

**Kimlun Corporation Berhad**  
**[Registration No.: 200901023978 (867077-X)]**  
**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the 1st Quarter Ended 31 March 2021**

	<b>Individual Quarter</b>		<b>Cumulative Period</b>	
	<b>Current Year Quarter 31/03/2021 RM'000</b>	<b>Preceding Year Quarter 31/03/2020 RM'000</b>	<b>Current Year To Date 31/03/2021 RM'000</b>	<b>Preceding Year To Date 31/03/2020 RM'000</b>
<b>Revenue</b>	210,275	245,334	210,275	245,334
Cost of sales	(187,802)	(221,962)	(187,802)	(221,962)
<b>Gross profit</b>	22,473	23,372	22,473	23,372
Other income	2,654	1,758	2,654	1,758
Selling and administrative expenses	(8,973)	(10,936)	(8,973)	(10,936)
Finance costs	(3,643)	(4,793)	(3,643)	(4,793)
Share of (loss)/profit of joint ventures	(125)	9	(125)	9
<b>Profit before tax</b>	12,386	9,410	12,386	9,410
Income tax expense	(3,298)	(2,825)	(3,298)	(2,825)
<b>Profit net of tax</b>	9,088	6,585	9,088	6,585
<b>Other comprehensive income</b>	1	-	1	-
<b>Total comprehensive income for the period</b>	<u>9,089</u>	<u>6,585</u>	<u>9,089</u>	<u>6,585</u>
<b>Profit attributable to :</b>				
Owners of the Company	9,122	6,595	9,122	6,595
Non-controlling interests	(34)	(10)	(34)	(10)
	<u>9,088</u>	<u>6,585</u>	<u>9,088</u>	<u>6,585</u>
<b>Earnings Per Share (Sen)</b>				
- Basic (2)	2.58	1.94	2.58	1.94
- Diluted (2)	2.58	1.94	2.58	1.94
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	9,123	6,595	9,123	6,595
Non-controlling interests	(34)	(10)	(34)	(10)
	<u>9,089</u>	<u>6,585</u>	<u>9,089</u>	<u>6,585</u>

**Notes:**

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B11 for details.

**Kimlun Corporation Berhad**  
**As at 31 March 2021**

	Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
<b>Assets</b>		
<b>Non- current assets</b>		
Property, plant and equipment	165,314	172,919
Right-of-use asset	5,099	5,868
Land held for property development	171,610	171,581
Investment properties	151	153
Other investments	75	75
Investment in joint ventures	17,488	17,613
Deferred tax assets	1,154	653
	<u>360,891</u>	<u>368,862</u>
<b>Current assets</b>		
Property Development costs	80,314	78,914
Inventories	115,208	129,379
Trade and other receivables	478,334	460,879
Prepayment	6,492	6,750
Contract assets	355,500	374,719
Cash and bank balances	48,123	57,475
	<u>1,083,971</u>	<u>1,108,116</u>
<b>TOTAL ASSETS</b>	<u>1,444,862</u>	<u>1,476,978</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Income tax payable	6,769	4,139
Loans and borrowings	263,404	274,922
Lease liability	2,822	2,964
Trade and other payables	257,286	270,870
Contract liabilities	27,870	36,315
Provisions	19,758	18,201
	<u>577,909</u>	<u>607,411</u>
<b>Net current assets</b>	<u>506,062</u>	<u>500,705</u>
<b>Non-current liabilities</b>		
Loans and borrowings	121,112	132,186
Lease liabilities	2,458	3,087
	<u>123,570</u>	<u>135,273</u>
<b>TOTAL LIABILITIES</b>	<u>701,479</u>	<u>742,684</u>
<b>Net assets</b>	<u>743,383</u>	<u>734,294</u>
<b>Equity</b>		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	34,124	34,123
Retained earnings	444,989	435,867
<b>Equity attributable to owners of the Company</b>	<u>735,033</u>	<u>725,910</u>
Non-controlling interests	8,350	8,384
<b>Total equity</b>	<u>743,383</u>	<u>734,294</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,444,862</u>	<u>1,476,978</u>

Net Assets Per Share Attributable to owners of the  
Company (RM)

2.08

2.05

**Kimlun Corporation Berhad**

[Registration No.: 200901023978 (867077-X)]

**Unaudited Condensed Consolidated Statement of Changes in Equity**

**As at 31 March 2021**

	Attributable to owners of the Company							
	<----- Non-distributable ----->				Distributable			
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings	Sub-Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>YTD ended 31 March 2021</u></b>								
<b>Balance At 1/1/2021</b>	255,944	(24)	34,194	(71)	435,867	725,910	8,384	734,294
Total comprehensive (loss)/income for the period	-	-	-	1	9,122	9,123	(34)	9,089
<b>At 31/03/2021</b>	<b>255,944</b>	<b>(24)</b>	<b>34,194</b>	<b>(70)</b>	<b>444,989</b>	<b>735,033</b>	<b>8,350</b>	<b>743,383</b>
<b><u>YTD ended 31 March 2020</u></b>								
<b>Balance At 1/1/2020</b>	247,279	(24)	34,194	(71)	439,095	720,473	56	720,529
Total comprehensive income for the period	-	-	-		6,595	6,595	(10)	6,585
<b>At 31/03/2020</b>	<b>247,279</b>	<b>(24)</b>	<b>34,194</b>	<b>(71)</b>	<b>445,690</b>	<b>727,068</b>	<b>46</b>	<b>727,114</b>

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements

**Kimlun Corporation Berhad**  
**[Registration No.: 200901023978 (867077-X)]**  
**Unaudited Condensed Consolidated Statement of Cash Flow**  
**For The Period Ended 31 March 2021**

	<b>Current Year To Date 31/03/2021 RM'000</b>	<b>Preceding Year To Date 31/03/2020 RM'000</b>
<b>Operating activities</b>		
Profit before tax	12,386	9,410
Adjustment for :		
Allowance for impairment on trade receivables	222	-
Reversal of allowance for impairment on trade receivables	-	(36)
Bad Debts written off	6	-
Bad Debts recovered	(760)	-
Unrealised foreign exchange (gain)/loss	(1,437)	2,977
Depreciation	10,349	9,882
Depreciation of right-of-use assets	848	893
Depreciation of investment properties	2	-
Impairment loss on investment properties	-	21
Reversal of provision for obsolete inventories	(80)	-
Provision for defect liabilities costs	1,557	478
Gain on disposal of property, plant and equipment	(662)	(37)
Gain on derecognition of right-of-use assets	(4)	-
Fixed asset written off	106	-
Interest expenses	3,643	4,793
Interest income	(184)	(933)
Share of loss/(profit) of joint ventures	125	(9)
Operating cash flows before changes in working capital	<u>26,117</u>	<u>27,439</u>
<b>Changes in working capital</b>		
Development property	(985)	(1,338)
Inventories	14,251	17,232
Receivables	(10,881)	(40,907)
Other current assets	19,284	28,910
Payables	(16,315)	(37,169)
Other current liabilities	(8,171)	(20,846)
Cash flows generated from/(used in) operations	<u>23,300</u>	<u>(26,679)</u>
Interest paid	(3,915)	(5,746)
Tax paid	(1,168)	(4,856)
Interest received	184	281
Net cash flows generated from/(used in) operating activities	<u>18,401</u>	<u>(37,000)</u>
<b>Investing activities</b>		
Purchase of land held for property development and expenditure on land held for property development	(30)	(14,991)
Purchase of property, plant and equipment	(2,860)	(2,733)
Proceeds from disposal of property, plant & equipment	672	947
Net cash flows used in investing activities	<u>(2,218)</u>	<u>(16,777)</u>
<b>Financing activities</b>		
(Repayment of)/drawdown of loans and borrowings	(14,625)	42,513
(Repayment to)/advance from joint ventures	(2,157)	3,345
Repayment to hire purchase creditors	(5,496)	(7,260)
Repayment of lease liabilities	(847)	(941)
(Pledge)/uplift of fixed deposit with licensed bank	(46)	113
Net cash flows (used in)/generated from financing activities	<u>(23,171)</u>	<u>37,770</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(6,988)</u>	<u>(16,007)</u>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<u>146</u>	<u>(985)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	<u>33,044</u>	<u>18,735</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>26,202</u>	<u>1,743</u>
<b>Cash and cash equivalents at end of the financial period comprise the following:</b>		
Cash and bank balances	48,123	52,320
Less: Pledge of fixed deposit with licensed banks	(21,797)	(22,014)
Bank overdrafts (included within short term borrowings)	(124)	(28,563)
	<u>26,202</u>	<u>1,743</u>
<b>Notes:</b>		
(1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements		

## NOTES TO THE REPORT

### PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

#### A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 (“FY2020 AFS”).

#### A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group’s FY2020 AFS except for the adoption of the following new MFRS, amendments to MFRS and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

Amendments to MFRS 16 Leases – Covid-19 Related Rent Concessions Beyond 30 June 2021 (should we include this even though effective date is 1 April)

The directors are of the opinion that the Standards and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

#### A3. Auditor’s report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

#### A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

#### A5. Items of Unusual Nature

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year-to-date except for the effects of the Movement Control Order (“MCO”) 2.0 and the various standard operating procedures (“SOPs”) thereunder imposed by the Malaysia Government on Johor, Selangor and Wilayah Persekutuan, and conditional MCO on Negeri Sembilan, where most of our projects and manufacturing plants are located, from 13 January 2021 to 4 March 2021. As a result of that, our compliance with the SOPs has resulted in

lower productivity of our business operations and our project sites were operating at below optimum efficiency in view of the safety measures required according to the guidelines set by the relevant ministry.

**A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

**A7. Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

**A8. Dividend Paid**

There was no payment of dividend during the financial year-to-date.

**A9. Valuation of property, plant and equipment**

There was no valuation of property, plant and equipment in the current financial quarter.

**A10. Capital commitments**

Capital commitment for property, plant and equipment, and land for development not provided for as at 31 March 2021 are as follows:

	RM'000
Approved and contracted for	<u>144,949</u>

The capital commitment is mainly for the purchase of land as detailed in Note B7(a) to Note B7(c).

**A11. Property, Plant and Equipment**

The Group acquired property, plant and equipment amounting to RM2.86 million during the financial year-to-date, mainly incurred for the purchase of formwork.

**A12. Material events subsequent to the end of period reported**

Subsequent to the end of the current financial quarter:

- (i) the Malaysia Government imposed a nation wide MCO 3.0 from 12 May 2021 to 7 June 2021, and stricter SOPs for social and economic sectors, in response to the rising COVID-19 infections and the presence of new coronavirus variants with higher infection rates.

The stricter SOPs include shorter business hours and 40% of the private sector staff shall work from home.

The stricter SOPs is expected to impact the productivity of our business operations.

- (ii) the Singapore Government further tightened its COVID-19 measures as it seeks to control the increase in untraceable COVID-19 infections in the country.

In addition, Singapore bars all long-term pass holders and short-term visitors with recent travel history to India, Bangladesh, Nepal, Pakistan and Sri Lanka from entering Singapore effective from 24 April 2021 and 2 May 2021 respectively.

The entry ban is expected to further squeeze manpower supply in Singapore's construction sector which employs many Indian and Bangladeshi workers.

This may affect the progress or implementation of our customers' projects in Singapore, and may result in deferments in their taking delivery of our goods, which will consequentially impact on our revenue.

**A13. Changes in composition of the group**

There were no changes in the composition of the Group during the current financial year up to 22 May 2021, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report.

**A14. Contingent liabilities or contingent assets**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**A15. Significant Related Party Transactions**

There was no significant related party transaction during the current quarter under review.

**KIMLUN CORPORATION BERHAD (867077-X)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

**A16. Segmental Information**

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing and trading of building materials;
- c) Property development; and
- c) investment

The segment revenue and results for the financial period ended 31 Mar 2021:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External sales	153,191	52,037	5,046	1	0	210,275
Inter-segment sales	723	24,688	0	93	(25,504)	0
Total revenue	153,914	76,725	5,046	94	(25,504)	210,275
<b>RESULTS</b>						
Profit from operations	8,495	12,899	871	94	114	22,473
Other operating income						2,654
Selling and administrative expenses						(8,973)
Finance costs						(3,643)
Share of loss of joint ventures						(125)
Profit before tax						12,386
Income tax expense						(3,298)
<b>Profit net of tax</b>						9,088
<b>Segment Assets</b>	845,895	320,474	348,629	313,544	(383,680)	1,444,862
<b>Segment Liabilities</b>	448,236	143,190	194,427	5,260	(89,634)	701,479



**KIMLUN CORPORATION BERHAD (867077-X)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

The segment revenue and results for the financial period ended 31 March 2020:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
<b>External sales</b>	188,293	55,301	1,737	3	0	245,334
Inter-segment sales	1,231	22,829	0	6,037	(30,097)	0
Total revenue	189,524	78,130	1,737	6,040	(30,097)	245,334
<b>RESULTS</b>						
Profit from operations	14,326	8,615	344	6,040	(5,953)	23,372
Other operating income						1,758
Selling and administrative expenses						(10,936)
Finance costs						(4,793)
Share of profit of a joint venture						9
Profit before tax						9,410
Income tax expense						(2,825)
<b>Profit net of tax</b>						6,585
<b>Segment Assets</b>	972,033	296,589	335,175	300,174	(361,278)	1,542,693
<b>Segment Liabilities</b>	577,230	131,190	195,370	474	(88,685)	815,579

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

	Individual Quarter (1st Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2020 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2021 RM'000	Preceding Year Quarter 31/3/2020 RM'000	Amount RM'000	%	Current Year To Date 31/3/2021 RM'000	Preceding Year To Date 31/3/2020 RM'000	Amount RM'000	%		Amount RM'000	%
<b>Revenue</b>											
Construction	153,914	189,524	(35,610)	-18.8%	153,914	189,524	(35,610)	-18.8%	188,486	(34,572)	-18.3%
Manufacturing & Trading	76,725	78,130	(1,405)	-1.8%	76,725	78,130	(1,405)	-1.8%	82,155	(5,430)	-6.6%
Property Development	5,046	1,737	3,309	190.5%	5,046	1,737	3,309	190.5%	569	4,477	786.8%
Investment	94	6,040	(5,946)	-98.4%	94	6,040	(5,946)	-98.4%	11,579	(11,485)	-99.2%
Elimination	(25,504)	(30,097)	4,593	-15.3%	(25,504)	(30,097)	4,593	-15.3%	(39,224)	13,720	-35.0%
Consolidated revenue	210,275	245,334	(35,059)	-14.3%	210,275	245,334	(35,059)	-14.3%	243,565	(33,290)	-13.7%
<b>Gross profit ("GP")</b>											
Construction	8,495	14,326	(5,831)	-40.7%	8,495	14,326	(5,831)	-40.7%	14,057	(5,562)	-39.6%
Manufacturing & Trading	12,899	8,615	4,284	49.7%	12,899	8,615	4,284	49.7%	14,815	(1,916)	-12.9%
Property Development	871	344	527	153.2%	871	344	527	153.2%	143	728	509.1%
Investment	94	6,040	(5,946)	-98.4%	94	6,040	(5,946)	-98.4%	11,579	(11,485)	-99.2%
Elimination	114	(5,953)	6,067	-101.9%	114	(5,953)	6,067	-101.9%	(11,371)	11,485	-101%

**KIMLUN CORPORATION BERHAD (867077-X)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

	Individual Quarter (1st Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2020 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2021 RM'000	Preceding Year Quarter 31/3/2020 RM'000	Amount RM'000	%	Current Year To Date 31/3/2021 RM'000	Preceding Year To Date 31/3/2020 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	22,473	23,372	(899)	-3.8%	22,473	23,372	(899)	-3.8%	29,223	(6,750)	-23.1%
<b>GP margin</b>											
Construction	5.5%	7.6%			5.5%	7.6%			7.5%		
Manufacturing & Trading	16.8%	11.0%			16.8%	11.0%			18.0%		
Property Development	17.3%	19.8%			17.3%	19.8%			25.1%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	10.7%	9.5%			10.7%	9.5%			12.0%		
Other income	2,654	1,758	896	51.0%	2,654	1,758	896	51.0%	2,409	245	10.2%
Selling & administrative expenses	(8,973)	(10,936)	1,963	-17.9%	(8,973)	(10,936)	1,963	-17.9%	(17,652)	8,679	-49.2%
Finance costs	(3,643)	(4,793)	1,150	-24.0%	(3,643)	(4,793)	1,150	-24.0%	(4,800)	1,157	-24.1%
Share of (loss)/profit of joint ventures	(125)	9	(134)	-1489%	(125)	9	(134)	-1489%	(221)	96	-43.4%
<b>Profit before tax</b>	12,386	9,410	2,976	31.6%	12,386	9,410	2,976	31.6%	8,959	3,427	38.3%
<b>Profit net of tax</b>	9,088	6,585	2,503	38.0%	9,088	6,585	2,503	38.0%	4,770	4,318	90.5%

## NOTES TO REPORT

### PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

#### B1. Operating Segments Review

(a) Quarter 1 Financial Year (FY) Ending 31 December 2021 vs Quarter 1 FY2020

Revenue of the Group of RM210.27 million for current quarter is RM35.06 million (14.3%) lower compared to RM245.33 million registered in Quarter 1 FY2020.

Gross profit ("GP") of the Group of RM22.47 million for current quarter is RM0.90 million (3.8%) lower compared to RM23.37 million achieved in Quarter 1 FY2020.

Profit after tax of the Group of RM9.09 million for the current quarter is RM2.51 million (38.0%) higher than the RM6.58 million achieved in Quarter 1 FY2020.

(b) Performance review

A lower revenue was recorded in the current quarter as all business divisions, except for property development division, achieved lower revenue during current quarter.

Construction revenue recorded in the current quarter of RM153.91 million was lower than RM189.52 million recorded in Quarter 1 2020 by RM35.61 million (18.8%) due to the following:

- (i) some of the larger size projects were nearing completion; and
- (ii) order book replenishment opportunities were substantially reduced in last financial year and current quarter as developers deferred or cancelled their planned roll out of new projects amidst a weak economic environment caused by the COVID-19 pandemic and the impact of the various movement control orders.

Manufacturing and trading ("M&T") revenue recorded in the current quarter of RM76.73 million was marginally lower compared to Quarter 1 FY2020 as the sales orders in relation to Klang Valley MRT Line 2 project were at tail end.

Property development revenue recorded in the current quarter was higher as more houses were sold during the period.

Revenue of the investment division in the current quarter was derived from interest income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group's GP margin of 10.7% in the current quarter was higher compared to 9.5% of Quarter 1 FY2020, as the M&T division achieved a stronger GP margin of 16.8% in the current quarter compared to 11.0% in Quarter 1 FY2020.

The improvement in the M&T GP was mainly attributable to better profit margin products were sold in the current quarter.

Conversely, the construction division achieved a lower GP margin of 5.5% in the current quarter, compared to 7.6% in Quarter 1 FY2020. This is mainly due to:

- (i) projects mix with higher composition of lower margin projects; and
- (ii) fixed and semi-fixed costs such as depreciation and human resource costs did not reduce in the same proportion as the reduction in construction revenue

Property division achieved a lower GP margin as lower profit margin products were sold in the current quarter.

As the reduction in revenue outweighed the contribution of the improved consolidated GP margin, GP recorded in the current quarter of RM22.47 million was RM0.90 million (3.8%) lower compared to Quarter 1 FY2020.

Other income of RM2.65 million in the current quarter was RM0.90 million (51%) higher compared to Quarter 1 FY2020, mainly due to bad debts recovered of RM0.76 million in the current quarter.

Selling and administrative ("S&A") expenses of RM8.97 million in the current quarter is RM1.96 million lower compared to Quarter 1 FY2020, mainly due to:

- (i) the strengthening of Singapore dollar against Ringgit Malaysia resulting in a favorable foreign exchange difference of RM1.16 million compared to Quarter 1 FY2020;
- (ii) processing fee of RM0.48 million paid to the relevant authority in Quarter 1 FY2020 to convert our inventory of Bumiputra property lots to international status.

Finance costs of RM3.64 million in the current quarter is RM1.15 million lower compared to Quarter 1 FY2020, due to lower interest rate and lower utilization of banking facilities in line with lower scale of operation in the current quarter.

Share of loss of joint ventures is higher by RM0.13 million compared to Quarter 1 FY2020.

Due to the variances in gross profit, other income and expenses as stated above, the profit before tax and profit after tax recorded in the current quarter increased by RM2.98 million (31.6%) to RM12.39 million and by RM2.51 million (38.0%) to RM9.09 million respectively compared to Quarter 1 FY2020.

**(c) Group Cash Flow Review**

For the current period, the Group registered net cash generated from operating activities of RM18.40 million. Net cash used in investing activities of RM2.22 million is due to the purchase of property, plant and equipment. Net cash used in financing activities of RM23.17 million is mainly due to repayment of loans and borrowings, hire purchase facilities and advance from joint ventures.

**B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter**

Revenue recorded in the current quarter is 13.7% lower compared to the preceding quarter as all the business divisions, except for property development division, achieved lower revenue in the current quarter. The contributing factors of the variances were as explained in Note B1.

GP recorded in the current quarter is 23.1% lower compared to the preceding quarter due to lower revenue and GP margin achieved in the current quarter. Higher GP margin was achieved in the preceding quarter due to the projects/products mix with higher composition of better margin projects/products.

S&A expenses are lower by RM8.68 million (49.2%) in the current quarter, mainly due to the recognition of impairment loss of RM7.32 million in relation to a parcel of land held for development in the preceding quarter.

Finance costs are lower by RM1.16 million (24.1%) due to lower utilization of banking facilities in line with lower scale of operation and lower interest rates during the current quarter.

Profit before and after tax is higher in the current quarter by RM3.43 million (38.0%) and RM4.32 million (90.5%) compared to preceding quarter.

### **B3. Prospects For 2021**

For 2020 as a whole, the Malaysian economy contracted by 5.6%, mainly attributed to the imposition of MCO 1.0 during the period to contain the outbreak of COVID-19. All sectors recorded negative growth during the year, with construction sector recorded the biggest decline at 19.4%.

The growth trajectory is projected to improve from the second quarter of 2021 onwards. The improvement will be driven by the recovery in global demand, where the International Monetary Fund (IMF) has revised upwards their 2021 global growth forecast by 0.3 percentage points to 5.5%. Growth will also be supported by a turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine roll-out which will commence in February 2021 is also expected to lift sentiments.

*(Source: Media release of the Bank Negara Malaysia on 11 February 2021)*

For the whole of 2020, the Singapore economy contracted by 5.4 per cent. The construction sector shrank by 35.9 per cent, a sharp retraction from the 1.6 per cent growth posted in 2019, weighed down by weakness in both public sector and private sector construction works.

The Singapore economy is expected to see a gradual recovery over the course of the year, the GDP growth forecast for 2021 is 4.0 to 6.0 per cent.

The construction sector is projected to recover from the low base last year, however, activity levels at construction worksites will continue to be dampened by the requirement for safe management measures. The recovery in output in this sector is also expected to be slow due to the plunge in contracts awarded for construction works in 2020.

*(Source: Media release of The Ministry of Trade and Industry of Singapore on 14 February 2021)*

The Group's businesses and operations were not spared from the impact of the measures taken by the Malaysia Government and Singapore Government to contain the COVID-19 pandemic, and the contraction of Malaysian economy and Singapore economy in 2020. The execution of our construction projects and sales orders in Malaysia were halted during the MCO 1.0 period, while the export of our precast concrete products to Singapore was severely reduced during the Circuit Breaker Order period which began on 7 April 2020 and ended on 1 June 2020, and few months after the Circuit Breaker Order period.

Order book replenishment opportunities were substantially reduced due to the postponements in the award of some Singapore public sector projects from 2020 to 2021, and developers delayed or cancelled their planned roll out of new projects amidst a weak market sentiment.

Extension of time were obtained for on-going projects which were affected by the MCO 1.0, and some of the delayed works and sales orders were spilled over to 2021.

The Malaysia Government imposed MCO 2.0 and MCO 3.0, as detailed in Note A5 and Note A12, which have resulted in lower productivity of our business operations and our project sites were operating at below optimum efficiency in view of the safety measures required according to the guidelines set by the relevant ministry.

As the COVID-19 pandemic continues to evolve with new variants being discovered, it is challenging to predict when the pandemic will come to an end and the full extent of its impact on the economy in general, and to the operations and business of the Group. The Group will continue to monitor the development of the COVID-19 pandemic in Malaysia and Singapore and will continue to take necessary measures including strict compliance with the guidelines from the health authorities, active monitoring of the cash flow requirements of the Group and timely procurement of additional banking facilities, where necessary, to mitigate the impact of COVID-19 pandemic to the Group's business and financial condition.

As at 31 March 2021, the estimated construction and manufacturing balance order book of approximately RM0.92 billion and RM0.29 billion respectively, from a diversified clientele, will contribute to the Group's revenue for about 2 years.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Lebuhraya Borneo Utara Sdn Bhd, WCT Construction Sdn Bhd UEM Sunrise Bhd Group, Sunway Iskandar Sdn Bhd, Hillcrest Gardens Sdn Bhd and China Railway First Group Co. Ltd. Our on-going projects and sales orders include the following:

- (a) The supply contracts in relation to the supply of segmental box girders, tunnel lining segments ("TLS") and other precast concrete products to LRT 3, with aggregate contract value of approximately RM49 million. The supplies of products under these contracts are expected to be completed in 2021;
- (b) Pan Borneo Highway ("PBH") - Zecon Kimlun Consortium Sdn Bhd, the Company's 30% owned joint venture company was awarded with a work package under the PBH for a contract sum of RM1.46 billion. The estimated completion period of the project is year 2022;
- (c) Main building works for 1 block of commercial building and 1 block of apartments at Medini Iskandar, Mukim Pulai, Daerah Johor Bahru, Johor at a contract sum of RM165.82 million. The estimated completion period of the project is year 2021;
- (d) Main building works for 2 blocks of apartments in Selangor for a contract sum of RM204.40 million. The estimated completion period of the project is year 2022; and
- (e) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 projects for S\$15.39 million. The estimated completion period of the project is year 2022.

The Group will continue to bid actively for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2021 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, couple with the support from bankers, are good supporting factors for the Group to bid for and execute future

projects. In addition, the Group has obtained additional certification from CIDB in late 2020 on its qualification to construct hospitals which will expand the range of construction projects which the Group can bid for.

The Group expects some tender opportunities from the following public sector projects in 2021:

- (i) Phase 2 of Pan Borneo Highway Sarawak;
- (ii) Autonomous Rapid Transit (ART) Sarawak;
- (iii) Johor-Singapore Rapid Transit System;
- (iv) Iskandar Malaysia Bus Rapid Transit;
- (v) Central Spine Road;
- (vi) Some hospitals projects; and
- (vii) Affordable housing projects

Further, the Group's construction arm will undertake construction works for in-house property developments projects as detailed in the ensuing section of this report. Meanwhile, the Group will be selective and remain cautious in the bidding of other private sector projects, to mitigate credit risks.

### ***Singapore Construction Sector***

The Building and Construction Authority of Singapore ("BCA") projects the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) to range between S\$23 billion and S\$28 billion. This is an improvement from the S\$21.3 billion (preliminary estimate) in 2020 during the ongoing COVID-19 pandemic.

The public sector is expected to drive the construction demand in 2021, to between S\$15 billion and S\$18 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

Private sector construction demand is projected to be between S\$8 billion and S\$10 billion in 2021. BCA projects the bulk of private sector construction demand in 2021 to comprise development of the remaining en-bloc residential sites, major retrofitting of commercial developments as well as construction of high-specification industrial buildings to meet business needs.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$25 billion and S\$32 billion per year from 2022 to 2025.

Our subsidiary SPC Industries Sdn Bhd ("SPC") has very strong track record in the supply of precast components including TLS, concrete rail sleepers and jacking pipes to large public sector infrastructure projects in Singapore including Singapore MRT projects, Deep Tunnel Sewerage System Phase 2 and Singapore Power's underground cable tunnel.

Further, SPC has been a frequent supplier of IBS components to various projects in Singapore.



With its strong track record in Singapore, SPC is well positioned to compete for further potential sales orders from MRT and sewerage projects.

#### ***Property Development Division***

The Group plans to launch the following 2 property development projects around mid of 2021:

- (i) 16 units of bungalows in Bukit Bayu, Seksyen U10, Shah Alam, Selangor, with estimated gross development value ("GDV") of approximately RM37 million; and
- (ii) 60 units of semi-detached houses in Bandar Seri Alam, Johor, with estimated GDV of approximately RM61 million.

The Group will continue to follow up closely on the conclusion of the sale of its 30 units of bungalows in Bukit Bayu, Seksyen U10, Shah Alam, Selangor, which was launched in mid of 2020, at selling price of RM2.15 million and above. As at 30 April 2021, sales and purchase agreements have been executed for 22 units of the bungalow.

#### **B4. Profit Forecast And Profit Estimate**

The Group did not issue any profit forecast or profit estimate previously in any public document.

#### **B5. Profit Before Tax**

The following items have been included in arriving at profit before tax:

	<b>Current Quarter 3 months ended 31.3.2021 RM'000</b>	<b>Cumulative Quarter 3 months ended 31.3.2021 RM'000</b>
(a) interest income	184	184
(b) other income including investment Income	1,809	1,809
(c) interest expense	3,500	3,500
(d) depreciation and amortization	11,199	11,199
(e) provision for and write off of receivables	0	0
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(662)	(662)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(742)	(742)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

## B6. Taxation

	Current Quarter 3 months ended 31.3.2021 RM'000	Cumulative Quarter 3 months ended 31.3.2021 RM'000
In respect of the current period		
- Income tax	3,799	3,799
- Deferred tax	(501)	(501)
	<u>3,298</u>	<u>3,298</u>
In respect of prior year		
- Income tax	-	-
- Deferred tax	-	-
	<u>3,298</u>	<u>3,298</u>

The effective tax rate for the period under review was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations, and potential deferred tax benefits in relation to interest expenses were not recognized on prudent basis.

## B7. Status of Corporate Proposals

- (a) On 28 December 2017, the Company's subsidiary, Kii Ashbury Sdn Bhd entered into a sale and purchase agreement with Meridin East Sdn Bhd to purchase 17.90 acres of land forming part of the freehold agriculture land held under HSD 566044 PTD 224535, in the Mukim of Plentong, Daerah Johor Bahru, Johor for a total cash consideration of RM21,829,301.

The acquisition has yet to be completed.

- (b) On 10 October 2017, the Company's subsidiary, Bayu Damai Sdn Bhd entered into a sale and purchase agreement with Amanahraya Development Sdn Bhd to purchase 9 pieces of freehold agriculture lands all in the Mukim of Petaling, District of Kuala Lumpur, State of Federal Territory of Kuala Lumpur, with a total land areas of 43.46 acres for a total cash consideration of RM95,000,000.

The acquisition has yet to be completed.

- (c) On 4 January 2021, the Company's subsidiary, Kii Melodia Sdn Bhd entered into a sale and purchase agreement with Seri Alam Properties Sdn Bhd to purchase two plots of freehold commercial land in the Mukim of Plentong, District of Johor Bahru, Johor, for a total cash consideration of RM40,500,000.

The acquisition has yet to be completed.

- (d) The Board proposed a final single tier dividend of RM0.01 per ordinary share in Kimlun in respect of the financial year ended 31 December 2020 ("FYE 2020 Final Dividend"), subject to approvals being obtained from the shareholders in the forthcoming AGM for the declaration of

the final dividend. The Board has determined that the Dividend Reinvestment Plan will not apply to the final dividend.

## B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 31 March 2021 are as follows:

	Interest rate per annum YTD 2021	As at 31.3.2021 RM'000	As at 31.3.2020 RM'000
<b>Long term borrowings</b>			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	19,205	37,980
Term loans	4.30% to 5.45%	101,907	117,429
		<u>121,112</u>	<u>155,409</u>
<b>Short term borrowings</b>			
<u>Secured:</u>			
Bank overdraft	4.76% to 7.51%	124	28,563
Hire purchase creditors	1.68% to 4.06%	22,228	23,634
Bankers' acceptance	2.52% to 3.35%	51,615	56,783
Invoice financing	1.67% to 4.93%	150,180	156,680
Term loans and revolving credits	3.29% to 5.45%	39,257	30,280
		<u>263,404</u>	<u>295,940</u>

The borrowings are denominated in the following currencies

	As at 31.3.2021 RM'000	As at 31.3.2020 RM'000
<b>Long term borrowings</b>		
Ringgit Malaysia	<u>121,112</u>	<u>155,409</u>
<b>Short term borrowings</b>		
Ringgit Malaysia	262,196	295,940
Singapore Dollar	1,208	-
	<u>263,404</u>	<u>295,940</u>

All borrowings, other than hire purchase financing which is based on fixed interest rate, are based on floating interest rate.

## B9. Material Litigation

There was no material litigation as at the LPD.

## B10. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2021. However, the Board of Directors recommended the payment of FYE 2020 Final Dividend which is subject to the approval of the shareholders at the 12<sup>th</sup> AGM. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2021.

No dividend was declared in the previous year's corresponding quarter.

## B11. Earnings Per Share ("EPS")

	Current Quarter Ended		Year to-Date Ended	
	31.3.2021	31.3.2020	31.3.2021	31.3.2020
Profit attributable to owners of the Company (RM'000)	9,122	6,595	9,122	6,595
Weighted average number of ordinary shares in issue ('000)	353,358	339,801	353,358	339,801
Assumed shares issued from the exercise of warrants ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares in issue ('000)	353,358	339,801	353,358	339,801
Basic earnings per share (Sen)	2.58	1.94	2.58	1.94
Diluted earnings per share (Sen)	2.58	1.94	2.58	1.94

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated by dividing the profit attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue.