

# CHAIRMAN'S STATEMENT



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**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”).**

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## 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

