



KIMLUN CORPORATION BERHAD

Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

**Consolidating
Strengths**

**Capitalising
Opportunities**

ANNUAL REPORT 2023





CORPORATE VALUES



K

KNOWLEDGE



I

INTEGRITY



M

MORAL



L

LEADERSHIP



U

UNITY



N

NOVELTY

“

Kimlun Group is an engineering and construction services provider specialising in infrastructure and building construction, project management, industrial building systems (IBS) and manufacture of concrete products.

”



Ancillary to our core business, we also involve in property development and trading in construction and building materials.

We have the ability to act as a one-stop engineering services provider, capable of providing a comprehensive and integrated range of concrete products and engineering and construction services to our customers.

WHAT'S INSIDE

OUR MISSION



“We aim to continuously improve, promote and provide construction activities and services to the society in which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking for the maximisation of shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability”.

OUR VISION



“We aspire to be a reliable, innovative and profitable provider of full range construction services and products in the South East Asia region”.

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Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin
Executive Chairman

Sim Tian Liang
Chief Executive Officer and
Executive Director

Chin Lian Hing
Executive Director

Yam Tai Fong
Executive Director

Pang Khang Hau
Executive Director

Datuk Woon See Chin
Independent Non-Executive
Director

Johar Salim Bin Yahaya
Independent Non-Executive
Director

Anita Chew Cheng Im
Independent Non-Executive
Director

**Bhupendar Singh A/L
Sewa Singh**
Independent Non-Executive
Director

Dato' Ir. Fong Tian Yong
Independent Non-Executive
Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson

- Anita Chew Cheng Im
Independent Non-Executive
Director

Members

- Datuk Woon See Chin
Independent Non-Executive
Director
- Bhupendar Singh A/L Sewa Singh
Independent Non-Executive
Director
- Dato' Ir. Fong Tian Yong
Independent Non-Executive
Director

REMUNERATION COMMITTEE

Chairman

- Datuk Woon See Chin
Independent Non-Executive
Director

Members

- Johar Salim Bin Yahaya
Independent Non-Executive
Director
- Dato' Ir. Fong Tian Yong
Independent Non-Executive
Director

NOMINATION COMMITTEE

Chairman

- Johar Salim Bin Yahaya
Independent Non-Executive
Director

Members

- Anita Chew Cheng Im
Independent Non-Executive
Director
- Bhupendar Singh A/L Sewa Singh
Independent Non-Executive
Director

COMPANY SECRETARIES

Wong Peir Chyun
(MAICSA 7018710)(SSM PC No.
202008001742)

Tay Lee Shya
(MIA 16982)(SSM PC No.
202008002274)

Lau Yen Hoon
(MAICSA 7061368)(SSM PC No.
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AUDITOR

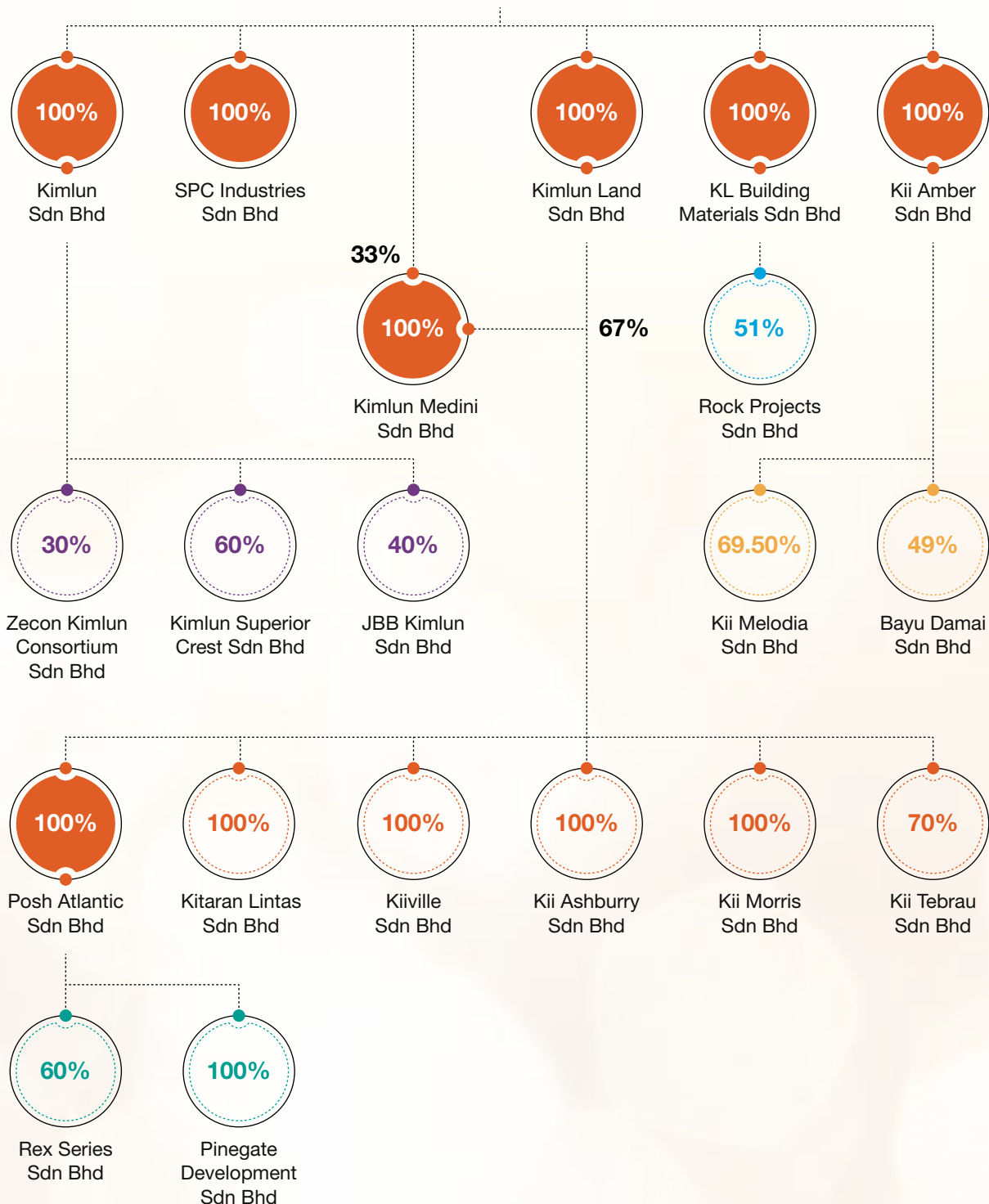
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CORPORATE STRUCTURE



KIMLUN CORPORATION BERHAD

Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)



CORPORATE MILESTONES

1977

- Our humble beginnings started when Kimlun Earthworks Sdn Bhd was incorporated.

1994

- Kimlun Earthworks Sdn Bhd changed its name to Kimlun Sdn Bhd ("KLSB").

1997 - 2002

- KLSB involved in building construction and infrastructure projects with contract value less than RM20.0 million each in Johor, Malaysia.

2002

- SPC Industries Sdn Bhd ("SPC") commenced its pre-cast concrete business.

2003

- KLSB secured its first contract with a value exceeding RM20.0 million for the construction of apartments and townhouses.
- SPC was accredited with ISO 9001:2000 Quality Management.

2004

- SPC supplied concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur.

2005

- KLSB ventured into specialised infrastructure construction by constructing the Tanjung Puteri flyover in Johor Bahru.
- KLSB ventured into Klang Valley with the construction of 70 units of semi detached houses.
- SPC secured its first sales contract for the supply of concrete tunnel lining segments to Singapore MRT project.

2006

- KLSB secured specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru.

2007

- KLSB was accredited the "ISO 9001:2000, Quality Management System" certification.

2008

- KLSB secured the project for the construction of the elevated interchange along Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange with a contract value exceeding RM100 million.
- KLSB formed IBS Department to promote IBS construction methods.



1977-2003



2004-2008



2009-2012

2009

- KLSB secured its first Industrial Building System ("IBS") building project from Iskandar Regional Development Authority at a contract value of RM142.81 million.
- Kimlun Corporation Berhad was incorporated as an investment holding company.

2010

- Kimlun Corporation Berhad acquired KLSB, SPC and IBT in conjunction with its proposed initial public offering exercise.
- Kimlun Corporation Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad on 29 June 2010.
- Kimlun Corporation Berhad incorporated a new wholly-owned subsidiary namely, Kimlun Land Sdn Bhd ("KLLSB").

2011

- Kimlun Group ventured into property development with its first development land in Cyberjaya, Selangor.

2012

- SPC was appointed by Mass Rapid Transit Corporation Sdn Bhd as the designated supplier for the supply of segmental box girders ("SBG") to certain packages of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for RM223.18 million.
- KLSB secured more than RM400 million worth of IBS projects during 2012.

CORPORATE MILESTONES

2013

- Kimlun Group launched its first property development project, the Hyve SOHO and Offices in Cyberjaya, Selangor.
- KLSB secured its first contract with a value exceeding RM290 million for the construction of service apartments and ancillary buildings.
- SPC set up a new precast concrete products manufacturing plant on a piece of land measuring approximately 130 acres in Negeri Sembilan, and commenced production during the year.

2015

- Kimlun Corporation Berhad incorporated a wholly-owned subsidiary, KL Building Materials Sdn Bhd ("KBMSB"). The principal activities of KBMSB are manufacturing and trading of building and construction materials, and provision of quarry services and machinery rental services.

2016

- Kimlun Group's 30% owned joint venture company, Zecon Kimlun Consortium Sdn Bhd, was awarded a work package contract for the Proposed Development and Upgrading of the Pan Borneo Highway in Sarawak for a contract sum of RM1.46 billion. This signifies the Group's geographical diversification to East Malaysia, and expansion of its construction services to highway project. The Project is the single largest contract which the Group won in its history.
- SPC won SBG and tunnel lining segments supply contracts in relation to Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Putrajaya Line, with aggregate contract value of RM252 million.



2013-2016



2017-2020

2017

- KLSB subscribed for 40% equity interest in JBB Kimlun Sdn Bhd ("JKSB"). The principal activity of JKSB is building and infrastructure contractor.
- KLLSB incorporated three wholly-owned subsidiaries, Kiiville Sdn Bhd ("KVSB"), Kii Ashbury Sdn Bhd ("KASB") and Kii Morris Sdn Bhd ("KMSB"). The principal activities of KVSB, KASB and KMSB are property investment and property development.
- Kimlun Group commenced premix production in Sarawak and Johor.

2020


- KLSB successfully registered with CIDB for additional specialisation to construct hospital building.
- Kimlun Corporation Berhad incorporated a wholly-owned subsidiary, Kii Amber Sdn Bhd ("KABSB"). The principal activities of KABSB are investment holding, property investment and development.
- KABSB subscribed for 49% equity interest in Bayu Damai Sdn Bhd ("BDSB"). The principal activity of BDSB is property development.
- KABSB incorporated a 69.50% owned subsidiary, Kii Melodia Sdn Bhd ("KMLDSB"). The principal activities of KMLDSB are property investment and property development.

PROFILE OF DIRECTORS

PANG TIN @ PANG YON TIN

Executive Chairman

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **76 years**

Date of Appointment :
24 October 2009


Pang Tin @ Pang Yon Tin, a Malaysian aged 76, male, was appointed to the Board as Executive Chairman of Kimlun Corporation Berhad on 24 October 2009 and is responsible for overseeing the management of our Group.


He completed Senior Middle Three at Foon Yew High School in Johor Bahru, Johor, in 1966. He commenced his career in the construction industry in 1966 by assisting his late father in his construction business. He, together with Phang Piow @ Pang Choo Ing, incorporated Kimlun Sdn Bhd in 1977 to continue their venture in the construction industry. With the experience gained in the construction industry, he ventured into quarry business in 1970s and into property development in 1980s.

He has more than 44 years of experience in various sectors, encompassing property development, property investment, construction, quarrying, manufacturing and hotel management. He also sits on the Board of several private limited companies.

SIM TIAN LIANG

Chief Executive Officer &
Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **69 years**

Date of Appointment :
24 October 2009

Sim Tian Liang, a Malaysian aged 69, male, was appointed to the Board as Chief Executive Officer of Kimlun Corporation Berhad on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group.


He graduated from Universiti Teknologi Malaysia in 1978, obtaining a Bachelor's Degree (Honours) in Engineering. Currently, he is the Past Chairman of the Institution of Engineers Malaysia Southern Branch and Past President of Johor Master Builders Association. He is also a member of the Chartered Institution of Highway and Transportations of the UK, a Honorary Member of Asean Federation of Engineering Organisation and a Fellow of Construction Industry Development Board Malaysia.


He is a professional engineer registered with the Board of Engineers Malaysia, and has been in the construction industry since 1978 where he commenced work as a civil engineer with the Malaysian Government. He joined Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) towards the end of 1996 and was appointed as its Project Director in 1997 where his responsibilities included overseeing, monitoring and management of building and infrastructure construction projects. In 2003, he left Pang Hock Constructions Sdn Bhd and joined Kimlun Sdn Bhd as Chief Executive Officer. His primary role is to oversee to the execution of corporate objectives, as well as to provide the strategic direction of the company.

PROFILE OF DIRECTORS

CHIN LIAN HING

Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **59 years**

Date of Appointment :
24 October 2009


Chin Lian Hing, a Malaysian aged 59, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the operations and business development activities of our construction business.


He graduated from Tunku Abdul Rahman College, Malaysia, in 1988, obtaining a Diploma in Technology (Building). He holds a Bachelor's Degree of Applied Science (Constructions Management and Economics) from Curtin University of Technology, Australia.

He has been in the construction industry since 1988 where he commenced work as an Assistant Quantity Surveyor in Rukumas Sdn Bhd, leaving in 1989 to join AJ Construction Sdn Bhd as a Quantity Surveyor. In 1990, he joined Hoon Lay Kien Construction also as a Quantity Surveyor. Thereafter, he joined Chin Kek Ling Transport in mid-1990 before leaving to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd) in January 1992. During his time at Pang Hock Constructions Sdn Bhd, his last held position was General Manager (Operations and Contracts) and he was responsible for overseeing the tendering of building and infrastructure construction projects, and project implementation. He left Pang Hock Constructions Sdn Bhd in 2002 to join Kimlun Sdn Bhd, where he is responsible for the operations and business development activities of the company.

YAM TAI FONG

Executive Director

 Gender : **Female**

 Nationality : **Malaysian**

 Age : **56 years**

Date of Appointment :
24 October 2009

Yam Tai Fong, a Malaysian aged 56, female, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for all financial matters concerning our Group.

She graduated from Monash University, Australia, in 1990, obtaining a Bachelor's Degree in Economics. Since 1994, she has been a member of the Malaysian Institute of Accountants.


She commenced her career at Ernst & Young, Malaysia, in 1991, with responsibilities for audit, taxation and corporate advisory matters, leaving in 1994 to join Pang Hock Constructions Sdn Bhd (now known as Tebrau Bay Constructions Sdn Bhd). Whilst at Pang Hock Constructions Sdn Bhd, she was responsible for the financial management and management reporting of its affairs. She left Pang Hock Constructions Sdn Bhd in 2003 to join Kimlun Sdn Bhd to assume similar responsibilities.

PROFILE OF DIRECTORS

PANG KHANG HAU

Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **42 years**

Date of Appointment :
24 October 2009


Pang Khang Hau, a Malaysian aged 42, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, human resource, administration and management.


He graduated from the University of Western Australia in 2005, obtaining a Bachelor's Degree in Civil Engineering. He completed a Master of Business Administration degree at the University of Liverpool, UK, in 2010. He commenced his career in the construction industry in 2006 with his appointment as a Director of Kimlun Sdn Bhd where he is responsible for business development activities, human resource, administration and management.

DATUK WOON SEE CHIN

Independent Non-Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **80 years**

Date of Appointment :
1 October 2020

Datuk Woon See Chin, a Malaysian aged 80, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 October 2020. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

He graduated from the law school of University of Singapore and is an advocate and solicitor by profession and has been in legal practice in Johor Bahru for more than forty-nine years.


He was an Independent Non-Executive Director of Focal Aims Holdings Bhd (now known as Eco World Development Group Bhd) for more than 9 years until his resignation on 28 November 2013. He was a Johor State Assembly member in 1982 and was elected as a Member of Parliament of Malaysia from 1986 to 1995. He served as a Deputy Minister of Education of Malaysia for four (4) years from 1986 to 1990.


PROFILE OF DIRECTORS

JOHAR SALIM BIN YAHAYA

Independent Non-Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **70 years**

Date of Appointment :
1 December 2021

Johar Salim Bin Yahaya, a Malaysian aged 70, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee.


He graduated with a Bachelor of Economics (Hons.) Degree from University of Malaya. He started his career with Bank of America in 1974 and later moved to Malaysian French Bank in 1983. He joined Kumpulan Prasarana Rakyat Johor as Chief Operating Officer from 1997 to 2003 and rose to become the Chief Executive Officer until 2013. He was also the Chief Executive Officer of Tebrau Teguh Berhad from 2004 to 2012 and Executive Chairman of PLS Plantation Bhd from 2000 to 2013.

He is currently the Chairman of Selia Ekuiti Sdn Bhd.

ANITA CHEW CHENG IM

Independent Non-Executive Director

 Gender : **Female**

 Nationality : **Malaysian**

 Age : **57 years**

Date of Appointment :
1 December 2021

Anita Chew Cheng Im, a Malaysian aged 57, female, was appointed to the Board as an Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee.

She graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in April 1990.

Anita started her career as an audit assistant at KPMG, Melbourne in 1990. She left KPMG in September 1991 to return to Malaysia. While in KPMG, she was engaged in the audit of the media, retail and mining industries.

In 1992, she joined the Corporate Finance department of Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad after merging with Amanah Investment Bank Berhad) and was with the investment bank for approximately 5 years. From 2003 to 2007, she worked at HwangDBS Investment Bank Berhad as Senior Vice President, Equity Capital Market. Prior to that, she was Director, Corporate Finance at Alliance Investment Bank Berhad from 1997 to 2003.

She was involved in most related areas of corporate finance work during her tenure in the various investment banks, having advised clients on numerous IPO, fund raising, both equity and debt, mergers and acquisitions; and corporate and debt restructuring exercises.


Since she left the investment banking industry in 2007, she has been sitting on various corporate boards. She is currently an Independent Non-Executive Director of Plytec Holding Berhad, K-One Technology Berhad and SKP Resources Berhad, companies listed on Bursa Securities Malaysia Berhad. She also sits on Fortress Minerals Ltd, a company listed on the Singapore Exchange (SGX) as an Independent Non-Executive Director.

PROFILE OF DIRECTORS

BHUPENDAR SINGH A/L SEWA SINGH

Independent Non-Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **66 years**

Date of Appointment :
1 December 2021

Bhupendar Singh A/L Sewa Singh, a Malaysian aged 66, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and Nomination Committee.


He holds a Bachelor's Degree (Honours) in Accounting from Universiti Malaya. He is a member of the Malaysian Institute of Accountants and an Associate Member of the Chartered Tax Institute of Malaysia.


He commenced his career with Hanafiah, Raslan & Mohammad in 1983 with the taxation unit and the firm merged with Arthur Andersen & Co in April 1990. He became a Tax Partner in 1996 and moved to the firm of Ernst & Young in 2002. He was a senior tax partner with the firm until October 2010 when he left to join Petronas as the Head of Group Tax Department. He became a Vice President in 2016 and retired from Petronas in March 2020. He was responsible for setting up and growing the Tax Department of Petronas to be able to manage all the tax affairs of the Group in an effective manner.

He is currently running his own tax consultancy and advisory firm and provides such services to clients in various industries.

DATO' IR FONG TIAN YONG

Independent Non-Executive Director

 Gender : **Male**

 Nationality : **Malaysian**

 Age : **75 years**

Date of Appointment :
1 December 2021

Dato' Ir Fong Tian Yong, a Malaysian aged 75, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and the Remuneration Committee.

He holds a Bachelor's Degree in Civil Engineering from Singapore University. Upon graduation in 1974, he joined the Public Works Department as Executive Engineer and rose to become the Deputy Director General of Local Government Department of the Ministry of Housing & Local Government (KPKT) until his retirement from government service in 2007. He was thereafter appointed to serve as Technical Advisor to four Ministers of KPKT until 2012 when he joined Malaysia-China Business Council as its Executive Director until 2021.

In KPKT, he oversaw the development of Chinese New Village Master Plan, the amendments of Street, Drainage and Building Act, Uniform Building Bylaws and several policy matters. He co-authored the Book, Malaysian Chinese New Villages.

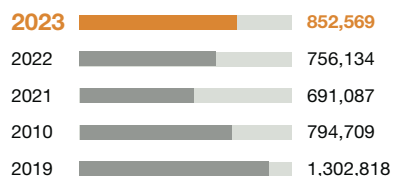
On the corporate side, he is a director of Malaysia-China Business Council, a not-for-profit company limited by guarantee as well as the Editor of the Board of Engineers Malaysia. He was the past President of the Technological Association Malaysia.

Notes to Directors' Profile :

1. Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.
2. Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 30 to the financial statements contained in this Annual Report, none of the directors have any conflict of interest with the Company.
3. None of the directors have been convicted of any offences within the past five (5) years and imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2023 other than traffic offences, if any.

GROUP FINANCIAL HIGHLIGHTS

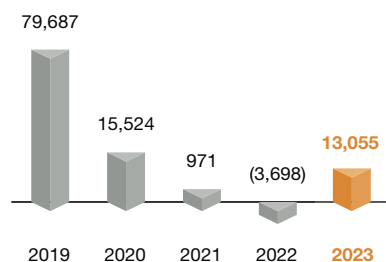
REVENUE (RM'000)



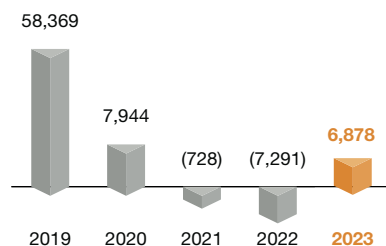
BASIC EARNINGS/(LOSS) PER SHARE (SEN)



PROFIT/(LOSS) BEFORE TAX (PBT) (RM'000)

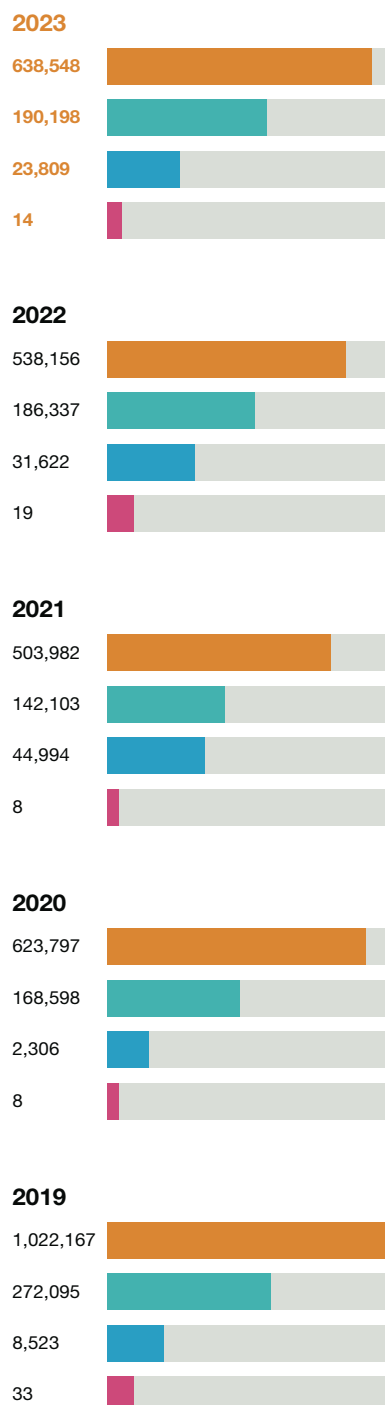


PROFIT/(LOSS) AFTER TAX (PAT) (RM'000)

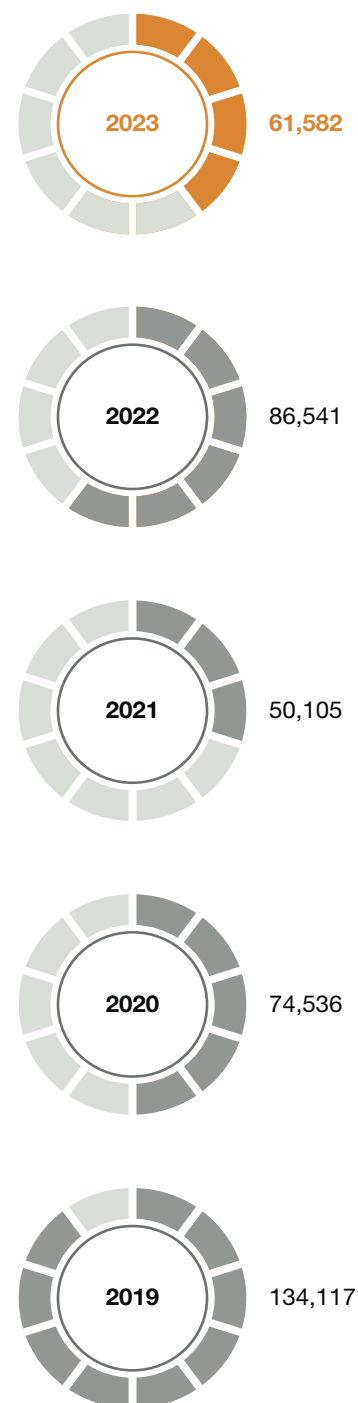


REVENUE BY SEGMENT (RM'000)

Construction Property Development
Manufacturing Investment



GROSS PROFIT (RM'000)



CHAIRMAN'S STATEMENT



“

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS (“THE BOARD”), I AM PLEASED TO PRESENT THE ANNUAL REPORT OF KIMLUN CORPORATION BERHAD (“OUR COMPANY”) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (“FY2023”).

”

OUR OPERATING ENVIRONMENT

Since the COVID-19 global pandemic up until FY2022, we have decided to focus in the execution of projects in hand and reduce participation in new projects bidding, to keep credit risks and operation risks low during a period of supply constrictions, unpredictable trend of rising cost of raw materials and massive shortage of workers. As a result, our order book replenishment was low in the past few years, thus impacted our revenue.

With the improvement in property market sentiments and labour market conditions, more manageable building material price trends, we normalised our bidding strategy in FY2023. In our home base, Johor, work progress on the Johor Bahru-Singapore Rapid Transit System Link project has significantly boosted property buyers' confidence, given the visibility of growth prospects. There were increasing launches of residential, commercial

and industrial development during the year. Further, the influx of new investments such as data centres has also created demand for construction services.

We secured RM1.3 billion of new construction projects during FY2023, which is about 4.5 times of new construction projects secured in FY2022. Some of these new projects have begun contributing revenue in FY2023, thus improving our performance in FY2023.

Our pre-cast concrete products manufacturing division (“PCPD”) benefited from the steady flow of opportunities from Singapore public sector projects, and has won sales orders from Singapore MRT projects. Most of these sales orders were in design stage or production preparation stage during FY2023.

Total new sales orders secured by the PCPD in FY2023 was RM0.3 billion.

CHAIRMAN'S STATEMENT

OUR BUSINESS PERFORMANCE

Our revenue increased from RM756.13 million in FY2022 to RM852.57 million in FY2023, mainly attributable to higher revenue generated by the construction division.

Despite of higher revenue, our gross profit ("GP") declined from RM86.54 million in FY2022 to RM61.58 million in FY2023, due to a lower GP margin of 7.22% in FY2023 against 11.45% of FY2022. The decline in the GP margin was due to lower profitability achieved by the manufacturing and trading division.

Administration expenses declined from RM82.74 million in FY2022 to RM38.18 million in FY2023. Administration expenses were higher in FY2022 due to the impairment of trade receivable and contract asset totaling RM43.52 million in relation to a completed hospital project.

On overall, we generated profit before tax of RM13.06 million and profit after tax of RM6.88 million in FY2023 against loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022.

Please refer to the Financial Review section under the Management Discussion And Analysis for further details on our performance.

OUTLOOK

We have an estimated construction and manufacturing balance order book of approximately RM2.0 billion and RM0.3 billion respectively as at 31 December 2023, from a list of diversified clientele. The balance order book is expected to keep us busy for the next 2 to 3 years.

We are cautiously optimistic that the construction sector of Malaysia and Singapore will remain positive in 2024, thus offer order book replenishment prospects. We will continue to bid for projects and sales orders in order to replenish our order book and contribute positively to our result in 2024 and beyond. Our track record in the industries we operate in, and extensive experience in our businesses, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

REWARD TO SHAREHOLDERS – DIVIDEND

While we do not adopt a formal dividend policy, our Company has been declaring dividends every year since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2010. In respect of FY2023, the Board recommends a single tier final dividend of 1.0 sen per share. The recommended final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Our Company is always mindful to reward our loyal shareholders who have supported our growth over the years while trying to strike a balance with the funding needs at our different development phases.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, bankers, customers, business partners and regulatory authorities for their continued support, guidance and assistance. The Board would like to express our appreciation to our management team and employees for their hard work and dedication.

Pang Tin @ Pang Yon Tin
Chairman



主席 文告

“

敬爱的股东，

本人谨代表董事局提呈
金轮企业有限公司（“本
公司”）截至2023年12
月31日财政年（“2023
财政年”）的年度报告。

”

我们的运营环境

自 COVID-19 全球大流行至2022财政年，我们决定专注于执行手头上的项目，减少参与新项目招标，以在供应紧缩、不可预测的原材料成本上涨趋势和工人严重短缺的时期保持较低的信用风险和运营风险。因此，过去几年我们的订单补充量颇低，从而影响了我们的收入。

随着房地产市场情绪好转，劳动力短缺缓解以及建筑材料价格趋势稳定，我们在2023财政年将投标策略正常化。在我们的大本营柔佛州，新山-新加坡捷运项目的工作进展大大增强了购房者的信心。许多开发商在2023年启动

住宅、商业和工业房地产开发项目。此外，数据中心等新投资的涌入也创造了对建筑服务的需求。

我们在2023财政年获得了13亿令吉的新建筑项目，约为2022财政年获得的新建筑项目的4.5倍。其中一些新项目已在2023财政年开始贡献收入，从而改善了我们在2023财政年的业绩。

我们的预制混凝土产品分部受惠于新加坡公共工程对预制混凝土产品的需求，并赢得了新加坡捷运项目的销售订单。该分部在2023财政年度获得的销售订单总额为3亿令吉。这些销售订单大多在2023财政年处于设计阶段或生产准备阶段。

主席 文告

我们的业务表现

我们的营业额从2022财政年的7亿5613万令吉增加到2023财政年的8亿5257万令吉，主要归功于建筑部门的营业额有所改善。

尽管我们的营业额有所增加，2023财政年的毛利卻因较低的毛利润而下降到6158万令吉。

行政开支从2022财政年的8274万令吉下降到2023财政年的3818万令吉。我们在2022财政年对一笔与一项医院工程相关的应收账款和合同资产共计4352万令吉所作出的全盘减值导致该年的行政开支偏高。

总体而言，我们在2023财政年的税前利润为1306万令吉，税后利润为688万令吉，而2022财政年的税前亏损为370万令吉，税后亏损为729万令吉。

请参阅2023财政年年度报告的第 21 至 22 页，以了解有关我们业绩的更多详细信息。

展望

截至2023年12月31日，我们的建筑和制造余额订单分别约为20亿令吉和3亿令吉，来自多元化的客户群。预计余额订单将让我们在未来2到3年内保持忙碌。

我们谨慎乐观地认为，马来西亚和新加坡的建筑业将在2024年保持活力。我们将继续积极地竞标项目和销售订单，以补充我们的订单，并为我们在2024年及以后的业绩做出贡献。我们在所经营的行业中拥有良好的业绩记录，在业务方面拥有丰富的经验，加上银行家的支持，是集团竞标和执行未来项目的良好支持因素。

股东回馈一股息

虽然本公司没有实行正规的股息政策，但是本公司自2010年在马来西亚证券交易所主板上市以来，每年都派发股息回馈股东。

即使我们经历了艰辛的一年，董事局仍然建议派发每股1仙的终期单层股息，惟需在来临的股东常年大会上获得股东批准。

致谢

我谨代表董事会，衷心感谢我们的股东、来往银行、客户、业务伙伴以及有关监管当局对我们的持续支持，指导以及协助。董事会谨借此机会感谢我们的管理层以及员工的辛勤工作以及奉献精神。

彭廷

主席



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE VALUES



K

KNOWLEDGE



I

INTEGRITY



M

MORAL



L

LEADERSHIP



U

UNITY



N

NOVELTY



MISSION



We aim to continuously improve, promote and provide construction activities and services to the society in which we operate. By providing one stop construction design and build services, we aim to add value to our clients that in turn will be beneficial to the society at large. We will treat all partners including suppliers, subcontractors and consultants with trust, honesty and fairness in all business dealings.

Towards our employees, we balance our focus on their personal skills development while taking care of their welfare.

While seeking to maximise shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability.

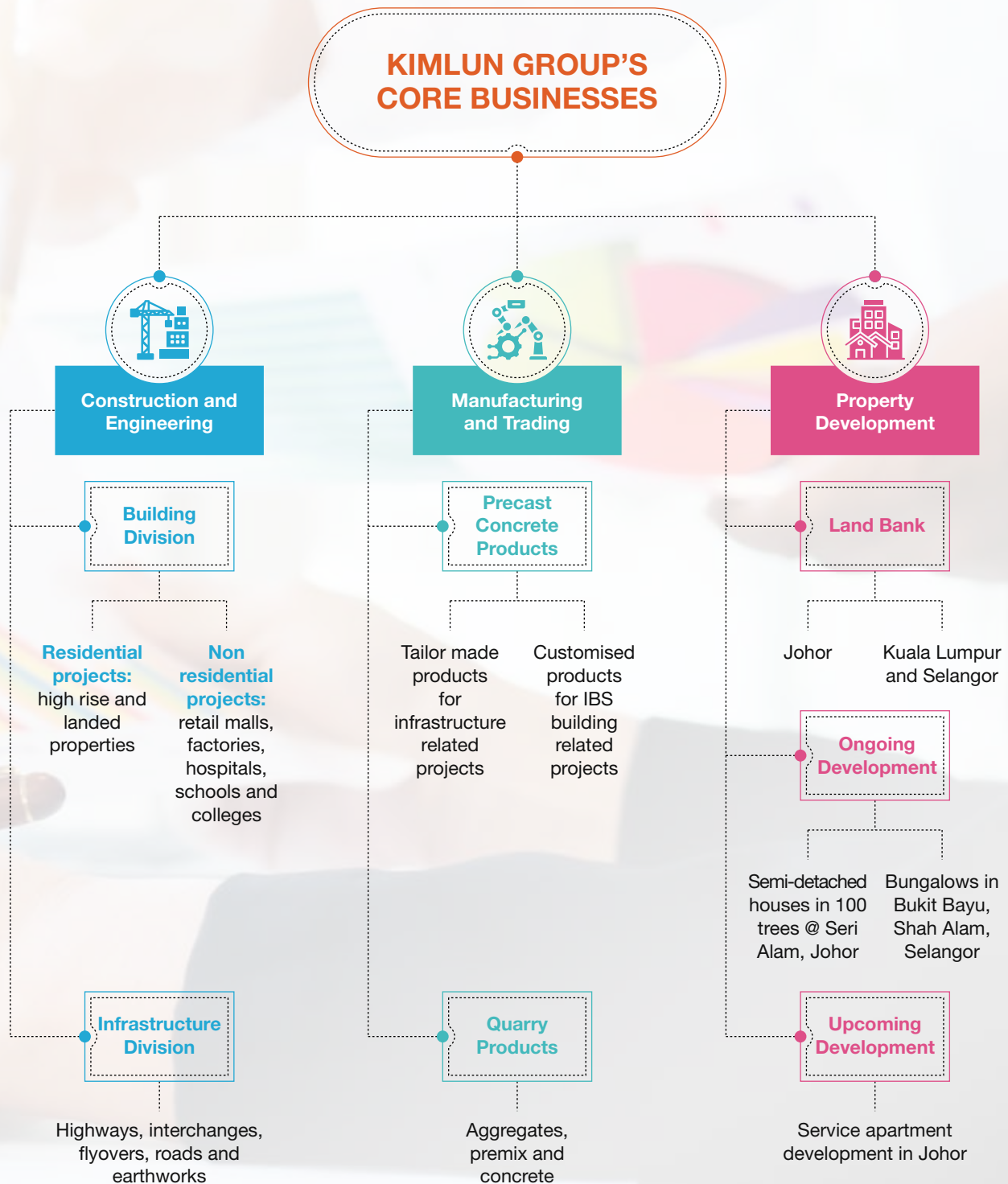
VISION



We aspire to be a reliable, innovative and profitable provider of full range construction services and products in the South East Asia region.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF OUR BUSINESSES AND OPERATIONS



MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION PLANT AND PRODUCTS

NEGERI SEMBILAN

- Tunnel lining segment
- Segmental box girder
- Parapet walls
- Column and beam

JOHOR

- Tunnel lining segment
- Rail sleeper
- Jacking pipe
- Vertical cast pipe
- Box culverts
- Prefabricated prefinished volumetric module
- Hollow core slab
- Column and beam
- Aggregates
- Premix

SARAWAK

- Aggregates
- Premix
- Concrete drains

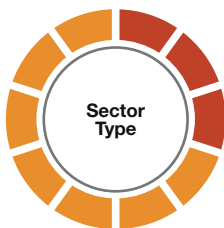
CONSTRUCTION PROJECTS

Balance order book as at 31 December 2023

RM2.0 billion

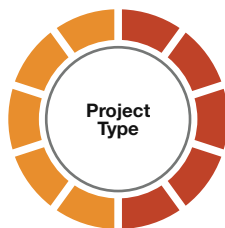
All projects in Malaysia

Public sector
(33%)



Private sector
(67%)

Building projects
(61%)



Infrastructure projects
(39%)

MANUFACTURING ORDERS

Balance order book as at 31 December 2023

RM0.3 billion

Malaysia orders:
(3%)



Singapore orders:
(97%)

Notable completed projects include:

- Main building works for Marlborough College East, Johor
- Mall of Medini, Johor
- Granada Hotel, Johor
- Gleneagle Medini Hospital, Johor
- Pan Borneo Highway Sarawak

On-going projects include:

- Sarawak-Sabah Link Road
- Various apartment and landed properties projects in Selangor and Johor

Completed sales orders include:

- Segmental box girders ("SBG") and tunnel lining segment ("TLS") to Klang Valley MRT ("KVMRT") Line 1 and Line 2
- TLS to Singapore MRT Circle Line, Downtown Line and Thomson Line
- Precast Bathroom to Michael and Festive Hotel, Singapore

On-going sales orders include:

- TLS, rail sleepers and IBS for Singapore MRT projects
- Jacking pipes for Singapore Deep Tunnel Sewerage project
- IBS for Singapore Integrated Waste Management Facility and a resort development

MANAGEMENT DISCUSSION AND ANALYSIS

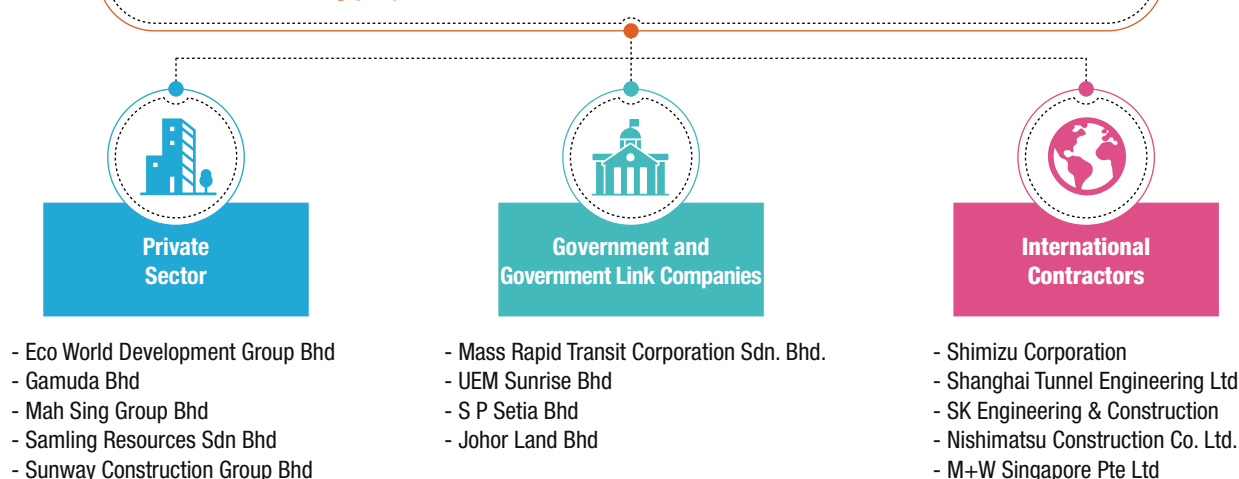
PROPERTY DEVELOPMENT

Location / Land Area	Gross Development Value (RM)	Type of Land Usage / Plan Development
Selective Land Bank in Hand		
Bandar Seri Alam, Johor Bahru, Johor / 11.11 acres	#	Freehold commercial land / commercial development
Within Meridin East township, Mukim Plentong, Johor Bahru, Johor / 17.90 acres	#	Freehold commercial land / commercial development
Medini Iskandar Malaysia, Johor / 5.31 acres	#	99-years lease on freehold commercial land / A combination of SOHO and retails properties
Kota Tinggi, Johor / 139.64 acres	#	29 parcels of freehold agriculture land / township development
Mukim Pulai, Johor Bahru, Johor / 29.00 acres	#	Freehold agriculture land / commercial development
Situated next to Alam Damai, Cheras, Kuala Lumpur / 43.87 acres	#	10 pieces of freehold agriculture land / mixed development
Seksyen U10 Shah Alam, Selangor / 19.10 acres	#	72 units of 99-years leasehold vacant detached lots approved for bungalow development
Location	Gross Development Value (RM)	Launched Development / Planned Development
On-going Projects		
Phase 2 of Bukit Bayu, Seksyen U10 Shah Alam, Selangor	48 million	16 units of leasehold bungalows
100 trees @ Seri Alam, Bandar Seri Alam, Johor	66 million	60 units of freehold semi-detached houses
Total	114 million	
Upcoming Project		
Development in Mukim Plentong, Johor Bahru, Johor	300 million	896 service apartment units

The gross development value cannot be ascertained as the development details have yet to be finalised

DIVERSIFIED CLIENTELE

We are not materially dependent on any single customer for business. We have been securing projects from different clients. Our diversified clientele include:



MANAGEMENT DISCUSSION AND ANALYSIS

GROUP FINANCIAL HIGHLIGHTS

Year ended / As at 31 December		2019	2020	2021	2022	2023
FINANCIAL RESULTS (RM' mil)						
Revenue		1,302.82	794.71	691.09	756.13	852.57
Gross Profit		134.12	74.54	50.10	86.54	61.58
Profit/(Loss) Before Taxation		79.69	15.52	0.97	(3.70)	13.06
Profit/(Loss) After Taxation		58.37	7.94	(0.73)	(7.29)	6.88
Profit/(Loss) Attributable to Owners of the Company		58.39	7.99	(0.59)	(7.23)	7.06
FINANCIAL POSITION (RM' mil)						
Cash and Bank Balances		64.94	57.47	69.54	72.23	63.26
Total Assets		1,546.16	1,476.98	1,326.44	1,300.77	1,526.37
Total Borrowings		406.61	407.11	307.06	307.64	413.37
Shareholders' Equity		720.47	725.91	721.28	710.40	713.84
FINANCIAL RATIOS						
Gross Profit Margin	%	10.29	9.38	7.25	11.45	7.22
Basic Earnings per Share ("EPS")/ Loss per Share	Sen	17.42	2.34	(0.17)	(2.05)	2.00
Dividend per Share	Sen	3.30	1.00	1.00	1.00	1.00
Dividend Yield (note 1)	%	2.6	1.1	1.2	1.3	1.3
Net Assets per Share	RM	2.12	2.08	2.07	2.05	2.10
Net Gearing Ratio (note 2)	times	0.32	0.32	0.25	0.25	0.32
CASH FLOW (RM' mil)						
Net cash flows generated from operating activities		10.55	13.14	117.57	53.98	89.26
Net cash flows used in investing activities		(91.86)	(1.98)	(2.60)	(22.79)	(173.04)
Net cash flows generated from/ (used in) financing activities		104.04	4.24	(103.44)	(17.16)	78.35
SHARES PERFORMANCE						
Share Price – Year Close	RM	1.25	0.895	0.81	0.77	0.78
Share Price – Year High	RM	1.49	1.26	1.01	0.835	0.865
Share Price – Year Low	RM	1.08	0.51	0.74	0.63	0.70
Trading volume (no of shares)	Mil	35	163	76	12	15
Market Capitalisation (note 3)	RM' mil	425	316	286	272	276
Price Earnings Ratio (note 4)	times	7.2	38.2	-	-	39.0

Note 1 : Being dividend per share/share price – year close

Note 2 : Being net debt/total equity plus net debt

Note 3 : Market capitalisation as at the financial year end

Note 4 : Being year close share price/EPS for the financial year

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Group Revenue and Profitability

The Group recorded revenue of RM852.57 million in FY2023, which was RM96.44 million (12.8%) higher compared to RM756.13 million recorded in FY2022. The growth in revenue was mainly attributable to higher revenue generated by the construction division.

Despite of higher revenue, gross profit ("GP") of FY2023 was lower at RM61.58 million compared to RM86.54 million of FY2022, due to a lower GP margin of 7.22% against 11.45% of FY2022.

The decline in the GP margin was due to lower profitability achieved by the manufacturing and trading ("M&T") division which offset the marked improvement in the GP of construction division.

Other income of RM8.37 million in FY2023 approximate the level in FY2022. Other income mainly comprised of reversal of allowance for impairment on land held for property development and trade receivable, and interest income.

Administration expenses of RM38.18 million in FY2023 were RM44.56 million (53.9%) lower against FY2022. Administration expenses were higher in FY2022 due to the impairment of trade receivable and contract asset totaling RM43.52 million in relation to a hospital project.

Finance costs of RM15.57 million in FY2023 were RM2.75 million (21.5%) higher against FY2022 mainly due to higher utilisation of bank facilities and hike in interest rate.

Share of loss of joint ventures of RM3.14 million in FY2023 was RM0.24 million (8.2%) higher against FY2022 mainly due to higher finance costs incurred by joint ventures.

The effective tax rate for FY2023 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 benefit on unutilised tax losses, unabsorbed capital allowances and other temporary differences were not recognised on prudent basis.

As a result, the Group recorded profit before tax of RM13.06 million and profit after tax of RM6.88 million in FY2023 against loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022.

Segmental Revenue and Gross Profit*

* : The segmental revenue and gross profit stated in the commentary in relation to the respective segment were inclusive of inter-segment transactions.

	FY2023 RM'000	FY2022 RM'000	Changes	
			RM'000	%
Revenue				
Construction	679,704	550,208	129,496	23.5%
M&T	249,999	366,153	(116,154)	-31.7%
Property Development	23,809	31,623	(7,814)	-24.7%
Investment	8,907	9,674	(767)	-7.9%
Elimination	(109,851)	(201,524)	91,673	-45.5%
Consolidated revenue	852,568	756,134	96,434	12.8%
GP				
Construction	25,056	6,703	18,353	273.8%
M&T	37,013	76,520	(39,507)	-51.6%
Property Development	3,982	3,589	393	11.0%
Investment	8,907	9,674	(767)	-7.9%
Elimination	(13,376)	(9,945)	(3,431)	34.5%
Consolidated GP	61,582	86,541	(24,959)	-28.8%
GP margin				
Construction	3.69%	1.22%		
M&T	14.81%	20.90%		
Property Development	16.72%	11.35%		
Investment	100.00%	100.00%		
Consolidated GP margin	7.22%	11.45%		

The increase in construction revenue in FY2023 was attributable to revenue contribution from new construction projects secured in FY2023, and higher revenue arose from the acceleration of construction progress of the Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) ("SSRL Project").

The decrease in M&T revenue in FY2023 was due to the significant decrease in the inter-segment sales as a large order which contributed significantly to the inter-segment sales in the preceding year was near completion.

MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of the revenue of the M&T division is as follow:

	FY2023 RM'000	FY2022 RM'000	Changes	
			RM'000	%
External sales	190,198	186,337	3,861	2.07
Inter-segment sales	59,801	179,816	(120,015)	(66.74)
Total	249,999	366,153	(116,154)	(31.72)



The decrease in property development revenue was due the absence of sales of Phase 1 of Bukit Bayu, Seksyen U10, Shah Alam project which, save for 1 unit of unsold stock, had been fully sold in FY2022.

The decline in investment revenue which comprised of dividend and interest income, was due to lower inter-segment dividend income.

Construction division recorded a better GP margin in FY2023 on economic of scale from higher level of operation. On the back of improved GP margin and higher revenue, construction division achieved a higher GP in FY2023.

M&T division recorded a lower GP margin in FY2023, mainly due to depreciation did not decrease proportionately to the decrease in revenue, while payroll costs were higher during the period. With a lower revenue and GP margin, M&T division recorded a lower GP in FY2023.

PD division recorded a higher GP margin in FY2023, due to better margin products were sold during FY2023.

Financial Position

Shareholders' equity increased from RM710.40 million as at 31 December 2022 to RM713.84 million as at 31 December 2023, attributable to total comprehensive income attributable to owners of the Company of RM6.98 million partly offset by dividend of RM3.53 million paid during FY2023.

Non-current assets increased from RM316.77 million as at 31 December 2022 to RM501.85 million as at 31 December 2023, mainly due to acquisition of land held for development.

Current assets increased from RM984.00 million as at 31 December 2022 to RM1,024.52 million as at 31 December 2023, mainly due to the increase in contract assets, in line with higher scale of operation.

Current liabilities increased from RM416.17 million as at 31 December 2022 to RM587.32 million as at 31 December 2023, mainly due to higher trade payables and bank borrowings, in line with higher scale of operation.

Non-current liabilities increased from RM159.31 million as at 31 December 2022 to RM198.68 million as at 31 December 2023 mainly due to new loans drawn down during the year to finance land acquisition.

Net gearing ratio as at 31 December 2023 was at a manageable level of 0.32 times.

Cash Flow

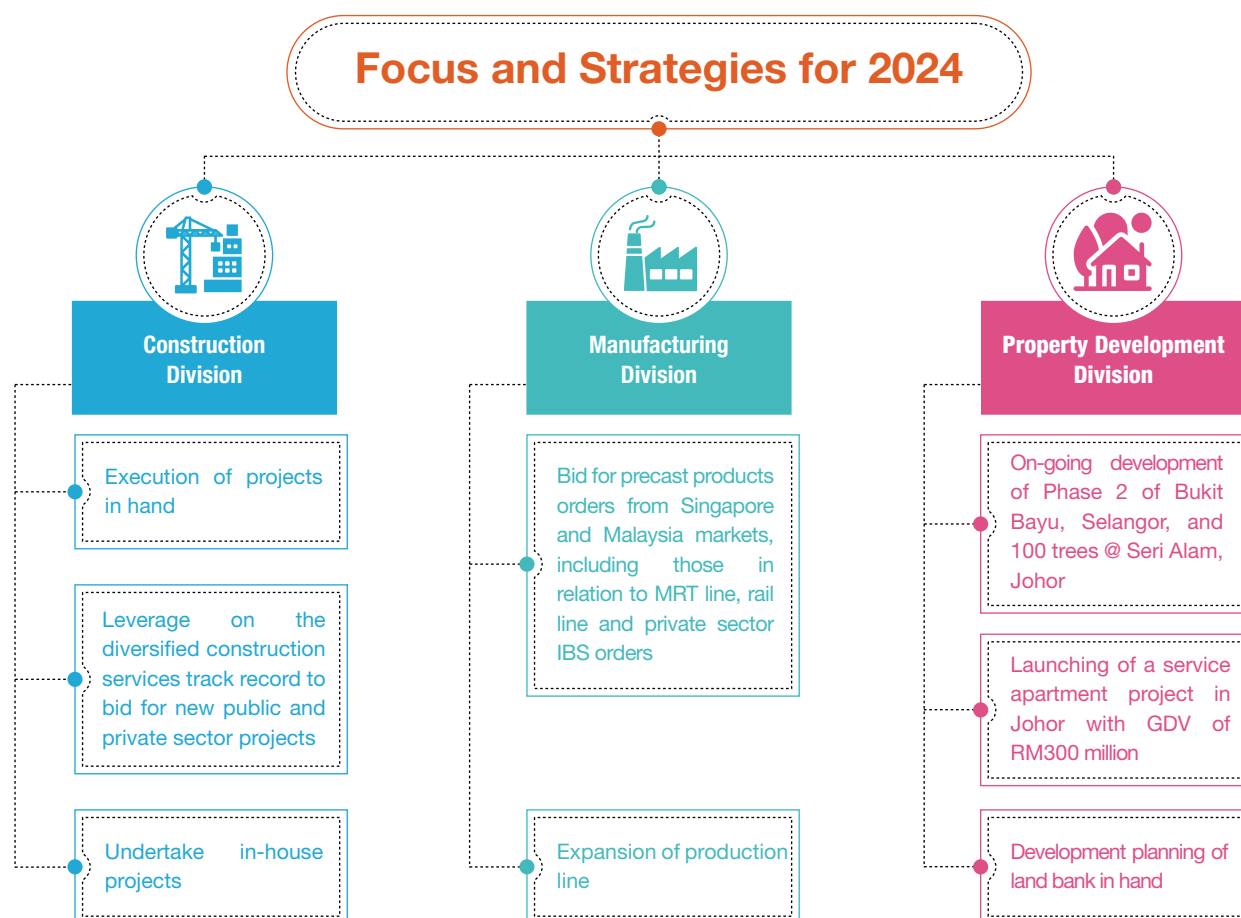
For FY2023, net cash of RM89.26 million was generated from operating activities. Net cash of RM173.04 million was used in investing activities, mainly for the purchase of land held for property development. Net cash of RM78.35 million was generated from financing activities, mainly from loans drawn down to part finance the purchase of land held for property development. With the overall net decrease in cash of RM5.42 million during FY2023, the Group's cash and cash equivalents was RM58.71 million as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

The Group has an estimated construction and manufacturing balance order book of approximately RM2.0 billion and RM0.3 billion respectively as at 31 December 2023, contributed by numerous construction contracts and manufacturing orders. The balance order book is expected to keep the Group busy for the next 2 to 3 years.

As in any business, the Group is subject to various challenges and risks. Please refer to pages 64 to 66 of this Annual Report for nature of the key risks and the Group's control measures to mitigate the risks.



Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Eco World Development Berhad Group, UEM Sunrise Bhd Group, S P Setia Bhd Group and China Communications Construction Company Ltd. Our on-going projects and sales orders include the following:

- The SSRL Project for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2026;
- Design and build project for 1 block of service apartment and amenities in Johor for a contract sum of RM98.85 million. The estimated completion period of the project is year 2026; and
- Few sales orders for the supply of IBS components and tunnel lining segments ("TLS") to Singapore MRT project. The estimated completion period of these sales orders is year 2026.

The Board is cautiously optimistic that the construction sector of Malaysia and Singapore will remain positive in 2024, thus offer order book replenishment prospects. The Group will continue to bid for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2024 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2024:

- Phase 2 of Pan Borneo Highway Sarawak;
- Flood mitigation projects;
- Road upgrading works in Johor;
- Klang Valley MRT Line 3;
- Kuching Urban Transportation System; and
- Affordable housing projects



On the property sector landscape, Malaysia's property transaction value hit RM196.83 billion in 2023, the highest ever recorded by the National Property Information Centre (Napic). Napic expects the property market's performance to remain cautiously optimistic in 2024.

There were marked increase in tender invitations and project awards to the Group since year 2023. The Group secured RM1.3 billion worth of construction projects in year 2023.

In the home base of the Group, Johor, developers are upbeat with the improvement in the property market sentiment given the visibility of the Johor Bahru-Singapore RTS project as well as the announcements of the proposed Johor-Singapore Special Economic Zone and Special Financial Zone.

Other than projects from external parties, the Group's construction arm will undertake construction works for in-house property developments projects as detailed in the ensuing section of this report.

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S\$32 billion and S\$38 billion in nominal terms in 2024.

The public sector is expected to drive total construction demand in 2024, reaching between S\$18 billion and S\$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's new Built-To-Order developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works.

Private sector construction demand is projected to be between S\$14 billion and S\$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

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 Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS



Property Development Division

The Group's on-going development project, namely 100 Trees Private Estate, which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, and Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, are expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales. The collective gross development value ("GDV") of these 2 developments is approximately RM110 million.

The Group expects to launch one service apartment development comprising 896 apartment units in Johor, with estimated GDV of approximately RM300 million, in the second half of year 2024.

The Group expects to submit its development planning application in relation to few of its land bank for the relevant authorities' approval this year.

DIVIDEND POLICY

While we do not adopt a formal dividend policy, our Company has been declaring dividends every year since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2010. In respect of FY2023, the Board recommends a single tier final dividend of 1.0 sen per share.

Our Company is always mindful to reward our loyal shareholders who have supported our growth over the years while trying to strike a balance with the funding needs at our different development phases.

SUSTAINABILITY STATEMENT

“

Introduction

The Board of Directors (“Board”) of Kimlun Corporation Berhad (“Kimlun” or “the Company”) acknowledges the importance of incorporating sustainability considerations, including economic, environmental, and social factors, in the long-term business direction and strategy of Kimlun and subsidiaries (“Kimlun Group” or “the Group”). The Board believes that a focus on long-term business sustainability is aligned with the long-term interests of the Company and its stakeholders.

This Sustainability Statement (“Statement”) discusses the management of the Group’s sustainability, including environmental, social, and governance factors, for the financial year ended 31 December 2023 (“FY2023”). This Statement has been prepared in alignment with the relevant sustainability disclosure requirements of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”).

”

SUSTAINABILITY STATEMENT



SCOPE OF REPORTING

This Statement discusses the sustainability strategies, performance, and targets of Kimlun Group FY2023, focusing on Kimlun Sdn Bhd (“KLSB”) and SPC Industries Sdn Bhd (“SPC”) which represent the Group’s Construction and Engineering segment and pre-cast concrete manufacturing business, unless otherwise stated. Construction projects which are less than RM20 million and with more than 90% completion rate as at 31 December 2023 are excluded, as our data collection efforts were focused on projects with a more significant size and activities.

Combined, these two companies make up more than 95% of Kimlun Group’s revenue. The in-scope companies’ operations are carried out at our headquarters in Johor Bahru, 2 pre-cast manufacturing factories, 4 offices, and various construction sites.

For the reporting on community contributions and employee-related performance data including employee training, employee turnover, workforce profile and diversity, the coverage is on the entire Kimlun Group.

DATA VERIFICATION

This Statement has not been subjected to internal review by the Group’s internal auditors nor has it been subjected to external, independent assurance. Nonetheless, the Management has undertaken the necessary steps to perform internal verification to enhance the accuracy and completeness of the sustainability data reported in this Statement.

GOVERNANCE STRUCTURE

Kimlun’s Board holds the ultimate responsibility in ensuring sustainability is considered and incorporated in the Company’s business strategies and that the Group’s governance structure supports the management of the Group’s sustainability-related issues and initiatives, including those relating to climate risks and opportunities.

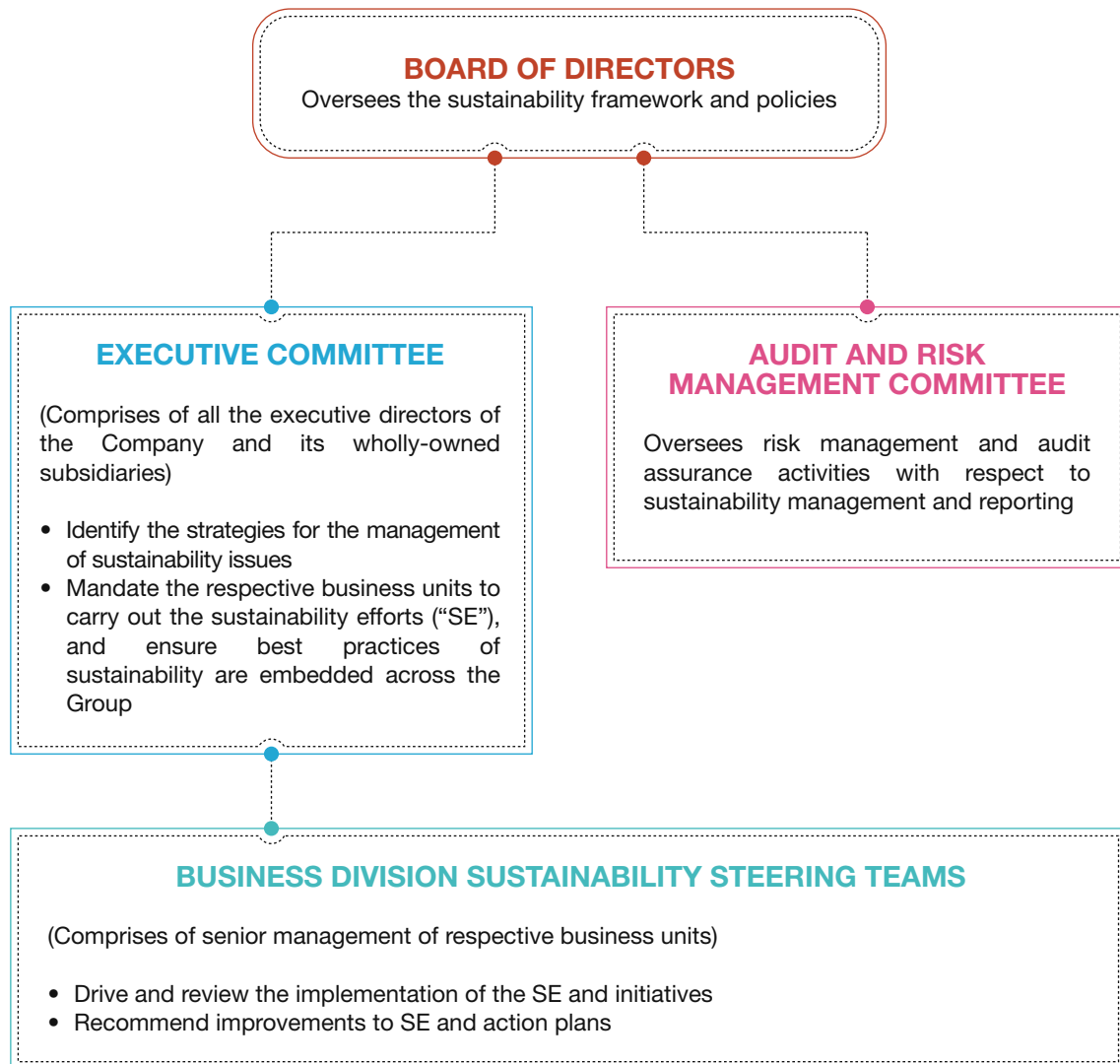
The Senior Management, represented by the Executive Committee that is composed of the executive directors of Kimlun and its wholly-owned subsidiaries, drives the development and implementation of sustainability strategies. The Executive Committee members provide leadership within their respective divisions and functions, including carrying out sustainability efforts and pursuing the sustainability targets set.

The in-scope businesses, namely the Construction and Engineering segment and the pre-cast concrete manufacturing business, have also established their respective Business Division Sustainability Steering Teams to oversee the carrying out of sustainability efforts and continuous improvement.

As with the Group’s risk management processes, sustainability-related risk management activities are overseen by the Audit and Risk Management Committee (“ARMC”). The ARMC is also responsible for supporting the Board in assessing the adequacy and effectiveness of the Group’s risk management and internal control system, including those relating to the management of sustainability risks.

SUSTAINABILITY STATEMENT

Kimlun Group's governance structure in relation to managing business sustainability is summarised as follows:



Kimlun Group's key sustainability progress during the year is summarised as follows:

- the Board reviewed the materiality assessment conducted by the Executive Committee and endorsed the identified Group material sustainability matters ("MSMs"). The materiality assessment has considered the Group's climate-related risks and opportunities;
- the Board reviewed the summary of stakeholder engagements during the year, including the sustainability issues or interest areas raised;
- considering the Group's MSMs, the Board reviewed the Group's overall sustainability direction and strategies;
- the Board reviewed the Group's sustainability performance; and
- the Board reviewed the effectiveness and adequacy of risk management and internal control systems which has incorporated the management of MSMs.






SUSTAINABILITY STATEMENT

STAKEHOLDERS


Stakeholders play an important role in defining the Company's value creation. They include entities or individuals to whom we are responsible, as well as parties who may influence or impact the achievement of our business objectives. We have varying responsibilities and relationships with different stakeholder groups and hence, the Group has established customised channels to suit our different engagement and communication needs.

Through the various engagement channels and engagement activities carried out by the Management, the Board oversees and ensures important sustainability-related information, such as strategies, priorities, targets, and performances are communicated to the relevant stakeholders. The engagement also allows the Group to understand the stakeholders' evolving needs and perception of value, in order to align the Group's value creation objectives and sustainability focuses.

Kimlun Group's stakeholder groups, how we communicate with them, and the key sustainability issues or areas of interest commonly discussed are summarised as follows:-

Stakeholders	Mode of Engagement	Frequency of Engagement	Key Sustainability Issues or Areas of Interest
Shareholders/ Investors 	<ul style="list-style-type: none"> General Meeting Annual report Quarterly results announcement Website with dedicated investor relations section Analyst briefings Media interviews and releases 	<ul style="list-style-type: none"> Annually Ad hoc Annually Quarterly Updated on a timely basis for announcements/regularly for other sections Ad hoc Ad hoc 	<ul style="list-style-type: none"> Company performance Dividends Business strategy and plans Corporate governance Internal control and risk management
Customers 	<ul style="list-style-type: none"> Technical presentation Direct engagements On-site meetings Quality management Participation in the bidding process 	<ul style="list-style-type: none"> Ad hoc Regularly Regularly Regularly Regularly 	<ul style="list-style-type: none"> Increase visibility Relationship management Quality and reliability of products and services Project management Pricing On-time delivery of projects
Suppliers/ Contractors/ Consultants 	<ul style="list-style-type: none"> Direct engagements On-site meetings and/or inspections Suppliers and contractors' performance evaluation 	<ul style="list-style-type: none"> Regularly Regularly Annually 	<ul style="list-style-type: none"> Relationship management Quality of products and services Project management Cost control Occupational health and safety
Government and regulatory authorities 	<ul style="list-style-type: none"> Meetings and consultations Training Standard operating procedures 	<ul style="list-style-type: none"> Ad hoc Periodically Daily 	<ul style="list-style-type: none"> Regulatory compliance Approvals, permits or licences Standard and certification
Employees 	<ul style="list-style-type: none"> Employee induction training Training and development programmes Performance appraisals Safety briefings Company activities 	<ul style="list-style-type: none"> Regularly Regularly Annually Regularly Regularly 	<ul style="list-style-type: none"> Career development and enhancement Fair employment practices Workplace conduciveness Safety, health and welfare

SUSTAINABILITY STATEMENT

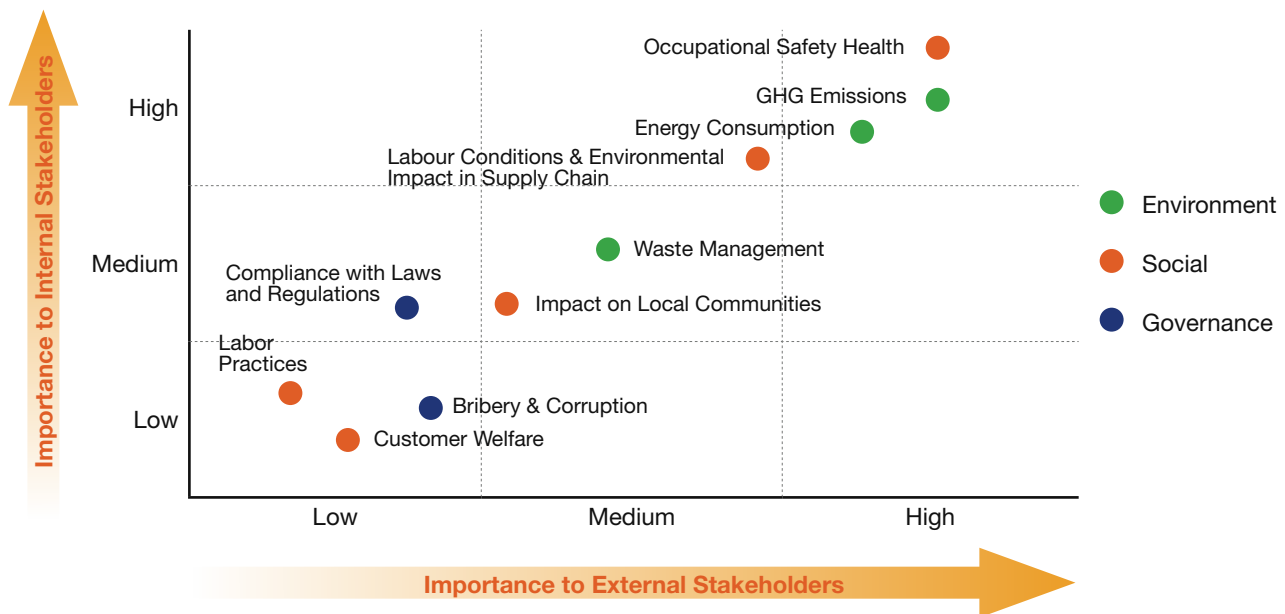
Stakeholders	Mode of Engagement	Frequency of Engagement	Key Sustainability Issues or Areas of Interest
Local community 	<ul style="list-style-type: none"> Corporate social responsibility initiatives 	<ul style="list-style-type: none"> Regularly 	<ul style="list-style-type: none"> Corporate citizenship Contribution to the community
	<ul style="list-style-type: none"> Local hiring and sourcing 	<ul style="list-style-type: none"> Regularly 	

MATERIAL SUSTAINABILITY MATTERS

Kimlun Group determines the Group's MSMs through a materiality assessment process which is performed or reviewed annually. The materiality assessment is conducted by the Executive Committee and is aligned with the definition of materiality provided in the Main Market Listing Requirements ("Listing Requirements") of Bursa, where an MSM is one that:

- reflect the Group's significant sustainability impact;
- substantively influence the assessments or decisions of stakeholders.

The materiality assessment has also considered the common sustainability matters prescribed by Bursa in the Listing Requirements.



The MSMs identified represent some of the most important sustainability matters for the Group and/or the stakeholders, and they are taken into consideration in the Group's review of its short and long-term strategies, action plans, and risk management.

We measure the Group's management of MSMs by developing and monitoring appropriate indicators. This year we have also initiated the development of sustainability key performance indicators to enable Management's targeted focus on achieving the Group's sustainability goals.

The Group also leverages its risk management framework and process to manage its MSMs. Risks associated with the MSMs are identified during the annual risk review and these risks are managed and monitored through the structured risk management process.

SUSTAINABILITY STATEMENT

COMPLIANCE AND BUSINESS ETHICS

Compliance

The construction industry is one of the key drivers for the economy and development of countries, including Malaysia. Construction activities create jobs for both labour workers and skilled workers, and some also contribute to the development of important access infrastructure such as roads, tunnels, and tracks for countries. On the other hand, there are also potential risks and hazards brought by construction activities if they are not managed well, such as safety and health risks or environmental damage.

Kimlun Group acknowledges the potential value that its businesses are able to create, as well as the potential risks that may arise. In this regard, as a responsible business, Kimlun Group is committed to complying with the applicable laws and regulations, including those relating to environmental and social laws.

Compliance is taken seriously at Kimlun Group and is incorporated in our various processes and operations, from procurement, manufacturing, construction, to transportation, where various laws and regulations apply and our operating licences and permits are also subject to compliance requirements. We regularly keep ourselves informed on any developments of the laws and regulations and review our processes to ensure they are aligned with the latest regulations. Compliance-related controls are also reviewed from time to time via the Group's internal audit activities.

FY2023	Number of cases
Confirmed incidents of corruption	0
Substantiated complaints concerning human rights violations	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	0

Ethical Business Practices

Kimlun's Board leads and sets the ethical standards of the Group's businesses and operations through the establishment of the Corporate Code of Conduct ("Code"), applicable to all Directors and employees of the Group. The Code sets out the ethical expectations in various areas including avoiding or declaring conflict of interest situations, safeguarding confidential information, dealing with stakeholders fairly, honestly, objectively and with integrity, anti-corruption and anti-bribery, and good employment practices including non-discrimination, prohibiting harassment, and respecting individuals' privacy rights.

All Directors and employees are introduced to the Code upon their appointment or employment to ensure they are familiar with the working culture Kimlun Group intends to create and maintain.

The Code is publicly accessible on Kimlun's corporate website at <https://www.kimlun.com>.

Anti-Bribery and Anti-Corruption

The Board has also established an Anti-Bribery and Corruption Policy ("ABC Policy") that is not only applicable to Directors and employees of the Group, but also to business associates such as contractors, suppliers, consultants, agents, representatives, and service providers who perform services for or on behalf of the Group.

The ABC Policy is publicly accessible on Kimlun's corporate website at <https://www.kimlun.com>.

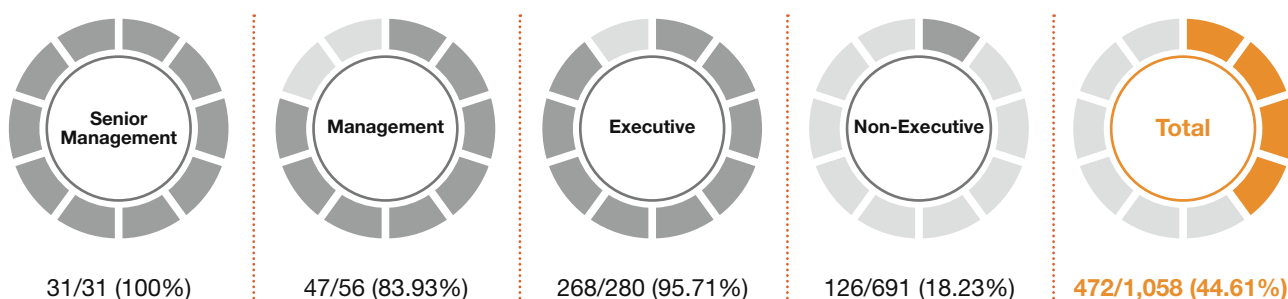
Kimlun Group is committed to conducting business in an honest and ethical manner, and it takes a zero-tolerance approach to bribery and corruption. The ABC Policy addresses and provides guidance in relation to high-risk transactions or activities such as gifts, entertainment, and hospitality; donations and sponsorships; facilitation payments; dealing with public officials; and conflict of interest situations. Furthermore, facilitation payments are strictly prohibited unless the life or safety of a person is threatened.

SUSTAINABILITY STATEMENT

In ensuring the effective management of corruption risks, the Group has established an anti-bribery and corruption compliance function to oversee the anti-bribery management system and to provide advice and guidance. We adopt a risk-based approach towards anti-bribery and anti-corruption, where corruption risk assessment is conducted to prioritise risk areas. Corruption risk is also included in the Group's annual risk assessment process. All business divisions of the Kimlun Group have been assessed for corruption risks.

Various controls are undertaken to mitigate corruption risks, depending on the risk levels identified. The ABC Policy is communicated to Directors, employees, and selected business associates depending on the risk levels assessed. Anti-bribery and anti-corruption training is also provided, especially for parties who are exposed to higher corruption risks such as due to the nature of their positions or authority.

NUMBER (PERCENTAGE) OF EMPLOYEES RECEIVED ANTI-CORRUPTION TRAINING (LOCAL EMPLOYEES ONLY)



Data Privacy and Security

As we rely more on information technology ("IT") and IT systems in our business, issues surrounding cybersecurity and personal data protection become more sophisticated. In this regard, we engage with third-party professional service providers to manage the IT system and security. In our selection of service providers, we considered, amongst others, their capacity and technical capabilities in relation to Kimlun's IT system and security needs.

In addition, the Group also has established internal policies and practices to govern the handling and management of data, especially confidential business data, personal data, or intellectual property-related information. Directors and employees are required to adhere to the corporate disclosure practices in line with the Listing Requirements pertaining to the control of sensitive information, as well as protection against the abuse of insider information for personal gain such as insider trading.

On the other hand, employees are also guided by policies such as KLSB's Information Technology Policy on how to handle customer data or personal data, proper usage of IT systems, and maintenance of cyber hygiene.

Whistleblowing

The Group has a whistleblowing mechanism, formalised via the Whistleblowing Policy and Procedures ("WBPP"), to enable the reporting of unethical behaviours, malpractices, illegal acts, or failure to comply with regulatory requirements. Employees or non-employee external parties can make a genuine report via the whistleblowing mechanism without fear of reprisal or victimisation, and the WBPP provides protection of confidentiality of identity to a reasonable and practicable extent.

The whistleblowing mechanism also provides for an avenue to report to the independent Chairperson of the ARMC in the event reporting to management is a concern, to ensure objective and independent channels are available.

The WBPP is publicly accessible on Kimlun's corporate website.

SUSTAINABILITY STATEMENT

BUILDING SUSTAINABLY

Industrialised Building System (“IBS”)

Kimlun strives to contribute to the improvement and evolution of the construction industry and attempts to create a better future through more sustainable building and construction methods. In this journey, Kimlun Group has incorporated IBS construction method as one of the key elements of its business, offering our clients value through quality products and services with the expertise and experience we have in Kimlun.

IBS is a construction technique whereby components are manufactured in a controlled environment, either on-site or off-site, and transported, positioned, and assembled into construction works. Compared to conventional construction methods, IBS construction method may help to achieve:

- (a) higher quality product with lower wastage due to a factory-controlled prefabrication environment;
- (b) reduced pollution or waste and more resource-efficient construction from a more standardised and planned manufacturing process;
- (c) shorter construction time with prefabricated components replacing on-site construction;
- (d) relatively less nuisance to communities around sites due to shorter construction time; and
- (e) lower reliance on manual labour and hence mitigated manpower risks and less associated social issues.



Sustainable Materials

At Kimlun, we design some of our concrete mix in accordance with the criteria for green building materials. Sustainable concrete mix which contains 20% Pulverised Fuel Ash (PFA) is used for some of the building construction. In SPC Industries Precast Manufacturing Plant, PFA and/or ground granulated blast-furnace slag (GGBS) is used as cement replacement for some of the precast products to meet our client specifications in Singapore. PFA and GGBS are waste materials generated from industries like coal-fired power plants and iron production. The use of PFA and GGBS as cement replacements can help to reduce carbon emissions in concrete production. SPC Industries is certified by the Singapore Green Building Council for Ready-Mix Concrete for our precast production.



Quality and Cost Management

We put great emphasis on ensuring consistent quality in our work and products. We have established quality control teams who perform checks and reviews on our works and products, benchmarking against established standards such as the Quality Assessment System in Construction (“QLASSIC”) quality rating system in Malaysia or Construction Quality Assessment System (“CONQUAS”) in Singapore, as applicable. Continuous improvement is also a key element of our quality management process where potential improvement areas are identified on an ongoing basis.

We maintain an established supplier and contractor assessment and/or tendering process to ensure we work with business partners who can support us in our endeavour to deliver quality products and services to our customers while optimising our financials. This includes setting a clear scope of work, performance expectations, and building trust and upholding business transparency in our relationships with suppliers and contractors.

Before projects are carried out, we develop project plans, including procurement planning and incorporating risk management to mitigate uncertainties. Similarly, for pre-cast manufacturing activities, we perform pre-production planning and production process assessment prior to production and ensure quality control to minimise product rejection and optimise resources and cost-efficiency.

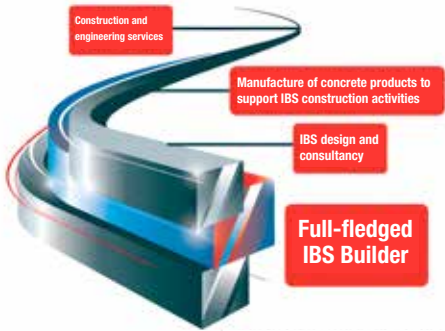
SUSTAINABILITY STATEMENT

For SPC, we measure our product quality and target to keep our rejection rate at not more than 1%. Our FY2023 rejection rate was 0.57%.

Driving Progress and Technical Capabilities

We recommend and encourage our clients to adopt IBS in their projects, offering them solutions which are supported by our IBS design team and our pre-cast concrete manufacturing capabilities. We engage with our clients as early as the development planning stage and we also support and advise clients to gradually transition to IBS adoption.

On the other hand, we actively invest in technical knowledge and capability development within the Group, through internal and external training and seminars for employees. We also keep ourselves abreast of developments in the market and industry to ensure the Group is kept updated with the latest developments such as principles and ideas for green buildings and requirements for green building materials.



Sustainable Supply Chain

To promote sustainability in the construction industry and across our value chain, we believe we have a responsibility to engage business partners who also share the same values as Kimlun.

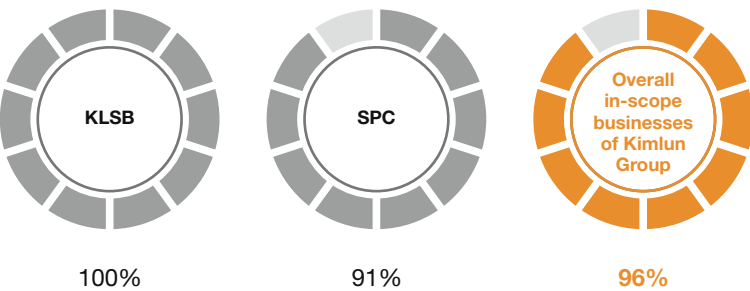
When engaging key service providers such as contractors and subcontractors, our assessment criteria take into consideration their track record in compliance including in the areas of environmental and social-related compliance, as well as key business and operating capabilities such as experience, expertise, pricing, and timeliness of delivery.

Where possible, we try to purchase locally and support the local market and support the region's evolution and development in construction approaches and technologies.

During the financial year under review, 96% of our procurement amount for goods and services is with local suppliers or vendors.



PROPORTION OF SPENDING ON LOCAL SUPPLIERS (FY2023 PERCENTAGE)



SUSTAINABILITY STATEMENT

ENVIRONMENT

Kimlun Group is committed to minimising the environmental impact caused by its business and operations, enhancing energy efficiency, reducing pollution, and reducing waste disposed of in landfills. In line with global and national efforts to tackle climate change, Kimlun will also endeavour to reduce its net emissions and minimise its emissions-related impact.

Our pre-cast concrete components manufacturing arm, SPC has been accredited with the ISO 14001:2015 Environment Management System Certification and it adheres to the requirements under this standard to minimise the environmental impact of its operations.

ENVIRONMENTAL BENEFITS OF THE IBS SYSTEM

Material Efficiency:



- IBS typically involves the use of prefabricated components, which can lead to better material efficiency compared to traditional construction. Precise manufacturing in controlled environments often reduces material wastage.
- Quality control in IBS can result in standardised and optimised use of materials, minimising the need for excess resources.

Waste Reduction:



- IBS has the potential to generate less construction waste at the site due to the controlled manufacturing process. On-site construction activities are reduced, leading to lower levels of waste generation.
- The modular nature of IBS components can contribute to the reuse and recycling of materials, reducing overall waste.

Energy Efficiency:



- IBS can potentially lead to energy savings during the construction phase because of the streamlined manufacturing process and reduced on-site construction time.
- Transportation of prefabricated components to the construction site may impact energy efficiency, depending on the distance and mode of transport.

Lifecycle Assessment:



- Assessing the sustainability of construction methods involves considering the entire lifecycle of a building. This includes material extraction, manufacturing, transportation, construction, use, and end-of-life considerations.
- IBS may have a positive impact on the overall lifecycle if it contributes to a more efficient and sustainable construction process.

Energy and Emissions

Kimlun Group's in-scope business and operations consume a considerable amount of energy in the forms of:

- vehicle fuel, including diesel and petrol, used in vehicles used in operations such as passenger cars, lorries etc.
- diesel used in construction equipment and site generators.
- electricity consumed at the headquarters, factories, project sites and offices of the in-scope companies.

This year, we began to estimate our energy consumption based on the fuel purchased and electricity purchased from Tenaga Nasional Berhad and Sarawak Energy Berhad.

Energy source	FY2023	
	Consumption	Energy amount (MWh)
Purchased electricity	3,175 MWh	3,175
Diesel (used in Group-owned/ controlled vehicles/ equipment)	3,103 kilolitre	33,004
Gasoline (Petrol) (used in Group-owned/ controlled vehicles/ equipment)	222 kilolitre	2,069
Total		38,248

SUSTAINABILITY STATEMENT

Currently, we estimate and report the greenhouse gas emissions arising from the consumption of fossil fuel, i.e. Scope 1, and the consumption of purchased electricity, i.e. Scope 2, as follows. We will continue to undertake measures to enhance the accuracy and completeness of our emissions estimation and work towards estimating Scope 3 emissions at least for Category 6 – Business Travel and Category 7 – Employee Commuting, to comply with the future disclosure requirements of the Listing Requirements.

Energy source	FY2023 (tCO ₂ e) ¹
Scope 1	8,809
Scope 2 ²	2,386
Scope 1 and Scope 2	11,195

Water

Water is also an important input for some of our operations especially the pre-cast concrete manufacturing business which is based in Negeri Sembilan and Johor. Our in-scope premises (i.e. headquarters, factories, and offices) are not located in water-stressed areas. At some construction sites, we have rainwater harvesting tanks to collect rainwater for construction use. However, we currently do not measure the amount of water collected or consumed from rainwater harvesting tanks.

Apart from domestic effluent from our headquarters and offices which is discharged into the municipal sewerage, our factory operations generate wastewater which is treated on-site, including silt traps, before the effluent is discharged.

Across our operations, we do not waste water and aim to enhance water efficiency.

The Group's in-scope water consumption and discharge in FY2023 is estimated and summarised as follow:

Water withdrawal (m ³)	FY2023 (m ³)
from municipal sources	264,961

Waste Management and Pollution

The construction industry has always been material and waste intensive. As Kimlun strives to promote greater technological adoption in the industry in the region, we continue to promote and offer IBS solutions that generally consume less materials and generate less waste through precise manufacturing in a controlled environment. The quality control and standardisation in IBS manufacturing also helps to analyse the optimum material use, thereby enhancing material efficiency.

For example, the manufacturing of prefabricated concrete components in the factory allows us to more accurately estimate the materials required and hence reduce waste generation. In addition, a better quality control environment in the manufacturing factory also helps to reduce defective products and hence less waste.

Generally, our operations do not generate a significant amount of scheduled waste and all scheduled waste generated is handled and disposed of by licenced contractors approved by Department of Environment.

The more significant non-hazardous waste types in our operations are construction waste such as wood, steel, and concrete waste. We carry out waste segregation at the construction sites. Some collected waste can be reused or recycled in our operations or we sell them to waste contractors.

1 Includes carbon dioxide, methane, and nitrous oxide

2 Estimated using (1) Grid Emission Factor of 0.758 Gg CO₂e/ GWh (Peninsular Malaysia) and 0.198 Gg CO₂e/ GWh (Sarawak) for FY2021 (latest available at the time of the preparation of this Statement) source: <https://meih.st.gov.my/home>.

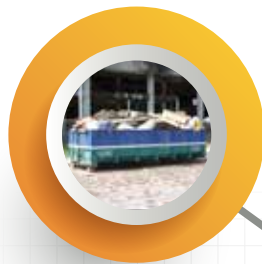
SUSTAINABILITY STATEMENT

For projects where we engage the services of contractors or subcontractors, we maintain close collaboration with contractors and subcontractors to ensure processes and activities at the sites are compliant and in accordance with our internally set standards, including in the areas of waste management.

We are currently developing procedures to collect data relating to our waste management.

Key waste management measures at our construction sites:

large commercial-grade waste bins to collect construction waste and non-construction wastes



wash trough for vehicles to wash their muddy tyres before exiting project sites



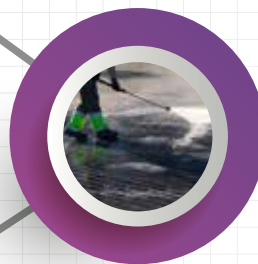
constructing temporary earth drains (where necessary) to prevent water ponding and flooding



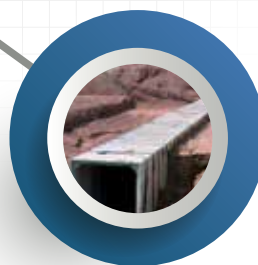
silt traps to collect and store sediment from sites cleared during construction



cleaning the public roads leading to our construction sites with high-power water jets to maintain road cleanliness



where relevant, adopting sustainable Urban Drainage System to drain off stormwater to control flash floods and control water runoff quality



SUSTAINABILITY STATEMENT

EMPLOYEES

Across the Kimlun Group, we have 1,058 employees (excluding foreign workers) as of 31 December 2023. A majority of our office-based employees are permanent full-time employees while construction or production site-based employees are majority contract-based full-time employees, which is 66.64%. We do not have any short-term employees.

We also work with business partners such as contractors and subcontractors and have their workers performing work at our construction or production sites.

Kimlun Group	As at 31 December 2023				
	Gender		Age		
	Male	Female	<30	30 - 50	>50
Directors (Kimlun Corporation Bhd only)	8 (80%)	2 (20%)	0 (0%)	1 (10%)	9 (90%)
Workforce breakdown [number (percentage)] (Local employees only)	As at 31 December 2023				
	Gender		Age		
	Male	Female	<30	30 - 50	>50
Senior Management (General Managers, Senior Manager, Head of Departments in key departments)	22 (71%)	9 (29%)	0 (0%)	15 (48%)	16 (52%)
Management (Managerial position excluded from Senior Management Category, Assistant Manager)	45 (80%)	11 (20%)	1 (2%)	37 (66%)	18 (32%)
Executive	199 (71%)	81 (29%)	81 (29%)	161 (58%)	38 (14%)
Non-Executive	608 (88%)	83 (12%)	172 (25%)	364 (53%)	155 (22%)
Total	874 (83%)	184 (17%)	254 (24%)	577 (55%)	227 (21%)
	1,058		1,058		

Percentage	Malaysian Chinese	Malay	Malaysian Indian	Others
Employee breakdown by ethnicity (Local employees only)	21%	43%	1%	35%

Labour Practices

Kimlun Group is committed to treating every employee fairly and equally, without discrimination. We embrace diversity and value the diverse perspectives brought by having employees with different cultural backgrounds, experience, age groups, etc. Kimlun aims to provide a work environment that is free of discrimination and harassment and this value is further enshrined in our Code.

We uphold equal employment opportunity practices and do not discriminate against anyone on the basis of an individual's gender, race, religion, or age in our employment-related activities such as employment and promotion which are based on the business needs, the candidate's skills, experience, core competencies, and other qualities.

In addition, we respect the fundamental human rights of all employees and adopt acceptable labour practices in accordance with the applicable laws and regulations, including in our provision of accommodation for workers. We respect the rights of all employees to exercise freedom of association and collective bargaining in accordance with the applicable laws and regulations.

To support our employees, we also provide employees with various employee benefits. Amongst others, we have hospital and surgical insurance and personal accident insurance for local employees and workmen compensation insurance for foreign employees, to enable them to seek timely medical treatment where required.

SUSTAINABILITY STATEMENT

Occupational Safety and Health

Occupational safety and health is a significant topic of concern for the construction industry and it continues to be a priority in our operations. At Kimlun, we are committed to providing a safe and healthy working environment to all our employees. We also undertake initiatives to instil awareness on safety, health, and environment in our business. The safety of our employees, customers, business associates and communities must be prioritised in all decision-making processes and shall not be compromised in any manner.

The management of occupational safety and health risks in Kimlun Group follows a structured risk management process, where safety and health hazards and risks are identified and assessed and controls are established to mitigate the identified hazards and risks. Safety and health policies and procedures are in place and they are also incorporated in the Group's standard operating procedures, as relevant.

We provide appropriate personal protective equipment to employees in accordance with their job requirements, having in place in every construction site safety devices such as safety nets for arresting falling or flying objects for the safety of people beyond or below the net, and fire extinguishers for firefighting purposes.

In compliance with the Occupational Safety and Health Act 1994, we have occupational safety and health committees ("OSH Committees") who are responsible for the safety and health of their respective operations. They are also responsible for checking and enforcing the implementation of the Group's safety and health policies and procedures, and recommending appropriate improvement measures. The OSH Committees hold overall responsibility for overseeing the safety and health compliance at the operations. The committees are also participated by employees who represent the ground-level workers, in enabling a fair representation and effective escalation of on-the-ground safety and health concerns. Periodic meetings are also carried out to report, monitor and analyse safety and health performance and investigation of accidents, if any.

In addition, SPC is accredited with ISO 45001:2018 – Occupational Health and Safety Management System which provides a framework to identify, control and decrease the risks associated with safety and health at the workplace. SPC follows the guidelines under ISO 45001:2018 as to its planning for hazard identification, risk assessment and management.

KLSB is currently carrying out the implementation of ISO 45001 and targets to be certified by the end of the year of 2024.

Generally, the functions of OSH Committees of the Group are summarised as follows:

- identifying and assessing the potential hazards in the workplaces, and summarising risks identified into a risk assessment report;
- formulating emergency response plans;
- recommending measures to enhance safety and health practices and protection equipment, if required;
- conducting induction training for contractors entering into project sites for the first time;
- performing periodic toolbox briefings to emphasise occupational safety and health matters and enforce the usage of personal protective equipment; and
- conducting workplace audits to identify safety and health compliance. Non-conformance will be recorded and any issue noted will be followed up for resolution.

We also require our contractors and sub-contractors to ensure their workers comply with safety and health practices which are aligned with Kimlun Group's practices.

KLSB and SPC implement a reward and punishment system which is applicable to both our and our sub-contractor's workers. Workers who have shown a good safety and health attitude, are proactive in safety and health matters and comply with our safety and health requirements, will be rewarded with a token of appreciation during safety and health campaigns. Workers who do not comply with our safety and health requirements will be imposed with a penalty.

SUSTAINABILITY STATEMENT

Safety and Health Training

Safety and health training is also provided to employees from time to time to ensure they are aware of the Group's safety and health policies and procedures, especially to employees who are exposed to a higher level of safety and health risks.

FY2023 Safety and Health Training

Number of employees who attended safety and health training	266
-------------------------------------------------------------	-----

The safety related trainings attended by employees during the financial year under review include:

- Basic Rigging, Slings and Signaling
- Mastering OSH Communication for Excellent Workplace Performance
- Basic Occupational First Aid, CPR & AED
- MBAM Annual Safety & Health Conference 2023
- Training on Safety Working at Height (WAH)
- Machinery Inspection
- OSH Principle of Prevention (OSHPoP) on Mental Health at Workplace



Safety Performance

Kimlun measures safety performance to monitor performance and improvement. Our FY2023 safety performance for the in-scope operations is summarised as follow:-

FY2023 Safety Performance

Number of work-related fatalities	0
Fatality rate	0
Number of work-related lost-time incidents	8
Lost-time incident rate	0.23

Employee Training and Development

Training and development is another important aspect for Kimlun Group in its management of human capital. In addition to ensuring the Group has the necessary skills and talents to drive the Group's business strategies, we are also supportive of the personal and professional development of employees.

All our employees are subject to annual performance appraisals, where their performance during the year is assessed and where required, their training needs to be assessed and identified. On the other hand, the Group's human resources department also conducts training needs analysis to determine the training needs of the Group's employees.

Training may be provided via internal training or external courses and the topics of training provided in FY2023 include the following:

- Occupational health and safety;
- Procurement & Contract Management;
- HR & Payroll Administration;
- IBS for Sustainable Construction;
- ESG awareness; and
- Orientation program for new recruits.

We have set a target to provide 2,330 training hours (external training) for our employees of executive level and above, representing at least 6 hours of training per employee. For employees below the executive level, we provide on-the-job training.

We have achieved a total of 5,855.5 training hours for employees who are executive level and above during the financial year under review, summarised as follows:-

Kimlun Group	FY2023
	Hours of training attended
Senior Management	670.5
Management	834.5
Executive	4,350.5
Total	5,855.5

SUSTAINABILITY STATEMENT

Turnover

The turnover for Kimlun Group in FY2023 is summarised as follows. Corresponding hiring efforts have been undertaken to mitigate challenges arising from employee turnover.

FY2023 Employee Turnover	
	Turnover number
Senior Management	3
Management	13
Executive	33
Non-Executive	228
Total	277

CONTRIBUTION TO SOCIETY

We endeavour to support the local communities who require help, as part of the Group's acknowledgement of its social responsibility.

In FY2023, Kimlun Group continued to contribute to society via our social contribution activities. Amongst others, we contributed in various ways and channels to the communities that are more vulnerable and require assistance such as to the AIDS foundation, cancer foundation, and to organisations that help to support people with disabilities. We also donated for the purchase of oxygen tanks for asthma patients in a mental home.

In FY2023, we contributed approximately RM198,000 in community contribution. The total number of beneficiaries may not be reliably estimated as some of the contributions are made through organisations such as foundations and fundraisers. The number of beneficiaries (entities) to which we have made monetary or asset contributions is 16.



SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Management	Percentage	83.93
Executive	Percentage	95.71
Non-executive	Percentage	18.23
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	198,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	16
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	48.00
Senior Management Above 50	Percentage	52.00
Management Under 30	Percentage	2.00
Management Between 30-50	Percentage	66.00
Management Above 50	Percentage	32.00
Executive Under 30	Percentage	29.00
Executive Between 30-50	Percentage	58.00
Executive Above 50	Percentage	14.00
Non-executive Under 30	Percentage	25.00
Non-executive Between 30-50	Percentage	53.00
Non-executive Above 50	Percentage	22.00
Gender Group by Employee Category		
Senior Management Male	Percentage	71.00
Senior Management Female	Percentage	29.00
Management Male	Percentage	80.00
Management Female	Percentage	20.00
Executive Male	Percentage	71.00
Executive Female	Percentage	29.00
Non-executive Male	Percentage	88.00
Non-executive Female	Percentage	12.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	0.00
Between 30-50	Percentage	10.00
Above 50	Percentage	90.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	38,248.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	266
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	671
Management	Hours	835
Executive	Hours	4,351
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	66.64
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	3
Management	Number	13
Executive	Number	33
Non-executive	Number	228
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	96.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

SUSTAINABILITY STATEMENT

Indicator	Measurement Unit	2023
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	264.961000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the performance and affairs of Kimlun Corporation Berhad (“the Company”), including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner, as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. To this end, the Board implements the principles and practices of the Malaysian Code on Corporate Governance (“MCCG”) updated and issued by the Securities Commission Malaysia (“SC”) on 28 April 2021 towards achieving corporate excellence.

This Corporate Governance Overview Statement sets out the principal features of the Company and its subsidiaries’ (collectively referred to as “the Group”) corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas in relation to corporate governance for the financial year ended 31 December 2023 (“FY2023”). The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report (“CG Report”) which is available on the Company’s website at <https://www.kimlun.com> and via an announcement on the website of Bursa Malaysia Securities Berhad (“Bursa Securities”).

A. BOARD LEADERSHIP AND EFFECTIVENESS

The Board adopted a Board Charter which sets out the authority, role and responsibilities of the Board, Board Committees, individual Directors and Senior Management. The Board Charter also sets out the membership and operation of the Board, and issues and decisions reserved for the Board. The Board reviews the Board Charter from time to time and makes any necessary amendments to ensure it complies with relevant laws, regulations and practices, and remain relevant and effective in the light of the Board’s objectives. The last review of the Board Charter in FY2023 was on 29 November 2023.

The Board Charter is accessible at <https://www.kimlun.com>.

Authority

The Board’s roles and responsibilities are governed by the Constitution of the Company and also in accordance with the Companies Act 2016 (“CA 2016”), the Main Market Listing Requirements of Bursa Securities (“MMLR”), the MCCG of SC, the Capital Markets and Services Act 2007 (“CMSA”) and any other prevailing regulatory corporate governance practices and laws or regulatory requirements.

Board Composition

The Constitution of the Company provides that the Company shall have a minimum of three directors and a maximum of ten directors. In compliance with Paragraph 15.02 of the MMLR, there shall be at least two directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors and at least one Director is a woman.

The Board consists of ten qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. None of the Board members is person linked directly with the executive powers such as heads of state, heads of government and ministers and none of the Board members is an active politician.

Five of the Directors are Independent Non-Executive Directors (“Independent Directors”), thus the Company complied with Paragraph 15.02 of the MMLR as well as Practice 5.2 of MCCG which stipulates that at least 50% of the Board comprises Independent Directors.

The composition and size of the Board is such that it facilitates the decision making of the Company.

The Independent Directors provide objective and independent views and judgement in decision-making processes of the Board covering issues of strategy, performance and risks. The presence of the Independent Directors fulfills a pivotal role in corporate governance accountability and ensures the interests of all shareholders are indeed taken into account by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director shall not exceed a cumulative term of nine years. However, upon completion of the nine years, the Independent Director may continue to serve the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it shall provide justification and seek annual shareholders' approval through a two-tier voting process. The tenure of all the current Independent Directors did not exceed a cumulative term of nine years, thus the Company complied with Practice 5.3 of the MCCG.

The size and composition of the current Board is well balanced with a good and appropriate mix of knowledge, skills, attributes and core competencies. The Board, which currently comprises of five Independent Directors and five Executive Directors, is able to discharge its duties professionally and effectively, uphold good governance standards in their conduct and that of the Board.

The Independent Directors are able to exercise strong independent judgement and provide balance to the Board with their unbiased and independent views, advice and judgement to all Board deliberations. All the Independent Directors fulfill the criteria of independence as defined in the MMLR and they impartially provide check and balance to the Board.

The Executive Chairman has demonstrated strong commitment and judgement in overseeing the management function, looking after the best interest of all shareholders and ensuring that contributions by all Directors were forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance of power and authority within the Board.

The Executive Chairman is not a member of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") of the Company.

The Board does not have a formal policy on boardroom and senior management diversity, nevertheless the Board is committed to ensuring directors and senior management of the Company possess diverse sets of skills, knowledge and experience. In addition, the directors of the Company must have the ability to devote sufficient time and attention to the Company, and are independent taking into account the candidate's character, integrity and professionalism.

On boardroom diversity, the current composition of the Board is diverse in terms of skills, experiences, gender, age and race. The background of each Director can be found on pages 6 to 10 of this Annual Report. Despite the Group is operating mainly in the construction industry which is male-dominant whereby males made up of 83% of the Group's work force (excluding foreign labour), the Board is supportive of the boardroom gender diversity recommended by MCCG as the Board has two female members (i.e. 20% of the Board). Pursuant to the Company's gender diversity policy and the Board Charter, and in compliance with MMLR, the Board shall have at least one female Director. Underpinning the Company's boardroom gender diversity is the commitment to ensure that all Directors are appointed on merit, in line with the standards as set out in Paragraph 2.20A of the MMLR. The Board through the NC will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group. At the subsidiary companies' level, 33% of the directors (other than those Director(s) who also serve on the board of subsidiary companies) appointed by the Company to represent its interest in these subsidiary companies are female.

The Group practices equal employment opportunity, there are no barriers to employment or development in our Group by reason of an individual's gender. Pursuant to the Group's gender diversity policy, the percentage of senior management positions filled by female shall not be less than the percentage of female employees to the total workforce of the Group. Notwithstanding, the recruitment or promotion of a candidate to the position of senior management is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities. As at 31 December 2023, approximately 29% of the senior management is female, which is higher than the percentage of female employees to total workforce.

The Board is satisfied with the level of time committed by its members in discharging their duties and roles as Directors of the Company. All the Directors have full attendance at the Board meetings or committee meetings (where applicable) held during FY2023, and complied with Paragraph 15.06 of the MMLR on the restriction of five directorships in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board does not consider that it is necessary to nominate a Senior Independent Director to whom concerns may be conveyed. All members of the Board have demonstrated that they are always available to members and stakeholders whereby all issues can be openly discussed during Board meetings.

The composition and size of the Board are reviewed from time to time to ensure its appropriateness.

Appointment

The NC is responsible for making recommendations to the Board for the appointment of new Directors. All nomination to the Board shall first be considered by the NC, taking into consideration inter-alia the current and future needs of the Group, the Corporate Governance Guide issued by Bursa Securities and the credential of the potential Directors.

The NC shall meet with the shortlisted candidates and conduct the fit and proper assessment to assess their suitability before formally considering and recommending them for appointment to the Board. In assessing the suitability of candidates, the NC shall consider the fit and proper criteria in accordance with the Directors' Fit and Proper Policy, which include the candidates' characters, experiences, competencies, integrity and time commitment. In its assessment, the NC shall take into consideration board diversity including gender diversity and the mix of skills, qualifications, expertise and experience, knowledge, professionalism and integrity which would contribute to the overall desired composition of the Board.

The Director's Fit and Proper Policy was established by the Board on 30 March 2022 to guide the NC and the Board in their review and assessment of the appointment and re-election of Directors, and to enhance the governance in relation to the Board's quality and integrity. The Director's Fit and Proper Policy is accessible at <https://www.kimlun.com>.

Based on the NC's recommendation, the Board will evaluate and decide on the appointment of the proposed candidates. Prior to such appointment, the selected candidate will be briefed on the Company's vision and mission, its philosophy and nature of business, the corporate strategy and the expectations of the Company concerning input from Directors.

Election and Re-Election

Pursuant to Clause 78 of the Company's Constitution, Directors appointed during the year by the Board shall hold office until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. In accordance with Clause 76(3) of the Constitution, at least one-third (1/3) of the Directors shall retire from office at every AGM. All Directors shall retire from office at least once every three years but shall be eligible for re-election. Retiring Directors who are seeking re-election are subject to Directors' assessment by the NC.

In FY2023, the NC had conducted the fit and proper assessment and reviewed all Directors who are standing for re-election at the Company's forthcoming Fifteenth AGM. The NC has determined and informed the Board that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR. The Board concurred with the findings of the NC, recommends and supports the re-election of Mr Pang Tin @ Pang Yon Tin, Mr Sim Tian Liang and Mr Chin Lian Hing (collectively "Retiring Directors"), who are seeking for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming Fifteenth AGM. The Retiring Directors had also provided their respective fit and proper declarations in accordance with the Directors' Fit and Proper Policy to the Company.

Independence of Director

The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement.

The NC reviews the independence of each Independent Director annually or whenever necessary, in light of information relevant to this assessment as disclosed by each Independent Director to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC has assessed the independence of all Independent Directors during FY2023 and has determined and informed the Board that all Independent Directors remain objective and met the criteria of independence as prescribed in the MMLR. The Board concurred with the findings of the NC, and considered the suitability of each of the Independent Directors to continue to act as independent directors of the Company.

New Directorship

While the Board allows its Directors to accept appointments to other boards, the Directors are required to discuss with the Chairman and the Chief Executive Officer (“CEO”) before accepting the new appointment and to indicate the time expected to be spent on the new appointment.

Role of Board

The Board’s role is to represent and serve the interests of the shareholders. It is primarily responsible for setting the appropriate tone at the top, overseeing and supervising the management of the business affairs of the Group towards realising the long-term success and delivery of sustainable value to its stakeholders.

The responsibilities of the Board include:-

- (a) Formulating the Group’s strategic plans and strategies with economic, environmental and social considerations in line with sustainability practices for the Group;
- (b) Reviewing, challenging and deciding on corporate proposals for the Group, and monitoring its implementation by Management;
- (c) Overseeing the conduct of the Group’s business to ensure the business is being properly managed with good corporate governance, high standard of ethics and corporate behaviour;
- (d) Establishing an effective risk management and internal control framework which includes identifying the principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;
- (e) Setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (f) Ensure Senior Management has the necessary skills and experience, and there are measures for orderly succession planning for the Company’s Board and Senior Management which are reviewed on an annual basis, and to ensure that there are appropriate policies for training, appointment and performance monitoring of Senior Management;
- (g) Developing and implementing an investor relation programme or shareholder communication policy for the Company to enable effective communication with stakeholders;
- (h) Together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour; and
- (i) Ensuring the integrity of the Company’s financial and non-financial reporting.

Matters which shall be reserved for decision by the Board, supported by any recommendation as may be made from time to time by the Board Committees (as appropriate) include:-

- (a) Strategic issues and planning, including sustainability;
- (b) Corporate plans and programmes;
- (c) Budget and performance reviews;
- (d) Dividend policy or declaration of dividends;
- (e) Material borrowings;
- (f) Treasury policies;
- (g) Key human resources issues;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (h) New ventures;
- (i) Material acquisitions and disposals of undertakings, assets and properties;
- (j) Quarterly financial results and annual financial statements; and
- (k) Any matters or transactions that fall within the ambit of the Board pursuant to the CA 2016, MMLR, the Company's Constitution or any other applicable laws and regulations.

The Board delegates responsibility for the day-to-day operation of the Group's business to the Executive Directors and recognises its responsibility for ensuring that the Group operates within a framework of prudent and effective control.

Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are clearly defined and segregated to ensure a balance of power and authority such that no one individual has unfettered power of decision. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role.

The responsibilities of the Chairman include:-

- (a) Leading the Board in its responsibilities for the business and affairs of the Company and its oversight of management;
- (b) Overseeing the Board in the effective discharge of its supervisory role;
- (c) Ensuring the integrity and effectiveness of the governance process of the Board and leading the Board in the adoption and implementation of good corporate governance practice in the Group;
- (d) Setting the agenda for Board Meetings with the assistance of the Company Secretary and ensuring all Board members receive complete and accurate information in a timely manner;
- (e) Leading Board discussion, encourage active participation and allowing dissenting views to be freely expressed;
- (f) Facilitating the effective contribution of all Directors and ensuring constructive relations be maintained between the Board and Management;
- (g) Ensuring that there is regular and effective evaluation of the Board's performance; and
- (h) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.

The CEO is responsible for implementing the policies and decisions of the Board, overseeing day-to-day operations as well as development and implementation of business and corporate strategies and plans. All Board's authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability.

Board Committees

The Board, in discharging its fiduciary duties, may from time to time establish Committees as it considers necessary to assist it in carrying out its responsibilities.

The Board has established three Board Committees, namely ARMC, NC and RC, each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairperson of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The last review of terms of reference of ARMC, NC and RC was on 29 November 2023. The respective Board Committees' terms of reference are available at the Company's website at <https://www.kimlun.com>.

a. Audit and Risk Management Committee

Please refer to pages 59 to 62 of this Annual Report for composition of the ARMC, ARMC meetings held and the activities undertaken by the ARMC in the discharge of its duties during FY2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

b. Remuneration Committee

The current composition of the RC is as follows:-

Name	Designation	Directorship
Datuk Woon See Chin	Chairperson	Independent Director
Dato' Ir. Fong Tian Yong	Member	Independent Director
Johar Salim Bin Yahaya	Member	Independent Director

During FY2023, one meeting was held and attended by all the members.

The RC reviewed and recommended to the Board the remuneration of the Executive Directors and Senior Management. Please refer to the ensuing section on Director's remuneration for further details.

The RC has also reviewed and recommended to the Board, the remuneration packages of Non-Executive Directors for shareholders' approval at the forthcoming Fifteenth AGM.

The Director concerned abstained from any discussion on his/her individual remuneration.

c. Nomination Committee

The current composition of the NC is as follows:-

Name	Designation	Directorship
Johar Salim Bin Yahaya	Chairperson	Independent Director
Anita Chew Cheng Im	Member	Independent Director
Bhupendar Singh A/L Sewa Singh	Member	Independent Director

During FY2023, one meeting was held and attended by all the members. Please refer to the sections on Appointment, Election and Re-election, Independence of Director and Board Evaluation and Performance for further details on activities undertaken by the NC in the discharge of its duties during FY2023.

Board Meetings and Attendance

The Board shall meet at least five times a year. Directors are informed at the end of each year about the number and the tentative dates of Board meeting and Board committee meetings in the following year. In exceptional circumstances, additional meetings may be convened. During Board meetings, the CEO and members of the Management team, will table and present reports for the Board's consideration, deliberation and direction.

Directors are required to inform the Board of conflicts or potential conflicts of interest they may have in relation to particular items of business transacted by the Group or the Company as soon as practicable after the relevant facts have come to his/her knowledge. The interested Directors should abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

The Chairperson of the ARMC, RC and NC would report to the Directors at Board meetings of any salient matters noted by the Committees and which require the Board's notice, direction or approval.

The Chairperson shall ensure that Board Committee meetings are not combined with the main Board meeting to enable objective and independent discussion during the meetings.

Agenda, board papers and any other documents are made available at least five business days in advance to the Board to facilitate well-informed Board deliberation and decision-making. In addition, members of the Management are frequently invited to the Board meetings to explain and clarify the items tabled to the Board.

Agenda shall be prepared taking into account the formal schedule of matters reserved for the Board's decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All proceedings of the Board meetings are minuted. All Board members ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and whether any Director abstain from voting or deliberating on a particular manner.

During FY2023, five Board meetings were held. Details of attendance at the Board Meeting are as follows:-

Directors	Number of Meetings Held During Director's Tenure In Office	Number of Meetings Attended	Percentage of Attendance
Pang Tin @ Pang Yon Tin	5	5	100%
Sim Tian Liang	5	5	100%
Pang Khang Hau	5	5	100%
Chin Lian Hing	5	5	100%
Yam Tai Fong	5	5	100%
Datuk Woon See Chin	5	5	100%
Dato' Ir. Fong Tian Yong	5	5	100%
Anita Chew Cheng Im	5	5	100%
Johar Salim Bin Yahaya	5	5	100%
Bhupendar Singh A/L Sewa Singh	5	5	100%

Access to Information and Independent Professional Advice

All Directors, whether as a full Board or in their individual capacity have unrestricted access to Management and all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. In exercising their duties, the Directors have unrestricted access to the advice and services of the Company's Auditors and Company Secretary and are also entitled to obtain independent professional opinions or advice from external consultants at the Company's expenses, when the need arises. Any request for professional opinions or advice from external consultants shall be raised for the consideration and consent of the Chairman. Upon his consent of the request, the Chairman shall authorise a Director or a member of the Senior Management to source for the advice of a suitable professional advisers or external consultants, based on the requirements of the Board.

Directors' Remuneration

The Board has adopted a remuneration policy for Directors and key senior management ("Remuneration Policy") that sets out the manner in which the remuneration of Directors and key senior management are determined. The Remuneration Policy is subject to regular review by the RC and will be amended as appropriate to align with market practices and requirements of the MCGG and any other new requirements. Amendment to this policy must be tabled to the Board for approval. The Remuneration Policy is accessible at <https://www.kimlun.com>.

On an annual basis, the RC considers the market competitiveness, complexities and performance of the Group as well as skills, experience required and individual performance in evaluating the Executive Directors' remuneration. The RC will then recommend to the Board, the remuneration package for the Directors. The Board, as a whole, will determine the level of remuneration paid to its Directors, taking into consideration the recommendation of the RC.

The level and make-up of remuneration should be effective and sufficient enough to:-

- attract and retain the Directors needed to run the Group successfully; and
- motivate and create incentives for Directors to perform at their best

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to the remuneration policy, the remuneration package for Executive Directors comprises of a number of separate elements such as basic salary, allowances (where applicable), performance-based bonuses and benefit-in-kind. The level of remuneration of the Executive Directors takes into consideration the Directors' experience, responsibilities, qualifications, level of skills, contribution and commitment to the Group and the performance of the Group. The remuneration package is also compared to the compensation levels for comparable positions among other similar Malaysian public listed companies that are in the construction industry and prevailing economic and market conditions. Executive Directors who are full time employees of the Group receive no additional compensation for services as a Director.

In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. Non-Executive Directors will be paid a fixed basic fee as ordinary remuneration, a sum based on their responsibilities in Board committees and allowances for their attendances at the meetings. The quantum of Non-Executive Directors' remuneration shall not be based on commission, percentage of profits and/or turnover of the Group. The fee and allowance to the Non-Executive Directors are subject to the approval of the shareholders.

No Board member, whether executive or non-executive, will be involved in deciding his own remuneration.

The breakdown of remuneration received or receivable by the Directors for FY2023 are as follows:-

Name of Directors	Fee [∞] (RM)	Meeting allowance [∞] (RM)	Salaries and other allowances [^] (RM)	Bonus [^] (RM)	EPF [^] (RM)	Benefits- in-kind [^] (RM)	Total (RM)
Independent Director							
Datuk Woon See Chin	80,400	5,100					85,500
Dato' Ir. Fong Tian Yong	74,400	5,100					79,500
Anita Chew Cheng Im	80,400	5,100					85,500
Johar Salim Bin Yahaya	80,400	5,100					85,500
Bhupendar Singh A/L Sewa Singh	74,400	5,100					79,500
Total	390,000	25,500					415,500
Executive Director							
Pang Tin @ Pang Yon Tin			741,354	103,341	64,314	15,500	924,509
Sim Tian Liang			677,640	83,205	144,569	14,285	919,699
Chin Lian Hing			677,640	83,205	144,569	14,285	919,699
Yam Tai Fong			677,640	83,205	144,569	9,900	915,314
Pang Khang Hau			902,147	88,500	97,020	23,950	1,111,617
Total			3,676,421	441,456	595,041	77,920	4,790,838

[^] : received and receivable on group basis. None of the amount was received from the Company.

[∞] : received and receivable from the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2023, the RC had reviewed the remuneration of the Directors taken into consideration the respective Director's experience, level of responsibility, contribution and commitment to the Company, the performance of the Group, the compensation levels for comparable positions among other similar Malaysian public listed companies and market condition. Based on the result of its review, the RC made recommendation to the Board on the remuneration package for the Directors for financial year ending 31 December 2024. The Board concurred with the recommendation of the RC, and that shareholders' approval would be sought at the Fifteenth AGM on the payment of Directors' fees and benefits up to an amount of RM520,000 to the Independent Directors for the period commencing from the date of the forthcoming Fifteenth AGM until the next AGM of the Company.

The Group's top five senior management are the five Executive Directors of the Company. Their respective remuneration is as disclosed above.

Board Evaluation and Performance

The NC evaluates the effectiveness and performance of the Board as a whole, the Board Committees and the individual Directors on an annual basis. The process is internally facilitated and conducted through the following questionnaires covering a variety of assessment criteria:-

- (a) Independent Directors' Self-Assessment Checklist;
- (b) Directors' Self and Peer Evaluation Form;
- (c) Directors' Declaration of Fit and Proper Assessment Form; and
- (d) Board and Board Committee Evaluation Form.

The criteria on which assessment is made is developed, maintained and reviewed by the NC taking into consideration the Corporate Governance Guide issued by Bursa Securities. The assessment criteria include the mix of skills, experience, competency, time commitment, character, integrity, independence, ability to constructively challenge and contribute to the development of strategy, diversity and other qualities required to meet the needs of the Group and to comply with the provisions of the MMLR. The NC, upon discussion of the results, will present the findings to the Board.

Based on the evaluation conducted in FY2023, the NC found that the Board as a whole, the Board Committees and the individual Directors are effective and possess the criteria required to discharge their duties professionally and effectively, and uphold good governance standards in their conduct. The NC presented their findings to the Board, and the Board concurred with the findings of the NC.

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Programme as required by Bursa Securities. The Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board is notified of training programmes or workshops conducted by Bursa Securities for its consideration of participation and the Board receives updates of the MMLR from the Company Secretary from time to time. The external auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. All the current Directors, after assessing their own training needs, had attended the following training/seminar/conference:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training/Seminar/Conference	Date
Sim Tian Liang	Environmental, Social & Governance (“ESG”) Training Programme	15 September 2023
Chin Lian Hing		
Yam Tai Fong		
Pang Khang Hau		
Pang Tin @ Pang Yon Tin		
Datuk Woon See Chin		
Dato’ Ir. Fong Tian Yong		
Anita Chew Cheng Im		
Bhupendar Singh A/L Sewa Singh		
Johar Salim Bin Yahaya		

Corporate Code of Conduct

The Directors, officers and employees of the Group are required to observe the Company’s Corporate Code of Conduct. The core areas of conduct under the Corporate Code of Conduct include the following:-

- (a) conflicts of interest;
- (b) confidential information;
- (c) fair dealing;
- (d) company assets and property;
- (e) knowledge and information;
- (f) fighting corruption and unethical practices;
- (g) employment practices; and
- (h) reporting of illegal or unethical behavior.

The Board will review the Corporate Code of Conduct regularly to ensure that it continues to remain relevant and appropriate. The last review of the Corporate Code of Conduct was on 29 November 2023.

In addition, the Company has developed an Anti-Bribery and Corruption Policy (“ABC Policy”) to set out the responsibilities of the Group to comply with laws against bribery and corruption and provide guidance to the Directors, employees and business associates on standard of behaviour to which they must adhere to and how to recognise and deal with bribery and corruption issues, to ensure that the Group’s business is conducted in an ethical manner with integrity and honesty. The effectiveness of the ABC Policy will be reviewed periodically by the Board, and in any event, at least once in every 3 years. The last review of the ABC Policy was on 29 November 2023.

The Corporate Code of Conduct and ABC Policy are made available for reference in the Company’s website at <https://www.kimlun.com>.

Whistleblowing Policy

The Board is committed to achieving and maintaining the highest standards of integrity, openness, probity and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner.

Whistleblowing is a specific means by which an individual, whether employee or otherwise, can report or disclose through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in the future, without fear of reprisal or victimisation, in a responsible and effective manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Whistleblowing Policy addresses the following areas:-

- Policy Statement;
- Scope of Policy;
- Reporting Procedure;
- Investigation Procedure;
- Protection and Confidentiality; and
- Acknowledgement and Recognition.

The Whistleblowing Policy also provides the contact details of the Chairperson of ARMC, should the reporting individual is in doubt of the Management's independence and objectivity on the concerns raised. The last review of the Whistleblowing Policy was on 29 November 2023.

Conflict of Interest Policy

Proper identification and management of conflicts of interest ensures that interests of the Group are safeguarded.

The Board has established a Conflict of Interest ("COI") Policy which serves as a comprehensive framework for identifying, addressing, managing and reporting actual, potential, and perceived COI arising from the interest of Directors and key senior management. Proper identification and management of conflicts of interest ensures that interests of the Group are safeguarded.

The COI Policy was adopted by the Board on 29 November 2023 and is made available on the Company's website at <https://www.kimlun.com>.

COMPANY SECRETARIES

All the Company Secretaries of the Company are qualified to act as Company Secretary under Section 235(2) of the CA 2016. The Company Secretary plays an important advisory role and is a source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board shall ensure that the Company Secretaries remain competent to fulfill the function for which they have been appointed. In this respect, the appointment and removal of the Company Secretaries are matters for the Board to consider as a whole.

The specific responsibilities of the Company Secretaries include, but are not limited to the following:-

- (a) manage all Board and Board Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communication;
- (b) advise the Board on its roles and responsibilities;
- (c) facilitate the orientation of new Directors and assists in Directors' training and development;
- (d) advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
- (e) manage processes pertaining to the annual shareholders' meeting;
- (f) monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation; and
- (g) serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretary's appointments and resignations are subject to Board's approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial performance and position, and prospects in presenting the annual financial statements and quarterly reports as well as announcements to Bursa Securities. The Board is assisted by the ARMC in reviewing the Group's financial reporting processes and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with applicable approved accounting standards in Malaysia and the provisions of the CA 2016.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. However, the Board recognises that such system is structured to manage rather than eliminate the possibility of encountering risk of failure to achieve corporate objectives.

The Statement on Risk Management and Internal Control is set out on pages 63 to 68 of the Annual Report 2023 providing an overview of the state of internal controls, risk management framework and internal audit function within the Group.

Relationship with Auditors

The Company has established a formal, transparent and appropriate relationship with the Company's auditors, both internal and external. The internal auditors and the external auditors have direct access to the ARMC at all times. From time to time, the auditors will highlight to the ARMC and the Board matters that require the ARMC's and the Board's attention.

The ARMC meets with the external auditors at least twice a year without the presence of Executive Directors and Management to discuss their audit plan and audit findings. The ARMC reviews with the external auditors the annual audited financial statements before recommending them to the Board for its approval.

The ARMC assesses the effectiveness of both internal and external audit as well as the suitability, independence and objectivity of the external auditors. In its assessment, the ARMC considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit as well as the effectiveness of the audit process. Written assurance shall be obtained from the external auditors yearly, confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Being satisfied with the external auditors, Crowe Malaysia PLT's ("Crowe") technical competency and audit independence, the ARMC recommended the re-appointment of Crowe as external auditors for FY2023. The Board at its meeting held on 1 April 2024 approved the ARMC's recommendation for the shareholders' approval to be sought at the Fifteenth AGM on the re-appointment of Crowe as external auditors of the Company for FY2024.

C. APPROACH TO SUSTAINABILITY

The Board is responsible for the governance of sustainability in the Group including setting the Group's sustainability strategies, priorities and targets. The Board also ensures the adequacy of the Group's framework for risk management and internal controls which are crucial to the Group's sustainability.

The Group's sustainability framework is disclosed in page 28 of the Annual Report 2023.

The Board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Assessing the issues that are most material to us and our stakeholders in the environmental, social and governance contexts will enable us to continue to operate effectively and sustainably. The Group's sustainability measures, framework for risk management, material sustainability matters ("MSM"), and controls measures are disclosed in page 30 of the Annual Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group is committed to being accountable and responsive to the expectations and interests of its stakeholders. The Group identified the key stakeholder groups, the corresponding sustainability focus areas and the mode of engagement with such stakeholders as disclosed in pages 29 to 30 of the Annual Report 2023. The Group ensures that its communication with the internal and external stakeholders are transparent and timely.

The Group stay abreast with and understand the sustainability issues by way of regular engagement with the various stakeholders to gain insight as to their concern, attending seminar/training, engagement of consultant to advise the Group on environmental matters in the Group's conduct of business, participation in Request of Information exercise of large project to gain early insight as to the likely expectation of the project owner as to the technical, financial resources and other aspects in relation to the project, and the trend of future demand.

The Management updates the Board on sustainability matters quarterly.

The performance evaluations of the Board and Senior Management includes review of their performance in addressing the company's material sustainability risks and opportunities.

D. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

DISCLOSURE POLICY, INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board shall place great importance in ensuring the high standards of transparency and accountability in its communication to shareholders, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

The channels of communication, amongst others, are as follows:-

- (a) timely announcements made to Bursa Securities, which includes quarterly financial results, material contracts awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;
- (b) conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests; and
- (c) the Company's website which provides easy access to corporate information pertaining to the Company and its activities and is continuously updated. All announcements made to Bursa Securities are updated on the Company's website as soon as practical.

The AGM is the principal forum for dialogue with shareholders. Please refer to the ensuing section on the conduct of AGM.

Key investor relation activities during FY2023 include the followings:-

- Semi-annually investors and financial analysts briefings; and
- Private meetings with fund managers, investors and financial analysts.

The Board is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and working team preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public. The Company also ensures that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company dispatches its notice of AGM to shareholders at least 28 days before the AGM, in advance of the notice period as required under the CA 2016 and MMLR. The additional time given to shareholders allows them to go through the Annual Report and Circular to shareholders, and make the necessary attendance and voting arrangements.

The Company allows a member to appoint a proxy who may be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. The Company has also removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Constitution of the Company further accord proxies the same rights as members to attend, participate, speak and vote at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote as if they were a member of the Company.

The AGM is the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general. At each AGM, a presentation is given by the Company to explain the Group's strategy, performance and major developments to shareholders. The Board encourages shareholders to participate in the question and answer session at the AGM. The responses to these questions are provided during the AGM to enable all meeting participants to stay informed. Any unresolved questions and comments by shareholders during the AGM are compiled and answered post-AGM. The Directors, Company Secretaries and the Company's external auditors are available to respond to the queries raised. The Share Registrar is also available to attend to matters relating to shareholders' interests. The minutes and summary of key matters discussed at the AGM shall be published on the Company's website within 30 business days from the date of AGM.

The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions at its virtual 14th AGM which was held on 2 June 2023.

The 14th AGM, attended by all the Directors virtually, was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV"). With the RPV, shareholders are able to exercise their right as members of the Company to participate (including posing questions to the Board of the Company before or during the AGM) and vote remotely by registering themselves via TIH Online. All questions raised by shareholders and proxies via the Query Box at <https://tjh.online> were attended by the Board with meaningful response. The key matters raised at the 14th AGM and the Company's responses were published on the Company's website at <https://www.kimlun.com> within 30 business days from the date of 14th AGM.

Extraordinary General Meetings ("EGM") are held as and when required. When an EGM is held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders will be sent within prescribed deadlines in accordance with regulatory and statutory provisions.

The Board put all resolutions to vote by poll and make an announcement of the detailed results, verified by independent scrutineer, showing the number of votes cast for and against each resolution.

This statement is made in accordance with the resolution of the Board of Directors dated 1 April 2024.

FUTURE PRIORITIES

During FY2023, the Group taken steps to accomplish the future priority disclosed in last financial year's Corporate Governance Overview Statement i.e. enhancing the Group's sustainability reporting. The Company appointed an ESG consultant to advise and guide the Group in sustainability reporting. Please refer to pages 26 to 43 of this Annual Report for the enhanced Sustainability Statement .

Looking ahead to financial year ending 31 December 2024, the priorities of the Board will be further enhancement of its the Group's sustainability reporting.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Utilisation of Proceeds Raised From Corporate Proposal

During FY2023, the Company established (i) an Islamic commercial papers programme for the issuance of Islamic commercial papers ("ICP") based on the Shariah principle of Murabahah (via Tawarruq arrangement); and (ii) an Islamic medium term notes programme for the issuance of Islamic medium term notes ("IMTN") based on the Shariah principle of Murabahah (via Tawarruq arrangement), which have a combined limit of up to RM800 million in nominal value.

During FY2023, the Company issued the following Sukuk:-

Tranche	Issuance Date	Nominal Value (RM' million)	Tenure Year
6	17 January 2023	5.78	1
7	20 February 2023	7.08	1

Net proceeds raised from the issuance of the Sukuk had been fully utilised to fund general working capital, capital expenditures and refinancing of existing financing of the Group.

Non-Audit Fees

During FY2023, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's current external auditors, or a firm affiliated to the current external auditors were as follows:-

	Audit Fee	Non-audit Fee
Company	RM43,500	RM5,000
Group	RM277,100	RM5,000

Material Contracts

Save as disclosed under Note 30 to the financial statements contained in this Annual Report, there were no material contracts including contracts relating to any loans entered into by the Company and its subsidiaries involving Directors and major shareholders' interest, either still subsisting at the end of FY2023 or entered into since the end of the previous financial year.

Employee Share Scheme

The Company did not establish any Employee Share Scheme and does not have any subsisting Employee Share Scheme during the FY2023.

Recurrent Related Party Transactions of Revenue and Trading Nature

The details of the recurrent related party transactions are disclosed in Note 30 to the Financial Statements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE COMPOSITION AND MEETINGS

The members of the Audit and Risk Management Committee (“ARMC”) comprise of:-

1. **Anita Chew Cheng Im**
Chairperson / Independent Non-Executive Director
2. **Datuk Woon See Chin**
Member / Independent Non-Executive Director
3. **Dato’ Ir. Fong Tian Yong**
Member / Independent Non-Executive Director
4. **Bhupendar Singh A/L Sewa Singh**
Member / Independent Non-Executive Director

The ARMC, which consists solely of Independent Non-Executive Directors, comprise qualified individuals with the required skills and expertise to discharge the committee’s functions and duties. All members of the ARMC, including the Chairperson, will hold office only so long as they serve as Directors of the Company. The members of the ARMC are financially literate and have contributed to meaningful discussions in overseeing the integrity of the financial reporting processes and financial statements. Further, the members have experience/sufficient understanding that is relevant to the businesses and the industries the Group operates in.

Two of the ARMC members, Ms Anita Chew Cheng Im and Mr Bhupendar Singh A/L Sewa Singh, fulfilled the accounting qualification and experience criteria specified under paragraph 15.09(1)(c) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Accordingly, the Company complies with paragraph 15.09 of MMLR of Bursa Securities.

Annually, the term of office, independence and performance of the ARMC and each of its members are assessed by the Nomination Committee (“NC”). Based on the said assessment, the ARMC and its members are found to have effectively discharged its duties in accordance with its terms of reference. The Board and the NC were of the view that the ARMC has provided valuable recommendations to assist the Board in making informed decisions. The Board is kept informed of the ARMC’s deliberations through its minutes and report, which is a standing agenda item in the scheduled meetings of the Board.

During the financial year ended 31 December 2023 (“FY2023”), the ARMC met five (5) times. The ARMC meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meeting. The meeting attendance of the ARMC members is as follows:-

Name of Directors	Number of Meetings Held During Director's Tenure in Office		Percentage of Attendance
		Attendance	
Anita Chew Cheng Im	5	5	100%
Datuk Woon See Chin	5	5	100%
Dato' Ir. Fong Tian Yong	5	5	100%
Bhupendar Singh A/L Sewa Singh	5	5	100%

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The information on the terms of reference of the ARMC is available on the Company’s website at <https://www.kimlun.com>.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year, the ARMC met five times. In line with the terms of reference of the ARMC, the following activities were carried out by the ARMC during FY2023 in discharging its functions:-

(1) External Audit

- (a) Met with the external auditors, Crowe Malaysia PLT ("Crowe") three times during FY2023 on 27 February 2023, 30 March 2023 and 29 November 2023 respectively on matters relating to the audit and financial statements without the presence of Management and Executive Directors;
- (b) Reviewed and discussed with Crowe on their scope of work, engagement team, audit timeline, areas of audit emphasis, key audit matters, accounting standards updates that affected financial reporting, the responsibilities of Directors and Management, and the FY2023 audit planning memorandum;
- (c) Reviewed and discussed with Crowe the results of their audit, their comments and conclusions on the significant audit findings, the audit report, management letter and their evaluation of the internal controls;
- (d) Sought clarification from the Management on significant financial reporting issues, judgments made by the Management and matters highlighted by Crowe. The ARMC was satisfied with the clarification from the Management and the actions taken by the Management to address the matters highlighted;
- (e) Reviewed the audit fees proposed by Crowe and recommended the fees to the Board of Directors for approval; and
- (f) Assessed the suitability, objectivity and independence of Crowe. In its assessment, the ARMC considered, amongst others, the information presented in Crowe's annual transparency report, competency and adequacy of resource, the professional staff assigned to the audit and the level of non-audit services to be rendered by Crowe. Written assurance was received from Crowe confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Being satisfied with Crowe's technical competency, resources and audit independence, the ARMC recommended the appointment of Crowe as external auditors for FY2023.

(2) Financial Reporting

- (a) Reviewed the quarterly unaudited financial results, audited financial statements and Annual Report before recommending for the Board's approval, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - (iii) compliance with accounting standards, regulatory and other legal requirements;
 - (iv) the going concern assumption; and
 - (v) significant adjustment arising from the audit.

The ARMC obtained the advice of the Company Secretaries and external auditors on compliance with the MMLR of Bursa Securities, the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and other legal requirements.

- (b) Invited the Finance Director to all ARMC meetings to facilitate direct communication as well as to provide clarification on the financial results of the Group, the changes in or implementation of major accounting policy changes.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(3) Internal Audit

- (a) Met with the internal auditors three (3) times during the year without the presence of any Executive Directors or Management of the Group;
- (b) Reviewed the internal audit plan, the adequacy of the scope and coverage of audit activities of the Group, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (c) Reviewed and deliberated on the audit findings in the internal audit reports tabled during the year, the audit recommendations made and Management's responses and/or actions taken to these recommendations. The ARMC briefed the Board on audit findings, sought clarifications from the Executive Directors on internal control matters and provided its views and recommendations on areas where improvements could be made; and
- (d) Reviewed the performance of the internal audit function.

(4) Related Party Transactions

- (a) Reviewed related party transactions ("RPTs") on a quarterly basis and also the internal audit report on RPTs to ascertain that the review procedures established to monitor the RPTs have been complied with. The Management presented the RPTs reports detailing the parties to the RPTs, the nature and quantum of the RPTs to the ARMC quarterly for their review; and
- (b) Reviewed the 2023 Circular to Shareholders in relation to the renewal of shareholders' mandate for Recurrent RPT, prior to its recommendation to the Board of Directors for approval.

(5) Risk Management and Internal Control

- (a) Reviewed the risk management and internal control framework, policies and process, and recommended for approval by the Board;
- (b) Discussed with the Management, the material key risks affecting the Group, the mitigation plans and strategies implemented by Management and the residual risk scores of these risks; and
- (c) Reviewed the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group.

(6) Others

Reviewed the following statements/reports and recommended the same to the Board for inclusion in the Annual Report:

- (i) General Sustainability Statement;
- (ii) Corporate Governance Overview Statement;
- (iii) Corporate Governance Report;
- (iv) Statement on Risk Management and Internal Control; and
- (v) Audit and Risk Management Committee Report.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd., a professional services firm. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the financial year, the internal auditors carried out internal audit reviews to assess the adequacy and integrity of the system of internal control as established by the Management, so as to provide reasonable assurance that:-

- the system of internal control continues to operate satisfactorily and effectively;
- assets and resources are safeguarded;
- integrity of records and information is protected;
- internal policies, procedures and standards are adhered to; and
- applicable rules and regulations are complied with.

The scope of work, as approved by the ARMC, was essentially based on the risk profiles of individual business units in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. The scope of coverage during the financial year were project management, related party transactions, material cost management and production management.

The internal audit reports ("IA Reports") with details on audit scope and methodology, process flow, critical process risks and relevant control activities, audit findings, areas of concern that require improvements, and audit recommendations were presented to the ARMC for its review and deliberation. The results of the audits in the IA Reports and the recommended corrective actions on reported weaknesses to be undertaken by the relevant Management team members within the required timeframes would be discussed at the Board meetings. The IA Reports were also forwarded to the Management for the necessary corrective actions. The internal auditors also conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

This statement is made in accordance with the resolution of the Board of Directors dated 1 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group to safeguard shareholders' investments and the Group's assets. The Board is pleased to provide the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2023 ("FY2023") under review, in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the purpose of this Statement, the Group comprises the holding company and its subsidiaries.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges the importance of maintaining an effective and sound system of risk management and internal control, covering all its financial and operating activities, to safeguard shareholders' investments and the Group's assets. Notwithstanding this, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Accordingly, the Board affirms its responsibility for the Group's system of risk management and internal control and its commitment to review its effectiveness, adequacy and integrity to ensure implementation of an appropriate system to effectively and continuously identify, evaluate and manage principal risks of the Group and to mitigate the effects of the principal risks on achieving the Group's business objectives.

The Group's system of internal control covers risk management and financial, operational and compliance controls. The Board continually reviews the system of internal control to ensure that it provides a reasonable but not absolute assurance against material misstatement of financial information and records, and against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Management assists the Board in the implementation of the Board's policies and procedures on risks and internal controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements. The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective.

RISK MANAGEMENT FRAMEWORK

The Board has overall accountability for ensuring that risks are effectively managed across the Group, and the Board has delegated and empowered the Audit and Risk Management Committee ("ARMC") to oversee internal control and risk management of the Group. The review mechanism applied by the ARMC in deriving its comfort on the state of the internal control and risk management of the Group includes:-

- (i) Assessing the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews are done at least twice a year where the Internal Auditors present their internal audit report to the ARMC;
- (ii) Understanding the Group's performance and effectiveness of management in managing the Group's operations when reviewing the Group's quarterly financial performance and results and the ongoing development; and
- (iii) Obtaining feedback from External Auditors on risk and control issues noted by them during their statutory audit concerning the integrity of the accounting system and results generated by the system thereof annually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During FY2023, the Group operates within an enterprise risk management framework. An Executive Committee (“EC”) that comprises Executive Directors of the Company and appointed key management personnel has been established to assume the following functions:-

- a) To supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group; and
- b) To review and recommend the Group’s risk management policies and strategies for the ARMC’s consideration and recommendation for the Board’s approval.

The main functions and duties of the EC include, but are not limited to:-

- (i) Provides oversight and direction to the Group risk management process which includes:-
 - Evaluating and identifying new risks;
 - Reviewing and updating the Risk Register and ensuring that significant risks are being responded to appropriately; and
 - Monitoring the Group’s risk exposures and ensuring the implementation of management action plans to mitigate significant risks identified;
- (ii) Evaluates the effectiveness of the risk management processes and support system to identify, assess, monitor and manage the Group’s key risks;
- (iii) Meets with senior management on a semi-annual basis to discuss and deliberate on the significant risks affecting the Group within the context of the business objectives and strategy;
- (iv) Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined therein and compliance thereto;
- (v) Recommends for the Board’s approval, the Group risk management policies, strategies and risk tolerance levels, and any proposed changes thereto; and
- (vi) Reviews significant investment proposals.

A risk management report is tabled for review and acceptance by the ARMC and Board annually or at shorter intervals where necessary. The report identifies principal risks affecting or are likely to affect the Group, and the appropriate systems and/or actions to manage the risks.

The key risks and some of the control measures taken to mitigate the risks for FY2023 are set out below:-

Risk area	Control measures taken to mitigate the risks
Operational risks <ul style="list-style-type: none"> • As in any business, the Group is subject to operational risks which are inherent in the industry which the Group is operating such as delay in progress of construction leading to Liquidated Ascertained Damages, cost overrun, etc. 	<ul style="list-style-type: none"> • Organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations. • Periodic operational review meetings attended by the Executive Directors, heads of departments and key management staff to consider financial and operational risks and issues of the Group as well as any management proposal. • Monitoring of actual performance against annual budget by the Board. • Placement of loyal and experienced employees to lead branches’ operations. • Engagement of specialist to provide consultancy services for technically complicated works. • Formalised Whistleblowing Policy, code of conduct and written policies and procedures on major processes to ensure compliance with internal control systems and relevant laws and regulations. • Appointment of staff based on the required level of qualification, experience and competency.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk area	Control measures taken to mitigate the risks
<p>Environmental, social and governance (“ESG”) risks</p> <ul style="list-style-type: none"> The Group faces a variety of ESG-related issues and some of them have the potential to be material and cause financial or reputational damage 	<ul style="list-style-type: none"> Implement the guidance under Environment Management System Certification – ISO 14000:2000 in the Group’s pre-cast operation to minimise the environmental impact. Continuous monitoring and producing quarterly reports of environment impact of quarry operation. Social impact assessment of property development project in compliance with the applicable rules and regulations. Appointment of consultants to advise on material ESG topics and development of materiality matrix. Implement standard policies and procedures on key operation processes. Implement Anti-Bribery and Corruption Policy (“ABC Policy”) and internal guidelines thereunder to ensure that the Group’s business is conducted in an ethical manner with integrity and honesty. Implement the Code of Conduct (“Code”) which sets out the standards which the directors, officers and employees (“Personnel”) of the Group are expected to comply in relation to the affairs of the Group’s businesses when dealing with each other, shareholders and the broader community. This Code focuses on areas of ethical risk, provide guidance to Personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty, integrity and accountability. Implement Whistleblowing Policy which provides means by which an individual can report through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in the future, without fear of reprisal or victimisation. Implement Conflict of Interest (“COI”) Policy and maintain a robust framework consisting of well-defined processes and procedures to ensure that the Group’s interests are safeguarded in a conflict of interest situation. Engage independent internal audit function to provide reasonable assurance on the effectiveness of the system of internal control within the Group. Risk management process is being audited to provide assurance on the management of risks.
<p>Credit and liquidity risks</p> <ul style="list-style-type: none"> The Group faces the threat of delays in payment by customers for work done which will eventually affect the Group’s cash flow, and heighten the risks of debts becoming unrecoverable 	<ul style="list-style-type: none"> Background check of prospective customers prior to accepting any engagement from such parties. Close monitoring of collection by the finance department with weekly updates to the senior management as to collection received and incidence of delay. Timely follow up with the customers on overdue payment and retention sum. In situations where customer is unable to adhere to the agreed credit terms, reasons for the delay will be examined. If there are sufficient commercial justifications, settlement which include an extension of the time for payments or accepting tangible assets such as properties in lieu of cash payment will be negotiated when recovery of debt in cash in remote. Avoid over concentration of sales and credit exposure to any customer to prevent over-dependence on any customer. Actively monitor the Group’s banking facilities to ensure the facilities are sufficient to meet the Group’s working capital and capital expenditures requirement, and negotiate with bankers for credit facilities features which enable greater flexibility in the Group’s financial resources management. Issuance of Sukuk, where necessary, to meet the Group’s funding needs.
<p>Market risks</p> <ul style="list-style-type: none"> The Group operates in a competitive environment and failure to compete effectively against its existing competitors and new market entrants will affect its performance 	<ul style="list-style-type: none"> Establish quality control procedures and project tendering guidelines to ensure quality services and products to customers, and cost efficiency. Nurture close relationship with customers, sub-contractors and suppliers. Establish wide range of services and products to diversify product risks and reduce reliance on any particular services or products for revenue. Focus in more technical demanding products and services to create a market niche or speciality. Bid for projects jointly with parties which have complementary strength to the Group. Diversify base of customers, sub-contractors and suppliers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk area	Control measures taken to mitigate the risks
<p>Corruption risks</p> <ul style="list-style-type: none"> Corruption risks exist across all business sectors, in one form or another, from bribery to extortion and embezzlement to cronyism. Corruption can have serious consequences for businesses' financial health and reputations, impact the quality of goods and services and it can prevent businesses from achieving maximum efficiency and profitability. The Group is not spared from corruption risks 	<ul style="list-style-type: none"> Implemented ABC Policy which sets out the responsibilities of the Group to comply with laws against bribery and corruption and provide guidance to the Directors, employees and business associates on standard of behaviour to which they must adhere to and how to recognise and deal with bribery and corruption issues. Implemented the Code and Whistleblowing Policy. Declaration of actual or potential conflict of interest situation by key senior management and tender award committee. Such personnel shall abstain from decision making where there is actual or potential conflict of interest situation. Adopts segregation of duties for job functions. Designated personnel for preparing, verifying and approving each transaction/activity is documented in written procedures. Provide training on anti-bribery and corruption to Personnel and conduct due diligence procedures on customers, vendors and employees.

INTERNAL CONTROL

The Group has established an organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations aligned to business and operations requirements which supports the maintenance of a strong control environment. It has extended the responsibilities of the ARMC and of the Board to include the assessment of internal controls through the internal audit function.

Other key elements of the system of internal control of the Group are as follows:-

- The Board established a hierarchical organisation structure with proper segregation of duties for key functions of the operations of the Group;
- Delegation of authority including authorisation limits at various levels of management and those requiring the Board's approval are clearly defined to ensure accountability and responsibility;
- Standard operating procedure manuals set out the policies and procedures for day to day operations to be carried out. Reviews are performed to ensure that documentation remains current, relevant and aligned with evolving business and operational needs;
- Formation of committee to evaluate and approve related party project tenders;
- Appointment of staff is based on the required level of qualification, experience and competency to fulfil their responsibilities. Training and development programmes are carried out to ensure that staff are kept up to date with the necessary competencies and knowledge to carry out their responsibilities towards achieving the Group's objectives;
- There is an annual budgeting process. The Board reviews the actual performance against budget;
- Regular and comprehensive information are provided to the Board for monitoring and tracking of performance of the Group;
- Periodic operational review meetings are held and attended by the Executive Directors, heads of department and key management staff to consider financial and operational issues of the Group as well as any management proposal;
- Active involvement of Directors in the operation and management of branch and subsidiary companies;
- Centralised control of financial resources by head office of respective subsidiary companies;
- Formalised Whistleblowing Policy and Code are established to ensure high standards of conduct and ethics in the business operations;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Set out policies and procedures for anti-bribery and corruption and develop internal guidelines to ensure that the Group's business is conducted in an ethical manner with integrity and honesty;
- Establish COI Policy for identifying, addressing, managing and reporting actual, potential, and perceived COI, and to provide guidance on how to deal with situations involving COI as and when they arise;
- ISO 9001:2015 Quality Management System has been implemented for certain subsidiaries of the Company. Annual surveillance audits are conducted by a certification body to provide assurance of compliance with ISO 9001:2015;
- Adequate insurance coverage and physical safeguarding of major assets are in place to guard against any mishap that may result in material losses to the Group;
- The internal audit function provides reasonable assurance on the effectiveness of the system of internal control within the Group. Internal audits are conducted to review the effectiveness of the control procedures and are directed towards areas with significant risks as identified by the ARMC and Management, and the risk management process is being audited to provide assurance on the management of risks; and
- Review of internal audit reports and follow-up on audit findings by the ARMC. The internal audit reports are deliberated by the ARMC and are subsequently presented to the Board on a quarterly basis where the ARMC sought clarifications from the Executive Directors on internal control matters and provided its views and recommendations on areas where improvements could be made.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd., a professional service firm. The firm and its assigned personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The total cost paid or payable by the Group to the professional service firm amounted to RM52,000 for FY2023.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business units of the Group. These plans are updated periodically and approved by the ARMC. The internal audit function employs the widely used internal control guidance, the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organisations ("COSO") of the Treadway Commission in assessing and monitoring the effectiveness of the Group's internal control. The monitoring, review and reporting arrangements undertaken by the Internal Auditor gives reasonable assurance that the internal controls embedded within the major business processes of the Group are appropriate to the Group's operations to adequately manage the key risks of the Group.

The key elements of the Group's internal audit function are described below:-

1. Prepare a detailed Audit Plan based on a risk-based methodology with the scope and frequency of the internal audit activities for the ARMC's approval.
2. Carry out audit activities on business units of the Group to ascertain the adequacy and integrity of their system of internal controls, governance, risk management capability and adequacy of the management team. The assessment on recurrent related party transaction procedures is carried out annually.
3. Report to the Management upon completion of each audit on any significant control lapses and/or deficiencies noted from the reviews and the root-cause analysis results (where applicable), for their verification and corrective action plan.
4. Report to the ARMC on all significant non-compliance, internal control weaknesses, root-cause analysis results (where applicable), and agreed actions taken by Management to resolve the audit issues identified.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

5. The internal audit results are communicated with ratings on the overall adequacy and effectiveness of management's risk management and internal control in relation to the approved internal audit focus (coverage) areas. This rating reflects the internal audit conclusion or opinion. There are also implementation priority ratings for each internal audit findings. This rating communicates the level of urgency that an improvement shall be implemented.
6. Follow-up on internal audit issues identified to ascertain whether agreed corrective action plan has been carried out by the Management and provide updates to the ARMC.

During the financial year, the internal auditors carried out internal audit reviews on project management, related party transactions, material cost management and production management, to assess the adequacy and integrity of the system of internal control as established by the Management. There were no material weaknesses noted.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control and reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system.

This Statement is made in accordance with the resolution of the Board of Directors dated 1 April 2024.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

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

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

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

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

This statement on Directors' responsibility is made in accordance with the resolution of the Board of Directors dated 1 April 2024.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activity of the Company is investment holding.

The principal activities and other information on the subsidiaries are disclosed in Note 15 to the financial statements.

Results

	Group RM	Company RM
Profit/(Loss) net of tax	<u>6,877,849</u>	<u>(8,230,310)</u>
Attributable to:		
Owners of the Company	7,054,548	(8,230,310)
Non-controlling interests	<u>(176,699)</u>	<u>-</u>
	<u>6,877,849</u>	<u>(8,230,310)</u>

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2022 was as follows:

RM

In respect of the financial year ended 31 December 2022

Final (single-tier) dividend of 1.0 sen per ordinary share, on 353,358,716 ordinary shares, declared on 2 June 2023 and paid on 20 July 2023	<u>3,533,587</u>
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At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2023, of 1.0 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

DIRECTORS' REPORT

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Pang Tin @ Pang Yon Tin**
Sim Tian Liang**
Chin Lian Hing**
Yam Tai Fong (f)**
Pang Khang Hau**
Datuk Woon See Chin
Anita Chew Cheng Im (f)
Bhupendar Singh A/L Sewa Singh
Dato' Ir Fong Tian Yong
Johar Salim Bin Yahaya

** These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Cheah U Leon
Chia Boo Hooi (f)
Lee Kai Long
Datuk Ir. Leong Chee Kian
Lew Kim Bock
Lim Chou Bu
Loh Wui Tek
Pang Chew Ngo (f)
Welihedi Bin Md Lani
Yap Beow Teong
Yap Wei Sam
Chua Kee Yat @ Koo Kee Yat (Ceased on 6 November 2023)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interests except as disclosed in Note 30 to the financial statements.

DIRECTORS' REPORT

Directors' benefits (cont'd)

The directors' benefits are as follows:

	Group RM	Company RM
Salaries, bonus and other emoluments	4,143,377	25,500
Defined contribution plan	595,041	-
Fees	390,000	390,000
Estimated money value of benefits-in-kind	77,920	-
	<u>5,206,338</u>	<u>415,500</u>

Directors and officers indemnity and insurance cost

Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance against personal liability that they may incur in respect of amounts which they may be liable for in respect of claims made against them arising out of the performance of their duties. During the financial year, the insurance premium paid for the insurance is RM22,000. There were no amount of indemnities given or liability insurance effected during the financial year, or since the end of the financial year, for any person who is or has been a director or officer of the Company.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the Company during the financial year were as follows:

(a) Shares in the Company

	1 January 2023	Number of ordinary shares		31 December 2023
		Bought	Sold	
Direct interest:				
Pang Tin @ Pang Yon Tin	19,107,848	-	-	19,107,848
Sim Tian Liang	8,314,670	-	-	8,314,670
Chin Lian Hing	9,586,144	-	-	9,586,144
Yam Tai Fong (f)	9,827,148	-	-	9,827,148
Pang Khang Hau	21,279,570	-	-	21,279,570
Indirect interest:				
Pang Tin @ Pang Yon Tin	143,998,802	470,000	-	144,468,802
Sim Tian Liang	1,000,000	-	-	1,000,000

By virtue of his interest in the shares of the Company, Pang Tin @ Pang Yon Tin is also deemed interested in the shares of the related corporations to the extent that the Company has an interest.

DIRECTORS' REPORT

Directors' interests (cont'd)

(b) Warrants 2014/2024 in the Company

	1 January 2023	Number of warrants		31 December 2023
		Bought	Sold	
Direct interest:				
Pang Tin @ Pang Yon Tin	2,928,100	-	-	2,928,100
Sim Tian Liang	100,000	-	-	100,000
Yam Tai Fong (f)	450,000	-	-	450,000
Pang Khang Hau	3,641,900	-	-	3,641,900
Indirect interest:				
Pang Tin @ Pang Yon Tin	23,119,900	-	-	23,119,900

Issues of shares and debentures

During the financial year:-

- (a) There were no changes in the issued and paid-up share capital of the Company; and
- (b) There were no issues of debentures by the Company.

Options granted over unissued shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

Warrants 2014/2024

Details of the Warrants 2014/2024 are disclosed in Note 29(b) to the financial statements.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision has been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

DIRECTORS' REPORT

Other statutory information (cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) other than as disclosed in the financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Crowe Malaysia PLT		
- Statutory audit	277,100	43,500
- Other services	5,000	5,000
Other auditors		
- Statutory audit	16,866	-
	<u>298,966</u>	<u>48,500</u>

During the financial year, there was no indemnity given to or professional indemnity insurance effected for auditors of the Company.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 April 2024.

Pang Tin @ Pang Yon Tin

Sim Tian Liang

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Pang Tin @ Pang Yon Tin and Sim Tian Liang, being two of the directors of Kimlun Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 86 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 April 2024.

Pang Tin @ Pang Yon Tin

Sim Tian Liang

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Yam Tai Fong, being the director primarily responsible for the financial management of Kimlun Corporation Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 86 to 160 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Acts 1960.

Subscribed and solemnly
declared by the abovenamed
Yam Tai Fong at Petaling Jaya
in the State of Selangor Darul
Ehsan on 1 April 2024)

Yam Tai Fong

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kimlun Corporation Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 86 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters

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

Reasonableness of revenue recognition arising from contracts with customers	
Refer to Notes 2.11, 3.2 (b) and 4 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group's revenue is principally derived from the following businesses:</p> <ul style="list-style-type: none"> • construction • manufacture of concrete products • property development <p>Pursuant to MFRS 15, revenue may be recognised at a point in time or progressively over time and judgements required to assess the performance obligations and revenue recognition. Judgements impacting the revenue recognition are as follow:-</p> <ul style="list-style-type: none"> • interpreting of contract terms and conditions; • assessing and identifying the performance obligations; and • assessing the computation of revenue recognition. 	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Reviewing the contract terms and identifying performance obligations stipulated in the contracts, on sample basis; • Evaluating whether the performance obligations are satisfied at point in time or over time; and • Assessing the revenue recognised are in accordance with MFRS 15 "Revenue with Contract Customers".

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

Reasonableness of attributable profits arising from construction contracts and property development	
Refer to Notes 2.11 (a), 2.11 (c), 2.11 (d), 3.2 (b)(i), 3.2 (b)(ii) and 4 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group recognises revenue and costs relating to its construction contracts and property development activities over time, by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period using the input method. This requires the use of estimates on construction contract/property development revenue and cost.</p> <p>Revenue and cost recognised on construction contracts and property development activities have an inherent risk as it involves judgement and estimates. Substantial changes to construction contract/property development revenue and cost estimates in the future can have a significant effect on the Group's results.</p>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the construction contract/property development revenue and cost; • Reviewing the reasonableness of the estimated construction contracts/property development revenue by comparing the letter of awards, variation orders and selling prices of units sold, on sample basis; and • Reviewing the reasonableness of the estimated construction contracts/property development cost by reviewing the contracts works awarded and variation orders thereof, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period, on sample basis.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

Recoverability of trade receivables Refer to Note 19 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Referring to Note 19(a) of the Group's financial statements, the carrying amount of trade receivables of the Group as at 31 December 2023 amount to RM383 million and represents approximately 37.36% of the Group's current assets (include assets held for sale).</p> <p>We focussed on this area in view of the significance of trade receivables as a component of the Group's current assets and the proportion of trade debts which is above the Group's normal credit period.</p>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Reviewing the Group's credit risk policies on impairment losses and evaluating the reasonableness of the impairment losses provided or reversed; • Assessed recoverability of selected trade receivables by reviewing track record and credit worthiness of the selected customers, reviewing the history of billings to and collections from the customers (including payments subsequent to the financial year end) and evaluated the commercial reasons given by management for non-impairment.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIMLUN CORPORATION BERHAD (INCORPORATED IN MALAYSIA)

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

1 April 2024

Tan Guan Seng
03387/08/2024 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue					
Revenue from contracts with customers	4(a)	852,554,246	756,114,932	-	-
Other revenue	4(c)	14,264	18,802	8,907,413	9,673,517
		<u>852,568,510</u>	<u>756,133,734</u>	<u>8,907,413</u>	<u>9,673,517</u>
Cost of sales		(790,986,085)	(669,592,349)	-	-
Gross profit		<u>61,582,425</u>	<u>86,541,385</u>	<u>8,907,413</u>	<u>9,673,517</u>
Other item of income					
Other operating income		8,370,431	8,220,433	-	-
Other items of expenses					
Administration expenses		(38,184,492)	(82,736,969)	(11,397,763)	(1,284,207)
Finance costs	5	(15,570,410)	(12,819,712)	(5,576,567)	(3,955,823)
Share of loss of joint ventures		(3,142,799)	(2,903,611)	-	-
Profit/(Loss) before tax	6	<u>13,055,155</u>	<u>(3,698,474)</u>	<u>(8,066,917)</u>	<u>4,433,487</u>
Income tax expense	9	(6,177,306)	(3,592,774)	(163,393)	(107,955)
Profit/(Loss) net of tax		<u>6,877,849</u>	<u>(7,291,248)</u>	<u>(8,230,310)</u>	<u>4,325,532</u>
Other comprehensive loss:					
Foreign currency translation		(73,877)	(121,572)	-	-
Other comprehensive loss for the year, net of tax		<u>(73,877)</u>	<u>(121,572)</u>	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u>6,803,972</u>	<u>(7,412,820)</u>	<u>(8,230,310)</u>	<u>4,325,532</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss)					
attributable to:					
Owners of the Company		7,054,548	(7,228,569)	(8,230,310)	4,325,532
Non-controlling interests		(176,699)	(62,679)	-	-
		<u>6,877,849</u>	<u>(7,291,248)</u>	<u>(8,230,310)</u>	<u>4,325,532</u>
Total comprehensive					
income/(loss)					
attributable to:					
Owners of the Company		6,980,671	(7,350,141)	(8,230,310)	4,325,532
Non-controlling interests		(176,699)	(62,679)	-	-
		<u>6,803,972</u>	<u>(7,412,820)</u>	<u>(8,230,310)</u>	<u>4,325,532</u>
Profit/(Loss) per share					
attributable to					
owners of the					
Company					
(sen per share)					
Basic	10	<u>2.00</u>	<u>(2.05)</u>		
Diluted	10	<u>2.00</u>	<u>(2.05)</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Property, plant and equipment	11	159,610,258	131,117,565	-	-
Right-of-use assets	12	5,168,171	5,983,976	-	-
Land held for development	17(a)	308,770,401	145,983,984	-	-
Investment properties	13	133,023	139,572	-	-
Other investments	14	75,000	75,000	-	-
Investments in subsidiaries	15	-	-	339,847,909	326,725,395
Investment in joint ventures	16	12,493,222	15,240,291	-	-
Deferred tax assets	26	15,599,191	18,232,283	-	-
		<u>501,849,266</u>	<u>316,772,671</u>	<u>339,847,909</u>	<u>326,725,395</u>
Current assets					
Development properties	17(b)	171,857,865	172,913,965	-	-
Inventories	18	59,753,216	67,449,818	-	-
Trade and other receivables	19	409,919,104	418,269,291	94,079,822	63,610,975
Prepayment	19(e)	22,700,610	8,059,731	76,011	44,861
Contract assets	4(b)	282,196,733	230,949,244	-	-
Current tax assets		710,971	-	-	-
Cash and bank balances	20	63,255,642	72,229,384	757,334	10,189,874
		<u>1,010,394,141</u>	<u>969,871,433</u>	<u>94,913,167</u>	<u>73,845,710</u>
Assets held for sale	21	14,125,282	14,125,282	-	-
		<u>1,024,519,423</u>	<u>983,996,715</u>	<u>94,913,167</u>	<u>73,845,710</u>
Total assets		<u><u>1,526,368,689</u></u>	<u><u>1,300,769,386</u></u>	<u><u>434,761,076</u></u>	<u><u>400,571,105</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	22	217,432,981	151,644,515	32,860,000	5,900,000
Lease liabilities	23	2,527,451	2,769,568	-	-
Trade and other payables	24	337,367,195	230,710,465	40,340,074	1,393,065
Contract liabilities	4(b)	20,015,968	15,733,053	-	-
Current tax liabilities		-	3,772,097	69,158	22,299
Provisions	25	9,980,000	11,541,000	-	-
		<u>587,323,595</u>	<u>416,170,698</u>	<u>73,269,232</u>	<u>7,315,364</u>
Net current assets		<u>437,195,828</u>	<u>567,826,017</u>	<u>21,643,935</u>	<u>66,530,346</u>
Non-current liabilities					
Loans and borrowings	22	195,941,009	155,993,891	55,000,000	75,000,000
Lease liabilities	23	2,737,492	3,314,868	-	-
		<u>198,678,501</u>	<u>159,308,759</u>	<u>55,000,000</u>	<u>75,000,000</u>
Total liabilities		<u>786,002,096</u>	<u>575,479,457</u>	<u>128,269,232</u>	<u>82,315,364</u>
Net assets		<u>740,366,593</u>	<u>725,289,929</u>	<u>306,491,844</u>	<u>318,255,741</u>
Equity attributable to owners of the Company					
Share capital	27	255,944,359	255,944,359	255,944,359	255,944,359
Treasury shares	27	(23,774)	(23,774)	(23,774)	(23,774)
Retained earnings	28	424,446,230	420,981,673	16,377,591	28,141,488
Other reserves	29	33,475,896	33,493,369	34,193,668	34,193,668
		<u>713,842,711</u>	<u>710,395,627</u>	<u>306,491,844</u>	<u>318,255,741</u>
Non-controlling interests	15(c)	26,523,882	14,894,302	-	-
Total equity		<u>740,366,593</u>	<u>725,289,929</u>	<u>306,491,844</u>	<u>318,255,741</u>
Total equity and liabilities		<u>1,526,368,689</u>	<u>1,300,769,386</u>	<u>434,761,076</u>	<u>400,571,105</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Equity, total RM	Attributable to owners of the Company				Foreign currency translation reserve (Note 29) RM	Non- controlling interests RM
			Share capital (Note 27) RM	Treasury shares (Note 27) RM	Retained earnings (Note 28) RM	Other reserves, total RM	Warrant reserve (Note 29) RM	
At 1 January 2023		725,289,929	255,944,359	(23,774)	420,981,673	33,493,369	34,193,668	14,894,302
Profit net of tax		6,877,849	-	-	7,054,548	-	-	(176,699)
Foreign currency translation		(73,877)	-	-	-	(73,877)	(73,877)	-
Total comprehensive income for the year		6,803,972	-	-	7,054,548	(73,877)	-	(176,699)
Transactions with owners								
Effect of issue of ordinary shares by subsidiaries		11,806,279	-	-	-	-	-	11,806,279
Effect of struck off of a subsidiary		-	-	-	(56,404)	56,404	-	-
Dividends on ordinary shares	36	(3,533,587)	-	-	(3,533,587)	-	-	-
Total transactions with owners		8,272,692	-	-	(3,589,991)	56,404	-	11,806,279
At 31 December 2023		740,366,593	255,944,359	(23,774)	424,446,230	33,475,896	34,193,668	26,523,882

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Equity, total RM	Attributable to owners of the Company					Non- controlling interests RM
			Share capital (Note 27) RM	Treasury shares (Note 27) RM	Retained earnings (Note 28) RM	Other reserves, total RM	Warrant reserve (Note 29) RM	Foreign currency translation reserve (Note 29) RM
At 1 January 2022		731,049,412	255,944,359	(23,774)	431,743,829	33,614,941	34,193,668	(578,727)
Loss of tax		(7,291,248)	-	-	(7,228,569)	-	-	-
Foreign currency translation		(121,572)	-	-	-	(121,572)	-	(121,572)
Total comprehensive loss for the year		(7,412,820)	-	-	(7,228,569)	(121,572)	-	(62,679)
Transactions with owners								
Effect of issue of ordinary shares by a subsidiary		5,186,924	-	-	-	-	-	-
Dividends on ordinary shares	36	(3,533,587)	-	-	(3,533,587)	-	-	-
Total transactions with owners		1,653,337	-	-	(3,533,587)	-	-	-
At 31 December 2022		725,289,929	255,944,359	(23,774)	420,981,673	33,493,369	34,193,668	(700,299)
								14,894,302

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	←— Attributable to owners of the Company —→				
		Equity, total RM	←— Non-distributable —→ Distributable			
			Share capital (Note 27) RM	Treasury shares (Note 27) RM	Retained earnings (Note 28) RM	Warrant reserves (Note 29) RM
At 1 January 2022		317,463,796	255,944,359	(23,774)	27,349,543	34,193,668
Total comprehensive income for the year		4,325,532	-	-	4,325,532	-
Transaction with owners						
Dividends on ordinary shares	36	(3,533,587)	-	-	(3,533,587)	-
At 31 December 2022/1 January 2023		318,255,741	255,944,359	(23,774)	28,141,488	34,193,668
Total comprehensive loss for the year		(8,230,310)	-	-	(8,230,310)	-
Total transaction with owners						
Dividends on ordinary shares	36	(3,533,587)	-	-	(3,533,587)	-
At 31 December 2023		306,491,844	255,944,359	(23,774)	16,377,591	34,193,668

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities				
Profit/(Loss) before tax	13,055,155	(3,698,474)	(8,066,917)	4,433,487
Adjustments for:				
Interest income	(1,872,439)	(1,743,758)	-	-
Finance costs	15,570,410	12,819,712	5,576,567	3,955,823
Allowance for impairment on trade receivables	-	18,538,174	-	-
Allowance for impairment on contract assets	-	25,581,137	-	-
Reversal of allowance for impairment on trade receivables	(497,972)	(3,311,955)	-	-
Write back on property development value	(3,900,000)	-	-	-
Bad debts recovered	(90,012)	(106,927)	-	-
Bad debts written off	13,529	28,487	-	-
Impairment loss on investment in subsidiary	-	-	10,027,486	42,704
Depreciation of property, plant and equipment	21,596,467	33,687,207	-	-
Depreciation of right-of-use assets	3,055,739	3,055,111	-	-
Depreciation of investment properties	6,549	6,549	-	-
Gain on disposal of property, plant and equipment	(906,446)	(643,465)	-	-
Gain on derecognition due to lease modification	(3,338)	(2,177)	-	-
Property, plant and equipment written off	1,493,269	1,082,427	-	-
Share of loss of joint ventures	3,142,799	2,903,611	-	-
Reversal of provision for obsolete inventories	-	(4,252)	-	-
Reversal of defect liability costs	(1,561,000)	(5,196,000)	-	-
Unrealised foreign exchange gain	(8,721,197)	(6,699,759)	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities (cont'd)				
Operating cash flows before changes in working capital	40,381,513	76,295,648	7,537,136	8,432,014
Property development costs	3,293,977	(11,205,456)	-	-
Inventories	7,696,602	16,314,457	-	-
Receivables	21,206,284	88,024,830	(1,365,220)	(91,775)
Other current assets	(65,094,598)	(81,042,667)	(377)	2,916
Payables	107,326,670	255,636	(44,206)	219,828
Other current liabilities	2,492,889	(8,543,845)	-	-
Cash flows generated from operations	117,303,337	80,098,603	6,127,333	8,562,983
Interest received	2,571,501	1,804,801	-	-
Income taxes paid	(8,027,282)	(13,495,873)	(116,534)	(87,463)
Interest paid	(22,583,995)	(14,425,482)	(5,411,619)	(3,877,681)
Net cash flows generated from operating activities	89,263,561	53,982,049	599,180	4,597,839
Investing activities				
Purchase of property, plant and equipment	(32,965,922)	(21,411,260)	-	-
Land held for development	(143,926,962)	(1,966,561)	-	-
Proceeds from disposal of property, plant and equipment	3,855,511	583,850	-	-
Placement of fixed deposits	-	(1,000)	-	-
Additional investment in an existing subsidiary	-	-	(23,150,000)	(10,130,000)
Net cash flows used in investing activities	(173,037,373)	(22,794,971)	(23,150,000)	(10,130,000)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financing activities				
Dividends paid on ordinary shares	(3,533,587)	(3,533,587)	(3,533,587)	(3,533,587)
Repayment of hire purchase payables	(10,781,582)	(16,359,991)	-	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests	3	-	-	-
Drawdown of loans and borrowings	417,537,432	309,077,579	12,860,000	5,900,000
Repayment of loans and borrowings	(322,747,607)	(298,751,179)	(5,900,000)	(3,000,000)
Repayment from/(Advances to) a joint venture	-	(4,695,556)	-	-
Repayment to a joint venture	(7,289,895)	(3,604,582)	-	-
Advances from/(Repayment to) a corporate shareholder of a subsidiary	881,450	(8,306,905)	-	-
Repayment of lease liabilities	(3,056,089)	(3,017,024)	-	-
Repayment from subsidiaries	-	-	9,691,867	15,573,383
Withdrawal of pledged fixed deposits	7,343,090	12,036,037	-	-
Net cash flows generated from/ (used in) financing activities	78,353,215	(17,155,208)	13,118,280	14,939,796
Net (decrease)/increase in cash and cash equivalents	(5,420,597)	14,031,870	(9,432,540)	9,407,635
Effect of exchange rate changes on cash and cash equivalents	3,789,945	696,418	-	-
Cash and cash equivalents at 1 January	60,345,346	45,617,058	10,189,874	782,239
Cash and cash equivalents at 31 December (Note 20)	58,714,694	60,345,346	757,334	10,189,874

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Suite 19.06, Level 19, Johor Bahru City Square, 106 - 108, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Ta'zim. The registered office is located at Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are disclosed in Note 15 to the financial statements.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2. Summary of material accounting policy information

2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (a) During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.1 Basis of preparation (cont'd)

- (a) During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 2 to the financial statements in line with the amendments.

- (b) The Group and the Company have not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Effective Date

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

2.2 Investment in subsidiary

In the Company's financial statements, investments in subsidiary are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.3 Investment in joint venture

Investments in joint ventures are stated in the separate financial statements of the Company at cost less impairment losses, if any. The Group recognises its interest in the joint ventures using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation on other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1.25%
Buildings	3.33% - 10%
Plant, machinery and motor vehicles	10% - 33.33%
Furniture and equipment	10% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Quarry development expenditure consists of expenditure incurred to construct infrastructure to facilitate the quarry operations. Quarry development expenditure is amortised over 5 years.

2.5 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

2.6 Financial instruments

(a) Financial assets

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial liabilities

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.6 Financial instruments (cont'd)

(c) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

2.7 Land held for development and development properties

(a) Land held for development

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for development is reclassified as development properties at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Development properties

Development properties comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, development properties revenue and expenses are recognised in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that of construction costs incurred for work performed to date bear to the estimated total construction costs.

Where the financial outcome of a development activity cannot be reliably estimated, development properties revenue is recognised only to the extent of development properties costs incurred that is probable will be recoverable, and development properties cost on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Development properties cost not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.
- Completed properties: cost is determined on specific identification basis and comprises cost associated with the acquisition of land, construction costs and appropriate proportion of development overheads.

2.9 Right-of-use assets and lease liabilities

(a) Short-term leases and leases of low-value assets

The Group and the Company apply the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the estimated useful lives of the right-of-use assets or the end of the lease term, whichever is earlier.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

2.10 Assets Held for Sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the assets are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.11 Revenue from contracts with customers

(a) Construction contracts

The Group contracts with its customers for construction services. Revenue from construction contracts is recognised over time using the input method, which is based on the actual cost incurred to date on the construction project as compared to the total budgeted cost for the respective construction project.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as contract liabilities.

(b) Sale of goods

The Group contracts with its customers for the sales of goods. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Sales of development properties under construction

The revenue from development properties under construction is measured at the fixed transaction price stated in the sale and purchase agreement.

Revenue from development properties under construction is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. Summary of material accounting policy information (cont'd)

2.11 Revenue from contracts with customers (cont'd)

(c) Sales of development properties under construction (cont'd)

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the actual cost incurred to date on the development properties as compared to the total budgeted cost for the respective development properties.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Development properties cost not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

(d) Sales of completed development properties

Revenue relating to sale of completed development properties is recognised at the point in time when the control of the property has been transferred to the purchaser, being when vacant possession of the property has been delivered to the customer and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the asset sold.

(e) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(f) Rental income

Rental income is recognised on accrual basis.

(g) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting judgements and estimates

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment of the Group is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(b) Revenue recognition

(i) Construction contracts

For construction revenue where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development construction to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction work. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction work.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) Revenue recognition (cont'd)

(ii) Development properties

The Group recognises property development revenue and expenses in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and internal budgeting.

(c) Income taxes

Judgement is involved in determining the Group's and the Company's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Deferred tax assets

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

(e) Provision for expected credit loss of trade and other receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade and others receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Provision for expected credit loss of trade and other receivables (cont'd)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., unemployment rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and property development sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(f) Provision for defect liability costs

The Group recognises provision for defect liability costs in respect of construction projects. In determining the provision, the Group has made assumptions and estimations in relation to defect liability rates and the expected timing of these costs. The carrying amount of the provision for defect liability costs as at 31 December 2023 was RM9,980,000 (2022: RM11,541,000) as disclosed in Note 25.

If the estimated defect liability rates used in the computation of provision for defect liability costs differ by 1% (2022: 1%) with all other assumptions remain constant, the Group's provision for defect liability costs will vary by RM99,800 (2022: RM115,000).

(g) Write down of land held for development

The Group measures its land held for development at lower of cost or net realisable value.

The net realisable value of the parcel of land was determined with reference to the valuation performed by an independent registered valuer. The valuer used the comparison method of valuation to arrive at the market value of the parcel of land.

Under the comparison method, the market value of a land is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the land than it would cost to buy a comparable substitute property. The land is valued by reference to transactions of similar lands in its surrounding area with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue

(a) Revenue from contracts with customers

	Group	
	2023 RM	2022 RM
Types of goods and services		
Construction contracts	638,547,457	538,155,744
Sales of building material	21,629,725	19,111,987
Sales of completed properties	-	27,043,834
Sales of concrete products	168,568,300	167,224,651
Sales of development properties	23,808,764	4,578,716
	<u>852,554,246</u>	<u>756,114,932</u>
Timing of revenue recognition		
Transferred over time	662,356,221	542,734,460
Transferred at a point in time	190,198,025	213,380,472
	<u>852,554,246</u>	<u>756,114,932</u>

(b) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2023 RM	2022 RM
Receivables from contracts with customers (Note 19)	382,772,295	389,031,740
Contract assets	282,196,733	230,949,244
Contract liabilities	<u>(20,015,968)</u>	<u>(15,733,053)</u>

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's billings in advance at the reporting date. Contract liabilities are reversed and revenue is recognised as work is completed.

Contract assets that are impaired

The Group's contract assets that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment is as follows:

	Group	
	2023 RM	2022 RM
Contract assets - nominal amounts	25,581,137	25,581,137
Less: Allowance for impairment	<u>(25,581,137)</u>	<u>(25,581,137)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. Revenue (cont'd)

(b) Contract assets and contract liabilities (cont'd)

Contract assets that are impaired (cont'd)

Movement in allowance accounts:

	Group	
	2023	2022
	RM	RM
At 1 January	25,581,137	-
Charge for the year (Note 6)	-	25,581,137
At 31 December	<u>25,581,137</u>	<u>25,581,137</u>

Remaining performance obligations

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 are, as follows:

	Group	
	2023	2022
	RM	RM
Within one year	1,397,630,700	1,026,601,044
More than one year	793,450,674	569,534,479
	<u>2,191,081,374</u>	<u>1,596,135,523</u>

(c) Other revenue

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Dividend income from subsidiaries	-	-	4,000,000	5,000,000
Interest income from subsidiaries	-	-	4,893,149	4,654,715
Interest income from licensed banks	14,264	18,802	14,264	18,802
	<u>14,264</u>	<u>18,802</u>	<u>8,907,413</u>	<u>9,673,517</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. Finance costs

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Interest expense on:				
- bank loan, bank overdrafts, invoice financing and bankers' acceptance	19,334,819	12,251,420	4,245,727	3,955,823
- hire purchase arrangements	1,163,831	1,132,781	-	-
- advance from a subsidiary	-	-	1,330,840	-
- advance from corporate shareholder of a subsidiary	242,720	439,207	-	-
- advance from joint venture	-	55,940	-	-
- lease liabilities (Note 23)	220,096	243,333	-	-
	<u>20,961,466</u>	<u>14,122,681</u>	<u>5,576,567</u>	<u>3,955,823</u>
Less: Interest expenses capitalised in development properties (Note 17)	<u>(5,391,056)</u>	<u>(1,302,969)</u>	<u>-</u>	<u>-</u>
	<u>15,570,410</u>	<u>12,819,712</u>	<u>5,576,567</u>	<u>3,955,823</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audits	293,966	280,729	43,500	43,000
- overprovision				
in prior years	-	(5,000)	-	-
- other services	5,000	5,000	5,000	5,000
Allowance for impairment on trade receivables (Note 19)	-	18,538,174	-	-
Allowance for impairment on contract assets (Note 4(b))	-	25,581,137	-	-
Reversal of allowance for impairment on trade receivables (Note 19)	(497,972)	(3,311,955)	-	-
Bad debts recovered	(90,012)	(106,927)	-	-
Bad debts written off	13,529	28,487	-	-
Employee benefits expenses (Note 7)	89,938,401	71,968,105	-	-
Non-executive directors' remuneration (Note 8)	415,500	415,500	415,500	415,500
Hire of plant and machinery	14,988,808	12,477,581	-	-
Depreciation of property, plant and equipment (Note 11)	21,596,467	33,687,207	-	-
Depreciation of right-of-use assets (Note 12)	3,055,739	3,055,111	-	-
Depreciation of investment properties (Note 13)	6,549	6,549	-	-
Gain on disposal of property, plant and equipment	(906,446)	(643,465)	-	-
Property, plant and equipment written off	1,493,269	1,082,427	-	-
Write back on property development value	(3,900,000)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. Profit/(Loss) before tax (cont'd)

The following items have been included in arriving at profit/(loss) before tax (cont'd):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on derecognition due to lease modification	(3,338)	(2,177)	-	-
Short term leases:				
- equipment	10,296	7,974	-	-
- land and building	721,832	263,019	-	-
- office equipment	156,608	148,905	-	-
Impairment loss on investment in subsidiary	-	-	10,027,486	42,704
Interest income from financial assets at amortised costs	(1,852,143)	(1,743,758)	-	-
Reversal of provision for obsolete inventories	-	(4,252)	-	-
Reversal of defect liability costs (Note 25)	(1,561,000)	(5,196,000)	-	-
Foreign exchange (gain)/loss				
- realised	4,582,078	3,929,062	-	-
- unrealised	(8,721,197)	(6,699,759)	-	-

7. Employee benefits expenses

	Group	
	2023 RM	2022 RM
Wages, salaries and bonus	82,997,072	66,002,908
Defined contribution plan	5,893,432	5,257,085
Social security contributions	1,047,897	708,112
	<u>89,938,401</u>	<u>71,968,105</u>

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM4,712,918 (2022: RM4,586,715) as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	4,117,877	3,931,894	-	-
Defined contribution plan	595,041	654,821	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 7)	4,712,918	4,586,715	-	-
Estimated money value of benefits-in-kind	77,920	77,920	-	-
Total executive directors' remuneration (including benefits-in-kind)	4,790,838	4,664,635	-	-
Non-Executive:				
Fees	390,000	390,000	390,000	390,000
Other emoluments	25,500	25,500	25,500	25,500
Total non-executive directors' remuneration	415,500	415,500	415,500	415,500
Total directors' remuneration	5,206,338	5,080,135	415,500	415,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	5,320,460	19,304,436	142,000	108,000
- Foreign tax	-	25,223	-	-
- (Over)/under provision in prior years	(1,776,246)	(368,147)	21,393	(45)
	<u>3,544,214</u>	<u>18,961,512</u>	<u>163,393</u>	<u>107,955</u>
Deferred tax (Note 26):				
- Origination and reversal of temporary differences	1,042,527	(15,685,912)	-	-
- Underprovision in prior years	1,590,565	317,174	-	-
	<u>2,633,092</u>	<u>(15,368,738)</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>6,177,306</u>	<u>3,592,774</u>	<u>163,393</u>	<u>107,955</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. Income tax expense (cont'd)

Reconciliation between income tax expense and accounting profit/(loss)

The reconciliations between income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 2022 are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit/(loss) before tax	13,055,155	(3,698,474)	(8,066,917)	4,433,487
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	3,133,238	(887,634)	(1,936,000)	1,064,000
Different tax rates in other countries	1,934	3,202	-	-
Effect of expenses not deductible for tax purposes	3,487,393	2,817,621	3,038,000	244,000
Effect of income not subject to tax	(1,113,064)	(386,406)	(960,000)	(1,200,000)
Effect of foreign income tax	-	25,223	-	-
Deferred tax assets not recognised on unutilised tax losses, unabsorbed capital allowances and other temporary differences	166,922	1,414,587	-	-
Utilisation of current year's reinvestment allowances	(67,708)	(39,713)	-	-
Share of tax of joint ventures	754,272	696,867	-	-
Overprovision of income tax in prior years	(1,776,246)	(368,147)	21,393	(45)
Underprovision of deferred tax in prior years	1,590,565	317,174	-	-
Income tax expense recognised in profit or loss	<u>6,177,306</u>	<u>3,592,774</u>	<u>163,393</u>	<u>107,955</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit/(loss) for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. Profit/(Loss) per share

(a) Basic profit/(loss) per share

Basic profit/(loss) per share amounts are calculated by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following reflect the profit/(loss) and share data used in the computation of basic profit/(loss) per share for the years ended 31 December:

	Group	
	2023	2022
Profit/(loss) net of tax attributable to owners of the Company (RM)	7,054,548	(7,228,569)
Weighted average number of ordinary shares in issue	353,358,716	353,358,716
Basic profit/(loss) per share (sen)	<u>2.00</u>	<u>(2.05)</u>

(b) Diluted profit/(loss) per share

Diluted profit/(loss) per share amounts are calculated by dividing profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares from exercise of the warrants. Dilutive potential ordinary shares are deemed to have been converted at the beginning of the financial year or, if later, the date of the issue of the potential ordinary shares.

The following reflect the profit/(loss) and share data used in the computation of diluted profit/(loss) per share for the years ended 31 December:

	Group	
	2023	2022
Profit/(Loss) net of tax attributable to owners of the Company (RM)	7,054,548	(7,228,569)
Weighted average number of ordinary shares in issue	353,358,716	353,358,716
Diluted profit/(loss) per share (sen)	<u>2.00</u>	<u>(2.05)</u>

The outstanding warrants were not included in the weighted average number of ordinary shares used in the calculation of diluted profit/(loss) per share as their effect would have been antidilutive.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and motor vehicles RM	Furniture and equipment RM	Construction in progress RM	Quarry development expenditure RM	Total RM
Cost								
At 1 January 2022	5,186,536	16,394,806	72,787,334	323,660,118	12,173,220	1,172,296	-	431,374,310
Additions	-	-	102,085	23,580,657	435,498	3,973,694	-	28,091,934
Disposals	-	-	-	(1,569,044)	(22,850)	-	-	(1,591,894)
Written off	-	-	-	(1,554,000)	(112,237)	-	-	(1,666,237)
Transfer	-	-	-	1,933,318	-	(1,933,318)	-	-
At 31 December 2022 and 1 January 2023	5,186,536	16,394,806	72,889,419	346,051,049	12,473,631	3,212,672	-	456,208,113
Additions	-	-	136,000	32,490,009	634,190	20,574,132	697,163	54,531,494
Disposals	-	-	-	(7,235,699)	(8,414)	-	-	(7,244,113)
Written off	-	-	-	(136,100)	(2,166,603)	-	-	(2,302,703)
Transfer	-	-	-	4,601,263	-	(4,601,263)	-	-
At 31 December 2023	5,186,536	16,394,806	73,025,419	375,770,522	10,932,804	19,185,541	697,163	501,192,791

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Property, plant and equipment (cont'd)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and motor vehicles RM	Furniture and equipment RM	Construction in progress RM	Quarry development expenditure RM	Total RM
Accumulated depreciation								
At 1 January 2022	-	1,982,677	21,830,860	262,718,334	7,106,789	-	-	293,638,660
Charge for the year (Note 6)	-	205,139	2,208,253	30,302,107	971,708	-	-	33,687,207
Disposals	-	-	-	(1,631,077)	(20,432)	-	-	(1,651,509)
Written off	-	-	-	(499,615)	(84,195)	-	-	(583,810)
At 31 December 2022 and 1 January 2023	-	2,187,816	24,039,113	290,889,749	7,973,870	-	-	325,090,548
Charge for the year (Note 6)	-	205,139	2,196,792	18,419,833	709,648	-	65,055	21,596,467
Disposals	-	-	-	(4,292,356)	(2,692)	-	-	(4,295,048)
Written off	-	-	-	(73,806)	(735,628)	-	-	(809,434)
At 31 December 2023	-	2,392,955	26,235,905	304,943,420	7,945,198	-	65,055	341,582,533
Net carrying amount								
At 31 December 2022	5,186,536	14,206,990	48,850,306	55,161,300	4,499,761	3,212,672	-	131,117,565
At 31 December 2023	5,186,536	14,001,851	46,789,514	70,827,102	2,987,606	19,185,541	632,108	159,610,258

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. Property, plant and equipment (cont'd)

Assets held under hire purchase arrangements

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM21,565,572 (2022: RM6,680,674) by means of hire purchase arrangements. The cash outflow on acquisition of property, plant and equipment amounted to RM32,965,922 (2022: RM21,411,260).

The carrying amount of property, plant and equipment held under hire purchase arrangements at the reporting date were as follows:

	Group	
	2023	2022
	RM	RM
Plant, machinery and motor vehicles	<u>33,020,668</u>	<u>20,231,629</u>

Leased assets are pledged as security for the related hire purchase arrangements as disclosed in Note 22.

12. Right-of-use assets

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings, machinery and equipment. The leases generally have lease terms of between 1 year to 5 years.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

12. Right-of-use assets (cont'd)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Land and buildings RM	Machinery and equipment RM	Total RM
At 1 January 2022	4,900,052	34,968	4,935,020
Additions (Note 23)	4,163,396	-	4,163,396
Depreciation for the year (Note 6)	(3,027,150)	(27,961)	(3,055,111)
Derecognition due to lease modification	(59,329)	-	(59,329)
At 31 December 2022 and 1 January 2023	5,976,969	7,007	5,983,976
Additions (Note 23)	2,269,035	-	2,269,035
Depreciation for the year (Note 6)	(3,048,732)	(7,007)	(3,055,739)
Derecognition due to lease modification	(29,101)	-	(29,101)
As at 31 December 2023	5,168,171	-	5,168,171

The details of lease liabilities in respect of right-of-use assets are disclosed in Note 23.

13. Investment properties

	Group	
	2023 RM	2022 RM
Cost		
At 1 January/31 December	<u>327,444</u>	<u>327,444</u>
Accumulated depreciation		
At 1 January	187,872	181,323
Charge for the year (Note 6)	<u>6,549</u>	<u>6,549</u>
At 31 December	<u>194,421</u>	<u>187,872</u>
Net carrying amount		
At 31 December	<u>133,023</u>	<u>139,572</u>
Represented by:-		
Buildings	<u>133,023</u>	<u>139,572</u>

Fair value of the investment properties as at 31 December 2023 was RM950,000 (2022: RM898,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

14. Other investments

	Group	
	2023 RM	2022 RM
Club memberships, at cost	<u>75,000</u>	<u>75,000</u>

15. Investment in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	350,670,576	327,520,576
Less: Impairment losses	<u>(10,822,667)</u>	<u>(795,181)</u>
	<u>339,847,909</u>	<u>326,725,395</u>

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023	2022
Held by the Company:				
Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	100	100
SPC Industries Sdn. Bhd.	Malaysia	Ready mix concrete production and manufacturing of pre-cast concrete products	100	100
Kimlun Land Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
KL Building Materials Sdn. Bhd.	Malaysia	Manufacturing and trading of all kinds of building and construction materials, and provision of quarry services and machinery rental services	100	100
I-Buildtech Solutions Pte. Ltd. *#	Singapore	Provision of industrial building systems and the supply of construction and building materials	-	100
Kii Amber Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	33	33

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023	2022
Held through Kimlun Sdn. Bhd.:				
Kimlun Superior Crest Sdn. Bhd.	Malaysia	Building and infrastructure contractors	60	60
Held through Kimlun Land Sdn. Bhd.:				
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	67	67
Kitaran Lintas Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kiiville Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
Kii Ashbury Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
Kii Morris Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
Kii Tebrau Sdn Bhd	Malaysia	Dormant	70	-
Held through Kii Amber Sdn. Bhd.:				
Bayu Damai Sdn. Bhd.	Malaysia	Property development and property investment	49	49
Kii Melodia Sdn. Bhd.	Malaysia	Investment holding, property investment and development	69.5	69.5

* The subsidiary has been struck off during the financial year.

Audited by a firm of chartered accountants other than Crowe Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Investment in subsidiaries (cont'd)

(a) During the financial year:

- (i) the Company subscribed for additional ordinary shares in Kii Amber Sdn. Bhd., a wholly-owned subsidiary of the Company for a total consideration of RM23,150,000 satisfied by cash. Kii Amber Sdn. Bhd. utilised most of these proceeds to pay up the balance of the subscription consideration of 9,800,000 ordinary shares in Bayu Damai Sdn. Bhd. ("BDSB") allotted to Kii Amber Sdn. Bhd. (refer to Note 15 (b)(ii) below). The subscription did not change the percentage of shareholdings effectively held by the Company.
- (ii) Kimlun Land Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for new ordinary shares in Kii Tebrau Sdn. Bhd. for a total consideration of RM7 satisfied by cash.
- (iii) Kimlun Land Sdn. Bhd., subscribed for additional ordinary shares in Kii Ashbury Sdn. Bhd. for a total consideration of RM916,999 satisfied by cash and RM85,000 satisfied by settlement of amount owing by Kii Ashbury Sdn. Bhd.. The acquisition did not change the percentage of shareholdings effectively held by the Company.
- (iv) Kimlun Land Sdn. Bhd., subscribed for additional ordinary shares in Kiiville Sdn. Bhd. for a total consideration of RM1,649,999, satisfied by settlement of amount owing by Kiiville Sdn. Bhd.. The acquisition did not change the percentage of shareholdings effectively held by the Company.
- (v) I-Buildtech Solutions Pte. Ltd., a wholly-owned subsidiary of the company had been struck off from the register pursuant to Section 344A of the Companies Act 1967 of Singapore and is accordingly dissolved.

(b) In the previous financial year:

- (i) the Company subscribed for additional ordinary shares in Kii Amber Sdn. Bhd. for a total consideration of RM10,300,000 satisfied by cash. The subscription did not change the percentage of shareholdings effectively held by the Company.
- (ii) Kii Amber Sdn. Bhd., a wholly-owned subsidiary of the Company, paid RM10,170,440 out of the total subscription consideration of 9,800,000 ordinary shares in BDSB allotted in the previous financial year. The remaining balance of the Subscription Consideration is payable upon any call or calls by BDSB at any time and from time to time for such portion of the balance Subscription Consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. Investment in subsidiaries (cont'd)

- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	Proportion (%) of ownership interest		Group	
	2023	2022	2023 RM	2022 RM
Bayu Damai Sdn. Bhd.	51	51	25,191,379	13,493,489
Other individually immaterial subsidiaries			1,332,503	1,400,813
			<u>26,523,882</u>	<u>14,894,302</u>

- (d) The summarised financial information (before intra-group elimination) for subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Bayu Damai Sdn. Bhd.	
	2023 RM	2022 RM
<u>At 31 December</u>		
Non-current asset	129,625,922	7,793,743
Current assets	1,625,226	19,701,608
Current liabilities	(9,153,181)	(218,768)
Non-current liability	(72,703,106)	(818,762)
Net assets	<u>49,394,861</u>	<u>26,457,821</u>
<u>Financial year ended 31 December</u>		
Total comprehensive loss	212,520	55,920
Total comprehensive loss attributable to:		
- owner of the Company	104,135	27,401
- non-controlling interests	<u>108,385</u>	<u>28,519</u>
	<u>212,520</u>	<u>55,920</u>
Net cash flows generated from/(used in) operating activities	7,480,335	(1,046,140)
Net cash flows used in investing activity	(118,379,517)	(1,966,561)
Net cash flows generated from financing activities	102,742,520	11,169,440
Net (decrease)/increase in cash and cash equivalents	(8,156,662)	8,156,739
Cash and cash equivalents at 1 January	<u>8,199,608</u>	<u>42,869</u>
Cash and cash equivalents at 31 December	<u>42,946</u>	<u>8,199,608</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Investment in joint ventures

	Group	
	2023 RM	2022 RM
Unquoted shares, at cost	4,830,000	4,830,000
Share of post-acquisition reserves	7,663,222	10,410,291
	<u>12,493,222</u>	<u>15,240,291</u>
Represented by:		
Share of net assets	<u>12,493,222</u>	<u>15,240,291</u>

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2023	2022
Held through Kimlun Land Sdn. Bhd.:				
Posh Atlantic Sdn. Bhd.	Malaysia	Property development and property investment	51	51
Held through Kimlun Sdn. Bhd.:				
Zecon Kimlun Consortium Sdn. Bhd.	Malaysia	Building and infrastructure contractor	30	30
JBB Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	40	40
Held through KL Building Materials Sdn. Bhd.:				
Rock Projects Sdn. Bhd.	Malaysia	Quarry and quarry related services	51	51

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Investment in joint ventures (cont'd)

Summarised financial information on the significant joint venture is as follows:

(a) Summarised statements of financial position of material joint venture

Posh Atlantic Sdn. Bhd. ("PASB")

	Group 2023 RM	2022 RM
Non-current assets	3,384,757	218,510
Current assets	127,294,003	114,513,615
Total assets	<u>130,678,760</u>	<u>114,732,125</u>
Current liabilities	46,469,291	16,765,286
Non-current liabilities	62,932,750	72,061,870
Total liabilities	<u>109,402,041</u>	<u>88,827,156</u>
Equity attributable to owners of PASB	22,056,903	26,331,597
Non-controlling interests	(780,184)	(426,628)
	<u>21,276,719</u>	<u>25,904,969</u>

(b) Summarised statements of comprehensive income of material joint venture

Posh Atlantic Sdn. Bhd. ("PASB")

	Group 2023 RM	2022 RM
Revenue	245,000	380,000
Depreciation	(18,140)	(6,489)
Other operating income	15,561	2,669,870
Finance costs	(3,319,229)	(2,320,930)
Loss before tax from continuing operations	(4,450,679)	(83,150)
Income tax expense	(177,571)	(161,774)
Total comprehensive loss	<u>(4,628,250)</u>	<u>(244,924)</u>
Attributable to:		
- owners of PASB	(4,274,694)	74,605
- non-controlling interests	(353,556)	(319,529)
	<u>(4,628,250)</u>	<u>(244,924)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. Investment in joint ventures (cont'd)

Summarised financial information on the significant joint venture is as follows (cont'd):

- (c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

Posh Atlantic Sdn. Bhd. ("PASB")

	Group 2023 RM	2022 RM
Net assets attributable to owners of the Company at 1 January	26,331,597	26,256,992
Total comprehensive (loss)/income attributable to owners of Company	<u>(4,274,694)</u>	<u>74,605</u>
Net assets attributable to owners of the Company at 31 December	22,056,903	26,331,597
Group's interest in PASB	51%	51%
Group's share of net assets of PASB	11,249,021	13,429,114
Unrealised profit adjustments	(929,680)	(294,725)
Carrying amount of individually immaterial joint ventures	<u>2,173,881</u>	<u>2,105,902</u>
Carrying amount of Group's interest in joint ventures	<u><u>12,493,222</u></u>	<u><u>15,240,291</u></u>

17. Land held for development and development properties

(a) Land held for development

Group	Freehold and leasehold land RM	Development costs RM	Total RM
At 1 January 2023	129,536,799	16,447,185	145,983,984
Additions	142,837,059	16,049,358	158,886,417
Write back on property development value	<u>3,326,279</u>	<u>573,721</u>	<u>3,900,000</u>
At 31 December 2023	<u><u>275,700,137</u></u>	<u><u>33,070,264</u></u>	<u><u>308,770,401</u></u>
At 1 January 2022	200,622,042	13,750,401	214,372,443
Additions	-	7,153,485	7,153,485
Transfer to property development costs	<u>(71,085,243)</u>	<u>(4,456,701)</u>	<u>(75,541,944)</u>
At 31 December 2022	<u><u>129,536,799</u></u>	<u><u>16,447,185</u></u>	<u><u>145,983,984</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. Land held for development and development properties (cont'd)

(b) Development properties

Group	Freehold and leasehold land RM	Development costs RM	Total RM
Cumulative cost of development properties			
At 1 January 2023	138,183,395	39,401,714	177,585,109
Costs incurred during the year	-	18,770,611	18,770,611
At 31 December 2023	<u>138,183,395</u>	<u>58,172,325</u>	<u>196,355,720</u>
At 1 January 2022	67,022,592	18,648,744	85,671,336
Costs incurred during the year	75,560	16,296,269	16,371,829
Transfer from land held for development	<u>71,085,243</u>	<u>4,456,701</u>	<u>75,541,944</u>
At 31 December 2022	<u>138,183,395</u>	<u>39,401,714</u>	<u>177,585,109</u>
Cumulative cost recognised in profit or loss			
At 1 January		(4,671,144)	(807,740)
Recognised during the year		<u>(19,826,711)</u>	<u>(3,863,404)</u>
At 31 December		<u>(24,497,855)</u>	<u>(4,671,144)</u>
Carrying amount		<u>171,857,865</u>	<u>172,913,965</u>

Included in costs incurred during the financial year on land held for development and development properties are:

	Group 2023 RM	2022 RM
Interest expenses (Note 5)	<u>5,391,056</u>	<u>1,302,969</u>

Land held for development and development properties with an aggregate carrying amount of RM305,127,565 (2022: RM205,863,536) are charged for bank borrowings as referred to in Note 22.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

18. Inventories

	Group	
	2023 RM	2022 RM
Cost:		
Raw materials	20,208,738	26,544,307
Finished goods	27,872,652	28,244,552
Completed properties	1,703,780	1,703,780
	<u>49,785,170</u>	<u>56,492,639</u>
Net realisable value:		
Finished goods	9,968,046	10,957,179
	<u>59,753,216</u>	<u>67,449,818</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM210,599,508 (2022: RM311,226,446).

Certain completed properties with an aggregate carrying amount of RM1,411,009 (2022: RM1,411,009) are charged for bank borrowings as referred to in Note 22.

19. Trade and other receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties (a)	386,770,887	405,357,538	-	-
Amount due from joint venture (a)	11,201,846	4,042,295	-	-
Amounts due from companies related to certain directors (a)	3,737,009	200,000	-	-
	<u>401,709,742</u>	<u>409,599,833</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment				
- Third parties	(18,937,447)	(20,568,093)	-	-
Trade receivables, net	<u>382,772,295</u>	<u>389,031,740</u>	<u>-</u>	<u>-</u>
Other receivables				
Deposits	6,518,753	15,730,435	204,500	204,500
Sundry receivables	1,733,389	1,983,207	-	-
Amount due from subsidiaries (b)	-	-	93,875,322	63,406,475
Amount due from joint venture (c)	18,647,238	10,861,945	-	-
Contract cost assets (d)	247,429	661,964	-	-
	<u>27,146,809</u>	<u>29,237,551</u>	<u>94,079,822</u>	<u>63,610,975</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Trade and other receivables (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total trade and other receivables	409,919,104	418,269,291	94,079,822	63,610,975
Add: Cash and bank balances (Note 20)	63,255,642	72,229,384	757,334	10,189,874
Less: Contract cost assets	(247,429)	(661,964)	-	-
Less: Deposits	(6,518,753)	(15,730,435)	(204,500)	(204,500)
Total financial assets at amortised cost	466,408,564	474,106,276	94,632,656	73,596,349

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms, although in practice, this may extend to 120 days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certificated or invoiced amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of RM120,479,826 (2022: RM110,670,366), which represents retention sum receivable on contracts of the Group.

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023 RM	2022 RM
Neither past due nor impaired	205,108,735	157,963,229
1 to 30 days past due not impaired	42,395,891	36,200,665
31 to 60 days past due not impaired	31,150,189	13,876,594
61 to 90 days past due not impaired	11,285,795	11,702,150
91 to 120 days past due not impaired	9,443,478	14,775,789
More than 120 days past due not impaired	83,388,207	154,513,313
	177,663,560	231,068,511
Impaired	18,937,447	20,568,093
	401,709,742	409,599,833

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM177,663,560 (2022: RM231,068,511) that are past due at the reporting date but are not impaired and are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are past due but not impaired (cont'd)

The management is confident that the balance of receivables that are past due but not impaired are recoverable as these are active accounts due from creditworthy debtors.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2023 RM	2022 RM
Trade receivables - nominal amounts	18,937,447	20,568,093
Less: Allowance for impairment	(18,937,447)	(20,568,093)
	<u>-</u>	<u>-</u>

Movement in allowance accounts:

	Group	
	2023 RM	2022 RM
At 1 January	20,568,093	18,952,098
Charge for the year (Note 6)	-	18,538,174
Reversal of impairment loss (Note 6)	(497,972)	(3,311,955)
Written off	(1,132,674)	(13,610,224)
At 31 December	<u>18,937,447</u>	<u>20,568,093</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, bearing interest ranging from 4.82% to 7.57% (2022: 4.20% to 6.44%) per annum and are repayable on demand.

(c) Amount due from joint venture

The amount due from joint venture are unsecured, bearing interest ranging from 5.72% to 7.73% (2022: 5.77% to 7.04%) per annum and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. Trade and other receivables (cont'd)

(d) Contract cost assets

Incremental costs of obtaining contracts

The incremental costs of obtaining contracts primarily comprise commissions paid to sales agents and legal costs paid to lawyers as a result of obtaining property sales and purchase contracts with customers. The costs are to be amortised over the period when the related revenue is recognised.

(e) Prepayment

Included in prepayment of the Group is the purchase consideration of RM11,707,000 (2022: Nil) by a subsidiary of the Company in relation to the acquisition of the remaining share in a joint venture, resulting in the Group's equity interest in joint venture to increase from 51% to 100%. The acquisition was completed on 9 January 2024.

20. Cash and bank balances

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash on hand and at banks	58,714,694	60,345,346	757,334	10,189,874
Short term deposits with licensed banks	4,540,948	11,884,038	-	-
Cash and bank balances (Note 19)	<u>63,255,642</u>	<u>72,229,384</u>	<u>757,334</u>	<u>10,189,874</u>

Included in cash at banks of the Group are amounts of RM807,206 (2022: RM660,506) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and therefore restricted from use on other operations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months (2022: one month to twelve months) depending on the immediate cash requirements of the Group and earn interest at respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2023 for the Group was 2.15% (2022: 2.17%).

Short-term deposits with licensed banks of the Group amounting to RM4,540,948 (2022: RM11,884,038) are pledged as security for borrowings as disclosed in Note 22.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	63,255,642	72,229,384	757,334	10,189,874
Less: Pledged deposits	(4,540,948)	(11,884,038)	-	-
Cash and cash equivalents	<u>58,714,694</u>	<u>60,345,346</u>	<u>757,334</u>	<u>10,189,874</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

21. Assets held for sale

These are properties that are expected to be recovered primarily through sale rather than through continuing use.

22. Loans and borrowings

	Maturity	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current					
Secured:					
Bankers' acceptances	2024	80,431,000	58,914,000	-	-
Term loans	2024	18,160,028	18,784,703	-	-
Hire purchase payables (Note 31 (b))	2024	8,958,923	8,285,212	-	-
Invoice financing	2024	61,080,129	43,817,699	-	-
Revolving credit	2024	15,942,901	15,942,901	-	-
Unsecured:					
Sukuk Murabahah - Islamic Commercial Papers	2024	32,860,000	5,900,000	32,860,000	5,900,000
		<u>217,432,981</u>	<u>151,644,515</u>	<u>32,860,000</u>	<u>5,900,000</u>
Non-current					
Secured:					
Term loans	2025-2030	98,898,798	74,311,958	-	-
Hire purchase payables (Note 31 (b))	2025-2028	16,792,211	6,681,933	-	-
Revolving credit	2026-2028	25,250,000	-	-	-
Unsecured:					
Sukuk Murabahah - Islamic Medium Term Notes	2025-2026	55,000,000	75,000,000	55,000,000	75,000,000
		<u>195,941,009</u>	<u>155,993,891</u>	<u>55,000,000</u>	<u>75,000,000</u>
		<u>413,373,990</u>	<u>307,638,406</u>	<u>87,860,000</u>	<u>80,900,000</u>
Total loans and borrowings (Note 24)					

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
On demand or within one year	217,432,981	151,644,515	32,860,000	5,900,000
More than 1 year and less than 2 years	82,609,271	72,547,428	55,000,000	45,000,000
More than 2 years and less than 5 years	92,526,652	73,622,884	-	30,000,000
5 years and more	20,805,086	9,823,579	-	-
	<u>413,373,990</u>	<u>307,638,406</u>	<u>87,860,000</u>	<u>80,900,000</u>

Hire purchase payables (Note 31(b))

These obligations are secured by a pledge over the leased assets as disclosed in Note 11. The discount rate implicit in the leases is between 1.88% to 4.06% (2022: 1.68% to 4.06%) per annum.

Bankers' acceptances, term loans, invoice financing and revolving credit

The interest rates (per annum) at the reporting date were as follows:

	Group	
	2023 %	2022 %
Bankers' acceptances	3.33 to 4.98	3.62 to 5.00
Term loans	5.68 to 6.57	4.30 to 6.26
Invoice financing	4.32 to 5.26	4.41 to 6.27
Revolving credit	<u>5.07 to 6.24</u>	<u>3.27 to 5.88</u>

The bankers' acceptances, term loans, invoice financing and revolving credit together with bank guarantee facilities are secured by:

- First party first legal charge over certain land held for development, development properties and inventories as disclosed in Notes 17 and 18;
- Short term deposits as disclosed in Note 20; and
- Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

22. Loans and borrowings (cont'd)

Sukuk Murabahah

The Company had established an Islamic Commercial Papers ("ICP") and Islamic Medium Term Note ("IMTN") programme with a combined limit of RM800 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq Arrangement) (collectively, the ICP and the IMTN shall be referred to as "Sukuk Murabahah"). The tenure of the ICP Programme is 7 years commencing from 22 December 2021, while the tenure of the IMTN Programme is perpetual.

Sukuk Murabahah bears interest ranging from 4.49% to 5.06% (2022: 4.00% to 5.06%) per annum.

Movement in loans and borrowings were as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 January	307,638,406	307,062,519	80,900,000	78,000,000
Drawdown:				
- hire purchase payables	21,565,572	6,680,674	-	-
- loans and borrowings	417,537,432	309,077,579	12,860,000	5,900,000
Repayments:				
- hire purchase payables	(10,781,582)	(16,359,991)	-	-
- loans and borrowings	(322,747,607)	(298,751,179)	(5,900,000)	(3,000,000)
Unrealised foreign exchange loss/(gain)	161,769	(71,196)	-	-
At 31 December	<u>413,373,990</u>	<u>307,638,406</u>	<u>87,860,000</u>	<u>80,900,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. Lease liabilities

The Group has entered into non-cancellable operating lease agreements for the use of land, buildings, machinery and equipment, which are recognised as right-of-use assets as disclosed in Note 12.

	Group	
	2023	2022
	RM	RM
Current		
Lease liabilities (Note 31(c))	2,527,451	2,769,568
Non-current		
Lease liabilities (Note 31(c))	2,737,492	3,314,868
Total lease liabilities (Note 24)	5,264,943	6,084,436

The remaining maturities of the lease liabilities are as follows:

	Group	
	2023	2022
	RM	RM
Within one year	2,527,451	2,769,568
More than 1 year and less than 2 years	1,673,847	2,178,456
More than 2 years and less than 5 years	1,063,645	1,136,412
	5,264,943	6,084,436

At the reporting date, the interest rate of the lease liabilities ranged from 3.00% to 5.65% (2022: 3.00% to 4.78%).

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

	Group	
	2023	2022
	RM	RM
At 1 January	6,084,436	4,999,570
Additions (Note 12)	2,269,035	4,163,396
Derecognition due to lease modification	(32,439)	(61,506)
Interest charged on lease liabilities (Note 5)	220,096	243,333
Payments of:		
- Principal	(3,056,089)	(3,017,024)
- Interest	(220,096)	(243,333)
At 31 December	5,264,943	6,084,436

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Trade and other payables

		Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current					
Trade payables					
Third parties	(a)	278,300,480	170,803,592	-	-
Amount due to joint ventures	(a)	4,196,817	4,893,675	-	-
		<u>282,497,297</u>	<u>175,697,267</u>	<u>-</u>	<u>-</u>
Other payables					
Accruals		35,188,432	34,655,215	702,572	602,202
Third parties	(b)	14,623,441	16,777,866	604,215	597,288
Deposits payable		336,942	198,942	-	-
Amount due to subsidiaries	(c)	-	-	39,032,359	193,144
Amount due to joint ventures	(d)	529,300	79,129	928	431
Amount due to corporate shareholder of a subsidiary	(e)	4,191,783	3,302,046	-	-
		<u>54,869,898</u>	<u>55,013,198</u>	<u>40,340,074</u>	<u>1,393,065</u>
Total trade and other payables		337,367,195	230,710,465	40,340,074	1,393,065
Add: Loans and borrowings (Note 22)		413,373,990	307,638,406	87,860,000	80,900,000
Add: Lease liabilities (Note 23)		<u>5,264,943</u>	<u>6,084,436</u>	<u>-</u>	<u>-</u>
Total financial liabilities carried at amortised cost		<u><u>756,006,128</u></u>	<u><u>544,433,307</u></u>	<u><u>128,200,074</u></u>	<u><u>82,293,065</u></u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2022: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. Trade and other payables (cont'd)

(b) Other payables

Other payables due to third parties are non-interest bearing and are normally settled on 30 to 60 days (2022: 30 to 60 days) terms.

(c) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, bearing interest at 5.41 to 5.94% (2022: Nil) and repayable on demand.

(d) Amount due to joint ventures

The amount due to joint ventures are unsecured, non-interest bearing and are repayable on demand.

(e) Amount due to corporate shareholder of a subsidiary

The amount due to corporate shareholder of a subsidiary are unsecured, bearing interest ranging from 6.04% to 7.57% (2022: 5.63% to 6.44%) per annum and are repayable on demand.

25. Provisions

	Group	
	2023	2022
	RM	RM
Defect liability costs		
At 1 January	11,541,000	16,737,000
Reversal during the year (Note 6)	<u>(1,561,000)</u>	<u>(5,196,000)</u>
At 31 December	<u><u>9,980,000</u></u>	<u><u>11,541,000</u></u>

This amount represents estimated rectification costs expected to be incurred during the defect liability period of construction contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

26. Deferred tax assets

	Group	
	2023	2022
	RM	RM
At 1 January	18,232,283	2,863,545
Recognised in profit or loss (Note 9)	(2,633,092)	15,368,738
At 31 December	<u>15,599,191</u>	<u>18,232,283</u>

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

Deferred tax liabilities

	Property, plant and equipment	Others	Total
	RM	RM	RM
At 1 January 2022	(4,889,499)	(456,653)	(5,346,152)
Recognised in profit or loss	(340,801)	(377,832)	(718,633)
At 31 December 2022 and 1 January 2023	(5,230,300)	(834,485)	(6,064,785)
Recognised in profit or loss	(1,837,223)	(826,040)	(2,663,263)
At 31 December 2023	<u>(7,067,523)</u>	<u>(1,660,525)</u>	<u>(8,728,048)</u>

Deferred tax assets

	Unutilised tax losses and unabsorbed capital allowance	Provision for defect liability costs and others	Total
	RM	RM	RM
At 1 January 2022	2,501,831	5,707,866	8,209,697
Recognised in profit or loss	5,172,471	10,914,900	16,087,371
At 31 December 2022 and 1 January 2023	7,674,302	16,622,766	24,297,068
Recognised in profit or loss	1,855,658	(1,825,487)	30,171
At 31 December 2023	<u>9,529,960</u>	<u>14,797,279</u>	<u>24,327,239</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2023	2022
	RM	RM
Unutilised tax losses	1,776,000	4,320,000
Unabsorbed capital allowance	6,084,000	3,994,000
Other temporary differences	<u>9,873,000</u>	<u>12,661,000</u>

Based on the current legislation, the unutilised tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unutilised tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following the relevant year of assessment; whereas, the unabsorbed capital allowance are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. Share capital and treasury shares

Group/Company	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Treasury shares RM
At 1 January/31 December 2022/2023	353,378,716	20,000	255,944,359	(23,774)
				255,920,585

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share purchase plan can be applied in the best interests of the Company and its shareholders.

28. Retained earnings

The entire retained earnings of the Company as at 31 December 2023 and 2022 may be distributed as dividends under single tier system.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. Other reserves

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Foreign currency translation reserve				
At 1 January	(700,299)	(578,727)	-	-
Foreign currency translation	(73,877)	(121,572)	-	-
Effect of struck off of a subsidiary	56,404	-	-	-
At 31 December	<u>(717,772)</u>	<u>(700,299)</u>	<u>-</u>	<u>-</u>
Warrant reserve				
At 1 January/ 31 December	34,193,668	34,193,668	34,193,668	34,193,668
Total other reserves	<u>33,475,896</u>	<u>33,493,369</u>	<u>34,193,668</u>	<u>34,193,668</u>

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from the Group's presentation currency.

(b) Warrants reserve

A total of 60,112,500 free warrants ("Warrants 2014/2024") were issued by the Company on 13 March 2014. Each warrant entitles the holder to subscribe for 1 new share at the exercise price of RM1.68 per share at any time during the exercise period. The warrants have an exercise period of 10 years commencing 13 March 2014 and expiring on 12 March 2024.

As at 31 December 2023, 58,954,600 (2022: 58,954,600) Warrants 2014/2024 remain unexercised.

30. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sales of raw materials to a company related to certain directors	336,223	309,320	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Related party disclosures (cont'd)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year (cont'd):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Purchase of quarry products from joint venture	7,442,892	1,555,248	-	-
Contract fee from:				
- a company related to certain directors	6,147,243	1,868,860	-	-
- joint ventures	11,241,544	13,685,367	-	-
Rental of land and building to companies related to certain directors	2,306,331	1,967,196	-	-
Rental of premise to a company related to certain directors	59,498	58,415	-	-
Rental income from:				
- a company related to certain directors	-	28,202	-	-
- a joint venture	2,400	2,400	-	-
Service fee to:				
- a subsidiary	-	-	276,000	240,000
- a joint venture	77,167	85,076	-	-
- a company related to certain directors	1,500	-	-	-
Landscaping and maintenance services from a company related to certain directors	14,100	12,925	-	-
Interest income from:				
- subsidiaries	-	-	4,893,149	4,654,715
- joint ventures	960,600	845,685	-	-
Interest expense to:				
- a corporate shareholder of a subsidiary	242,720	439,207	-	-
- joint ventures	-	55,940	-	-
- a subsidiary	-	-	1,330,840	-
Dividend income from subsidiaries	-	-	4,000,000	5,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

30. Related party disclosures (cont'd)

Companies related to certain directors

These entities are subject to the same source of influence as the Company through common directors.

Compensation of key management personnel

The remuneration of key management personnel during the year are as follows:

	Group	
	2023	2022
	RM	RM
Salaries, bonus and other emoluments	5,299,035	4,888,314
Defined contribution plan	819,036	844,701
Other short term benefits	104,120	104,120
	<u>6,222,191</u>	<u>5,837,135</u>

31. Commitments

(a) Capital commitments

	Group	
	2023	2022
	RM	RM
Capital commitments as at the reporting date are as follows:		
Approved and contracted for:		
Property, plant and equipment	17,371,569	3,502,349
Land held for development	-	106,892,715
	<u>-</u>	<u>106,892,715</u>

(b) Hire purchase commitments

The Group has entered into hire purchase arrangements for certain items of property, plant and equipment as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Commitments (cont'd)

(b) Hire purchase commitments (cont'd)

Future minimum lease payments under hire purchases together with the present value of the net minimum lease payments are as follows:

	Group	
	2023 RM	2022 RM
Minimum lease payments:		
Not later than 1 year	10,276,329	8,941,571
Later than 1 year but not later than 2 years	7,561,837	4,237,460
Later than 2 years but not later than 5 years	10,936,043	2,919,898
Total minimum lease payments	28,774,209	16,098,929
Less: Amounts representing finance charges	(3,023,075)	(1,131,784)
Present value of minimum lease payments	25,751,134	14,967,145
Present value of payments:		
Not later than 1 year	8,958,923	8,285,212
Later than 1 year but not later than 2 years	6,690,621	3,948,254
Later than 2 years but not later than 5 years	10,101,590	2,733,679
Present value of minimum lease payments	25,751,134	14,967,145
Less: Amount due within 12 months (Note 22)	(8,958,923)	(8,285,212)
Amount due after 12 months (Note 22)	16,792,211	6,681,933

(c) Lease commitments in respect of right-of-use assets

The Group has entered into lease arrangements for the use of land, building, machinery and equipment. The Group has recognised the right-of-use assets as disclosed in Note 12 with related lease liabilities as disclosed in Note 23.

Future minimum lease payments of right-of-use assets together with the present value of the net minimum lease payments are as follows:

	Group	
	2023 RM	2022 RM
Minimum lease payments:		
Not later than 1 year	2,728,817	2,968,768
Later than 1 year but not later than 2 years	1,784,534	2,286,180
Later than 2 years but not later than 5 years	1,106,017	1,177,215
Total minimum lease payments	5,619,368	6,432,163
Less: Amounts representing finance charges	(354,425)	(347,727)
Present value of minimum lease payments	5,264,943	6,084,436
Present value of payments:		
Not later than 1 year	2,527,451	2,769,568
Later than 1 year but not later than 2 years	1,673,847	2,178,456
Later than 2 years but not later than 5 years	1,063,645	1,136,412
Present value of minimum lease payments	5,264,943	6,084,436
Less: Amount due within 12 months (Note 23)	(2,527,451)	(2,769,568)
Amount due after 12 months (Note 23)	2,737,492	3,314,868

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. Commitments (cont'd)

(d) Operating lease commitment - as lessee

The Group has minimum lease payments recognised in profit or loss for the financial year ended 31 December 2023 amounting to RM888,736 (2022: RM419,898).

Future minimum rentals payable under operating leases at the reporting date are as follows:

	Group	
	2023 RM	2022 RM
Not later than 1 year	545,474	89,467
Later than 1 year but not later than 5 years	169,079	103,055
	<u>714,553</u>	<u>192,522</u>

32. Fair value

(a) Fair values of assets

The following table shows an analysis of assets measured at fair value or for which fair values are disclosed by level of fair value hierarchy:

	Group			Total
	Level 1 RM	Level 2 RM	Level 3 RM	RM
2023				
<i>Assets for which fair values are disclosed:</i>				
Investment properties	<u>-</u>	<u>-</u>	<u>950,000</u>	<u>950,000</u>
2022				
<i>Assets for which fair values are disclosed:</i>				
Investment properties	<u>-</u>	<u>-</u>	<u>898,000</u>	<u>898,000</u>

The fair values of investment properties are determined by the directors using the comparable method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

32. Fair value (cont'd)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair values:

	Note
Trade and other receivables (current)	19
Cash and bank balances (current)	20
Loans and borrowings (current)	22
Loans and borrowings (non-current)	22
Lease liabilities (current)	23
Lease liabilities (non-current)	23
Trade and other payables (current)	24

The carrying amounts of the current portions of financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short term maturity of these financial instruments.

The carrying amounts of the non-current portions of loans and borrowings and lease liabilities are reasonable approximations of fair values as the interest charged on these amounts are pegged to, or close to, market interest rates on or near the reporting date.

Fair values of retention sums on construction contracts are estimated by discounting expected future cash flows at market incremental lending rates at the reporting date.

Guarantees

The fair value of the guarantees provided by the Company in connection with credit facilities, construction contracts and development agreements granted to its subsidiaries is not significant as it is not probable that the financial institutions and third parties will call upon the guarantees.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors approves and reviews policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

The Group and the Company do not undertake any trading of derivative financial instruments.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high creditworthiness. Receivable balances and contract assets are monitored on an ongoing basis.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 365 days, which are deemed to have higher default risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

Group	Trade receivables					Total RM
	Days past due					
	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	> 120 days RM	
Contract assets RM						
Expected credit loss rate (%)	0.07%	0.00%	0.76%	0.22%	0.00%	0.29%
Estimated total gross carrying amount at default	307,777,870	205,108,735	42,720,891	31,218,189	11,285,795	101,932,654
Less:						
Receivables individually impaired	(25,391,137)	-	-	-	-	(18,305,689)
	282,386,733	205,108,735	42,720,891	31,218,189	11,285,795	83,626,965
Expected credit loss	190,000	-	325,000	68,000	-	238,758
						631,758

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix (cont'd):

Group	Contract assets RM	Current RM	Trade receivables					Total RM
			1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	> 120 days RM	
31 December 2022								
Expected credit loss rate (%)	0.08%	0.15%	0.19%	0.00%	0.00%	0.00%	0.35%	
Estimated total gross carrying amount at default	256,530,381	158,203,229	36,270,665	13,876,594	11,702,150	14,775,789	174,771,406	409,599,833
Less:								
Receivables individually impaired	(25,391,137)	-	-	-	-	-	(19,713,967)	(19,713,967)
	<u>231,139,244</u>	<u>158,203,229</u>	<u>36,270,665</u>	<u>13,876,594</u>	<u>11,702,150</u>	<u>14,775,789</u>	<u>155,057,439</u>	<u>389,885,866</u>
Expected credit loss	190,000	240,000	70,000	-	-	-	544,126	854,126

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position.
- an amount of RM420,782,218 (2022: RM437,080,036) relating to corporate guarantees provided by the Company to several financial institutions for its subsidiaries' credit facilities, and to third parties for the credit facilities granted by suppliers and the joint venture and subsidiaries' performance in construction contracts.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2022: 1) customers which constituted approximately 32% (2022: 26%) of its trade receivables (including related parties) at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To ensure continuity of funding, the Group's and the Company's policy is to manage the debt maturity profile, operating cash flows and the availability of funding to support the operating cycle of the business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2023				
Group				
Financial liabilities				
Trade and other payables	337,367,195	-	-	337,367,195
Lease liabilities	2,728,817	2,890,551	-	5,619,368
Loans and borrowings	230,766,112	219,296,287	21,565,942	471,628,341
Total undiscounted financial liabilities	570,862,124	222,186,838	21,565,942	814,614,904
Company				
Financial liabilities				
Other payables and accruals	40,340,074	-	-	40,340,074
Loans and borrowings	36,503,455	79,254,323	-	115,757,778
Total undiscounted financial liabilities	76,843,529	79,254,323	-	156,097,852

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2022				
Group				
Financial liabilities				
Trade and other payables	230,710,465	-	-	230,710,465
Lease liabilities	2,968,768	3,463,395	-	6,432,163
Loans and borrowings	160,907,779	182,970,325	10,312,813	354,190,917
Total undiscounted financial liabilities	394,587,012	186,433,720	10,312,813	591,333,545
Company				
Financial liabilities				
Other payables and accruals	1,393,065	-	-	1,393,065
Loans and borrowings	9,523,545	102,897,778	-	112,421,323
Total undiscounted financial liabilities	10,916,610	102,897,778	-	113,814,388

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing borrowings. The investments in financial assets including fixed deposits are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by using a mix of fixed and floating rate debts and actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 26 (2022: 93) basis points lower/higher, with all other variables held constant, the Group's net profit after tax would have increased/decreased by RM429,000 (2022: RM1,184,000) during the year. The assumed movement in basis points for interest rate sensitivity analysis was based on the prior year observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than RM, the functional currency of the Group's entities. The foreign currency in which these transactions are denominated is Singapore Dollar ("SGD"), United States Dollar ("USD") and Euro ("EUR"). The Group did not enter into any forward currency contracts during the financial years ended 31 December 2023 and 2022.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in the SGD, USD and EUR exchange rates against RM, with all other variables held constant.

		Group	
		2023	2022
		RM	RM
Increase/(Decrease) in profit/(loss) after tax			
SGD/RM	- strengthened 7% (2022: 8%)	4,723,305	3,477,422
	- weakened 7% (2022: 8%)	<u>(4,723,305)</u>	<u>(3,477,422)</u>
USD/RM	- strengthened 9% (2022: 11%)	(29,346)	(53,244)
	- weakened 9% (2022: 11%)	<u>29,346</u>	<u>53,244</u>
EUR/RM	- strengthened 10% (2022: 4%)	10,011	499
	- weakened 10% (2022: 4%)	<u>(10,011)</u>	<u>(499)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances whereas total capital comprises equity attributable to owners of the Company.

The gearing ratios are as follows:

	Note	Group 2023 RM	2022 RM
Loans and borrowings	22	413,373,990	307,638,406
Less: Cash and bank balances	20	(63,255,642)	(72,229,384)
Net debt		<u>350,118,348</u>	<u>235,409,022</u>
Total equity		<u>740,366,593</u>	<u>725,289,929</u>
Capital and net debt		<u><u>1,090,484,941</u></u>	<u><u>960,698,951</u></u>
Gearing ratio		<u><u>32.11</u></u>	<u><u>24.50</u></u>

35. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Construction
- (ii) Manufacturing and trading of construction materials and provision of quarry services
- (iii) Investment holding
- (iv) Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

At 31 December 2023	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	638,547,457	190,198,025	14,264	23,808,764	-	852,568,510
Inter-segment	41,156,832	59,801,153	8,893,149	-	(109,851,134)	-
Total revenue	679,704,289	249,999,178	8,907,413	23,808,764	(109,851,134)	852,568,510
Results:						
Segment results	25,055,246	37,013,379	8,907,413	3,982,053	(13,375,666)	61,582,425
Other operating income						8,370,431
Administration expenses						(38,184,492)
Finance costs						(15,570,410)
Share of loss of joint ventures						(3,142,799)
Profit before tax						13,055,155
Income tax expense						(6,177,306)
Profit net of tax						6,877,849
Other Information						
Interest income	(4,615,927)	(456,314)	-	(749,208)	3,949,010	(1,872,439)
Finance costs	5,226,467	3,059,099	5,576,567	9,824,656	(8,116,379)	15,570,410
Depreciation of property, plant and equipment	11,968,103	9,865,284	-	54,092	(291,012)	21,596,467
Depreciation of right-of-use assets	1,330,264	1,725,475	-	-	-	3,055,739
Depreciation on investment properties	6,549	-	-	-	-	6,549

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

At 31 December 2023	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Results (cont'd):						
<u>Other Information (cont'd)</u>						
Gain on disposal of property, plant and equipment	(114,842)	(830,103)	-	-	38,499	(906,446)
Gain on derecognition due to lease modification	(3,338)	-	-	-	-	(3,338)
Property, plant and equipment written off	1,430,309	62,960	-	-	-	1,493,269
Reversal of allowance for impairment on trade receivables	(222,368)	(275,604)	-	-	-	(497,972)
Bad debts recovered	(90,012)	-	-	-	-	(90,012)
Unrealised foreign exchange gain	-	(8,721,197)	-	-	-	(8,721,197)
Write back on property development value	-	-	-	(3,900,000)	-	(3,900,000)
Reversal of defect liability costs	(1,561,000)	-	-	-	-	(1,561,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

At 31 December 2023	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Assets:						
Segment assets	799,591,012	373,328,593	434,761,076	542,440,617	(623,752,609)	1,526,368,689
<u>Additions to non-current assets other than financial instruments</u>						
Property, plant and equipment	25,466,970	19,271,612	-	200,128	9,592,784	54,531,494
Right-of-use assets	689,142	1,579,893	-	-	-	2,269,035
Land held for development	-	-	-	158,607,115	279,302	158,886,417
Liabilities:						
Segment liabilities	455,466,154	147,912,518	128,269,232	328,899,806	(274,545,614)	786,002,096

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

At 31 December 2022	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	538,155,744	186,336,638	18,802	31,622,550	-	756,133,734
Inter-segment	12,052,438	179,816,568	9,654,714	-	(201,523,720)	-
Total revenue	550,208,182	366,153,206	9,673,516	31,622,550	(201,523,720)	756,133,734
Results:						
Segment results	6,703,514	76,519,722	9,673,517	3,589,322	(9,944,690)	86,541,385
Other operating income						8,220,433
Administration expenses						(82,736,969)
Finance costs						(12,819,712)
Share of loss of joint ventures						(2,903,611)
Loss before tax						(3,698,474)
Income tax expense						(3,592,774)
Loss net of tax						(7,291,248)
Other Information						
Interest income	(2,403,850)	(739,336)	-	(376,149)	1,775,577	(1,743,758)
Finance costs	5,282,786	2,720,047	3,955,823	6,348,475	(5,487,419)	12,819,712
Depreciation of property, plant and equipment	19,568,208	14,321,416	-	41,003	(243,420)	33,687,207
Depreciation of right-of-use assets	1,266,535	1,788,576	-	-	-	3,055,111
Depreciation on investment properties	6,549	-	-	-	-	6,549

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
At 31 December 2022						
Results (cont'd):						
<u>Other Information (cont'd)</u>						
Gain on disposal of property, plant and equipment	(861,821)	-	-	(28,999)	247,355	(643,465)
Gain on derecognition due to lease modification	(1,893)	(284)	-	-	-	(2,177)
Property, plant and equipment written off	737,564	344,863	-	-	-	1,082,427
Allowance for impairment on trade receivables	18,128,174	410,000	-	-	-	18,538,174
Allowance for impairment on contract assets	25,391,137	190,000	-	-	-	25,581,137
Reversal of allowance for impairment on trade receivables	(3,311,955)	-	-	-	-	(3,311,955)
Bad debts recovered	-	(106,927)	-	-	-	(106,927)
Unrealised foreign exchange gain	-	(6,699,759)	-	-	-	(6,699,759)
Reversal of defect liability costs	(5,196,000)	-	-	-	-	(5,196,000)
Reversal of provision for obsolete inventories	-	(4,252)	-	-	-	(4,252)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

At 31 December 2022	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Assets:						
Segment assets	661,597,432	366,272,205	400,571,105	366,812,709	(494,484,065)	1,300,769,386
<u>Additions to non-current assets other than financial instruments</u>						
Property, plant and equipment	15,819,313	13,140,596	-	365	(868,340)	28,091,934
Right-of-use assets	2,200,338	1,963,058	-	-	-	4,163,396
Land held for development	-	-	-	7,153,485	-	7,153,485
Liabilities:						
Segment liabilities	320,998,716	154,052,717	82,315,364	180,744,998	(162,632,338)	575,479,457

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

35. Segment information (cont'd)

Information on major customers

Revenue from 2 (2022: 2) major customers amounted to RM188,185,232 (2022: RM232,702,605) arising from sales in the construction segment.

Geographic information

	Group	
	2023	2022
	RM	RM
Revenue from external customers		
Malaysia	688,323,973	595,559,680
Singapore	164,244,537	160,574,054
	<u>852,568,510</u>	<u>756,133,734</u>

The revenue information above is based on the location of the customers.

	Group	
	2023	2022
	RM	RM
Non-current Assets		
Malaysia	<u>486,250,075</u>	<u>298,540,388</u>

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. Dividends

	Group and Company	
	2023	2022
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final (single-tier) dividend of 1.0 sen (2022: 1.0 sen) per share	3,533,587	3,533,587

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2023, of 1.0 sen per ordinary share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 1 April 2024.

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

Number of issued shares	: 353,382,716
Number of treasury shares	: 20,000
Number of shareholders	: 3,625
Class of shares	: Ordinary shares
Voting rights	: One vote per ordinary share

Distribution of Shareholdings (As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% [#]
1 - 99	260	7.172	9,929	0.002
100 - 1,000	469	12.937	262,798	0.074
1,001 - 10,000	1,788	49.324	8,908,577	2.521
10,001 - 100,000	927	25.572	26,351,950	7.457
100,001 - 17,668,134 *	178	4.910	153,282,925	43.378
17,668,135 and above **	3	0.082	164,546,537	46.565
Total	3,625	100.000	353,362,716	100.000

Note :-

* less than 5% of issued shares

** 5% and above of issued shares

Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 29 March 2024.

Substantial Shareholders (As per Register of Substantial Shareholders)

Name of Shareholders	No. of Shares	Direct Interest %	No. of Shares	Indirect Interest % [#]
1. Phin Sdn Bhd	131,841,919	37.309	-	-
2. Pang Khang Hau	21,279,570	6.022	-	-
3. Pang Tin @ Pang Yon Tin	19,107,848	5.407	131,841,919	37.309

Note :-

Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 29 March 2024.

Directors' Shareholdings (As per Register of Directors' Shareholdings)

Name of Shareholders	No. of Shares	Direct Interest %	No. of Shares	Indirect Interest % [#]
1. Pang Khang Hau	21,279,570	6.022	-	-
2. Pang Tin @ Pang Yon Tin	19,107,848 [^]	5.407	144,468,802 [*]	40.882
3. Sim Tian Liang	8,314,670 [@]	2.353	1,000,000	0.283
4. Chin Lian Hing	9,586,144 ⁺	2.713	-	-
5. Yam Tai Fong	9,827,148	2.781	-	-
6. Anita Chew Cheng Im	-	-	-	-
7. Bhupendar Singh A/L Sewa Singh	-	-	-	-
8. Dato' Ir. Fong Tian Yong	-	-	-	-
9. Johar Salim Bin Yahaya	-	-	-	-
10. Datuk Woon See Chin	-	-	-	-

Note :-

[^] Includes 18,654,659 shares held in bare trust by HLB Nominees (Tempatan) Sdn Bhd.

^{*} Includes 7,229,611 shares held in bare trust by CIMSEC Nominees (Tempatan) Sdn Bhd.

[@] Includes 6,028,711 and 2,285,959 shares held in bare trust by Maybank Nominees (Tempatan) Sdn Bhd and Alliancegroup Nominees (Tempatan) Sdn Bhd respectively.

⁺ Includes 2,248,880 and 3,712,196 shares held in bare trust by Amsec Nominees (Tempatan) Sdn Bhd and Alliancegroup Nominees (Tempatan) Sdn Bhd.

Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 29 March 2024.

ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

Thirty Largest Shareholders (As per Record of Depositors)

Name of Shareholders	No. of Shares Held	% [#]
1. Phin Sdn Bhd	124,612,308	35.264
2. Pang Khang Hau	21,279,570	6.022
3. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Tin @ Pang Yon Tin (JBU 13629)	18,654,659	5.279
4. Phang Piow @ Pang Choo Ing	17,644,500	4.993
5. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	7,584,926	2.146
6. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Phin Sdn Bhd (PB)	7,229,611	2.045
7. Yam Tai Fong	6,797,548	1.923
8. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang	6,028,711	1.706
9. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur PHEIM (211901)	4,894,175	1.385
10. Loh Oi Yoke	4,341,300	1.228
11. Sunny Pang Yi Lin	4,115,877	1.164
12. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Lian Hing (8122003)	3,712,196	1.050
13. Goh Ngee Tee	3,687,200	1.043
14. Wang Ah Yu	3,667,878	1.037
15. Chin Lian Hing	3,625,068	1.025
16. Leong Choon Thye	3,605,007	1.020
17. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an For UOB Kay Hian Pte Ltd (A/C Clients)	3,060,365	0.866
18. Yam Tai Fong	3,029,600	0.857
19. Lew Kim Bock	2,911,658	0.823
20. Pang Yi Shia	2,778,759	0.786
21. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	2,484,939	0.703
22. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang (8122016)	2,285,959	0.646
23. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chin Lian Hing (SMART)	2,248,880	0.636
24. Pang Yili	2,064,369	0.584
25. Pang Chew Ngo	2,035,763	0.576
26. Maybank Nominees (Tempatan) Sdn Bhd Etiqua Family Takaful Berhad (Dana Ekuiti)	1,802,300	0.510
27. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Kim Bock (8122057)	1,381,361	0.390
28. Chai Yuen Chung	1,379,800	0.390
29. Pang Koi Moy	1,366,509	0.386
30. Lim Khuan Eng	1,114,232	0.315
Total	271,425,028	76.798

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 29 March 2024.

LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2023

No.	Address/Location	Description and Existing Use	Date of Acquisition ^(a)	Tenure of Land (years)	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Age of Building	Net Book Value (RM)
1.	PN45839 Lot No.2, Pekan Sungai Gadut, District of Seremban, Negeri Sembilan	Factory and office buildings	26/01/2012	Leasehold expiring on 08/12/2091	5,665,041	284,538	11	44,708,641
2.	HS(D)478917, PTD170709, Mukim Pulau, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land held for development	28/03/2013	Land lease over freehold commercial land expiring on 31/07/2113	110,642	Not Applicable	Not Applicable	20,928,958
3.	HS(M)3416 to HS(M)3423 (PT7109 to PT7116) and HS(M)3539 to HS(M)3571 (PT7232 to PT7264), Seksyen U10 Shah Alam, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor	Vacant bungalow land held for development	05/03/2014	Leasehold (99 years) expiring on 27/01/2103	386,499	Not Applicable	Not Applicable	37,168,299
4.	Lot 3766 to Lot 3775, Lot 3787 to Lot 3795, Lot 3807 to Lot 3814, Lot 4393 and Lot 3833, Mukim Kota Tinggi, Daerah Kota Tinggi, Negeri Johor	Agriculture land held for development	13/05/2015	Freehold	6,082,826	Not Applicable	Not Applicable	34,382,168
5.	HS(M)3412 to HS(M)3415 (PT7105 to PT7108), HS(M)3424 to HS(M)3439 (PT7117 to PT7132), HS(M)3509 to HS(M)3525 (PT7202 to PT7218), HS(M)3528 to HS(M)3534 (PT7221 to PT7227) and HS(M)3536 to HS(M)3538 (PT7229 to PT7231), Seksyen U10 Shah Alam, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor	Vacant bungalow land held for development	26/01/2018	Leasehold (99 years) expiring on 27/01/2103	589,539	Not Applicable	Not Applicable	32,125,365
6.	HS(D)527565-HS(D)527566 (PTD217199-PTD217200), HS(D)527571 (PT217205), HS(D)527573 (PT217207), HS(D)527583 (PT217217), HS(D)527590-HS(D)527591 (PT217224-PT217225), HSD(D)527602-HS(D)527610 (PTD217236-PTD217246) and HS(D)527612-HS(D)527624 (PTD217248-PTD217260) Mukim Plentong, Daerah Johor Bahru, Negeri Johor	Land under development	15/03/2019	Freehold	126,825	Not Applicable	Not Applicable	26,015,194
7.	HS(D)458296 PTD166915, Mukim Pulau, Daerah Johor Bahru, Negeri Johor	Agriculture land held for development	20/12/2017	Freehold	1,263,037	Not Applicable	Not Applicable	86,000,000

LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2023

No.	Address/Location	Description and Existing Use	Date of Acquisition ^(a)	Tenure of Land (years)	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Age of Building	Net Book Value (RM)
8.	HS(D)606468 PTD244133 and HS(D) 606467 PTD244132, Mukim Plentong, District of Johor Bahru, Johor	Commercial Land held for development	04/01/2021	Freehold	484,088	Not Applicable	Not Applicable	48,939,562
9.	Lot 7582, Lot 7583, Lot 7584, Lot 103987, Lot 103988, Lot 7603, Lot 103989, Lot 103990, Lot 103991 and PT14985 (Lot 101257) at Mukim Petaling, Wilayah Persekutuan Kuala Lumpur	Vacant land held for development	10/10/2017	Freehold	1,911,688	Not Applicable	Not Applicable	129,625,922
10.	HS(D)611999 PTD245453, Mukim Plentong, Daerah Johor Bahru, Negeri Johor	Commercial Land held for development	27/12/2017	Freehold	779,724	Not Applicable	Not Applicable	24,131,003

Note :

- (a) Date of acquisition stated herein refers to the date of the respective sale & purchase agreement.

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 15th Annual General Meeting (“AGM”) of the Company will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tiih.online> on Tuesday, 4 June 2024 at 2.30 p.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes on Ordinary Business)
2. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company’s Constitution, as Directors of the Company:-
 - (i) Pang Tin @ Pang Yon Tin (Resolution 1)
 - (ii) Chin Lian Hing (Resolution 2)
 - (iii) Sim Tian Liang (Resolution 3)
3. To declare a single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2023. (Resolution 4)
4. To approve the payment of Directors’ fees and benefits up to an amount of RM520,000.00 to the Non-Executive Directors for the period from the 15th AGM until the next AGM of the Company. (Resolution 5)
5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

6. **SPECIAL RESOLUTION
WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016** (Resolution 7)

“THAT subject to Section 85 of the Companies Act 2016 and Clause 12(3) of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company.

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution on Authority to Allot Shares.”

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

7. **ORDINARY RESOLUTION
AUTHORITY TO ALLOT SHARES**

(Resolution 8)

“THAT contingent upon the passing of the Special Resolution on Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016 (“the Act”) and pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

8. **ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR THE COMPANY
AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED
PARTIES (“PROPOSED RRPT MANDATE”)**

(Resolution 9)

“THAT pursuant to Part E Paragraph 10.09 of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, the Company and/or its subsidiaries (“KLCB Group”) be and are hereby authorised to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 26 April 2024 with the related parties mentioned therein which are necessary for the KLCB Group’s day-to-day operations, provided that the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

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

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

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the Proposed RRPT Mandate.”

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

9. **ORDINARY RESOLUTION**

(Resolution 10)

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK”)

“THAT subject to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution was passed, at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM of the Company is required by law to be held; or
- c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- i. To cancel all or part of the Purchased Shares;

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

- 10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

By Order of the Board

TAY LEE SHYA (MIA 16982)

(SSM PC No. 202008002274)

WONG PEIR CHYUN (MAICSA 7018710)

(SSM PC No. 202008001742)

LAU YEN HOON (MAICSA 7061368)

(SSM PC No. 202008002143)

Company Secretaries

Kuala Lumpur

26 April 2024

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 15th AGM of the Company, a single tier final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023 will be payable to shareholders of the Company on 25 July 2024. The entitlement date for the said dividend shall be 2 July 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- a) shares transferred to the depositor's securities account before 4.30 p.m. on 2 July 2024 in respect of transfers; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TAY LEE SHYA (MIA 16982)

(SSM PC No. 202008002274)

WONG PEIR CHYUN (MAICSA 7018710)

(SSM PC No. 202008001742)

LAU YEN HOON (MAICSA 7061368)

(SSM PC No. 202008002143)

Company Secretaries

Kuala Lumpur

26 April 2024

NOTES:-

1. The 15th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online website at <https://tiih.online>.

The conduct of a fully virtual 15th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327 of the Companies Act 2016 provided that the online platform is located in Malaysia. All meeting participants including Chairperson of the meeting, Board members, senior management and members are to participate in the meeting online.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 15th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors as at 28 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the 15th AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:-
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide for the 15th AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is on Sunday, 2 June 2024 at 2.30 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2023

This agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 (“the Act”) does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting by shareholders.

2. Resolutions 1 to 3 – Re-election of Directors

Pang Tin @ Pang Yon Tin, Chin Lian Hing and Sim Tian Liang (“Retiring Directors”) are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 15th AGM.

The Retiring Directors had provided the fit and proper declarations and the Board had through the Nomination Committee (“NC”) carried out assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on character, experience, integrity, competence and time to effectively discharge their role as Directors.

3. Resolution 4 – Declaration of a Single Tier Final Dividend

Pursuant to Paragraph 8.26(2) of the Listing Requirements of Bursa Securities, the single tier final dividend, if approved, will be paid no later than three (3) months from the date of shareholders’ approval.

4. Resolution 5 – Non-Executive Directors’ Fees and Benefits

Pursuant to Section 230(1) of the Act, the fees of Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Directors’ fees and benefits for the period from the 15th AGM until the date of next AGM under Resolution 5 are calculated based on the current Board composition and the estimated number of Board and Committee meetings from the 15th AGM until the date of next AGM. The said Resolution is to allow the Company to make payment of Directors’ fees and benefits to the Non-Executive Directors up till next AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or appointment of additional Independent Directors), approval will be sought at the next AGM for the shortfall.

5. Resolution 6 – Re-appointment of Auditors

The Board had on 1 April 2024, through the Audit and Risk Management Committee (“ARMC”), assessed the suitability, objectivity and independence of the External Auditors, Messrs Crowe Malaysia PLT and considered the re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company in accordance with the External Auditor Policy of the Company. The Board and the ARMC collectively agreed and satisfied that Messrs Crowe Malaysia PLT has the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements of Bursa Securities.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 7 - Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016

This Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders pursuant to Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person without having to offer the new Company shares to be issued to such persons as at the date of the offer are entitled to receive notices of General Meetings from the Company in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled, prior to issuance.

NOTICE OF FIFTEENTH (15TH) ANNUAL GENERAL MEETING

2. Resolution 8 – Authority to Allot Shares

This resolution is proposed for the purpose of granting a renewed general mandate (“General Mandate”) and empowering the Directors to allot shares in the Company up to an amount not exceeding in total ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company.

Subject to passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, this resolution, if passed, would provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders’ approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings and acquisition.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or at the expiration of the period within which the next AGM is required to be held, whichever is earlier.

As at the date of this notice, the Company did not issue any shares pursuant to the 10% General Mandate granted to the Directors at the Fourteenth AGM as there were no investment(s), acquisition(s) or working capital that require fund raising activity.

3. Resolution 9 – Proposed RRPT Mandate

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 26 April 2024.

4. Resolution 10 – Proposed Renewal of Share Buy-Back

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the number of issued shares of the Company. For further information on Proposed Renewal of Share Buy-Back, please refer to the Statement to Shareholders dated 26 April 2024.

STATEMENT ACCOMPANYING NOTICE OF **ANNUAL GENERAL MEETING**

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD

Authority For Directors to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.

Kindly refer to item (2) of Explanatory Notes on Special Business at page 172.

ADMINISTRATIVE GUIDE FOR THE 15TH ANNUAL GENERAL MEETING ("AGM")

Date : Tuesday, 4 June 2024
Time : 2.30 p.m.
Online Meeting Platform : <https://tiih.online>

MODE OF MEETING

The 15th AGM will be conducted on a **fully virtual basis through live streaming and online meeting platform as well as online remote voting via the Remote Participation and Voting facilities ("RPV")** provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at <https://tiih.online>.

REMOTE PARTICIPATION AND VOTING FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 15th AGM via the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.

Members who appoint proxies to participate via RPV in the 15th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Sunday, 2 June 2024 at 2.30 p.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor to participate via RPV in the 15th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Sunday, 2 June 2024 at 2.30 p.m.** to participate via RPV in the 15th AGM.

A member who has appointed a proxy or attorney or authorised representative to participate at this 15th AGM via RPV must request his/her proxy/representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 15th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV

Members/proxies/attorneys/authorised representatives who wish to participate the 15th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:-

Procedure		Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE FOR THE 15TH ANNUAL GENERAL MEETING ("AGM")

Procedure		Action
(b)	Submit your request	<ul style="list-style-type: none"> Registration is open from Friday, 26 April 2024 up to the AGM day, Tuesday, 4 June 2024. Members/proxies/attorneys/authorised representatives are required to pre-register their attendance for the 15th AGM to ascertain their eligibility to participate in the 15th AGM using the RPV. Login with your user ID and password and select the corporate event: "(REGISTRATION) KIMLUN CORPORATION BERHAD 15th AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors as at 28 May 2024, the system will send you an e-mail after 2 June 2024 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)</i></p>
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 15th AGM at any time from 1.30 p.m., i.e. 1 hour before the commencement of the 15th AGM on Tuesday, 4 June 2024 at 2.30 p.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAMING MEETING) KIMLUN CORPORATION BERHAD 15th AGM" to engage in the proceedings of the 15th AGM remotely. If you have any question for the Chairperson/ Board, you may use the query box to transmit your question. The Chairperson/ Board will endeavor to respond to questions submitted by remote participants during the 15th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Select the corporate event: "(REMOTE VOTING) KIMLUN CORPORATION BERHAD 15th AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Voting session commences from 2.30 p.m. on Tuesday, 4 June 2024 until a time when the Chairperson announces the completion of the voting session of the 15th AGM. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairperson on the closure of the 15th AGM, the live streaming will end.

Note to users of the RPV:-

- Should your application to join the meeting be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-4080 5616/ 011-4080 3168/ 011-4080 3169/ 011-4080 3170 or e-mail to tiih_online@my.tricorglobal.com for assistance.

ADMINISTRATIVE GUIDE FOR THE 15TH ANNUAL GENERAL MEETING ("AGM")

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:-

Procedure		Action
i. Steps for Individual Members		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: "KIMLUN CORPORATION BERHAD 15th AGM - SUBMISSION OF PROXY FORM". Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairperson as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. Review and confirm your proxy(ies) appointment. Print proxy form for your record.
ii. Steps for Corporation or Institutional Members		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate exercise name: "KIMLUN CORPORATION BERHAD 15th AGM - SUBMISSION OF PROXY FORM". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Login to TIIH Online, select corporate exercise name: "KIMLUN CORPORATION BERHAD 15th AGM - SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board in advance of the 15th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Sunday, 2 June 2024 at 2.30 p.m.** The Board will endeavor to answer the questions received at the AGM.

ADMINISTRATIVE GUIDE FOR THE 15TH ANNUAL GENERAL MEETING ("AGM")

VOTING AT MEETING

The voting at the 15th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor to conduct online remote voting via RPV via its TIIH Online website at <https://tiih.online> and Asia Securities Sdn Bhd as Independent Scrutineers to verify the poll results.

Members can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairperson of the Meeting and submit your votes at any time from the commencement of the 15th AGM at 2.30 p.m. Kindly refer to "Procedures for RPV" provided above for guidance on how to vote remotely via TIIH Online.

NO DOOR GIFT / FOOD VOUCHER

There will be **no distribution of door gifts or food vouchers** for the 15th AGM.

Kimlun Corporation Berhad would like to thank all its members for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, as follows during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn Bhd

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com

**KIMLUN CORPORATION BERHAD**

Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No.

No. of Shares Held

PROXY FORM

*I/We _____ Tel: _____
[Full name in block capitals, NRIC/Passport/Registration No.]

of _____

being member(s) of **KIMLUN CORPORATION BERHAD**, hereby appoint:

Full Name (in Block Capitals)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

And/ or* (*delete as appropriate)

Full Name (in Block Capitals)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth (15th) Annual General Meeting of the Company, which will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tiih.online> on Tuesday, 4 June 2024 at 2.30 p.m. or any adjournment thereof, and to vote as indicated below:-

Resolution	Description of Resolution	For	Against
1.	Re-election of Pang Tin @ Pang Yon Tin as Director of the Company.		
2.	Re-election of Chin Lian Hing as Director of the Company.		
3.	Re-election of Sim Tian Liang as Director of the Company.		
4.	Declaration of single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2023.		
5.	Approval on payment of Directors' fees and benefits up to an amount of RM520,000.00 to the Non-Executive Directors for the period from the 15th AGM until the next AGM of the Company.		
6.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016.		
8.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	Proposed RRPT Mandate.		
10.	Proposed Renewal of Share Buy-Back.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fits.

Signed this _____ day of _____

.....
Signature*
Member

* Manner of execution:-

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
- (i) at least two (2) authorised officers, of whom one shall be a director; or
- (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. The 15th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tjih.online>.

The conduct of a fully virtual 15th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327 of the Companies Act 2016 provided that the online platform is located in Malaysia. All meeting participants including Chairperson of the meeting, Board members, senior management and members are to participate in the meeting online.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIH Online** website at <https://tjih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 15th AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors as at 28 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Guide for the 15th AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:-

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tjih.online>. Please refer to the Administrative Guide for the 15th AGM on the procedures for electronic lodgement of Proxy Form via TIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is on Sunday, 2 June 2024 at 2.30 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-
- (a) at least two (2) authorised officers, of whom one shall be a director; or
- (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX
STAMP

The Share Registrar

Kimlun Corporation Berhad

Registration No. 200901023978 (867077-X)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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KIMLUN CORPORATION BERHAD

Registration No. 200901023978 (867077-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Suite 19.06, Level 19, Johor Bahru City Square, 106-108, Jalan Wong Ah Fook,
80000 Johor Bahru, Johor, Malaysia.



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