accept the offer unless he/ she/ it/ they have complied with and observed the laws of all relevant jurisdictions.

Any person who does forward the Documents to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section, and LKL reserves the right to reject a purported acceptance of the Rights Shares with Warrants from any application by Foreign Addressed Shareholders and/or their renounee(s) and/or transferee(s) (if applicable) in any jurisdiction other than Malaysia.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll, the NPA and RSF.

13. FURTHER INFORMATION

You are requested to refer to the enclosed Appendix I for further information.

Yours faithfully

For and on behalf of the Board of
LKL INTERNATIONAL BERHAD



ZULKARNIN BIN ARIFFIN
Executive Director

APPENDIX I - INFORMATION ON THE COMPANY**1. SHARE CAPITAL**

As at the LPD, the issued share capital of the Company is RM193,762,948 comprising 97,160,054 Shares.

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 9.3 of this Abridged Prospectus for information on the substantial Shareholders' shareholdings before and after the Rights Issue with Warrants.

3. DIRECTORS

The details of the Board as at the LPD are set out in the table below:

| Name (Designation) | Age | Address | Nationality |
|--|------------|---|--------------------|
| Zulkarnin Bin Ariffin (Executive Director) | 50 | No. 18, Jalan Bukit Templer Taman Bukit Templer 48000 Rawang, Selangor | Malaysian |
| Datuk Chong Loong Men (Executive Director) | 44 | A3-3-3A, Block A3 Solaris Dutamas 1, Jalan Dutamas 1 50480 Kuala Lumpur | Malaysian |
| Lim Ming Chang (Non-Independent Non- Executive Director) | 41 | No. 40, Jalan Indah 1/10 Taman Universiti Indah 43300 Seri Kembangan, Selangor | Malaysian |
| Ling Chi Hoong (Independent Non- Executive Director) | 40 | 288 Residensi No. 6, Jalan Semarak Api Off Jalan Gombak 53000 Kuala Lumpur | Malaysian |
| Chan Jee Peng (Independent Non- Executive Director) | 43 | No. 28, Jalan DU5/5A Kinrara Residence Taman Damai Utama 47180 Puchong, Selangor | Malaysian |
| Ng Fun Kim (Independent Non- Executive Director) | 58 | 3699 Jalan Chin Chin 77000 Jasin, Melaka | Malaysian |

Save for Datuk Chong Loong Men, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD. Please refer to Section 9.3 of this Abridged Prospectus on the pro forma effects of the Rights Issue with Warrants on his shareholding.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**4. HISTORICAL FINANCIAL INFORMATION**

A summary of the historical financial information of the Group is as follows:

Historical financial performance

| | Audited | | | | Unaudited |
|---|----------------------|----------------------|----------------------|---|---|
| | FYE 30 April 2018 | FYE 30 April 2019 | FYE 30 April 2020 | 17-month FPE 30 September 2021 | 12-month FPE 30 September 2022 ⁽¹⁾ |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Revenue | 29,716 | 37,180 | 54,951 | 75,505 | 85,362 |
| Cost of sales | (18,782) | (26,590) | (35,160) | (58,339) | (71,913) |
| GP | 10,934 | 10,590 | 19,791 | 17,166 | 13,449 |
| Other income | 423 | 472 | 676 | 1,365 | 2,169 |
| Administrative expenses | (9,000) | (9,821) | (11,549) | (24,599) | (15,098) |
| Selling and distribution expenses | (1,807) | (2,481) | (2,161) | (2,332) | (1,829) |
| Other expenses | (1,272) | (861) | (934) | (2,310) | (1,070) |
| Finance costs | (431) | (387) | (406) | (571) | (289) |
| Net Impairment gain / (loss) on financial assets | (49) | (397) | 188 | (40,667) | 3,012 |
| Share of losses of equity accounted joint venture | - | - | (36) | - | - |
| Share of losses in an associate | - | - | - | (74) | (45) |
| PBT / (LBT) | (1,202) | (2,885) | 5,569 | (52,022) | 299 |
| Income tax overprovided / (income tax expense) | (127) | 28 | (1,020) | (128) | 733 |
| PAT / (LAT) | (1,329) | (2,857) | 4,549 | (52,150) | 1,032 |
| PAT / (LAT) attributable to: | | | | | |
| - owners of the Company | (1,098) | (2,497) | 4,298 | (51,630) | 1,137 |
| - non-controlling interests | (231) | (360) | 251 | (520) | (105) |
| GP margin (%) | 36.79 | 28.48 | 36.02 | 22.73 | 15.76 |
| PAT / (LAT) margin (%) | (4.47) | (7.68) | 8.28 | (69.07) | 1.21 |
| Weighted average no. of Shares in issue ('000) | 428,800 | 428,800 | 428,800 | 496,974 | 913,774 |
| Basic EPS / (LPS) (sen) | (0.26) | (0.58) | 1.00 | (10.39) | 0.12 |
| NA (RM'000) | 58,681 | 56,183 | 60,480 | 135,885 | 151,618 |
| NA per Share (RM) ⁽²⁾ | 0.14 | 0.13 | 0.14 | 0.18 | 0.16 |
| Current ratio (times) ⁽³⁾ | 6.15 | 5.00 | 3.41 | 8.85 | 7.84 |
| Total borrowings (including lease liabilities) | 8,568 | 6,773 | 11,300 | 8,233 | 10,008 |
| Gearing (times) ⁽⁴⁾ | 0.15 | 0.12 | 0.19 | 0.06 | 0.07 |

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**Historical financial position**

| | Audited | | | | Unaudited |
|---|---------------------------|---------------------------|---------------------------|-------------------------------|--|
| | As at 30 April 2018 | As at 30 April 2019 | As at 30 April 2020 | As at 30 September 2021 | As at 30 September 2022 ⁽¹⁾ |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current assets | 32,898 | 31,733 | 32,998 | 43,329 | 104,300 |
| Current assets | 39,501 | 38,279 | 46,144 | 110,884 | 62,890 |
| Total assets | 72,399 | 70,012 | 79,142 | 154,213 | 167,190 |
| Share capital | 53,299 | 53,299 | 53,299 | 179,167 | 193,763 |
| Merger deficit | (29,580) | (29,580) | (29,580) | (29,580) | (29,580) |
| Retained earnings / (Accumulated losses) | 34,962 | 32,464 | 36,761 | (13,702) | (12,565) |
| Shareholders' equity / NA | 58,681 | 56,183 | 60,480 | 135,885 | 151,618 |
| Non-controlling interests | 67 | (293) | (42) | (562) | (667) |
| Total equity | 58,748 | 55,890 | 60,438 | 135,323 | 150,951 |
| Non-current liabilities | 7,225 | 6,469 | 5,178 | 6,360 | 8,217 |
| Current liabilities | 6,426 | 7,653 | 13,526 | 12,530 | 8,022 |
| Total liabilities | 13,651 | 14,122 | 18,704 | 18,890 | 16,239 |
| Total equity and liabilities | 72,399 | 70,012 | 79,142 | 154,213 | 167,190 |

Historical cash flow

| | Audited | | | | Unaudited |
|---|-------------------------|-------------------------|-------------------------|---|--|
| | FYE 30 April 2018 | FYE 30 April 2019 | FYE 30 April 2020 | 17-month FPE 30 September 2021 | 12-month FPE 30 September 2022 ⁽¹⁾ |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash from / (used in) | | | | | |
| Operating activities | (2,348) | 865 | (6,982) | (32,696) | (12,866) |
| Investing activities | (6,103) | (615) | (519) | (12,976) | (63,901) |
| Financing activities | (713) | (2,240) | (1,348) | 123,501 | 16,269 |
| Net increase / (decrease) in cash and cash equivalents | (9,164) | (1,990) | (8,849) | 77,829 | (60,498) |
| Net exchange differences | (242) | 41 | 68 | (46) | 136 |
| Cash and cash equivalents at beginning of the year | 23,015 | 13,609 | 11,660 | 2,879 | 80,662 |
| Cash and cash equivalents at end of the year | 13,609 | 11,660 | 2,879 | 80,662 | 20,300 |

Notes:

- (1) The Company has changed its financial year end from 30 April 2021 to 30 September 2021 and subsequently to 31 December 2022. The next audited financial statements of the Company will be for a period of 15 months from 1 October 2021 to 31 December 2022.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

- (2) Calculated based on the number of ordinary shares in issue of 971,600,600 Shares as at 30 September 2022, 773,110,600 Shares as at 30 September 2021, 428,800,000 Shares as at 30 April 2020, 428,800,000 Shares as at 30 April 2019 and 428,800,000 Shares as at 30 April 2018.
- (3) Calculated based on current assets over current liabilities.
- (4) Calculated based on total borrowings (including lease liabilities) over total equity.

(a) 12-month FPE 30 September 2022 compared to 17-month FPE 30 September 2021

The Group's revenue for the 12-month FPE 30 September 2022 increased by 13.05% to RM85.36 million as compared to the previous financial period (the annualised revenue for the 17-month FPE 30 September 2021 was RM53.30 million, representing an increase by 60.16% on an annualised basis). This was mainly due to the revenue from the Group's trading division increasing by RM34.96 million to RM55.53 million (17-month FPE 30 September 2021: RM20.57 million (annualised)). The increase in revenue from trading division is mainly arising from sales of COVID-19 test kits. The sales of COVID-19 test kits had contributed RM45.09 million or 52.82% of the revenue for the 12-month FPE 30 September 2022.

In addition, the newly established retail segment with the Group's first pharmaceutical outlet launched in March 2022 contributed RM0.25 million, which represents 0.29% of total revenue.

The Group recorded a higher GP of RM13.45 million (GP margin of 15.76%) for the 12-month FPE 30 September 2022 as compared to a GP of RM17.17 million (GP margin of 22.73%) in the previous financial period (the annualised GP for the 17-month FPE 30 September 2021 was RM12.12 million). The increase in GP was mainly due to favourable product mix. The decrease in GP margin was mainly due to sales of COVID-19 test kits which have a relatively low gross profit margin of 1.59%.

The Group recorded a PAT of RM1.03 million for the 12-month FPE 30 September 2022 as compared to a LAT of RM52.15 million in the previous financial period (the annualised LAT for the 17-month FPE 30 September 2021 was RM36.81 million). This was mainly due to:

- (i) higher GP as set out above; and
- (ii) net gain on impairment of financial assets amounting to RM3.01 million (17-month FPE 30 September 2021: net loss on impairment of financial assets amounting to RM40.67 million).

For the 12-month FPE 30 September 2022, the Group recorded a decrease in cash and cash equivalents of RM60.50 million (17-month FPE 30 September 2021: increase of RM77.83 million). This was mainly due to investment in quoted shares for RM37.50 million and net cash used in operating activities amounting to RM12.87 million.

(b) 17-month FPE 30 September 2021 compared to FYE 30 April 2020

The Group's revenue for the 17-month FPE 30 September 2021 increased by 37.40% to RM75.51 million as compared to the previous financial year (the annualised revenue for the 17-month FPE 30 September 2021 was RM53.30 million, representing a decrease by 3.01% on an annualised basis). This was mainly due to the annualised revenue from the Group's manufacturing division decreasing by RM1.24 million to RM32.73 million (FYE 30 April 2020: RM33.97 million). The decrease in annualised revenue from manufacturing division is mainly due to disruptions in the Group's operations during the MCO period as well as shortage of raw materials.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

The Group recorded a lower GP of RM17.17 million (GP margin of 22.73%) for the 17-month FPE 30 September 2021 as compared to a GP of RM19.79 million (GP margin of 36.02%) in the previous financial year. The decrease in GP and GP margin was mainly due to the following:

- (i) less favourable product mix; and
- (ii) net write down of inventories of RM5.97 million (FYE 30 April 2020: reversal of inventories of RM0.11 million).

The Group recorded a LAT of RM52.15 million for the 17-month FPE 30 September 2021 as compared to a PAT of RM4.55 million in the previous financial year (the annualised LAT for the 17-month FPE 30 September 2021 was RM36.81 million). This was mainly due to:

- (i) lower GP as set out above;
- (ii) impairment loss on non-trade receivables of RM38.63 million (FYE 30 April 2020: nil) as a result of the material litigations with Crecom Burj Gloves Sdn Bhd and Genesis Gateway Sdn Bhd; and
- (iii) professional fees of RM4.18 million (FYE 30 April 2020: RM1.16 million) which was mainly pertaining to listing expenses.

For the 17-month FPE 30 September 2021, the Group recorded an increase in cash and cash equivalents of RM77.83 million (FYE 30 April 2020: decrease of RM8.85 million). This was mainly due to proceeds received from the implementation of private placements.

(c) FYE 30 April 2020 compared to FYE 30 April 2019

The Group's revenue for the FYE 30 April 2020 increased by 47.80% to RM54.95 million as compared to the previous financial year. This was mainly due to:

- (i) the revenue from manufacturing and trading of medical peripherals and accessories increased by RM14.02 million to RM35.22 million (FYE 30 April 2019: RM21.20 million), which was mainly due to surge in demand arising from the COVID-19 outbreak; and
- (ii) the revenue from manufacturing of medical / healthcare beds increased by RM3.18 million (FYE 30 April 2019: RM11.44 million), which was mainly due to surge in demand arising from the COVID-19 outbreak.

The Group recorded a higher GP of RM19.79 million (GP margin of 36.02%) for the FYE 30 April 2020 as compared to a GP of RM10.59 million (GP margin of 28.48%) in the previous financial year. The higher GP was in line with the higher revenue as set out above as well as favourable product mix.

The Group recorded a PAT of RM4.55 million as compared to a LAT of RM2.86 million in the previous financial year. The PAT recorded was mainly due to:

- (i) higher GP as set out above; and
- (ii) net impairment gain on financial assets of RM0.19 million (FYE 30 April 2019: net impairment loss of RM0.40 million) which was mainly due to better collection of trade receivables.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

However, the PAT was partially offset by an increase in staff costs by RM1.84 million to RM6.78 million (FYE 30 April 2019: RM4.94 million) as a result of the expansion of the workforce in the Group's wholly-owned subsidiaries.

For FYE 30 April 2020, the Group recorded a decrease in cash and cash equivalents of RM8.85 million (FYE 30 April 2019: decrease of RM1.99 million). This was mainly due to net cash used in operating activities amounting to RM6.98 million (FYE 30 April 2019: net cash generated from operating activities amounting to RM0.87 million).

(d) FYE 30 April 2019 compared to FYE 30 April 2018

The Group's revenue for the FYE 30 April 2019 increased by 25.12% to RM37.18 million as compared to the previous financial year. This was mainly due to:

- (i) the revenue from trading of medical devices increased by RM2.91 million to RM4.55 million (FYE 31 April 2018: RM1.64 million), which was mainly due to the increase in orders for some of the Group's medical devices such as defibrillator and bedside monitor; and
- (ii) the revenue from manufacturing and trading of medical peripherals and accessories increased by RM2.86 million to RM21.20 million (FYE 30 April 2018: RM18.34 million), which was mainly arising from the growth in sales of existing products as well as the expansion on the Company's portfolio of products through several distributorship agreements inked during the FYE 30 April 2019.

The Group recorded a lower GP of RM10.59 million (GP margin of 28.48%) as compared to a GP of RM10.94 million (GP margin of 36.80%) in the previous financial year. The lower GP and GP margin were mainly due to the rising commodity prices during the year that leads to increase in raw material prices as well as the write-down of inventories of RM1.54 million.

The Group recorded an increase in LAT by 114.96% to RM2.86 million for the FYE 30 April 2019 as compared to the previous financial year. The higher LAT was mainly due to:

- (i) lower GP as set out above;
- (ii) increase in selling and distribution expenses by RM0.67 million to RM2.48 million (FYE 31 April 2018: RM1.81 million) in tandem with the increase in sales; and
- (iii) increase in impairment loss on financial assets by RM0.35 million to RM0.40 million (FYE 30 April 2018: RM0.05 million) due to accounting effects of MFRS 9 with effect from 1 January 2019.

For FYE 30 April 2019, the Group recorded a decrease in cash and cash equivalents of RM1.99 million (FYE 30 April 2018: decrease of RM9.16 million). This was mainly due to repayment of term loans and bankers' acceptances amounting to RM1.43 million during the FYE 30 April 2019.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**5. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of LKL Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are as follows:

| | High RM | Low RM |
|---|----------------------|-------------------|
| 2022 | | |
| February | 0.095 | 0.070 |
| March | 0.095 | 0.060 |
| April | 0.085 | 0.070 |
| May | 0.080 | 0.060 |
| June | 0.075 | 0.035 |
| July | 0.050 | 0.040 |
| August | 0.045 | 0.040 |
| September | 0.045 | 0.030 |
| October | ⁽¹⁾ 0.300 | 0.025 |
| November ⁽¹⁾ | 0.565 | 0.215 |
| December ⁽¹⁾ | 0.445 | 0.340 |
| 2023 | | |
| January ⁽¹⁾ | 0.390 | 0.355 |
| Last transacted market price on 16 June 2022, being the last Market Day immediately prior to the first announcement of the Rights Issue with Warrants | 0.060 | |
| Last transacted market price on 23 February 2023, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants (RM) | ⁽¹⁾ 0.250 | |
| Last transacted market price on the LPD (RM) | ⁽¹⁾ 0.370 | |

Note:

(1) Adjusted pursuant to the Share Consolidation that was completed on 17 October 2022.

(Source: Bloomberg)

6. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, save for the Provisional Allotments as well as Excess Rights Shares with Warrants, no option to subscribe for any securities of the Company has been granted or is entitled to be granted to any person.

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)**7. MATERIAL CONTRACTS**

Save as disclosed below, the Board confirmed that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the 2 years preceding the date of this Abridged Prospectus:

- (i) **Sale and Purchase Agreement:** LKLAM had on 17 December 2020 entered into a sale and purchase agreement with Positive Frontier Sdn Bhd to purchase a property known as Unit Plot 7 of Type KB 1, a 3 storey semi-detached factory under the individual title H.S. (D) 321667, PT 3282, Pekan Serdang, Daerah Petaling, Negeri Selangor under the "Bukit Serdang Industrial Park – Phase 3" development at the cash consideration of RM6,017,000.00. The sale and purchase agreement has been completed on 30 December 2022.
- (ii) **Sale and Purchase Agreement:** LKLAM had on 17 December 2020 entered into a sale and purchase agreement with Positive Frontier Sdn Bhd to purchase a property known as Unit Plot 8 of Type KB 1, a 3-storey semi-detached factory under the individual title H.S. (D) 321668, PT 3283, Pekan Serdang, Daerah Petaling, Negeri Selangor under the "Bukit Serdang Industrial Park – Phase 3" development at the cash consideration of RM5,986,200.00. The sale and purchase agreement has been completed on 30 December 2022.
- (iii) **Sale and Purchase Agreement:** Aluxcare Wellness had on 24 September 2021 entered into a sale and purchase agreement with Ho Ban Leong to purchase a property known as No. 26, 26A, B, Jln Tun Mohd Fuad 1, Tmn Tun Dr Ismail, 60000 WP Kuala Lumpur, a 3 storey shop office under individual title H.S.(D) 3328, Lot 29464, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur at a cash consideration of RM6,000,000.00. The sale and purchase agreement has been completed on 24 December 2021.
- (iv) **Sale and Purchase Agreement:** Aluxcare Wellness had on 5 November 2021 entered into a sale and purchase agreement with Nik Mohamed Holdings Sdn Bhd to purchase a property known as No. 16, 16-1, Jalan 25/70A, Desa Sri Hartamas, 50480 Kuala Lumpur, a 4-storey shop office under Geran 62380, Lot 47568, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL at a cash consideration of RM5,700,000.00. The sale and purchase agreement has been completed on 28 January 2022.
- (v) **Sale and Purchase Agreement:** LKLAM had on 27 January 2022 entered into a sale and purchase agreement with Thirty Keystone Sdn Bhd to purchase 60,196,966 ordinary shares in Parlo Berhad, constituting approximately a total of 13.78% of the total issued and paid-up ordinary shares of Parlo Berhad for cash consideration of RM13,243,332.52. The sale and purchase agreement has been completed on 27 January 2022.
- (vi) **Conditional Sale and Purchase Agreement:** LKLAM had on 21 February 2023 entered into a conditional sale and purchase agreement with Lembaga Kumpulan Wang Simpanan Pekerja to purchase a property known as Bangunan KWSP Damansara Fairway, No. 6A, Persiaran Tropicana, Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, a 12 storey commercial office block with 5 storey car park containing 130 car park bays which is held under Pajakan Negeri 12257, Lot 934, Bandar Damansara, Daerah Petaling, Negeri Selangor at the cash consideration of RM24,000,000.00 of which RM2,400,000.00 being the deposit has been paid by LKLAM to Lembaga Kumpulan Wang Simpanan Pekerja upon the signing of this agreement and the balance purchase consideration thereafter to be paid on the completion date.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

The sale and purchase agreement is conditional upon (i) receipt of the consent of the State Authority to the transfer of the property by Lembaga Kumpulan Wang Simpanan Pekerja to LKLAM and consent of the State Authority to charge the property by LKLAM to its financier, and, (ii) approval of the Economic Planning Unit of the Prime Minister's Department, Malaysia to the acquisition of the property by LKLAM. The sale and purchase agreement is also subject to existing tenancies and service contracts which are to be novated to LKLAM.

8. MATERIAL LITIGATION

As at the LPD, save as disclosed below, LKL Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the Group, or of any facts likely to give rise to any such proceedings which might materially affect the business or financial position of the Group:

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

On 16 December 2020, LKL's wholly-owned subsidiary, LKLAM ("**Plaintiff**"), had filed an Originating Summons ("**OS**") in the High Court in Kuala Lumpur to seek for an injunction against Crecom Burj Gloves Sdn Bhd ("**Defendant**"). The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's assets up to the amount of RM12,542,783.60 after hearing all parties involved. On 9 April 2021, the Defendant filed an affidavit to declare and list out all the necessary details of its assets and current locations of the same. The Defendant had filed an appeal bearing appeal no. W-02(NCC)(A)-719-04/2021 to the Court of Appeal, Putrajaya to appeal against the injunction granted by the High Court in Kuala Lumpur to the Plaintiff. However, the Defendant has withdrawn its appeal No. W-02(NCC)(A)-719-04/2021 at the Court of Appeal on 9 September 2021.

In line with the OS, the Plaintiff had also filed a Notice of Arbitration dated 11 January 2021 ("**Arbitration**") against the Defendant. The Plaintiff claims against the Defendant for breach of the Purchase Agreement dated 2 October 2020 which was entered into by both parties for the purchase of gloves from the Defendant. In the Arbitration, the Plaintiff is seeking from the Defendant the sum of RM12,542,783.60, general damages, interest, costs and any further relief that the arbitral tribunal thinks fit and just. The Defendant filed a Response to the Arbitration dated 16 February 2021 counterclaiming for the sum of RM20,374,500.00 for the purported balance amount due to the Defendant. The Arbitration is pending appointment of arbitrator by the director of Asian International Arbitration Centre.

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

On 24 May 2021, LKL had through its solicitors, Messrs Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn Bhd ("**The Edge**"). The suit was initiated against The Edge for the article published at pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny" ("**Article**"), of which the Company alleged that certain words in the Article were defamatory of LKL.

LKL is seeking from The Edge, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of the LKL.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

On 19 August 2021, the Edge has filed a striking out application to strike out LKL's claim and the High Court has on 17 May 2022 dismissed The Edge's striking out application with costs in the cause. The Court has further fixed the suit for trial on 15 to 17 January 2024.

The lawyers for LKL are of the opinion that LKL has a reasonably good chance in their claim.

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

On 26 July 2021, LKL's wholly-owned subsidiary, LKLAM ("**Plaintiff**"), had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn Bhd, Crecom Burj Group Sdn Bhd, Datin Roslinda Binti Jaafar, Khairil Anuar Bin A. Rahman, Nurul Ashikin Binti Muhammad Muhiyuddin, Chew Seng Ker and Nurul Balqis Binti Khairul Anuar ("**Defendants**").

The Plaintiff claiming against Defendants for the return of RM12,540,757.20 being payment made by the Plaintiff for the purchase of gloves from Crecom Burj Group Sdn Bhd pursuant to the Purchase Agreement dated 2 October 2020. The suit is fixed for trial from 20, 21, 23 and 24 May 2024.

On 23 August 2022, the second Defendant, Crecom Burj Group Sdn Bhd has been wound up by the Kuala Lumpur High Court. LKLAM has filed a post-winding up suit no. WA-28PW-620-12/2022 to obtain leave from the Kuala Lumpur High Court to continue the proceeding against the second Defendant, Crecom Burj Group Sdn Bhd in suit WA-22NCC-331-07/2021 and the matter is fixed for hearing on 16 February 2023.

On 29 September 2022, the first Defendant, Crecom Burj Gloves Sdn Bhd has been wound up by the Shah Alam High Court. LKLAM has filed a post-winding up suit no. BA-28PW-314-12/2022 to obtain leave from the Shah Alam High Court to continue the proceeding against the first Defendant, Crecom Burj Gloves Sdn Bhd in suit WA-22NCC-331-07/2021 and the matter is fixed for hearing on 6 March 2023.

The lawyers for LKLAM are of the opinion that LKLAM has a fair chance in their claim against the Defendants.

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

On 8 November 2021, LKL's wholly owned subsidiary, LKLAM ("**Petitioner**") had through its solicitors, Messrs Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court against Genesis Gateway Sdn Bhd ("**Respondent**") for the sum of RM13,311,960.96, indebted by the Respondent to the Petitioner wherein the Petitioner is seeking inter alia for the Respondent to be wound up by the Court and the incidental reliefs related thereto. Pursuant to a winding up order dated 13 July 2022, the Court has ordered the Respondent to be wound up and a cost of RM5,000 is to be paid up from the assets of the Respondent to the Petitioner. The Court has also appointed a liquidator of the Respondent and Petitioner has filed their proof of debt to the liquidator on 31 October 2022.

The lawyers for LKLAM are of the opinion that LKLAM has a fair chance of recovery of their debt from the Respondent.

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

9. CONSENTS

- (i) The written consents of the Principal Adviser, company secretary, Share Registrar, IMR and the solicitors for the Rights Issue with Warrants for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.
- (ii) The written consent of Bloomberg for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of LKL at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor during normal business hours from Monday to Friday (except public holidays) for a period of 6 months from the date of this Abridged Prospectus:

- (i) the Constitution of the Company;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the IMR Report referred to in Sections 8.1 and 8.2 of this Abridged Prospectus;
- (iv) the material contracts referred to in Section 7 of Appendix I above;
- (v) the relevant cause papers in respect of the material litigation referred to in Section 8 of Appendix I above;
- (vi) the letters of consent referred to in Section 9 of Appendix I above; and
- (vii) the Deed Poll.

11. RESPONSIBILITY STATEMENT

- (i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the accuracy of the information contained therein and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.
- (ii) TA Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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