KIMLUN

KIMLUN CORPORATION BERHAD

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

ANNUAL REPORT 2020

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.

CORPORATE VALUES

K	I	M	L	U	N
Knowledge	Integrity	Moral	Leadership	Unity	Novelty

WHAT'S **INSIDE**

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

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Datuk Woon See Chin
Independent Non-Executive Director
(Appointed on 1 October 2020)

AUDIT COMMITTEE

Chairman
Kek Chin Wu
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Datuk Woon See Chin
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Members
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

Datuk Woon See Chin
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah
Independent Non-Executive Director

Members
Chua Kee Yat @ Koo Kee Yat
Independent Non-Executive Director

Kek Chin Wu
Independent Non-Executive Director

Datuk Woon See Chin
Independent Non-Executive Director

COMPANY SECRETARIES

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

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

Yeng Shi Mei
(MAICSA 7059759)(SSM PC No. 202008001282)

HEAD OFFICE

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Web-site : www.kimlun.com

REGISTRAR

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REGISTERED OFFICE

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Facsimile No. : (+603) 2783 9111

AUDITOR

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039

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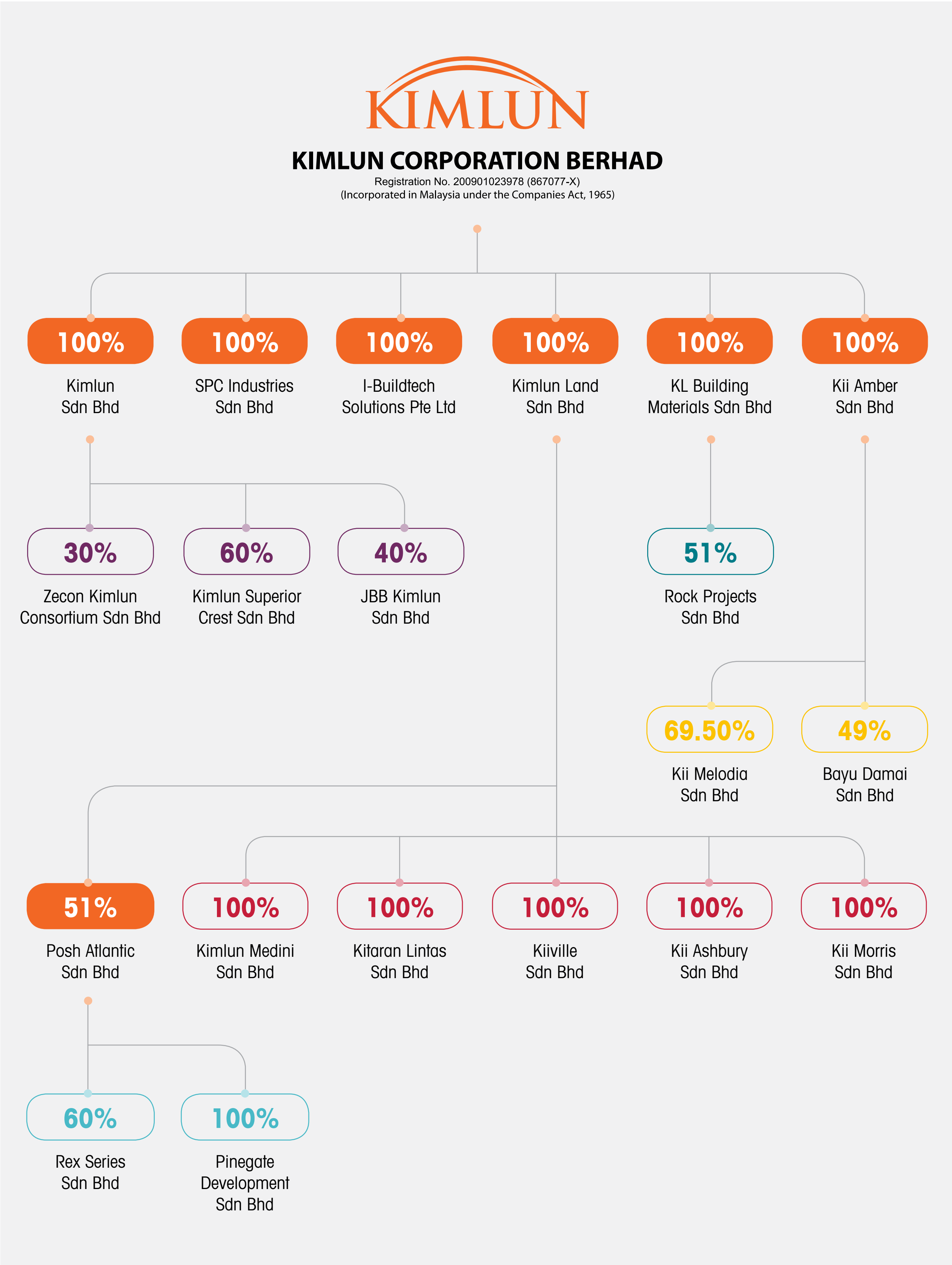
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri,
Johor Darul Takzim
Telephone No.: (+607) 288 3111
Facsimile No. : (+607) 288 3112

CORPORATE STRUCTURE



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.

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.

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.

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.

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.
- I-Buildtech Solutions Pte Ltd ("IBT") was incorporated in Singapore.

2010

- Kimlun Corporation Berhad acquired KLSB, SPC and IBT in conjuction 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.

CORPORATE MILESTONES

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.

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.

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.

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.

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.

2020

- KLSB successfully registered with CIDB for additional specialization 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 activities 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 AND KEY SENIOR MANAGEMENT

PANG TIN @ PANG YON TIN
EXECUTIVE CHAIRMAN

Gender	Male
Nationality	Malaysian
Age	74

Pang Tin @ Pang Yon Tin, a Malaysian aged 74, 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 41 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	66

Sim Tian Liang, a Malaysian aged 66, 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 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 AND KEY SENIOR MANAGEMENT

CHIN LIAN HING
EXECUTIVE DIRECTOR

Gender	Male
Nationality	Malaysian
Age	56

Chin Lian Hing, a Malaysian aged 56, 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 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	53

Yam Tai Fong, a Malaysian aged 53, 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 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.

PANG KHANG HAU
EXECUTIVE DIRECTOR

Gender	Male
Nationality	Malaysian
Age	39

Pang Khang Hau, a Malaysian aged 39, 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 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.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Male
Nationality	Malaysian
Age	69

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah, a Malaysian aged 69, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He holds a Bachelor Degree (Honours) in Civil Engineering from Universiti Malaya and a Masters degree in Water Resources Engineering from the University of Newcastle Upon Tyne, UK. Upon graduation in 1975, he joined the Department of Irrigation and Drainage (DID) Malaysia, and over an illustrious career, rose to become the Director General in 1997 until his retirement from public service eleven years later. He oversaw the development of a Flood Mitigation Master Plan for Kuala Lumpur and managed the SMART Tunnel Project (a unique and innovative flood mitigation project utilising a tunnel for both flood and traffic use) from conception to commissioning. In 2015, Dato' Paduka Keizrul was one of the recipients of the first ever CIDB Fellowship Awards conferred to individuals who have contributed greatly in building the nation.

On the corporate side, he is Chairman of Wetlands International Malaysia, a not-for-profit company limited by guarantee; as well as an Independent Non-Executive Director with George Kent (Malaysia) Bhd, an engineering based company listed on the Main Board of Bursa Malaysia. He is an alumni of the Senior Executive Programme at the London Business School (1997), and the Advanced Management Programme at the Harvard Business School (2002).

KEK CHIN WU

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Male
Nationality	Malaysian
Age	50

Kek Chin Wu, a Malaysian aged 50, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

He graduated from the Association of Chartered Certified Accountants ("ACCA") UK, with a professional degree in accounting and he is currently a Fellow Member of ACCA UK and a member of the Malaysian Institute of Accountants.

He has over 27 years of experience in the fields of auditing, corporate finance and business advisory services. He commenced his career in the field of auditing in BDO Binder Malaysia in 1993 before moving on to join Price Waterhouse in 1995 where he gained experience in auditing various industries. He then joined Bumiputra Merchant Bankers Berhad in 1997 where he provided advisory services to various public listed companies. He later served as the Corporate Finance Manager of Paracorp Berhad, a company listed on the then Main Board of Bursa Securities, from 1998 to 1999 where he was involved in the planning and execution of corporate exercises. He then set up Paragon Advisory Sdn Bhd ("Paragon"), a consulting firm which provides business advisory services in 2002. He is currently the Managing Director of Paragon. He has also served as an Independent Non-Executive Director of LNG Resources Berhad, a company listed on the ACE Market of Bursa Securities from 2005 to 2013.

PROFILE OF DIRECTORS AND KEY SENIOR MANAGEMENT

CHUA KEE YAT @ KOO KEE YAT
INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Male
Nationality	Singaporean
Age	66

Chua Kee Yat @ Koo Kee Yat, a Singaporean aged 66, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 24 October 2009. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

He is a senior member of The Institution of Engineers, Singapore. He graduated from the University of Singapore (now the National University of Singapore) in 1977 with a Bachelor Degree in Engineering (Mechanical).

Upon graduation, he served his national service with Singapore Armed Forces from 1977 to 1979 and continued as Naval Engineering Officer and later as Defence Engineering Scientific Officer in Republic of Singapore Navy until 1989. He joined MTU Asia Pte Ltd in 1989 as Head of Application Engineering in Sales and Application Department overseeing the diesel engines sales and business development in marine sector within the company and providing the operations support to the Agents/Distributors in the Asia region. He was responsible for the operations of MTU Singapore Pte Ltd in 2002 to 2003 before posted to The People's Republic of China as Head of Greater China Operations in 2004 to 2006. During this period, a new factory was constructed while the operations were further developed with the establishment of in-country sales and service network. In 2006, he was engaged by Draka Cableteq Asia Pacific Holding Pte Ltd, as President for Greater China Operations, responsible for setting up a new production factory and growth of sales and operations of Draka China Operations in Suzhou. He joined Luerssen Marine Technology Ltd as Director from July 2014 to September 2015. He was engaged as consultant and later as a Director for the acquired KSL-Kuttler Automation Systems GmbH from October 2015 to end December 2016.

He is currently engaged as Technical Consultant by VPower Holding (Singapore) Pte Ltd since August 2017.

DATUK WOON SEE CHIN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Male
Nationality	Malaysian
Age	77

Datuk Woon See Chin, a Malaysian aged 77, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 October 2020. He is a member of the Audit Committee, Remuneration Committee and Nomination 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-six years.

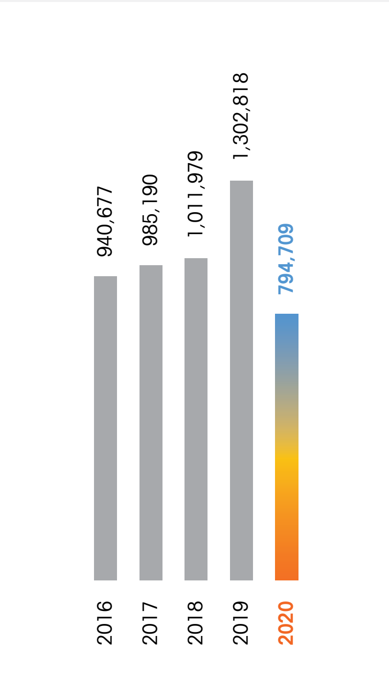
He was an Independent Non-Executive Director of Focal Aims Holdings Bhd (now knows as Eco World Development Group Bhd) for more than 9 years until his resignation on 28 November 2013. He was a Johor State Assembly member in 1982 and was elected as a Member of Parliament of Malaysia from 1986 to 1995.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

Notes to Directors' Profile :

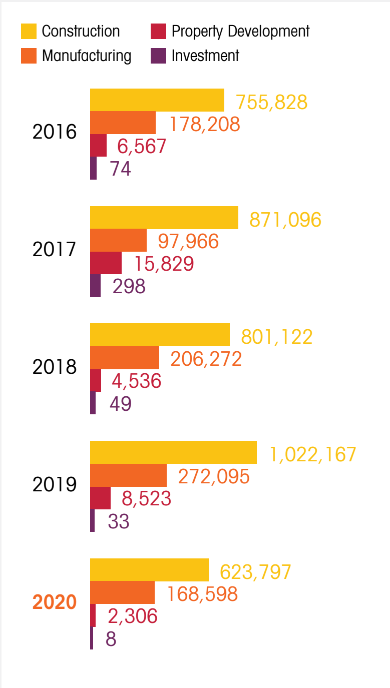
1. *Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.*
2. *Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 31 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 2020 other than traffic offences, if any.*

GROUP FINANCIAL **HIGHLIGHTS**

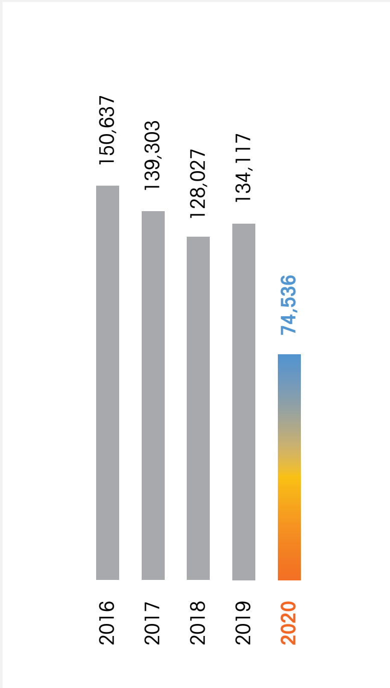
REVENUE
(RM'000)



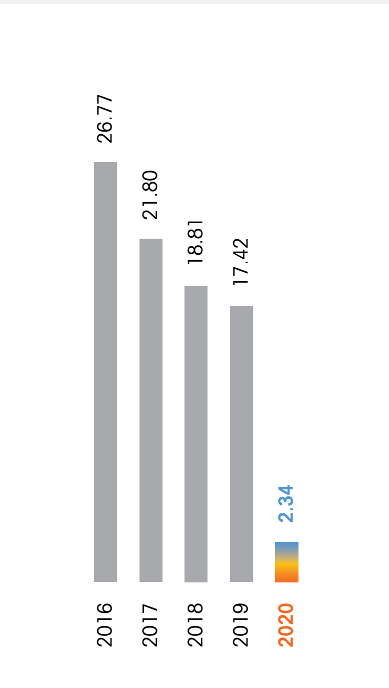
REVENUE BY SEGMENT
(RM'000)



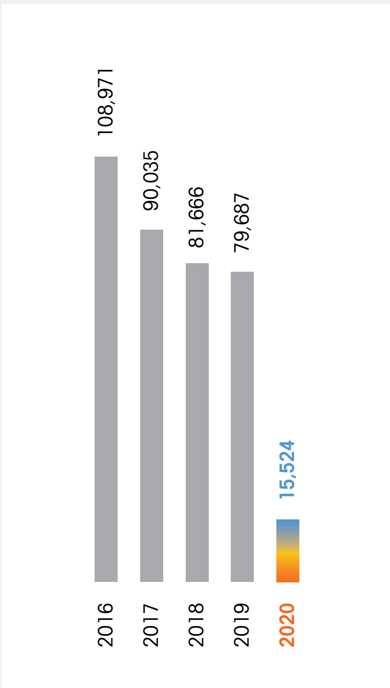
GROSS PROFIT
(RM'000)



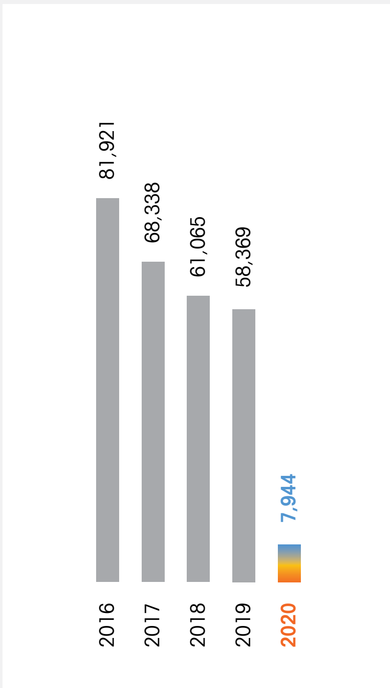
BASIC EARNINGS PER SHARE
(Sen)



PROFIT BEFORE TAX
(RM'000)



PROFIT AFTER TAX
(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 2020 ("FY2020").

OUR OPERATING ENVIRONMENT

During FY2020, our business operations were significantly impacted by the outbreak of the Coronavirus ("COVID-19") which has adversely affected economies worldwide. Save for a very few industries, the operational and financial performance of most businesses were adversely affected as governments across the world imposed lockdown and social restriction measures to combat the spread of COVID-19.

For the Group, the impact on our business operations has not been a direct consequence of the COVID-19 pandemic, but a result of the measures taken by the Malaysia Government and Singapore Government to contain it. These are unprecedented and challenging times for the Group as the property and construction sectors were significantly curtailed due to the various government orders.

Following the Malaysia Government's implementation of a Movement Control Order ("MCO") on 18 March 2020 in response to the COVID-19 outbreak, all of our business operations were substantially halted until late May 2020. All of our business operations resumed works in June 2020, however at a lower scale and momentum compared to the pre-MCO period due to the compliance of the applicable standard operating procedures imposed by the Malaysia Government, and shortage of foreign workers consequential upon the freeze on recruitment of new foreign workers in Malaysia since June 2020.

The export of our precast concrete products to Singapore was severely reduced during the Circuit Breaker Order period which began on 7 April 2020 and ended on 1 June 2020, and few months after the Circuit Breaker Order period. Though the Singapore construction industry is allowed to resume operations effective from 2 June 2020, the resumption of construction activities of our clients was slow as it was compulsory to have all their respective foreign workers tested and confirmed negative for COVID-19 before resumption of construction activities, and the challenges in meeting the safe management measures required at workplaces.

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

Consequentially, our revenue and earnings were affected negatively. Nevertheless, we managed to end the FY2020 with a full-year net profit.

CHAIRMAN'S STATEMENT

OUR BUSINESS PERFORMANCE

Our revenue decreased from RM1.30 billion in FY2019 to RM794.71 million in FY2020 on lower business operations. Our profit before taxation decreased from RM79.69 million in FY2019 to RM15.52 million in FY2020, mainly due to:

(i) lower revenue in FY2020;

(ii) the incurrence of substantially the same amount of fixed and recurring expenses such as depreciation, payroll expenses, rental and interest expenses during the period in which our business operations were substantially halted; and

(iii) the provision for impairment loss of RM7.32 million in relation to land held for development amidst a soft property market sentiment.

We implemented the following measures to mitigate the impact of the COVID-19 pandemic to the Group's business:

(i) take necessary precautionary measures at our business premises and work sites in accordance with guidelines from health authorities and government bodies;

(ii) frequent senior management operation meetings to strategize and identify operational issues so that operations can resume smoothly post-MCO;

(iii) communicate with suppliers as to their stocks readiness and procure alternative suppliers/supplies to improve supply chain lead times where necessary;

(iv) explore cost cutting measures to preserve cash to support working capital requirements and suspend all non-essential operating and capital expenditure;

(v) focus in online marketing campaigns on our property development projects and reach out to potential purchasers via Facebook, video calls and virtual tours; and

(vi) closely monitor the working capital requirements of the Group and secure additional working capital credit facilities, where necessary.

ACHIEVEMENTS AND OUTLOOK

During the year, the Group has obtained additional certification from CIDB on its qualification to construct hospitals. This certification has further expanded the range of construction projects which the Group can bid for.

As at 31 December 2020, the estimated construction and manufacturing balance order book of approximately RM1.1 billion and RM0.3 billion respectively, from a diversified clientele, will contribute to our revenue for about 2 years.

We will continue to bid actively for projects and sales orders in order to replenish our order book and contribute positively to our result in 2021 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.

RECENT CORPORATE DEVELOPMENT

During FY2020, the Company implemented a dividend reinvestment plan ("DRP") that provides the shareholders with an option to elect to reinvest their dividends in new shares of the Company ("New Shares") from the entire FY2019 final dividend ("Fifth DRP").

78% of shareholders had elected to reinvest their dividend pursuant to the Fifth DRP. The electable portion of the FY2019 final dividend which was not reinvested in new shares in the Company was paid in cash on 4 December 2020.

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 FY2020, the Board recommends a final single tier 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 ("AGM"), and it represents a pay-out ratio of approximately 44.2% of FY2020's profit attributable to owners of the Company.

The Board has determined that the DRP will not apply to the proposed final dividend in respect of FY2020.

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 a warm welcome to Datuk Woon See Chin who has joined us as an Independent Non-Executive Director on 1 October 2020. We are confident Datuk Woon's extensive experience will be a valuable contribution to our Group.

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

我们的营运环境

我们在2020 财政年的业务营运受到于2020年爆发的新冠肺炎("COVID-19")疫情的严重影响。该疫情严重地影响了全球经济。除了极少数行业，各商业的经营和财务业绩皆被世界各国政府为了遏制该疫情蔓延所实施的强制性封锁措施所影响。

马来西亚政府和新加坡政府采取的COVID-19防控措施对我們的业务运营造成前所未有的挑战及不利影响。

随着马来西亚政府于2020年3月18日针对COVID-19爆发实施的行动控制令（MCO），除了少数的关键工程运作,我們的业务在MCO期间均已停顿直到2020年5月底。我们所有的业务从2020年6月逐步恢复营运, 但幅度却因为须遵守马来西亚政府所规定的标准作业程序以及劳工短缺而无法达到疫情前的水平。

在这段期间, 我们出口到新加坡的预制混凝土产品也在新加坡政府采取的COVID-19防控措施之下大幅减少。

此外，由于新加坡一些公共部门项目的授标时间从2020年推迟到2021年，以及房地产开发商在市场疲弱的情况下推迟或取消计划推出的新项目，我们可参与的投标项目于是大幅减少。

因此，我们的收入和利润皆大幅下滑。尽管如此，我们还是以全年净利润为2020财政年写下了句点。

我们的业务表现

我们的收入从 2019 财政年的 13亿令吉下滑至 2020 财政年的 7亿9千4百71万令吉。税前利润则从2019财政年的7千9百69万令吉下滑至2020财政年的1千5百52万令吉，主要归因于以下的因素：

(i) 2020财政年收入下降;

(ii) 在业务营运停顿期间，固定和经常性开支例如折旧、工资、租金和利息等保持不变或仅略有减少; 及

(iii) 土地减值拨备损失 732 万令吉

我们采取了以下措施，以减轻COVID-19疫情对集团业务的影响：

(i) 根据卫生局和其它政府机构的准则，在我们的营业场所和工地采取必要的防疫措施;

(ii) 经常召开高级管理层营运会议，制定策略，以便在 MCO 后能够顺利恢复运营;

(iii) 与供应商就库存情况进行沟通，并在必要时寻找替代供应，以改善原料供应期;

(iv) 节约成本,保留现金以及延后非紧急性的运营和资本开销;

(v) 为我们的房地产开发项目進行在线营销活动，并通过面子书以及视频通话与潜在买家联系; 及

(vi) 密切监测集团的流动资金需求，以在必要时申请额外的流动资金信贷便利

我们的成就与展望

于2020年底，我们获得了建筑发展局(CIDB)建设医院资格的认证。这进一步扩大了我們可投标的建设项目。

截至2020年12月31日，我們手握来自多元化客户群的约14亿令吉的建筑与制造订单。这些订单将为我们未来两年的收入做出贡献。

我们将继续积极地竞标工程和销售订单以补充我们的订单。

企业最新进展

我們为2019财政年的終期股息進行了股息再投資计划。在该计划下股东们可以选择把他们的股息再投資在公司所发出的新股。多达78%的股东选择把股息再投資，其餘的股息則已在2020年12月4日以現金的方式支付給股东。

股东回馈—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。该终期单层股息，代表着2020财政年派息率为集团净利的大约44.2%。董事局也决定不为该股息進行股息再投資计划。

致谢

我谨代表董事会欢迎于2020年10月1日加入我们董事会的拿督云时進。我们相信拿督云时進的丰富经验将为本集团做出极大的贡献。

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 at 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.

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

KIMLUN GROUP'S CORE BUSINESSES

Construction and Engineering

- Building Division
  - **Residential projects:** high rise and landed properties
  - **Non residential projects:** retail malls, factories, hospitals, schools and colleges
- Infrastructure Division
  - Highways, interchanges, flyovers, roads and earthworks

Manufacturing and Trading

- Precast Concrete Products
  - Tailor made products for infrastructure related projects
  - Customised products for IBS building related projects
- Quarry Products
  - Aggregates and premix

Property Development

- Completed Development
  - **HYVE at Cyberjaya, Selangor:** SOHO and office
  - **Taman Puteri @ Pekan Nenas, Johor:** landed residential properties
- Future Development
  - SOHO, retail properties, township development in Johor and Selangor

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION PLANT AND PRODUCTS

ULU CHOH, JOHOR

- Tunnel lining segment
- Rail sleeper
- Jacking pipe
- Vertical cast pipe
- Box culverts and u drain
- Pre-cast concrete bathroom
- Hollow core slab
- Column and beam
- Premix

SENAWANG, NEGERI SEMBILAN

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

SAMARAHAN, SARAWAK

- Aggregates
- Premix

CONSTRUCTION PROJECTS

Balance order book as at 31 Dec 2020

RM1.1 billion

All projects in Malaysia

Public sector **12%**

Private sector **88%**

Building projects **74%**

Infrastructure projects **26%**

Notable completed projects include:

- Main building works for Marlborough College East, Johor
- Mall of Medini, Johor
- Granada Hotel, Johor
- The Sky Loft Suites, Johor
- Gleneagle Medini Hospital, Johor

On-going projects include:

- Pan Borneo Highway Sarawak
- Commercial building and apartment in Sunway Iskandar, Johor
- Various apartment and landed properties projects in Selangor and Johor

MANUFACTURING ORDERS

Balance order book as at 31 Dec 2020

RM0.3 billion

Malaysia orders **12%**

Singapore orders **88%**

Completed sales orders include:

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

On-going sales orders include:

- SBG, TLS and parapet wall to LRT Line 3
- Rail sleepers to Singapore MRT projects
- Jacking pipes to Singapore Deep Tunnel Sewerage project

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT PROJECTS

Location / Land Area	Gross Development Value (RM)	Type of Land Usage / Planned Development
Completed Development		
Hyve at Cyberjaya, Selangor	232 million	A combination of 804 units of freehold SOHO and offices
Taman Puteri @ Pekan Nenas, Johor	48 million	131 units of various types of freehold landed properties
Seksyen U10 Shah Alam, Selangor	65 million	30 units of leasehold bungalows
Planned Launching in 2021		
Seksyen U10 Shah Alam, Selangor	37 million	16 units of leasehold bungalows
Bandar Seri Alam, Johor	61 million	60 units of freehold semi-detached houses
Land Bank		
Within Iskandar Puteri, Iskandar Malaysia, Johor / 29 acres	#	Freehold agriculture land/ commercial development
Within a matured township, Taman Sri Pulai Perdana, approximately 24km from Johor Bahru city centre / 5.15 acres	#	Freehold commercial land/ commercial development
Seksyen U10 Shah Alam / 19.10 acres	#	72 plots of leasehold (expiring in 2103) vacant detached lots/ bungalow development
Medini Iskandar Malaysia, Johor / 5.31 acres	#	2 leases on freehold commercial land expiring in 2113 and 2116 respectively/ a combination of SOHO and retail properties
Kota Tinggi, Johor / 140.84 acres	#	Freehold agriculture land/ township development
Within Mukim of Plentong, Johor Bahru, Johor / 7.98 acres	#	Freehold land/ service apartment development

 # 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:

PRIVATE SECTOR

- IOI Properties Bhd
- Mah Sing Group Bhd
- IJM Land Bhd
- WCT Construction Sdn Bhd
- MMC Gamuda KVMRT (UGW) Joint Venture
- Sunway Construction Sdn Bhd

GOVERNMENT AND GOVERNMENT LINK COMPANIES

- Mass Rapid Transit Corporation Sdn. Bhd.
- UEM Sunrise Land Bhd
- SP Setia Bhd
- Sime Darby Bhd

INTERNATIONAL CONTRACTORS

- Shimizu Corporation
- Shanghai Tunnel Engineering Ltd
- SK Engineering & Construction
- Nishimatsu Construction Co. Ltd.
- M+W Singapore Ptd Ltd

MANAGEMENT DISCUSSION
AND ANALYSIS

GROUP FINANCIAL HIGHLIGHTS Year ended/As at 31 December

FINANCIAL RESULTS (RM' mil)		2016	2017	2018	2019	2020
Revenue		940.68	985.19	1,011.98	1,302.82	**794.71**
Gross Profit		150.64	139.30	128.03	134.12	**74.54**
Profit Before Taxation		108.97	90.03	81.67	79.69	**15.52**
Profit After Taxation		81.92	68.34	61.07	58.37	**7.94**
Profit Attributable to Owners of the Company		81.92	68.48	61.14	58.39	**7.99**
FINANCIAL POSITION (RM' mil)						
Cash and Bank Balances		79.03	86.57	35.57	64.94	**57.47**
Total Assets		985.20	1,148.22	1,397.14	1,546.16	**1,476.98**
Total Borrowings		115.04	129.60	273.15	406.61	**407.11**
Shareholders' Equity		539.26	607.64	664.72	720.47	**725.91**
FINANCIAL RATIOS						
Gross Profit Margin	%	16.01	14.14	12.65	10.29	**9.38**
Basic Earnings per share ("EPS")	Sen	26.77	21.80	18.81	17.42	**2.34**
Dividend per Share	Sen	6.50	5.50	3.70	3.30	**1.00**
Dividend Yield *(note 1)*	%	3.1	2.5	3.4	2.6	**1.1**
Net Assets per Share	RM	1.74	1.90	2.00	2.12	**2.08**
Net Gearing Ratio *(note 2)*	times	0.06	0.07	0.26	0.32	**0.32**
CASH FLOW (RM' mil)						
Net cash flows generated from / (used in) operating activities		86.85	89.45	(137.52)	10.55	**28.17**
Net cash flows generated from / (used in) investing activities		(46.61)	(37.03)	(21.14)	(91.86)	**(17.01)**
Net cash flows generated from / (used in) financing activities		(69.41)	(45.23)	93.01	104.04	**4.24**
SHARES PERFORMANCE						
Share Price – Year Close	RM	2.08	2.22	1.08	1.25	**0.895**
Share Price – Year High	RM	2.26	2.43	2.35	1.49	**1.26**
Share Price – Year Low	RM	1.36	2.00	1.00	1.08	**0.51**
Trading volume (no of shares)	Mil	178	70	34	35	**163**
Market Capitalisation *(note 3)*	RM' mil	645	712	358	425	**316**
Price Earnings Ratio *(note 4)*	times	7.9	10.2	5.7	7.2	**38.2**

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

Revenue recorded in FY2020 was RM794.71 million which was RM508.11 million or 39.0% lower compared to the revenue achieved in FY2019. The lower revenue achieved in FY2020 was attributable to lower revenue achieved by all the business divisions arising from the weak economic environment caused by the COVID-19 pandemic and the impact of the various movement control orders and social restrictions implemented by the Malaysia and Singapore governments.

Our Group recorded a lower gross profit ("GP") margin of 9.4% in FY2020, compared to 10.3% in FY2019. This was mainly due to the Group's revenue streams had been severely reduced during the MCO period (from 18 March 2020 to 3 May 2020) and part of Conditional MCO period ("CMCO") (from 4 May 2020 to 9 June 2020) whilst the Group continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses.

In line with the lower revenue and GP margin achieved, gross profit of RM74.54 million recorded in FY2020 was RM59.58 million or 44.4% lower compared to FY2019.

Our Group's selling and administrative expenses ("S&M") was RM47.89 million in FY2020, which was RM2.80 million or 6.2% higher compared to FY2019. This was mainly due to the recognition of impairment loss of RM7.32 million in relation to land held for development ("LHFD"). The impact of the impairment was partly mitigated by the following:

(i) decline in foreign exchange loss by RM1.01 million in FY2020; and
(ii) cost savings from cost cutting measures implemented by the Group.

Finance costs of RM18.46 million in FY2020 was higher compared to FY2019 mainly due to the Group ceased to capitalise certain loan interest during FY2020 as development activities on certain of the Group's land bank were delayed in view of the soft property market sentiment.

The Group recorded a loss in the share of results of joint ventures of RM0.63 million in FY2020.

There was no significant variance in other income in FY2020 against FY2019. Other income mainly comprised of unwinding of discount on receivables, reversal of allowance for impairment on trade receivables and fees charged for the provision of shop drawings to our customer.

The effective tax rate for FY2020 was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations, and potential deferred tax benefits in relation to interest expenses and impairment loss on land held for property development were not recognized on prudent basis.

Due to the variances in gross profits, share of results of joint ventures, other income and expenses, and higher effective tax rate as explained above, profit before taxation ("PBT") and profit after taxation ("PAT") of FY2020 of RM15.52 million and RM7.94 million respectively were lower than FY2019. This was 80.5% and 86.4% lower compared to the PBT and PAT of RM79.69 million and RM58.37 million achieved in FY2019, respectively.

Our net profit attributable to owners of the Company for FY2020 was RM7.99 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Segmental Revenue and Gross Profit*

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

	FY2020 RM'000	FY2019 RM'000	Changes RM'000	%
Revenue				
Construction	**625,856**	1,031,106	(405,250)	-39.3%
Manufacturing & Trading ("M&T")	**250,259**	373,040	(122,781)	-32.9%
Property Development	**2,306**	8,523	(6,217)	-72.9%
Investment	**17,966**	25,180	(7,214)	-28.6%
Elimination	**(101,678)**	(135,030)	33,352	-24.7%
Consolidated revenue	**794,709**	1,302,819	(508,110)	-39.0%
GP				
Construction	**41,946**	80,920	(38,974)	-48.2%
M&T	**31,762**	51,299	(19,537)	-38.1%
Property Development	**487**	1,701	(1,214)	-71.4%
Investment	**17,966**	25,180	(7,214)	-28.6%
Elimination	**(17,625)**	(24,983)	7,358	-29.5%
Consolidated GP	**74,536**	134,117	(59,581)	-44.4%
GP margin				
Construction	**6.7%**	7.8%		
M&T	**12.7%**	13.8%		
Property Development	**21.1%**	20.0%		
Investment	**100.0%**	100.0%		
Consolidated GP margin	**9.4%**	10.3%		

The decrease in construction revenue and M&T revenue in FY2020 was due to the following:

(a) The Group's business operations were substantially halted during the MCO period and most part of May 2020;
(b) The construction division's productivity was affected by the shortage of foreign workers consequential upon the freeze on recruitment of new foreign workers in Malaysia since June 2020;
(c) The supply contracts in relation to the supply of segmental box girders ("SBG"), tunnel lining segments ("TLS") and other precast concrete products to the Klang Valley MRT Line 2 are at tail end; and
(d) Our M&T activities are correlated with the construction industry in Malaysia and Singapore. The slowdown in the construction activities in these countries have resulted in low delivery of our products during FY2020.

The property development division recorded a lower revenue during FY2020 due to lower sales concluded amidst the soft market sentiment.

Revenue of the investment division during FY2020 was mainly derived from dividend income and interest income received from other business divisions.

Both the Construction and M&T divisions recorded lower GP margins in FY2020, mainly due to their respective revenue streams had been severely reduced during the MCO and part of CMCO period whilst they continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses. In line with the lower revenue and GP margin achieved, gross profit generated by the Construction and M&T divisions were lower in FY2020.

Property Development division achieved a higher GP margin in FY2020, as better profit margin products were sold during FY2020. Due to lower revenue generated, gross profit generated by Property Development division was lower in FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

Shareholders' funds increased from RM720.47 million as at 31 December 2019 to RM725.91 million as at 31 December 2020, attributable to the comprehensive income generated and issuance of shares pursuant to the dividend reinvestment plan during FY2020.

Non-current assets decreased from RM389.58 million as at 31 December 2019 to RM368.86 million as at 31 December 2020, mainly due to depreciation of property, plant and equipment ("PPE") of RM39.89 million and disposal of investment properties of RM3.14 million, partly offset by the acquisition of PPE of RM12.34 million and net increase in LHFD of RM12.76 million. The increase in LHFD was due to the completion of the acquisition of a parcel of commercial land in Johor at RM14.25 million during FY2020, partly offset by the recognition of impairment loss of RM7.32 million in relation to another parcel of land.

Current assets decreased from RM1.16 billion as at 31 December 2019 to RM1.11 billion as at 31 December 2020. This was mainly due to the combined effects of the following:

(i) decrease in development properties by RM52.70 million and increase in inventories of RM49.39 million, due to the reclassification of development cost in relation to the completed bungalow lots in Bukit Bayu@U10 Shah Alam, Seksyen U10, Shah Alam, Selangor, to inventories;
(ii) decrease in trade and other receivables and contract assets by RM25.39 million and RM11.83 million respectively, mainly attributable to lower business operation during FY2020; and
(iii) decrease in cash and bank balances by RM7.47 million.

Current liabilities decreased from RM667.44 million as at 31 December 2019 to RM607.41 million as at 31 December 2020 mainly due to the combined effects of the following:

(i) increase in loans and borrowings by RM22.54 million, mainly due to higher utilization of working capital financing facilities in the last quarter of FY2020;
(ii) decrease in trade and other payables and contract liabilities by RM63.23 million and RM13.18 million respectively, mainly due to lower business operation in FY2020; and
(iii) decrease in income tax payable by RM6.82 million, in line with lower profit generated during FY2020.

Non-current liabilities decreased from RM158.20 million as at 31 December 2019 to RM135.27 million as at 31 December 2020 mainly due to repayment of loans and borrowings.

Net gearing ratio as at 31 December 2020 was at a manageable level of 0.32 times.

Cash Flow

For FY2020, the Group registered net cash inflow from operating activities of RM28.17 million. Net cash used in investing activities was RM17.01 million, mainly for the purchase of land held for development. Net cash generated from financing activities of RM4.24 million was mainly attributable to the proceeds from loans and borrowings and issuance of shares, partly offset by dividend paid and repayment of lease liabilities, hire purchase payables and advances due to joint ventures. Due to the net cash inflow of RM15.40 million during FY2020, the Group's cash and cash equivalents was RM33.04 million as at 31 December 2020.

MANAGEMENT DISCUSSION **AND ANALYSIS**

PROSPECTS AND OUTLOOK

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

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

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

The Malaysian economy is projected to expand by 6.0% – 7.5% in 2021, underpinned by stronger external demand and higher private and public expenditure.

The rollout of the National COVID-19 Immunisation Programme will improve confidence and support the economic recovery. Malaysia's integration in fast-growing segments of global value chains and diversified external trade structure, as well as continued policy support would be key factors in driving the rebound in economic growth in 2021.

Construction is projected to grow by 13.4%, led by a resumption of activities across all subsectors, i.e. the civil engineering segment is likely to recover in line with the ramp-up of construction activity in large infrastructure projects such as the ECRL, MRT2, and Pan Borneo Highway. Given the less restrictive containment measures, this sector would enjoy higher operating capacity that will allow the projects to stay on track or even ahead of schedule.

(Source: Bank Negara Malaysia Annual Report 2020 released on 31 March 2021)

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

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

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

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

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

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

Extension of time was obtained by the Group for its on-going projects which were affected by the MCO, and some of the delayed works and sales orders will spill over to 2021.

As at 31 December 2020, the estimated construction and manufacturing balance order book of approximately RM1.1 billion and RM0.3 billion respectively, secured from a diversified clientele, will contribute to the Group's revenue for about 2 years.

Other than the challenges brought by the outbreak of the COVID-19 and the measures to curb the spread of the virus, our key challenges and risks include operational, credit, liquidity, human resources and market risks. Please refer to pages 53 to 54 of this Annual Report for nature of the key risks and the Group's control measures to mitigate the risks.

MANAGEMENT DISCUSSION AND ANALYSIS

FOCUS AND STRATEGIES FOR 2021

CONSTRUCTION DIVISION

- Focus in the execution of projects in hand
- Leverage on the diversified construction services track record to bid for new public and private sector projects solely or jointly with parties whom have complementary strengths

MANUFACTURING DIVISION

- Focus in the production of pre-cast components for orders in hand
- Bid for orders from Singapore and Malaysia markets, including those in relation to MRT line, rail line, North South Corridor Expressway and private sector projects

PROPERTY DEVELOPMENT DIVISION

- Development planning of land bank in hand and in the pipeline;
- Launching of 16 units of bungalows in Selangor with GDV of RM37 million
- Launching of 60 units of semi-detached houses in Johor with GDV of RM61 million

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

(a) The supply contracts in relation to the supply of SBG, TLS and other precast concrete products to LRT 3, with aggregate contract value of approximately RM49 million. The supplies of products under these contracts are expected to be completed in 2021;

(b) Pan Borneo Highway Sarawak ("PBH") - Zecon Kimlun Consortium Sdn Bhd, the Company's 30% owned joint venture company was awarded with a work package under the PBH for a contract sum of RM1.46 billion. The estimated completion period of the project is year 2022;

(c) Main building works for 1 block of commercial building and 1 block of apartments at Medini Iskandar, Mukim Pulai, Daerah Johor Bahru, Johor at a contract sum of RM165.82 million. The estimated completion period of the project is year 2021;

(d) Main building works for 2 blocks of apartments in Selangor for a contract sum of RM204.40 million. The estimated completion period of the project is year 2022; and

(e) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 projects for S$15.39 million. The estimated completion period of the project is year 2022.

The Group will continue to bid actively for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2021 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our businesses, couple with the support from bankers, are good supporting factors for the Group to bid for and execute future projects. In addition, the Group has obtained additional certification from CIDB in late 2020 on its qualification to construct hospital, this has further expanded the range of construction projects which the Group can bid for.

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

(i) Phase 2 of Pan Borneo Highway Sarawak;
(ii) Autonomous Rapid Transit (ART) Sarawak;
(iii) Johor-Singapore Rapid Transit System;
(iv) Iskandar Malaysia Bus Rapid Transit;
(v) Klang Valley MRT Line 3;
(vi) Central Spine Road;
(vii) Some hospitals projects; and
(viii) Affordable housing projects

MANAGEMENT DISCUSSION **AND ANALYSIS**

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

The Group will continue to implement the following measures to mitigate the impact of the COVID-19 pandemic to the Group's business:

(i) take the necessary precautionary and safety measures at our business premises and work sites in accordance with guidelines from health authorities and government bodies;
(ii) frequent senior management operational meetings to strategize, identify and solve operational issues;
(iii) communicate with suppliers on their stocks readiness and procure alternative suppliers/supplies to improve supply chain lead times where necessary; and
(iv) explore and implement, where workable, cost optimization measures

Singapore Construction Sector

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Division

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

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

The Group will continue to follow up closely on the conclusion of the sale of its 30 units of refurbished bungalows in Bukit Bayu, Seksyen U10, Shah Alam, Selangor, which was launched in mid of 2020, at unit selling price of RM2.15 million and above. As at 31 March 2021, sales and purchase agreements have been executed for 20 units of the bungalows, while booking for another 3 units have been received.

We have entered into agreements to acquire the following properties (collectively "New Lands") to increase our land bank to ensure the availability of land for future development:

NEW LAND BANK IN THE PIPE LINE			
Location	**Purchase Price (RM)**	**Expected Completion of Acquisition**	**Land Area, Tenure and Land Use On Completion of the Acquisition**
Within Meridin East township which is about 2.5km away from the Senai-Desaru Highway, and approximately 28km from Johor Bahru City Centre	22 million	Last quarter of 2023	17.90 acres freehold commercial land/ commercial development
Situated next to Alam Damai, Cheras, Kuala Lumpur, about 12 kilometers south-east of Kuala Lumpur City Centre	95 million	Last quarter of 2021	9 pieces of freehold agriculture land with aggregate land area of 43.46 acres/mixed development
Within Bandar Seri Alam, Johor	40.5 million	Third quarter of 2021	2 plots of freehold commercial land with aggregate land area of 11.12 acres/ commercial development

The purchase consideration of the New Lands is expected to be satisfied by internally generated funds and bank borrowings. For illustrative purpose, assuming 70% of the purchase consideration is financed through bank borrowings and fully drawn down as at 31 December 2020, the Group's net gearing ratio is expected to increase from the audited ratio of 0.32 times as at 31 December 2020 to 0.38 times.

Upon the completion of the acquisitions, the total land bank of the Group will increase to 280 acres.

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 FY2020, the Board recommends a final single tier dividend of 1.0 sen per share. The recommended final dividend represents a pay-out ratio of approximately 44.2% of FY2020's profit attributable to owners of the Company.

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 coronavirus outbreak in early 2020 has resulted in one of the worst pandemics in modern history, leading to unprecedented risks and uncertainties to businesses and communities worldwide. Economic activities, from consumption to investments and production-related activities, were disrupted as countries introduced various lockdowns and movement restrictions. As the effects of the COVID-19 pandemic is pervasive, our Board is convinced that companies that prioritise key Economic, Environmental and Social ("EES") strategies will benefit and contribute to a more sustainable society for us all. Businesses that embrace sustainability are able to thrive together with the society that they serve in the long-term.

In line with this, sustainability is an essential part of the corporate culture at Kimlun Corporation Berhad ("Kimlun") and its subsidiary companies ("the Group") and guides every aspect of our daily activities and is the key to our continued success. Our business units embrace sustainable business practices in tandem with our pursuit of sustainable economic growth.

We recognise that our operations would have an impact on economic, environment and social conditions of the communities within which we operate. We integrate our business approaches with key EES aspects towards achieving and delivering long-term sustainable values to our stakeholders. In light of the unforeseen and widespread nature of the COVID-19 pandemic, our Board worked together to collaboratively strategise the Group's path forward, and focused on adapting our businesses to maintain business continuity and safeguard our employees welfare. Our management team conducted regular reviews and updates of COVID-19 related risk impacts on our operational continuity and business sustainability.

This Sustainability Statement covers the reporting period from 1 January 2020 to 31 December 2020.

SUSTAINABILITY **STATEMENT**

GOVERNANCE STRUCTURE

Sustainability is addressed at the highest levels at Kimlun. Our Board of Directors oversees the business affairs of the Group and is collectively responsible for our long-term success. The main duties of our Board include providing leadership on Kimlun's overall strategy, which takes into consideration sustainability issues, its framework and policies. Our Board also ensures the adequacy of the Group's framework for risk management and internal controls. The Group's sustainability framework can be illustrated as follows:

SCOPE OF SUSTAINABILITY REPORTING AND BASIS FOR THE SCOPE

Our sustainability reporting covers our key business activities, namely construction and pre-cast concrete components manufacturing business carried out by our wholly-owned subsidiary companies. Property Development division has been excluded as its revenue contribution was minimal during the financial year under review, and almost all of its construction needs are performed by our construction division. It also excludes joint ventures for which Kimlun does not have full management and/or operational control.

SUSTAINABILITY **STATEMENT**

STAKEHOLDERS

Stakeholders are entities or individuals that may be significantly affected by our Group's activities and services or whose actions may affect our Group's ability to implement its strategies or achieve its objectives. We recognise the importance of both internal and external stakeholders' contributions to our Group's sustainable growth. Hence, we work with our internal and external stakeholders in a timely and open manner to identify and address sustainability matters which ultimately help us make informed decisions to achieve our sustainability objectives.

Stakeholders	Mode of Engagement	Frequency of Engagement	Sustainability Focus Areas
Shareholders/Investors	• Annual General Meeting • Annual report • Quarterly results announcement • Website with dedicated investor relations section • Analyst briefings • Media interviews and releases	• Annual • Annual • Quarterly • Updated on timely basis for announcements/regularly for other sections • Ad hoc • Ad hoc	• Company performance • Dividends • Business strategy and plans • Corporate governance
Customers	• Direct engagements • On-site meetings • Quality management • Participation in bidding process	• Regular • Regular • Regular • Regular	• Relationship management • Quality and reliability of products and services • Project management • Pricing • On time delivery of projects
Suppliers/Contractors/ Consultants	• Direct engagements • On-site meetings and/or inspections	• Regular • Regular	• Relationship management • Quality of products and services • Project management • Occupational health and safety
Government and regulatory authorities	• Compliance to licences and permits • Waste management practices • Pollution management practices	• Daily • Daily • Daily	• Corporate governance • Regulatory compliance
Media/Analysts/Fund Managers	• Media interviews and releases • Analyst briefings	• Ad hoc • Ad hoc	• Timely communication
Employees	• Employee induction training • Training and development programmes • Performance appraisals • Safety briefings • Company activities	• Regular • Regular • Semi-annually • Regular • Regular	• Career development and enhancement • Fair employment practices • Workplace conduciveness • Safety, health and welfare
Community	• Corporate social responsibility programmes • Local hiring and sourcing	• Regular • Regular	• Corporate citizenship • Contribution to local community

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS ("MSM")

In identifying our MSM which reflect our significant economic, environmental and social impacts, we have considered the following:

(i) the nature of our business and our corporate strategy;
(ii) risks assessment and risks scoring based on matrix developed pursuant to our enterprise risk framework; and
(iii) our understanding of our stakeholders' needs.

Based on our assessment, the most significant MSM identified and categorised into four broad categories as follows:

Business/Economic Growth

- Mechanized construction method
- Shortage of skilled workers
- Inconsistency of quality of products and services
- Cost control
- Business expansion

Environmental Management

- Compliance with applicable laws and regulations
- Waste management
- Consumption of natural resources
- Pollution

Social Contribution

- Workplace practices
- Occupational safety and health
- Contribution to local community

Government and Regulatory Requirements

- Compliance with applicable laws and regulations
- Policies and procedures on key operation processes
- Code of Conduct
- Whistleblowing policy

MANAGEMENT OF SUSTAINABILITY MATTERS

The construction industry is generally regarded as labour intensive, dangerous and polluting. Construction projects involve long periods of work and delivery, complicated processes and rely heavily on in-situ construction methods involving the use of formworks and a huge amount of wet trades. The main challenges faced by the industry players include shortage of skilled labour, quality of works, cost control as well as compliances with the laws and regulations in relation to safety, health and environment. Occupational safety and health is always a challenge as the industry has a high level of work site accident injuries and fatalities. Construction activities are also inherently harmful to the environment, impacting the environment with noise, dust, muddy run-offs, and significant amounts of waste.

In addition, the industry is very competitive and its vibrancy depends on property development projects and public sector projects planned and launched by the respective project owners.

The ability to deal with these challenges will have direct impact on the performance of the Group and its sustainability.

Generally, our key operation processes are governed by approved policies and procedures to ensure amongst others, that our operations are conducted in an orderly manner for delivery of quality products and services, and in compliance with applicable laws and regulations.

SUSTAINABILITY STATEMENT

We have taken the following actions to deal with the challenges and MSM identified:

Category	MSM to address	Our actions
Business Growth	• Mechanised construction methods • Shortage of skilled workers • Inconsistency of quality of products and services • Cost control	• Adoption of industrialised building system ("IBS") construction method • Quality control teams ("QC Team") which check and review quality of our works and products, benchmarking against established standard such as the Quality Assessment System in Construction (QLASSIC) quality rating system, Construction Quality Assessment System (CONQUAS), and recommend ways to improve weaknesses identified • Active negotiation and co-operation with sub-contractors and suppliers, implementation of the approved policies and procedures governing the tendering process and project management process to achieve cost efficiency, service quality and reliability • Materials budgeting prior to the commencement of project and review the materials consumed against the budget • Engagement of sub-contractors based on clearly identified scope of works, performance and basis of price • Internal and external training and seminar to update employees' technical know how
	• Business Expansion	• Actively explore business opportunities outside our home base, namely Johor • Actively seek for new tenders via steps such as frequent checking to Singapore and Malaysia government's websites for information on projects under planning or in the pipe line, and tender invitation advertisements in newspapers, to identify business opportunities and ensure timely preparation for bidding • Bid for projects in affordable housing sub-sectors which continue to see strong demand, and infrastructure projects • Bid for projects jointly with parties which have complementary strength to the Group • Participate in trade fair to create visibility
Environmental	• Consumption of natural resources	• Adoption of IBS construction method as it leads to less wastage of materials; • Proper pre-production planning and strict production process control to minimise product rejection rate
	• Waste management	• Recyclable materials, if cannot be reused in our operations, will be channelled to recycling companies • Engage waste disposal companies that commit to dispose our construction waste in appropriate disposal sites, i.e. not by way of illegal dumping • Large commercial grade waste bins at project sites to collect construction waste and non-construction waste to maintain cleanliness of project sites. The bins will be pulled out from the project sites at fixed intervals or as and when the bins are full, whichever is the earlier.
	• Pollution	• Construct temporary earth drain (where necessary) to prevent water ponding and flooding • Construct silt trap to collect and store sediment from sites cleared during construction • Construct wash through where every vehicle wash their muddy tyres before exiting the project site • Sheeting vehicles carrying dusty materials on leaving our factory to prevent materials being blown from the vehicles • Spraying of roads with water using high power water jet to maintain cleanliness of public road leading to the construction site • Our pre-cast concrete components manufacturing arm, SPC Industries Sdn Bhd ("SPC") has been accredited with Environment Management System Certification – ISO 14000:2000 Certification and follow the guidance under this standard to minimise the environmental impact of its operations

SUSTAINABILITY STATEMENT

Category	MSM to address	Our actions
Government and regulatory requirements	• In FY2020, the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 took effect in June 2020. • Malaysian labour laws increased the minimum wages through the Minimum Wages Order 2020.	• We implemented the Anti-Bribery Management System with stringent policies and regulations to prevent corruption and bribery and ensured adequate policies and procedures are in place. The Anti-Bribery and Anti-Corruption Policy which complements our Code of Conduct is also published in our website. • We reviewed our human resource policies and remuneration structure to ensure that we meet the minimum wages order requirements
Social contribution	• Work place practices	• Please refer to the ensuing section on corporate social responsibility ("CSR")
	• Occupational safety and health ("SH")	• Written policy and procedures on SH • Training and continuous updates on the requirement of the applicable legislation to the senior leadership at site • Please refer to the section on SH for further information
	• Contribution to local community	• Please refer to the ensuing section on CSR

Industrialised Building System ("IBS")

IBS is a technique of construction whereby components are manufactured in a controlled environment, either at-site or off-site, and transported, positioned and assembled into construction works.

We recommend our clients to adopt IBS in their project, and we have an IBS design team backed by pre-cast concrete manufacturing plants to assist our client as early as at the development planning stage. For those developments which the involvement of our construction arm, Kimlun Sdn Bhd ("KLSB"), begins only at construction stage, KLSB will advise its client to convert some elements to IBS component/pre-cast components. KLSB actively creates awareness and receptiveness of IBS construction method among its clients as this method renders:

(i) Higher quality products with lower wastage due to factory-controlled prefabrication environment. This reduces pollution which may be caused by construction waste, and lesser wastage of natural resources such as iron and cement;
(ii) Shorten time of construction due to the introduction of prefabricated components replacing on-site construction. The reduction in construction period reduces the inconvenience caused to the public during construction period; and
(iii) Lower reliance on foreign labour. This reduces the social impact arising from employing foreign labour for construction works.

Production Reject

We perform pre-production planning and production process assessment prior to the commencement of production of the products ordered by our customers, to minimize product rejection and machine and manpower idling time. By minimize product rejection, the return to shareholders will be enhanced, while lesser natural resources will be wasted.

We have set a benchmark rejection rate of not more than 1% as a guide. For the year under review, we successfully kept the rejection lower than the benchmark rate with the actual rejection rate of 0.38%.

SUSTAINABILITY STATEMENT

Occupational Safety and Health

Safety and quality continues to be a priority in our operations. Occupational health and safety not only contributes to corporate goals but also plays a part in the social and ethical role of the organisation. We inculcate the culture of safety, health and environmental consciousness in our business operations, and provide and maintain safe systems of work, make arrangements for ensuring the safe use, handling, storage and transport of equipment and materials, as well as provide necessary information, instruction, training and supervision to our employees.

Safety of our employees, customers, business associates and communities must be prioritized in all decisions making processes and shall not be compromised in any manner. In compliance with the Occupational Safety and Health Act (OSHA) 1994, KLSB has a team of SH personnel who are stationed in various construction sites to check and enforce implementation of the Group's SH policies and procedures, and recommend appropriate compliance measures. This team is responsible to oversee the Safety and Health function matters of KLSB at respective project sites.

SPC is accredited with Occupational Health and Safety Management Certification (OHSAS) 18000, an international standard which provides a framework to identify, control and decrease the risks associated with SH within the workplace. It follows the guideline under the OHSAS 18000 as to its planning for hazard identification, risk assessment and SH management. The SH committee which comprises the senior management of SPC and representatives of production workers oversee SH matter of SPC.

The SH's activities include:

- identify and assess the potential hazards in the workplaces, and summarised risks identified into a risk assessment report;
- formulate emergency response plan;
- recommend SH practices and protection equipment to manage the risk;
- conduct induction training when contractors first enter into the new project site;
- perform periodic tool box briefing which emphasize on SH matters and enforce the requirement of personal protective equipment; and
- conduct workplace audit to identify SH compliance. Non-conformance will be recorded and any issue noted will be followed up for resolution.

We also require our sub-contractors to ensure their workers comply with SH practices recommended by us. KLSB implements a reward and punishment system which is applicable to both our and our sub-contractors' workers. Workers who have shown good SH attitude, proactive in SH matters and comply with our SH requirements, will be rewarded with monetary incentives to be decided by the SH Committee. Workers who do not comply with our SH requirement will be imposed with penalty.

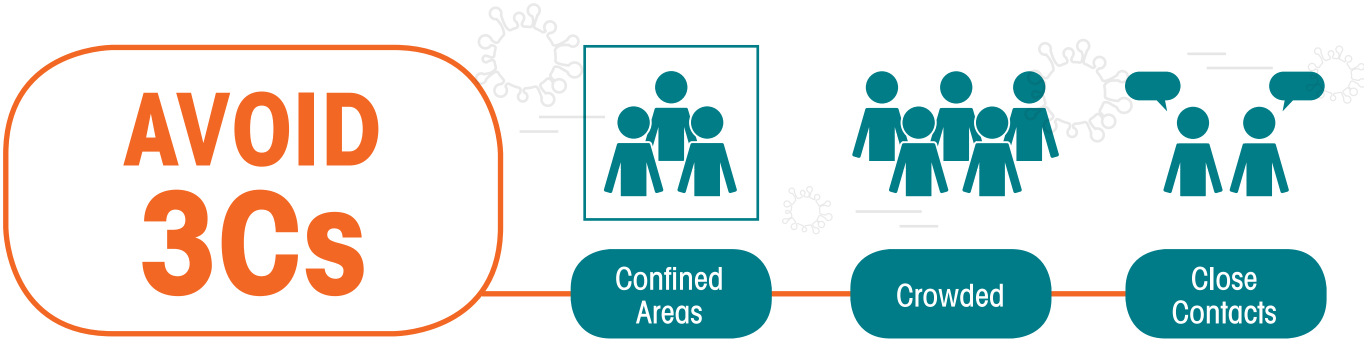
SUSTAINABILITY STATEMENT

We provide appropriate personal protective equipment to our employees in accordance with their job requirements; have in place in every construction sites safety devices such as safety net for arresting falling or flying objects for the safety of people beyond or below the net, and fire extinguishers for fire fighting purpose.

Since the outbreak of COVID-19 pandemic, we have implemented various COVID-19 control measures. The objectives of the control measures are to:

- Avoid any probability of COVID-19 virus from spreading within the workplace, construction sites and workers' hostels
- Control and manage COVID-19 issues
- Provide and maintain a safe and healthy work environment for all employees, sub-contractors and visitors

We implemented various social distancing and work from home arrangements for all applicable employees. Wearing face masks is compulsory for all employees in public places and while in contact with others in the workplace. Employees must wear face masks when required and avoid the 3Cs: confined areas, crowded and close contact. Departmental, sectional or ad hoc meetings are allowed, provided the number of attendees for the area and physical distancing requirements are observed. Online or virtual meetings are highly recommended.



We also ensured that we provided a clean and hygienic workplace by putting in place daily disinfection and sanitisation arrangements at our factories, construction sites and workers quarters. We also provide our employees with face masks, hand sanitisers and disinfectants to help them safeguard themselves from infection.

All staff have their temperatures taken upon entering the Group's premises. Those with a body temperature of 37.5 and above are advised to seek immediate medical attention. Health declaration is also compulsory for all visitors and employees. This health declaration determines the likelihood of the person contracting or developing symptoms of COVID-19. Employees who experience any symptoms are required to inform their superiors immediately. In compliance with the SOP prescribed by the government, we arrange for COVID-19 tests for selective groups of our employees, and we arrange our activities in such a way that ensure physical distancing.

To relieve the financial burden of our employees in seeking medical treatment and ensuring medical treatment is sought timely, we purchase hospital and surgical insurance and personal accident insurance for our local employees, and workmen compensation insurance for our foreign labour.

The following is the list of some of the safety and health trainings that our employees participated during the year under review:

Training Subject	No of attendees	Total training hours
Expressway Operation Safety	16	128
Safe Chemical Handling	23	322
Certified Environment Professional in Scheduled Waste Management	1	40
Basic Occupational First Aid	54	864

SUSTAINABILITY STATEMENT

CORPORATE SOCIAL RESPONSIBILITY

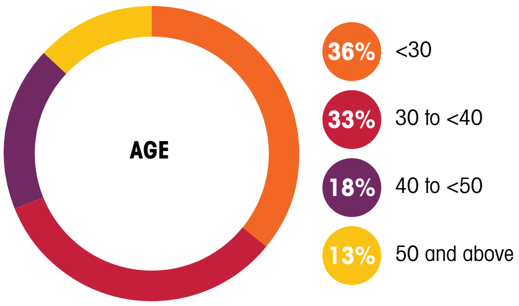
Corporate social responsibility has formed part of the core values that Kimlun will always uphold while conducting itself as a responsible business entity. We are always mindful of contributing back to the local community where we derive our economic benefits. We recognise the essential needs to safeguard the welfare of our employees and to contribute to the community where our Group operates in. In line with these core fundamental values, we always strive to seek a balance between our social responsibilities and our obligations to maximise value for our shareholders.

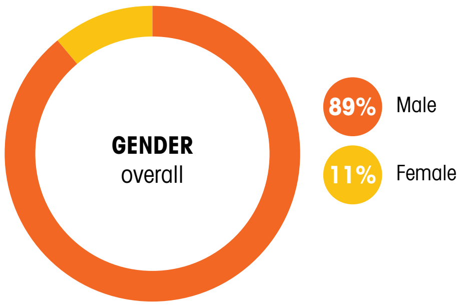
Welfare of Employees

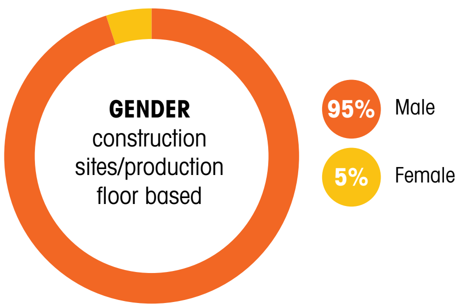
Human capital is the key asset of Kimlun. Our employees' development is critical to the Company's growth. We provide a conducive environment where our employees can explore, express, exchange and execute ideas for individual as well as collective excellence.

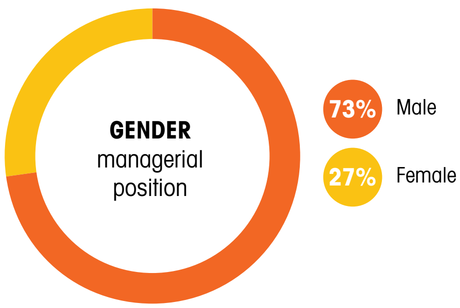
We practice equal employment opportunity and there are no barriers to employment or development in our Group by reason of an individual's gender, race, religion and age. The recruitment or promotion of a candidate is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities.

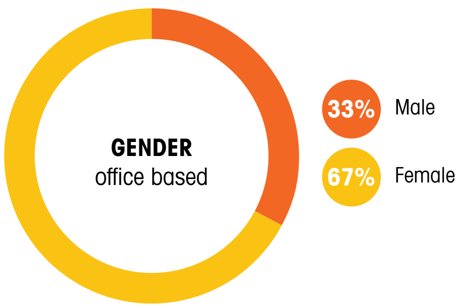
The Group's workforce statistics as at 31 December 2020 are as follows:

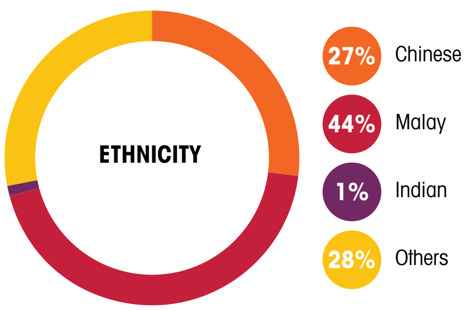












SUSTAINABILITY **STATEMENT**

Our Human Resources department works together with the department heads to identify the training needs for our employees to develop a competent, capable and motivated workforce that can meet our business challenges. During the year, we arranged numerous customised internal and external training programs in relation to our core businesses in order to improve our employees' technical knowhow and engineering expertise. Further, we also aim to align our employees' career development plans with their respective job requirements.

Various internal training and external courses in relation to occupational health and safety, and quality management system were conducted during the year to ensure a safe working environment, and that a systematic and efficient construction and production process was upheld.

The Group has also looked into the training needs of departments such as finance and human resources department.

For the year under review, we have provided 4,289 hours of external training to our employees, which was approximately 10 hours per employee of executive level and above. This has surpassed our internal benchmark of a minimum of 6 hours per employee of executive level and above. We spent approximately RM102,000 for employees training and development.

For employees below executive level, on-the-job training were provided.

4,289 hours
external training

±10 hours
per employee

RM102,000
for employees training and development

CONTRIBUTION TO COMMUNITY

We also serve the community to improve the quality of the lives of the less fortunate. During the year, we supported numerous organisations and causes, either directly or in conjunction with other enterprises, mainly via monetary contribution and sponsorship. Amongst the charitable bodies, parties and events that we had supported during the period under review were Persatuan Orang Cacat Johor Bahru, Persatuan Cerebral Palsy Johor and Tunku Laksamana Johor Cancer Foundation.

We also contributed to the Persatuan Ibubapa Dan Guru SJK(C) Woon Hwa, SJK(C) Nam Heng School Building Fund and supported amongst others Koperasi JKR Selangor & Wilayah Persekutuan during the year.

We made charitable contributions of approximately RM48,000 during the year.

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 2017 ("MCCG 2017") 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 2020 ("FY2020"). The detailed application for each practice as set out in the MCCG 2017 is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's website at http://www.kimlun.com and via an announcement on the website of Bursa Malaysia.

A. BOARD LEADERSHIP AND EFFECTIVENESS

The Board adopted a Board Charter which sets out the authority, role, responsibilities, membership and operation of 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 Board Charter was last reviewed by the Board on 29 April 2021.

The Board Charter is accessible at http://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 Malaysia Securities Berhad ("MMLR"), the MCCG 2017 of Securities Commission Malaysia ("SC"), the Capital Markets and Services Act 2007 ("CMSA") and any other prevailing regulatory corporate governance practices and laws.

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.

The Board consists of nine qualified individuals with diverse set of skills, experience and knowledge necessary to govern the Company. Four of the Directors are Independent Non-Executive Directors ("Independent Director"), thus the Company complied with Paragraph 15.02 of the MMLR. 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.

Pursuant to Practice 4.2 of the MCCG 2017, 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.

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 four 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.

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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 nationality. The background of each Director can be found on pages 6 to 9 of this Annual Report. Despite the Group is operating mainly in the construction industry which is male-dominant whereby males made up of 89% of the Group's work force, the Board is supportive of the boardroom gender diversity recommended by MCCG 2017 as the Board currently has a female member (i.e. 11.1% of the Board). The Board is committed to have at least one female Director on the Board. 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 Nomination Committee ("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, 40% of the directors (other than those Directors(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. 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.

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) during FY2020, and complied with Paragraph 15.06 of the MMLR on the limit of five directorships in public listed companies.

The Board acknowledges the recommendations by the MCCG 2017 that at least half of the board comprises independent directors. During the year, the Company has taken efforts to identify and interview suitably qualified candidates for the position as independent director. As a result, the Company has appointed Datuk Woon See Chin, whose profile can be viewed on page 9 of the Company's Annual Report 2020, as an independent director on 1 October 2020. Consequence to the appointment of Datuk Woon See Chin, the Board comprises nine (9) Directors, with four (4) Independent Directors, i.e. approximately 44.4% of our Board comprises of Independent Directors.

The Board will continue its efforts to identify suitably qualified candidates for the position as independent director, and endeavour to adopt the recommendation within one year.

The Board does not consider that it is necessary to nominate a Senior Independent Non-Executive 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 Director.

The NC shall meet with the shortlisted candidates 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 candidates' characters, experiences, competencies, integrity, time commitment and other qualities, and 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.

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.

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In FY2020, the NC had reviewed all Directors who are due for retirement by rotation, and standing for re-election at the Company's Twelfth AGM. The NC found 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.

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 Non-Executive Director to the Board.

Three of the Independent Directors have served as independent directors of the Company for a cumulative term of eleven (11) years on 23 October 2020. In the 11th Annual General Meeting held on 15 September 2020, shareholders of the Company approved the resolutions for the three Independent Non-Executive Directors to continue serving as independent directors from 24 October 2020 to 23 October 2021.

The NC has assessed the independence of all Independent Directors during FY2020 and has determined and informed the Board that all Independent Directors remain objective and independent. 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. The Board resolved to seek shareholders' approval for the three Independent Directors to continue serving as independent directors from 24 October 2021 to 23 October 2022 based on the following justifications:

(i) each of them has fulfilled the criteria under the definition of independent as set out in the MMLR;
(ii) each of them has during their present tenure as Independent Director developed valuable insight of the Group and its business. Their experience enables them to discharge their duties and responsibilities independently, objectively and effectively in the decision-making processes of the Board;
(iii) each of them has vast experience, knowledge and skills in a diverse range of business and therefore provide constructive opinion, counsel, oversight and guidance as directors; and
(iv) each of them has devoted sufficient time and attention to his professional obligations to the Company for informed and balanced decision making.

On the same justification, with regards to the Independent Director, Mr. Chua Kee Yat @ Koo Kee Yat and Datuk Woon See Chin, who are seeking for re-election pursuant to Clause 76(3) and Clause 78 respectively of the Company's Constitution at the forthcoming Twelfth AGM, the Board recommends and supports their re-election.

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 overseeing and supervising the management of the business affairs of the Group.

The responsibilities of the Board include:

(i) Formulating the Group's strategic plans and strategies with economic, environmental and social considerations in line with sustainability practices for the Group;
(ii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed with good corporate governance;
(iii) Establishing an effective risk management and internal control framework which includes identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks;
(iv) Succession planning including assessing that all candidates for senior management position are of sufficient calibre;
(v) Developing and implementing an investor relation programme and shareholder communication policy for the Company;
(vi) Together with senior management, promote good corporate governance culture which reinforces ethical, prudent and professional behaviour;
(vii) Reviewing the adequacy and the integrity of the Group's risk management framework and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
(viii) Ensuring the integrity of the Company's financial and non-financial reporting.

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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) Approval of corporate plans and programmes;
(b) Approval of annual budgets;
(c) Approval of new ventures;
(d) Approval of material acquisitions and disposals of undertakings and properties;
(e) Approval of the annual financial statements and interim reports; and
(f) 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 ("CEO")

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;
(d) facilitating the effective contribution of all Directors and ensuring constructive relations be maintained between the Board and Management;
(e) ensuring that there is regular and effective evaluation of the Board's performance; and
(f) 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 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 Audit Committee ("AC"), NC and Remuneration Committee ("RC"), each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairman 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 respective committees' terms of reference are available for reference at the Company's website at http://www.kimlun.com.

a. Audit Committee

Please refer to pages 49 to 51 of this Annual Report for composition of the AC, AC meetings held and the activities undertaken by the AC in the discharge of its duties during FY2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

b. Remuneration Committee

The current composition of the RC is as follows:

Name	Designation	Directorship
Chua Kee Yat @ Koo Kee Yat	Chairman	Independent Director
Kek Chin Wu	Member	Independent Director
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Member	Independent Director
Datuk Woon See Chin (Appointed on 27 November 2020)	Member	Independent Director

The RC shall review and recommend 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 remuneration packages of Non-Executive Directors shall be determined by the Board as a whole and subject to the shareholders' approval at the AGM. The Director concerned shall abstain from any discussion on his/her individual remuneration.

During FY2020, one meeting was held and attended by all members.

c. Nomination Committee

The current composition of the NC is as follows:

Name	Designation	Directorship
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	Chairman	Independent Director
Kek Chin Wu	Member	Independent Director
Chua Kee Yat @ Koo Kee Yat	Member	Independent Director
Datuk Woon See Chin (Appointed on 27 November 2020)	Member	Independent Director

During FY2020, two meetings were held and attended by all members. Please refer to the ensuing sections on 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 FY2020.

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. The interested Directors should abstain themselves from discussion or decisions on matters in which they have a conflicting interest.

The Chairman of the AC, RC and NC would inform the Directors at Board meetings of any salient matters noted by the Committee and which require the Board's notice, direction or approval.

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.

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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 whether any Director abstain from voting or deliberating on a particular manner.

During FY2020, 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%
Kek Chin Wu	5	5	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5	5	100%
Chua Kee Yat @ Koo Kee Yat	5	5	100%
Datuk Woon See Chin (Appointed on 1 October 2020)	1	1	100%

Access to Information and Independent Professional Advice

All Directors, whether as a full Board or in their individual capacity have unrestricted access to 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 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 Remuneration Committee and will be amended as appropriate to align with market practices and requirements of the MCCG2017 and any other new requirements. Amendment to this policy must be tabled to the Board for approval. The Remuneration Policy is accessible at http://www.kimlun.com.

On an annual basis, the RC considers market competitiveness, business results 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

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.

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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 remuneration received or receivable by the Directors for FY2020 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							
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	80,400	5,100					85,500
Kek Chin Wu	80,400	5,100					85,500
Chua Kee Yat @ Koo Kee Yat	80,400	5,100					85,500
Datuk Woon See Chin (Appointed on 1 October 2020)	18,600	850					19,450
Total	**259,800**	**16,150**					**275,950**
Executive Director							
Pang Tin @ Pang Yon Tin			588,443		105,334	28,000	721,777
Sim Tian Liang			583,295		110,834	24,910	719,039
Chin Lian Hing			583,295		110,834	24,910	719,039
Yam Tai Fong			555,130		105,479	17,400	678,009
Pang Khang Hau			724,960		70,802	546	796,308
Total			**3,035,123**		**503,283**	**95,766**	**3,634,172**

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

During FY2020, 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 2021. The Board concurred with the recommendation of the RC, and that shareholders' approval be sought at the Twelfth AGM on the payment of Directors' fees and benefits up to an amount of RM600,000 to the Independent Directors for the period commencing from the date of the forthcoming Twelfth AGM until the next AGM of the Company. The proposed fees and benefits are inclusive of the provision for fees and benefits for up to one additional independent director. The Board is in the process of identifying suitable candidate(s) for appointment as independent director, in its effort to apply the recommendation under the MCCG 2017 that at least half of the board comprises independent directors.

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

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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 questionnaires covering a variety of assessment criteria.

The criteria on which assessment is made is developed, maintained and reviewed by the NC. The assessment criteria includes 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 FY2020, 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 the 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 Directors after assessing their own training needs, had attended the following training/seminar/conference:-

Director	Training/Seminar/Conference	Date
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	• Positioning & Preparing SMEs for IPO : Pre & Post Perspectives • 2021 Malaysian Budget : Economic Impact of Budget Proposals	9 October 2020 18 November 2020
Sim Tian Liang	• Anti-Bribery and Corruption Management System	16 October 2020
Chin Lian Hing	• Anti-Bribery and Corruption Management System	16 October 2020
Yam Tai Fong	• Anti-Bribery and Corruption Management System	16 October 2020
Pang Khang Hau	• Navigating and Leveraging Culture and Networks • Discovering and Implementing Your Leadership Strengths • Anti-Bribery and Corruption Management System	16 March 2020 to 13 April 2020 13 April 2020 to 4 May 2020 16 October 2020
Kek Chin Wu	• 2021 Malaysian Budget webinar • Accounting for Leases MFRS 16 Leases and Section 20 MPERS	18 November 2020 4 December 2020
Pang Tin @ Pang Yon Tin	• Anti-Bribery and Corruption Management System	16 October 2020
Chua Kee Yat @ Koo Kee Yat	• What are the Temporary Relief Measures for Listed Issuers during COVID-19 Pandemic	15 May 2020
Datuk Woon See Chin	• Anti-Bribery and Corruption Management System	16 October 2020

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 Code of Conduct include the following:-

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

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The Board will review the Code of Conduct regularly to ensure that it continues to remain relevant and appropriate. The last review of the Code of Conduct was on 27 November 2020.

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 ABC Policy which complements the Code will be reviewed periodically by the Board.

The Code of Conduct and ABC Policy are made available for reference in the Company's website at http://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.

Whistle blowing 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 victimization, in a responsible and effective manner.

The policy addresses the following areas:

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

The Policy also provides the contact details of the Chairman of AC, should the reporting individual is in doubt of the Management's independence and objectivity on the concerns raised.

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 shareholder 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.

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 AC 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.

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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 52 to 55 of the Annual Report 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 AC at all times. From time to time, the auditors will highlight to the AC and the Board matters that require the Board's attention.

The AC 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 AC reviews with the external auditors the annual audited financial statements before recommending them to the Board for its approval.

The AC 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 AC considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit. 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, Ernst & Young PLT's ("EY") performance, technical competency and audit independence, the AC recommended the appointment of EY as external auditors for FY2020. The Board at its meeting held on 29 April 2021 approved the AC's recommendation for the shareholders' approval to be sought at the 12th AGM on the appointment of EY as external auditors of the Company for FY2021.

C. 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. At each AGM, a presentation is given by the Company to explain the Group's strategy, performance and major developments to shareholders. The Board also encourages shareholders to participate in the question and answer session at the AGM.

Key investor relation activities during FY2020 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. In every AGM, the Company conducts a presentation on the performance of the Group and encourages the shareholders to enquire about the Group's performance. The Directors, Company Secretary and the Company's external auditors are available to respond to the queries raised. The Share Registrar is available to attend to matters relating to shareholders' interests. Summary of key matters discussed at the AGM was published on the Company's website at http://www.kimlun.com.

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 showing the number of votes cast for and against each resolution.

FUTURE PRIORITIES

The Board is in the process of identifying a suitable candidate for appointment as independent director, in its effort to apply the recommendation under the MCCG 2017 that at least half of the board comprises independent directors.

This statement is made in accordance with the resolution of the Board of Directors dated 29 April 2021.

ADDITIONAL COMPLIANCE **INFORMATION DISCLOSURES**

Utilisation of Proceeds Raised From Corporate Proposal

Net proceeds raised from the Dividend Reinvestment Plan ("DRP") during FY2020 (after deducting estimated expenses of the DRP) had been fully utilised to fund general working capital of the Group.

Non-Audit Fees

During FY2020, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's external auditors, or a firm affiliated to the external auditors were as follows:

	Audit Fee	Non-Audit Fee
Company	RM43,000	RM11,500
Group	RM190,500	RM76,000

The non-audit fees were incurred mainly for corporate tax computation and submission services rendered to the Group by a firm affiliated to the external auditors.

Material Contracts

Save as disclosed under Note 31 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 FY2020 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of Revenue and Trading Nature ("RRPT")

The Company had at the 11th AGM of the Company held on 15 September 2020 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming AGM. The Company intends to seek a renewal of the shareholders' mandate for the RRPT at the Company's forthcoming AGM.

The details of the mandated RRPTs transacted during FY2020 are as follows:

Subsidiaries involved	Transacting Parties	Categories of Transactions	Value Transacted RM'000	Interested Directors and Major Shareholders
Kimlun Sdn Bhd ("KLSB")	Scudai Development Sdn Bhd ("SD")	Provision of construction services by KLSB to SD for construction of buildings and infrastructure	2,296	Pang Tin @ Pang Yon Tin^, his spouse and children collectively hold 90% interest in SD. Pang Khang Hau* holds 7.5% interest in SD. Pang Chew Ngo# is also deemed interested by virtue of her family relationship to Pang Tin @ Pang Yon Tin. Phin Sdn Bhd ("Phin") is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
SPC Industries Sdn Bhd ("SPC")	Sri Pulai Realty Sdn Bhd ("SPR")	Renting of premises from SPR	651	Phang Piow @ Pang Choo Ing, his spouse and his children collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.

ADDITIONAL COMPLIANCE
INFORMATION DISCLOSURES

Subsidiaries involved	Transacting Parties	Categories of Transactions	Value Transacted RM'000	Interested Directors and Major Shareholders
SPC	Properties Watch Sdn Bhd ("PWSB")	Renting of premises from PWSB	856	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in PWSB. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
SPC and Kimlun Land Sdn Bhd ("Kimlun Land")	Mi Lun Woodworks Sdn Bhd ("MLW")	Provision of landscaping and maintenance service by MLW to SPC and Kimlun Land	18	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in MLW. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
KL Building Materials Sdn Bhd ("KLBM")	PWSB	Purchase of quarry products from PWSB	258	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in PWSB. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
KLBM	SPR	Renting of vacant land from SPR	203	Phang Piow @ Pang Choo Ing, his spouse and his children collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.

^ *Our Director and Major Shareholder*
* *Our Director and shareholder*
# *Our shareholder and a Director of one of our subsidiary companies*
∞ *Our Major Shareholder*

AUDIT COMMITTEE **REPORT**

AUDIT COMMITTEE COMPOSITION AND MEETINGS

The members of the Audit Committee ("AC") comprise of:-

1. **Kek Chin Wu** - Chairman / Independent Non-Executive Director

2. **Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah** - Member / Independent Non-Executive Director

3. **Chua Kee Yat @ Koo Kee Yat** - Member / Independent Non-Executive Director

4. **Datuk Woon See Chin** - Member / Independent Non-Executive Director
   (Appointed on 27 November 2020)

The AC, 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 AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. The members of the AC 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.

The AC Chairman, Mr. Kek Chin Wu, is a fellow member of Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. Accordingly, the company complies with paragraph 15.09(1)(c)(i) of MMLR.

None of the AC members are former audit partners who are required to observe a cooling off period of at least two years before being appointed in accordance with the terms of reference of AC.

Annually, the term of office, independence and performance of the AC and each of its members are assessed by the Nomination Committee. Based on the said assessment, the AC and its members are found to have effectively discharged its duties in accordance with its terms of reference. The Board and the Nomination Committee were of the view that the AC has provided valuable recommendations to assist the Board in making informed decisions. The Board is kept informed of the AC'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 2020 ("FY2020"), the AC met five (5) times. The AC meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meeting. The meeting attendance of the AC members is as follows:

Name of Directors	Number of Meetings Held During Director's Tenure in Office	Attendance	Percentage of Attendance
Kek Chin Wu	5	5	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	5	5	100%
Chua Kee Yat @ Koo Kee Yat	5	5	100%
Datuk Woon See Chin (Appointed on 27 November 2020)	1	1	100%

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The information on the terms of reference of the AC is available on the Company's website at http://www.kimlun.com.

AUDIT COMMITTEE **REPORT**

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the AC met five times. In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2020 in discharging its functions:

(1) External Audit

(a) Met with the external auditors three times during FY2020 on 27 February 2020, 22 April 2020 and 27 November 2020 respectively on matters relating to the audit and financial statements without the presence of Management and Executive Directors;

(b) Reviewed and discussed with the external auditors on their scope of work, engagement team, audit timeline, areas of audit emphasis, focus on key audit matters, the identification of significant changes to the business operations arising from COVID-19 that would impact the planning and execution of the audit, accounting standards updates that affected financial reporting, the responsibilities of Directors and Management, and the FY2020 audit planning memorandum;

(c) Reviewed and discussed with the external auditors the results of their audit, their comments and conclusions on the significant audit findings, the inclusion of additional area of audit emphasis on the impacts of COVID-19 on the Group and an appropriate disclosure in the financial report, 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 the external auditors. The AC 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 the external auditors and recommended the fees to the Board of Directors for approval;

(f) Assessed the suitability, objectivity and independence of the external auditors. In its assessment, the AC considered several factors, which included adequacy of experience and resources of the firm, the professional staff assigned to the audit and the level of non-audit services to be rendered by the external auditors, Ernst & Young PLT ("EY"). Written assurance was received from the external auditors confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Being satisfied with EY's performance, technical competency and audit independence, the AC recommended the appointment of EY as external auditors for FY2020.

(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, the impacts of COVID-19 and the control measures taken by the Malaysia Government and Singapore Government to contain COVID-19 on the operations of the Group, significant and unusual events or transactions, key audit matters and how these matters are addressed;
(iii) compliance with accounting standards and other legal requirements; and
(iv) the going concern assumption.

The AC obtained the advice of the Company's Secretary and external auditors on compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and other legal requirements;

(b) Invited the Finance Director to all AC 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.

(3) Internal Audit

(a) Met with the internal auditors four (4) 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 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 AC 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;

AUDIT COMMITTEE REPORT

(d) Reviewed the results of follow-up audits conducted by the internal auditors on the Management's implementation of audit recommendations to ensure that all key risks and internal control weaknesses are properly addressed.

(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 AC quarterly for their review;

(b) Reviewed the 2020 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) Annual Report and Corporate Governance

(a) Reviewed the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). In discharging its duty, the AC obtained the advice of the Company Secretary on MCCG 2017, and discussed with the Executive Directors on the application of the best practices set out under the MCCG 2017;

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

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

(6) Risk Management

Discussed with the Board of Directors, the material key risks affecting the Group, the mitigation plans and strategies implemented by Management and the residual risk scores of these risks.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to Tricor Axcelasia Sdn. Bhd. (the succeeding company of NGL Tricor Governance 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.

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 AC, 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. Among the scope of coverage during the financial year were human resource management, facilities management, related party transactions and safety and health function.

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 AC 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 29 April 2021.

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 2020 ("FY2020") under review, in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). 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, or 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 on behalf of the Board, the Audit Committee ("AC") reviews the effectiveness of the Group's risk management process.

During FY2020, the Group operates within an enterprise risk management framework. A Risk Management Committee ("RMC") that comprises Executive Directors of the Company and appointed key management personnel has been established to assume the following functions:

a) To oversee the risk management activities of the Group. The RMC 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 Board's approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

(i) Provides oversight, direction and counsel 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 AC 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 FY2020 are set out below:

Risk area	Control measures taken to mitigate the risks
Business Continuity • The Group is exposed to the risk of inability to sustain operations, provide products and services, or recover operating costs as a result of the COVID-19 Pandemic	• Implement the necessary precautionary and safety measures in accordance with guidelines from health authorities and government bodies. • Frequent senior management virtual operational meetings to strategize, identify and solve operational issues. • Communicate with suppliers on their stocks readiness and procure for alternative suppliers/supplies to improve supply chain lead times where necessary. • Implement cost cutting measures to preserve cash to support working capital requirements until the COVID-19 situation improves, such as suspending all non-essential operating and capital expenditure. • Apply for extension of time ("EOT") for completion of our construction projects relying on the force majeure clause in our contracts, as well as the provisions in the COVID-19 Bill 2020. • Work closely with customers for delivery of our products ahead of schedule, whenever the customer's job site is able to accept delivery. • Negotiate with bankers on terms of existing credit facilities, e.g. extension of period of financing of banker acceptance, and application for additional working capital credit facilities for contingency needs.
Operational Risks • 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.	• 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. • Relocate 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
Credit, financial and liquidity risks • 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.	• 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. • 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.
Market risks • The Group operates in a competitive environment and failure to compete effectively against its existing competitors and new market entrants will affect its performance	• Established 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.
Human resource risks • The Group believes its future success largely depends on the Group's ability to hire, develop, motivate and retain competent employees and key personnel. The Group's key management team may be difficult to replace as they have been instrumental in the development, growth and success of the Group	• Succession planning in human resources. • Competitive remuneration packages to attract, reward, retain and motivate talents. • Appropriate training and development to nurture and groom existing staff force. • Internship program for university students to identify potential talents that the Group can employ.

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 AC 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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 newly set up branch and subsidiary companies;
- Centralised control of financial resources by head office of respective subsidiary companies;
- Formalised whistleblowing policy and code of conduct are established to ensure high standards of conduct and ethics in the business operations;
- 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;
- 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 AC 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 AC. The internal audit reports are deliberated by the AC and are subsequently presented to the Board on a quarterly basis where the AC 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. (the succeeding company of NGL Tricor Governance 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 RM50,000 for FY 2020.

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 AC. 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 AC'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 AC 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.
5. The internal audit results are communicated with ratings on the overall adequacy and effectiveness of management's risk management and internal control effectiveness 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 AC.

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 29 April 2021.

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 29 April 2021.

FINANCIAL **STATEMENTS**

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	7,944,005	17,054,397
Attributable to:		
Owners of the Company	7,985,135	17,054,397
Non-controlling interests	(41,130)	-
	7,944,005	17,054,397

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, other than as disclosed in the financial statements.

Dividends

The amount of dividends paid by the Company since 31 December 2019 was as follows:

	RM
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Final (single-tier) dividend of 3.30 sen per ordinary share, on 339,800,943 ordinary shares, declared on 15 September 2020 and paid on 4 December 2020	11,213,428

Dividends (cont'd)

The shareholders of the Company ("Shareholders") have been granted an option to elect to reinvest their entitlement of the abovementioned final dividend in new ordinary shares in the Company ("New Shares") in accordance with the approved Dividend Reinvestment Plan of the Company ("DRP"). The reinvestment rate for the abovementioned dividend was 77.99%.

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2020, 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 2021.

The Board of Directors has determined that the DRP will not apply to the final dividend.

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**
Kek Chin Wu
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat
Chua Kee Yat @ Koo Kee Yat**
Datuk Woon See Chin (Appointed on 1 October 2020)

** These directors are also directors of certain subsidiaries of the Company.

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:

Pang Chew Ngo
Chia Booi Hooi
Lee Kai Long
Lew Kim Bock
Welihedi Bin Md Lani
Cheah U Leon
Leong Chee Kian
Yap Wei Sam
Loh Wui Tek

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 interest, except as disclosed in Note 31 to the financial statements.

The directors' benefits are as follows:

	Group RM	Company RM
Salaries, bonus and other emoluments	3,051,273	16,150
Defined contribution plan	503,283	-
Fees	259,800	259,800
Estimated money value of benefits-in-kind	95,766	-
	3,910,122	275,950

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 RM20,700. 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

	Number of ordinary shares			
	1 January 2020	**Bought/ Reinvested via DRP**	**Sold**	**31 December 2020**
Direct interest:				
Pang Tin @ Pang Yon Tin	18,177,821	930,027	-	19,107,848
Sim Tian Liang	8,751,249	563,421	-	9,314,670
Chin Lian Hing	9,119,563	466,581	-	9,586,144
Yam Tai Fong (f)	9,338,836	488,312	-	9,827,148
Pang Khang Hau	20,243,839	1,035,731	-	21,279,570
Kek Chin Wu	365,220	18,685	-	383,905
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat	83,396	4,266	-	87,662
Chua Kee Yat @ Koo Kee Yat	37,800	-	-	37,800
Indirect interest:				
Pang Tin @ Pang Yon Tin	136,252,013	7,746,789	-	143,998,802

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 subsidiaries to the extent that the Company has an interest.

(b) Warrants 2014/2024 in the Company

	Number of warrants			
	1 January 2020	**Bought**	**Sold**	**31 December 2020**
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
Kek Chin Wu	78,500	-	-	78,500
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat	13,000	-	-	13,000
Chua Kee Yat @ Koo Kee Yat	7,800	-	-	7,800
Indirect interest:				
Pang Tin @ Pang Yon Tin	23,119,900	-	-	23,119,900

DIRECTORS' REPORT

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM247,278,704 to RM255,944,359 by way of issuance of 13,557,773 ordinary shares arising from the DRP pertaining to the final (single-tier) dividend of 3.30 sen per share in respect of the financial year ended 31 December 2019.

(a) issuance of 7,929,839 ordinary shares arising from the DRP pertaining to the final (single tier) dividend of 3.70 sen in respect of the financial year ended 31 December 2018.

(b) issuance of 102,700 ordinary shares arising from the exercise of Warrants 2014/2024, at the exercise price of RM1.68 per warrant.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

Warrants 2014/2024

Details of the Warrants 2014/2024 are disclosed in Note 30(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.

(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.

DIRECTORS' REPORT

Other statutory information (cont'd)

(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) 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.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT		
- Statutory audit	190,500	43,000
- Other services	5,000	5,000
Other auditors		
- Statutory audit	5,179	-
	200,679	48,000

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated

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 72 to 163 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 2020 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

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 72 to 163 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed Yam Tai Fong at	)	
Petaling Jaya in the State of Selangor	)	
Darul Ehsan on	)	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 2020 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 a summary of significant accounting policies, as set out on pages 72 to 163.

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 2020, 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 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including those in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Recognition of revenue and cost of construction

The Group is involved in construction contracts for which it applies the percentage of completion method. The revenue and cost of construction contributed to approximately 78% and 81% respectively of the Group's revenue and cost of sales.

We focused on this area because management made significant judgement and estimates in determining the estimated total contract costs and the extent of cost incurred, which form part of the computation of percentage of completion.

The notes relating to revenue recognition are disclosed in Note 2.22 (a), Note 3.2 (b) and Note 4 to the financial statements.

As part of our audit, we performed the following:

We obtained an understanding of contractual terms and conditions of significant projects;

We obtained an understanding of the internal controls over the accuracy and timing of revenue and profit recognised in the financial statements, including controls performed by management in estimating the total construction costs, profit margin and percentage of completion of the construction contracts;

Key audit matters (cont'd)

Recognition of revenue and cost of construction (cont'd)

We evaluated management's assumptions in determining the estimated total construction cost by comparing the estimated cost to complete with documentary evidence such as letters of awards issued to subcontractors and approved variation orders and by making reference to similar completed projects;

We assessed the completeness of the cost incurred and the accuracy of the cost recognised in the financial statements by examining supporting evidence such as subcontractors' progress claim and suppliers' invoices;

We tested management's workings on the computation of percentage of completion; and

We tested management's workings on the computation of revenue. Our audit procedures included, amongst others and where applicable, agreeing the contract revenue to the original signed contracts or letter of awards issued by customers and where applicable, to approved variation orders.

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 Directors' Report and 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the directors for the financial statements

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

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

Auditor's 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 Standard 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 skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements 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 and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of 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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Jin Xiang
03348/01/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date:

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue					
Revenue from contracts with customers	4(a)	794,701,027	1,302,785,140	-	-
Other revenue	4(c)	8,029	33,254	17,966,349	25,179,662
		794,709,056	1,302,818,394	17,966,349	25,179,662
Cost of sales		(720,172,819)	(1,168,701,821)	-	-
Gross profit		74,536,237	134,116,573	17,966,349	25,179,662
Other item of income					
Other operating income	5	7,961,949	7,761,897	-	-
Other items of expenses					
Administration expenses		(47,891,391)	(45,087,831)	(765,183)	(835,115)
Finance costs	6	(18,455,871)	(16,730,966)	-	-
Share of loss of joint ventures		(626,562)	(372,583)	-	-
Profit before tax	7	15,524,362	79,687,090	17,201,166	24,344,547
Income tax expense	10	(7,580,357)	(21,318,037)	(146,769)	(293,376)
Profit net of tax		7,944,005	58,369,053	17,054,397	24,051,171
Other comprehensive income:					
Foreign currency translation		6	244	-	-
Other comprehensive income for the year, net of tax		6	244	-	-
Total comprehensive income for the year		7,944,011	58,369,297	17,054,397	24,051,171
Profit attributable to:					
Owners of the Company		7,985,135	58,391,361	17,054,397	24,051,171
Non-controlling interests		(41,130)	(22,308)	-	-
		7,944,005	58,369,053	17,054,397	24,051,171
Total comprehensive income attributable to:					
Owners of the Company		7,985,141	58,391,605	17,054,397	24,051,171
Non-controlling interests		(41,130)	(22,308)	-	-
		7,944,011	58,369,297	17,054,397	24,051,171

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group	
	Note	2020 RM	2019 RM
Earnings per share attributable to owners of the Company (sen per share)			
Basic	11	2.34	17.42
Diluted	11	2.34	17.42

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Assets					
Non-current assets					
Property, plant and equipment	12	172,919,197	203,004,568	-	-
Right-of-use assets	13	5,867,715	6,092,998	-	-
Land held for development	19(a)	171,580,343	158,819,727	-	-
Investment properties	14	152,670	3,348,188	-	-
Other investments	15	75,000	75,000	-	-
Investments in subsidiaries	16	-	-	289,068,453	267,773,995
Investment in joint ventures	17	17,613,316	18,239,878	-	-
Deferred tax assets	27	653,106	-	-	-
		368,861,347	389,580,359	289,068,453	267,773,995
Current assets					
Properties held for sale	18	-	388,938	-	-
Development properties	19(b)	78,913,787	131,605,975	-	-
Inventories	20	129,378,913	79,997,689	-	-
Tax recoverable		-	-	43,894	-
Trade and other receivables	21	460,878,918	486,272,312	19,586,959	25,954,237
Prepayments		6,750,451	6,827,417	7,475	7,475
Contract assets	4(b)	374,719,171	386,551,692	-	-
Cash and bank balances	22	57,474,737	64,940,265	144,098	588,331
		1,108,115,977	1,156,584,288	19,782,426	26,550,043
Total assets		1,476,977,324	1,546,164,647	308,850,879	294,324,038

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	274,921,713	252,384,609	-	-
Lease liabilities	24	2,964,065	3,334,634	-	-
Trade and other payables	25	270,870,356	334,102,345	470,696	365,020
Contract liabilities	4(b)	36,314,938	49,490,344	-	-
Income tax payable		4,138,641	10,958,590	-	85,459
Provisions	26	18,201,000	17,170,000	-	-
		607,410,713	667,440,522	470,696	450,479
Net current assets		500,705,264	489,143,766	19,311,730	26,099,564
Non-current liabilities					
Loans and borrowings	23	132,185,703	154,224,198	-	-
Lease liabilities	24	3,087,183	3,009,002	-	-
Deferred tax liabilities	27	-	962,048	-	-
		135,272,886	158,195,248	-	-
Total liabilities		742,683,599	825,635,770	470,696	450,479
Net assets		734,293,725	720,528,877	308,380,183	293,873,559
Equity attributable to owners of the Company					
Share capital	28	255,944,359	247,278,704	255,944,359	247,278,704
Treasury shares	28	(23,774)	(23,774)	(23,774)	(23,774)
Retained earnings	29	435,866,596	439,094,889	18,265,930	12,424,961
Other reserves	30	34,122,635	34,122,629	34,193,668	34,193,668
		725,909,816	720,472,448	308,380,183	293,873,559
Non-controlling interests		8,383,909	56,429	-	-
Total equity		734,293,725	720,528,877	308,380,183	293,873,559
Total equity and liabilities		1,476,977,324	1,546,164,647	308,850,879	294,324,038

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 2020

		←	Attributable to owners of the Company					→	
			← Non-distributable →		Distributable	← Non-distributable		→	
Group	**Note**	**Equity, total RM**	**Share capital (Note 28) RM**	**Treasury shares (Note 28) RM**	**Retained earnings (Note 29) RM**	**Other reserves total RM**	**Warrant reserve (Note 30) RM**	**Foreign currency translation reserve (Note 30) RM**	**Non-controlling interests RM**
Opening balance at 1 January 2020		720,528,877	247,278,704	(23,774)	439,094,889	34,122,629	34,193,668	(71,039)	56,429
Profit net of tax		7,944,005	-	-	7,985,135	-	-	-	(41,130)
Foreign currency translation		6	-	-	-	6	-	6	-
Total comprehensive income for the year		7,944,011	-	-	7,985,135	6		6	(41,130)
Transactions with owners									
Issuance of ordinary shares pursuant to:									
Dividend reinvestment plan of the Company	28	8,744,764	8,744,764	-	-	-	-	-	-
Share issuance expenses	28	(79,109)	(79,109)	-	-	-	-	-	-
Acquisition of subsidiaries		8,368,610	-	-	-	-	-	-	8,368,610
Dividends on ordinary shares	37	(11,213,428)	-	-	(11,213,428)	-	-	-	-
Total transactions with owners		5,820,837	8,665,655	-	(11,213,428)	-	-	-	8,368,610
Closing balance at 31 December 2020		734,293,725	255,944,359	(23,774)	435,866,596	34,122,635	34,193,668	(71,033)	8,383,909

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 2020

		Attributable to owners of the Company							
			Non-distributable		Distributable	Non-distributable			
Group	Note	Equity, total RM	Share capital (Note 28) RM	Treasury shares (Note 28) RM	Retained earnings (Note 29) RM	Other reserves total RM	Warrant reserve (Note 30) RM	Foreign currency translation reserve (Note 30) RM	Non-controlling interests RM
Opening balance at 1 January 2019		664,796,263	237,451,519	(23,774)	393,167,396	34,122,385	34,193,668	(71,283)	78,737
Effect of initial adoption of MFRS 16: leases		(184,643)	-	-	(184,643)	-	-	-	-
Opening balance at 1 January 2019 (Adjusted)		664,611,620	237,451,519	(23,774)	392,982,753	34,122,385	34,193,668	(71,283)	78,737
Profit net of tax		58,369,053	-	-	58,391,361	-	-	-	(22,308)
Foreign currency translation		244	-	-	-	244	-	244	-
Total comprehensive income for the year		58,369,297	-	-	58,391,361	244	-	244	(22,308)
Transactions with owners									
Issuance of ordinary shares pursuant to:									
Dividend reinvestment plan of the Company	28	9,912,299	9,912,299	-	-	-	-	-	-
Share issuance expenses	28	(85,114)	(85,114)	-	-	-	-	-	-
Dividends on ordinary shares	37	(12,279,225)	-	-	(12,279,225)	-	-	-	-
Total transactions with owners		(2,452,040)	9,827,185	-	(12,279,225)	-	-	-	-
Closing balance at 31 December 2019		720,528,877	247,278,704	(23,774)	439,094,889	34,122,629	34,193,668	(71,039)	56,429

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 2020

			Attributable to owners of the Company			
			Non-distributable		Distributable	Non-distributable
Company	**Note**	**Equity, total RM**	**Share capital (Note 28) RM**	**Treasury shares (Note 28) RM**	**Retained earnings (Note 29) RM**	**Warrant reserves (Note 30) RM**
Opening balance at 1 January 2020		293,873,559	247,278,704	(23,774)	12,424,961	34,193,668
Total comprehensive income for the year		17,054,397	-	-	17,054,397	-
Transaction with owners						
Issuance of ordinary shares pursuant to:						
Dividend reinvestment plan of the Company	28	8,744,764	8,744,764	-	-	-
Share issuance expenses	28	(79,109)	(79,109)	-	-	-
Dividends on ordinary shares	37	(11,213,428)	-	-	(11,213,428)	-
Total transaction with owners		(2,547,773)	8,665,655	-	(11,213,428)	-
Closing balance at 31 December 2020		308,380,183	255,944,359	(23,774)	18,265,930	34,193,668

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 2020

			Attributable to owners of the Company			
			Non-distributable		Distributable	Non-distributable
Company	**Note**	**Equity, total RM**	**Share capital (Note 28) RM**	**Treasury shares (Note 28) RM**	**Retained earnings (Note 29) RM**	**Warrant reserves (Note 30) RM**
Opening balance at 1 January 2019		272,274,428	237,451,519	(23,774)	653,015	34,193,668
Total comprehensive income for the year		24,051,171	-	-	24,051,171	-
Transaction with owners						
Issuance of ordinary shares pursuant to:						
Dividend reinvestment plan of the Company	28	9,912,299	9,912,299	-	-	-
Share issuance expenses	28	(85,114)	(85,114)	-	-	-
Dividends on ordinary shares	37	(12,279,225)	-	-	(12,279,225)	-
Total transaction with owners		(2,452,040)	9,827,185	-	(12,279,225)	-
Closing balance at 31 December 2019		293,873,559	247,278,704	(23,774)	12,424,961	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 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Operating activities				
Profit before tax	15,524,362	79,687,090	17,201,166	24,344,547
Adjustments for:				
Interest income	(3,444,697)	(4,285,731)	-	-
Finance costs	18,455,871	16,730,966	-	-
Allowance for impairment on trade receivables	3,286,616	630,464	-	-
Reversal of allowance for impairment on trade receivables	(821,305)	(209,039)	-	-
Bad debts written off	856,752	-	-	-
Bad debts recovered	(238,018)	-	-	-
Impairment loss on investment properties	-	532,360	-	-
Impairment loss on investment in subsidiary	-	-	22,542	44,801
Depreciation of property, plant and equipment	39,889,588	50,562,841	-	-
Write down of land held for development	7,316,055	-	-	-
Depreciation of right-of-use assets	3,467,747	3,577,475	-	-
Depreciation of investment properties	53,439	129,483	-	-
(Gain)/loss on disposal of investment properties	(109,704)	139,230	-	-
Loss on disposal of properties held for sale	58,938	140,294	-	-
Gain on disposal of property, plant and equipment	(1,723,607)	(310,801)	-	-
Gain on derecognition of right-of-use assets	(93,115)	(60,880)	-	-
Property, plant and equipment written off	195,162	248,634	-	-
Share of loss of joint ventures	626,562	372,583	-	-
Provision for obsolete inventories	33,631	236,706	-	-
Provision for defect liability costs	1,031,000	3,749,000	-	-
Unrealised foreign exchange loss	2,576,450	3,699,495	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
Operating activities (cont'd)	RM	RM	RM	RM
Operating cash flows before changes in working capital	86,941,727	155,570,170	17,223,708	24,389,348
Property development costs	(2,830,339)	(23,144,306)	-	-
Inventories	8,555,131	42,005,270	-	-
Receivables	33,229,068	(23,582,073)	-	-
Other current assets	10,010,302	(51,614,657)	-	-
Payables	(61,682,090)	(30,296,886)	98,316	96,320
Other current liabilities	(11,679,816)	(18,777,515)	-	-
Cash flows generated from operations	62,543,983	50,160,003	17,322,024	24,485,668
Interest received	958,180	1,457,740	-	-
Income taxes paid	(16,015,461)	(21,089,279)	(276,123)	(371,569)
Interest paid	(19,316,065)	(19,981,300)	-	-
Net cash flows generated from operating activities	28,170,637	10,547,164	17,045,901	24,114,099
Investing activities				
Purchase of property, plant and equipment	(5,812,659)	(11,767,365)	-	-
Additions to land held for development	(15,034,563)	(85,882,760)	-	-
Prepayment on land	(10,000)	-	-	-
Proceeds from disposal of property, plant and equipment	4,069,142	1,611,226	-	-
Incidental expenses on disposal of investment properties	(23,117)	-	-	-
Addition of investment properties	-	(7,456)	-	-
Proceeds from disposal of investment properties	3,274,900	2,885,000	-	-
Proceeds from disposal of property held for sale	330,000	1,300,000	-	-
Net outflow on acquisition of a subsidiary	(3,807,986)	-	-	-
Subscription of shares in subsidiaries	-	-	(21,317,000)	(38,500,000)
Net cash flows used in investing activities	(17,014,283)	(91,861,355)	(21,317,000)	(38,500,000)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financing activities				
Dividends paid on ordinary shares	(11,213,428)	(12,279,225)	(11,213,428)	(12,279,225)
Repayment of hire purchase payables	(25,769,898)	(29,560,732)	-	-
Proceeds from issuance of shares	8,744,764	9,912,299	8,744,764	9,912,299
Share issuance expenses	(79,109)	(85,114)	(79,109)	(85,114)
Drawdown of loans and borrowings	575,800,217	570,507,089	-	-
Repayment of loans and borrowings	(536,986,077)	(427,869,975)	-	-
Repayment to joint ventures	(3,191,227)	(3,179,669)	-	-
Repayment of lease liabilities	(3,441,737)	(3,450,600)	-	-
Repayment from subsidiaries	-	-	6,374,639	15,025,356
Uplift of pledged deposits	376,731	48,611	-	-
Net cash flows generated from financing activities	4,240,236	104,042,684	3,826,866	12,573,316
Net increase/(decrease) in cash and cash equivalents	15,396,590	22,728,493	(444,233)	(1,812,585)
Effect of exchange rate changes on cash and cash equivalents	(1,087,285)	864,817	-	-
Cash and cash equivalents at 1 January	18,734,577	(4,858,733)	588,331	2,400,916
Cash and cash equivalents at 31 December (Note 22)	33,043,882	18,734,577	144,098	588,331

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 2020

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 principal activity of the Company is investment holding. The principal activities and other information of the subsidiaries are disclosed in Note 16.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2020.

(i) Adoption of Amendments to Standards effective for financial periods beginning on or after 1 January 2020

Description	Effective for annual periods beginning on or after
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3: Business Combinations - Definition of a Business	1 January 2020

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(i) Adoption of Amendments to Standards effective for financial periods beginning on or after 1 January 2020 (cont'd)

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

The adoption of the above Amendments did not have any significant impact on the financial statements.

(ii) Early adoption of Amendments to Standards

Description	**Effective for annual periods beginning on or after**
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions	1 June 2020

The Group and the Company elected to early adopt the above amendment which is mandatory for financial periods beginning on or after 1 June 2020. The early adoption of this amendment did not have any significant impact to the financial statements.

2.3 Standards issued but not yet effective

The Standards and Amendments issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards and Amendments issued, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 4: Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

2.4 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Summary of significant accounting policies (cont'd)

2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

2. Summary of significant accounting policies (cont'd)

2.5 Fair value measurement (cont'd)

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Group. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Summary of significant accounting policies (cont'd)

2.6 Basis of consolidation (cont'd)

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary’s cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. Summary of significant accounting policies (cont'd)

2.6 Basis of consolidation (cont'd)

Business combinations (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

2.7 Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group’s share of the joint venture’s profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group’s share of losses in a joint venture equal or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group’s financial statements only to the extent of unrelated investors’ interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2. Summary of significant accounting policies (cont'd)

2.7 Investment in joint venture (cont'd)

All joint ventures have a financial year end of 31 December, other than Zecon Kimlun Consortium Sdn. Bhd. which has a financial year end of 30 June. For the purpose of applying the equity method on this joint venture, the last available audited financial statements and the management financial statements to 31 December of this joint venture have been used. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

2.8 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (cont'd)

2.8 Foreign currencies (cont'd)

(b) Foreign currency transactions (cont'd)

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

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	1.25%
Buildings	3% - 10%
Plant, machinery and motor vehicles	10% - 33.33%
Furniture and equipment	10% -20%

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment (cont'd)

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.10 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.11 Properties held for sale

Properties are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject to terms that are usual and customary.

Immediately before classification as properties held for sale, the measurement of the non-current asset is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, the non-current asset is measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

2.12 Impairment of non-financial assets

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

An asset’s recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (“CGU”)).

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of non-financial assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group's and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do no contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's and the Company's only financial assets are its financial assets at amortised cost (debt instruments).

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost comprise solely of its trade and other receivables balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the present value of contractual cash flows due in accordance with the contract and present value of all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are one year past due, unless the Group and the Company have reasonable grounds to adopt a more lagging default criterion on a case by case basis. In certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company’s financial liabilities include trade and other payables, lease liabilities and loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (cont'd)

2.14 Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits include short-term deposits pledged to banks, which are subject to an insignificant risk of change in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.15 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 lower of cost or net realisable value.

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.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- 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.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.17 Provisions

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

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

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Land and buildings	17% - 50%
Machinery and equipment	20% - 75%

The Group's right-of-use assets arising from leasehold land are presented within property, plant and equipment.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.12 Impairment of non-financial assets.

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

(a) Group as a lessee (cont'd)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.20 Leases (cont'd)

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

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

(i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Company performs.

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

Revenue is measured at the fair value of consideration received or receivable.

(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 amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

(b) Sale of goods

The Group contracts with its customers for the sales of concrete products and building materials. 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.

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.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue from contracts with customers (cont'd)

(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.

2.22 Taxes

(a) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

(c) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST, except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables respectively in the statements of financial position.

(d) Sales and Services Tax ("SST")

Revenue, expenses and assets are recognised net of the amount of SST, except:

- When the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of SST included.

2. Summary of significant accounting policies (cont'd)

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.26 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Wage subsidies are recognised as a reduction in the employee benefits expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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 plant and equipment

The cost of 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 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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 12.

(b) Revenue recognition from 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 experiences and by relying on the work of specialists.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 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).

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.

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

3.2 Key sources of estimation uncertainty (cont'd)

(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 2020 was RM18,201,000 (2019: RM17,170,000) as disclosed in Note 26.

If the estimated defect liability rates used in the computation of provision for defect liability costs differ by 1% (2019: 1%) with all other assumptions remain constant, the Group's provision for defect liability costs will vary by RM182,000 (2019: RM172,000).

(g) Write down of land held for development

The Group measures its land held for development at lower of cost or net realisable value. During the financial year, the Group has written down the carrying amount of a parcel of land held for development by RM7,316,055 (2019: Nil) as dislosed in Note 7 and Note 19.

The net realisable value of the parcel of land was determined with reference to the valuation performed by an independent registered valuer as at 31 December 2020. 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.

4. Revenue

(a) Revenue from contracts with customers

	Group	
	2020 RM	2019 RM
Types of goods and services		
Sales of concrete products	168,097,889	262,425,666
Sales of building materials	500,138	9,669,275
Sales of completed properties	2,305,568	8,522,932
Construction contracts	623,797,432	1,022,167,267
	794,701,027	1,302,785,140
Timing of revenue recognition		
Transferred over time	623,797,432	1,022,167,267
Transferred at a point in time	170,903,595	280,617,873
	794,701,027	1,302,785,140

(b) Contract assets and contract liabilities

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

	Group	
	2020 RM	2019 RM
Receivables from contracts with customers (Note 21)	444,193,341	467,948,759
Contract assets	374,719,171	386,551,692
Contract liabilities	(36,314,938)	(49,490,344)

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.

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019 are, as follows:

	Group	
	2020 RM	2019 RM
Within one year	954,127,702	1,047,659,330
More than one year	204,173,282	312,320,867
	1,158,300,984	1,359,980,197

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4. Revenue (cont'd)

(c) Other revenue

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Dividend income from subsidiaries	-	-	17,342,000	23,940,000
Interest income from subsidiaries	-	-	616,320	1,206,408
Interest income from fixed deposits	8,029	33,254	8,029	33,254
	8,029	33,254	17,966,349	25,179,662

5. Other operating income

	Group	
	2020	**2019**
	RM	**RM**
Interest income from:		
- financial assets at amortised cost	958,180	1,457,740
- unwinding of discount on receivables	2,486,517	2,827,991
	3,444,697	4,285,731
Gain on disposal of property, plant and equipment	1,723,607	310,801
Classified under cost of sales	(1,453,317)	-
Gain on disposal of property, plant and equipment classified under other operating income	270,290	310,801
Rental income from machinery	36,250	70,081
Rental income from premises	259,183	299,617
Gain on disposal of investment properties	109,704	-
Gain on derecognition of right-of-use assets	93,115	60,880
Miscellaneous income	2,689,387	2,525,748
Reversal of allowance for impairment on trade receivables	821,305	209,039
Bad debts recovered	238,018	-
	7,961,949	7,761,897

6. Finance costs

	Group 2020 RM	Group 2019 RM
Interest expense on:		
- bank loan, bank overdrafts, invoice financing and bankers' acceptance	15,369,828	14,560,596
- hire purchase arrangements	3,442,109	4,389,449
- advance from joint venture	128,321	470,375
- lease liabilities (Note 24)	375,807	560,880
	19,316,065	19,981,300
Unwinding of discount on payables	2,425,711	2,453,995
	21,741,776	22,435,295
Less: Interest expenses capitalised in development properties (Note 19)	(3,285,905)	(5,704,329)
	18,455,871	16,730,966

7. Profit before tax

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Auditors' remuneration				
- statutory audits	195,679	178,359	43,000	38,000
- overprovision in prior year	-	(1,000)	-	-
- other services	5,000	5,000	5,000	5,000
Allowance for impairment on trade receivables (Note 21)	3,286,616	630,464	-	-
Reversal of allowance for impairment on trade receivables (Note 21)	(821,305)	(209,039)	-	-
Bad debts written off	856,752	-	-	-
Bad debts recovered	(238,018)	-	-	-
Employee benefits expenses (Note 8)	76,853,127	85,282,448	-	-
Non-executive directors' remuneration (Note 9)	275,950	256,500	275,950	256,500
Hire of plant and machinery	29,946,347	60,143,273	-	-

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7. Profit before tax (cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Depreciation of property, plant and equipment (Note 12)	39,889,588	50,562,841	-	-
Depreciation of right-of-use assets (Note 13)	3,467,747	3,577,475	-	-
Gain on disposal of property, plant and equipment	(1,723,607)	(310,801)	-	-
(Gain)/loss on disposal of investment properties	(109,704)	139,230	-	-
Loss on disposal of properties held for sale	58,938	140,294	-	-
Property, plant and equipment written off (Note 12)	195,162	248,634	-	-
Gain on derecognition of right-of-use assets	(93,115)	(60,880)	-	-
Short term leases:				
- land and building	140,474	29,456	-	-
- office equipment	141,359	169,570	-	-
Impairment loss on investment in subsidiary	-	-	22,542	44,801
Impairment loss on investment properties (Note 14)	-	532,360	-	-
Write down of land held for development (Note 19)	7,316,055	-	-	-
Provision for obsolete inventories	33,631	236,706	-	-
Provision for defect liability costs (Note 26)	1,031,000	3,749,000	-	-
Depreciation of investment properties (Note 14)	53,439	129,483	-	-
Foreign exchange (gain)/loss				
- realised	(1,890,098)	(2,006,843)	-	-
- unrealised	2,576,450	3,699,495	-	-

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8. Employee benefits expenses

	Group	
	2020	2019
	RM	RM
Wages, salaries and bonus	71,756,098	77,866,958
Defined contribution plan	5,782,413	6,591,194
Social security contributions	910,016	824,296
	78,448,527	85,282,448
Less: Wage subsidy received	(1,595,400)	-
	76,853,127	85,282,448

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM3,538,406 (2019: RM4,892,478) as disclosed in Note 9.

9. Directors' remuneration

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	3,035,123	3,397,211	-	-
Bonus	-	793,290	-	-
Defined contribution plan	503,283	701,977	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	3,538,406	4,892,478	-	-
Estimated money value of benefits-in-kind	95,766	102,298	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,634,172	4,994,776	-	-
Non-Executive:				
Fees	259,800	241,200	259,800	241,200
Other emoluments	16,150	15,300	16,150	15,300
Total non-executive directors' remuneration	275,950	256,500	275,950	256,500
Total directors' remuneration	3,910,122	5,251,276	275,950	256,500

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	9,341,213	24,294,624	147,000	294,000
- Overprovision in prior years	(145,702)	(157,479)	(231)	(624)
	9,195,511	24,137,145	146,769	293,376
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	(1,451,218)	(2,587,754)	-	-
- Overprovision in prior years	(163,936)	(231,354)	-	-
	(1,615,154)	(2,819,108)	-	-
Income tax expense recognised in profit or loss	7,580,357	21,318,037	146,769	293,376

10. Income tax expense (cont'd)

Reconciliation between income tax expense and accounting profit

The reconciliations between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	15,524,362	79,687,090	17,201,166	24,344,547
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	3,725,847	19,124,902	4,128,000	5,843,000
Different tax rates in other countries	1,579	1,535	-	-
Effect of expenses not deductible for tax purposes	2,127,692	2,505,471	181,000	197,000
Effect of income not subject to tax	(29,284)	(224,934)	(4,162,000)	(5,746,000)
Deferred tax assets not recognised on unutilised tax losses, unabsorbed capital allowances and other temporary differences	1,984,494	295,175	-	-
Utilisation of current year's reinvestment allowances	(70,709)	(104,918)	-	-
Share of tax of joint ventures	150,376	109,639	-	-
Overprovision of income tax in prior years	(145,702)	(157,479)	(231)	(624)
Overprovision of deferred tax in prior years	(163,936)	(231,354)	-	-
Income tax expense recognised in profit or loss	7,580,357	21,318,037	146,769	293,376

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit 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 and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2020	**2019**
Profit net of tax attributable to owners of the Company (RM)	7,985,135	58,391,361
Weighted average number of ordinary shares in issue	340,838,150	335,216,844
Basic earnings per share (sen)	2.34	17.42

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing profit 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 and share data used in the computation of diluted earnings per share for the years ended 31 December:

	Group	
	2020	**2019**
Profit net of tax attributable to owners of the Company (RM)	7,985,135	58,391,361
Weighted average number of ordinary shares in issue	340,838,150	335,216,844
Diluted earnings per share (sen)	2.34	17.42

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

12. 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	Total RM
Cost							
At 1 January 2019	5,186,536	16,394,806	71,718,440	301,839,157	10,017,911	1,947,907	407,104,757
Additions	-	-	-	19,519,312	2,735,320	4,065,248	26,319,880
Disposals	-	-	-	(2,226,010)	(5,580)	-	(2,231,590)
Written off	-	-	-	(1,886,006)	(970,069)	-	(2,856,075)
Adjustment	-	-	(467,968)	-	-	(230,808)	(698,776)
Transfer	-	-	763,498	4,203,036	-	(4,966,534)	-
At 31 December 2019 and 1 January 2020	5,186,536	16,394,806	72,013,970	321,449,489	11,777,582	815,813	427,638,196
Additions	-	-	691,619	8,382,006	346,289	2,925,000	12,344,914
Disposals	-	-	-	(7,127,537)	(84,400)	-	(7,211,937)
Written off	-	-	(246,255)	(1,380)	(33,664)	-	(281,299)
Transfer	-	-	255,000	3,050,000	-	(3,305,000)	-
At 31 December 2020	5,186,536	16,394,806	72,714,334	325,752,578	12,005,807	435,813	432,489,874

12. 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	Total RM
Accumulated depreciation							
At 1 January 2019	-	1,367,260	14,437,334	156,660,121	5,144,678	-	177,609,393
Charge for the year (Note 7)	-	205,139	2,239,611	47,179,549	938,542	-	50,562,841
Disposals	-	-	-	(929,000)	(2,165)	-	(931,165)
Written off	-	-	-	(1,684,513)	(922,928)	-	(2,607,441)
At 31 December 2019 and 1 January 2020	-	1,572,399	16,676,945	201,226,157	5,158,127	-	224,633,628
Charge for the year (Note 7)	-	205,139	3,001,135	35,599,718	1,083,596	-	39,889,588
Disposals	-	-	-	(4,817,029)	(49,373)	-	(4,866,402)
Written off	-	-	(63,670)	(230)	(22,237)	-	(86,137)
At 31 December 2020	-	1,777,538	19,614,410	232,008,616	6,170,113	-	259,570,677
Net carrying amount							
At 31 December 2019	5,186,536	14,822,407	55,337,025	120,223,332	6,619,455	815,813	203,004,568
At 31 December 2020	5,186,536	14,617,268	53,099,924	93,743,962	5,835,694	435,813	172,919,197

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

Assets held under the name of a joint venture company

Included herein are motor vehicles with carrying amount of RM1 (2019: RM1) held under the name of a joint venture company.

Assets held under hire purchase arrangements

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,532,255 (2019: RM14,552,515) by means of hire purchase arrangements. The cash outflow on acquisition of property, plant and equipment amounted to RM5,812,659 (2019: RM11,767,365).

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

	Group	
	2020 RM	2019 RM
Plant, machinery and motor vehicles	67,205,133	84,475,564

Leased assets are pledged as security for the related hire purchase arrangements (Note 23).

Leasehold land is pledged as security for bank loans and borrowings (Note 23).

13. 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 2 years to 8 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.

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13. 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:

	Land and buildings RM	Machinery and equipment RM	Total RM
As at 1 January 2019	9,440,643	203,373	9,644,016
Additions (Note 24)	1,473,249	216,319	1,689,568
Depreciation for the year (Note 7)	(3,490,741)	(86,734)	(3,577,475)
Derecognition	(1,659,728)	(3,383)	(1,663,111)
As at 31 December 2019 and 1 January 2020	5,763,423	329,575	6,092,998
Additions (Note 24)	4,827,584	-	4,827,584
Depreciation for the year (Note 7)	(3,249,498)	(218,249)	(3,467,747)
Derecognition	(1,585,120)	-	(1,585,120)
	5,756,389	111,326	5,867,715

The details of lease liabilities in respect of right-of-use assets are disclosed in Note 24.

14. Investment properties

	Group	
	2020 RM	2019 RM
Cost		
At 1 January	4,165,900	7,327,944
Additions	-	7,456
Disposals	(3,838,456)	(3,169,500)
At 31 December	327,444	4,165,900
Accumulated depreciation		
At 1 January	285,352	301,139
Charge for the year (Note 7)	53,439	129,483
Disposals	(164,017)	(145,270)
At 31 December	174,774	285,352
Accumulated impairment loss		
At 1 January	532,360	-
Additions (Note 7)	-	532,360
Disposals	(532,360)	-
At 31 December	-	532,360
Net carrying amount		
At 31 December	152,670	3,348,188

14. Investment properties (cont'd)

Fair value of the investment properties as at 31 December 2020 was RM900,000 (2019: RM4,269,000).

15. Other investments

	Group 2020 RM	Group 2019 RM
Club memberships, at cost	75,000	75,000

16. Investment in subsidiaries

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost	289,799,666	268,482,666
Less: Impairment losses	(731,213)	(708,671)
	289,068,453	267,773,995

(a) Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	Proportion (%) of ownership interest 2019
Held by the Company:				
Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	100.00	100.00
SPC Industries Sdn. Bhd.	Malaysia	Ready mix concrete production and manufacturing of pre-cast concrete products	100.00	100.00
Kimlun Land Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100.00	100.00
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	100.00	100.00

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16. Investment in subsidiaries (cont'd)

(a) Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2019
Held by the Company: (cont'd)				
I-Buildtech Solutions Pte Ltd *	Singapore	Provision of industrial building systems and the supply of construction and building materials	100.00	100.00
Kii Amber Sdn Bhd	Malaysia	Investment holding, property investment and development	100.00	-
Held through Kimlun Sdn Bhd:				
Kimlun Superior Crest Sdn. Bhd.	Malaysia	Building and infrastructure contractors	60.00	60.00
Held through Kimlun Land Sdn Bhd:				
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	100.00	100.00
Kitaran Lintas Sdn. Bhd.	Malaysia	Property development and property investment	100.00	100.00
Kiiville Sdn. Bhd.	Malaysia	Property development and property investment	100.00	100.00
Kii Ashbury Sdn. Bhd.	Malaysia	Property development and property investment	100.00	100.00
Kii Morris Sdn. Bhd.	Malaysia	Property development and property investment	100.00	100.00
Held through Kii Amber Sdn Bhd				
Bayu Damai Sdn. Bhd. *	Malaysia	Property development and property investment	49.00	-
Kii Melodia Sdn. Bhd.	Malaysia	Property development and property investment	69.50	-

* Audited by a firm of chartered accountants other than Ernst & Young PLT, Malaysia.

16. Investment in subsidiaries (cont'd)

(b) Subscription of ordinary shares in Kimlun Land Sdn. Bhd.

During the financial year, the Company subscribed for additional ordinary shares in Kimlun Land Sdn. Bhd. for a total consideration of RM14,600,000, satisfied by settlement of amount owing by Kimlun Land Sdn. Bhd. The subscription did not change the percentage of shareholdings effectively held by the Company.

(c) Subscription of ordinary shares in Kii Amber Sdn. Bhd.

During the financial year, the Company incorporated a wholly-owned subsidiary, Kii Amber Sdn. Bhd. ("KABSB"). The Company subscribed for 6,717,000 ordinary shares in KABSB for a total consideration of RM6,717,000.

(d) Subscription of ordinary shares in Bayu Damai Sdn. Bhd.

During the financial year, Kii Amber Sdn. Bhd. ("KABSB"), entered into a Tripartite Share Sale Agreement ("SSA") with Bayu Damai Sdn. Bhd. ("BDSB") and Bayu Damai Equity Sdn. Bhd. ("BDESB") to subscribe for 9,800,000 ordinary shares (“Subscription Shares”) representing 49% equity interest in BDSB for a total consideration amounting to RM39,999,680 (“Subscription Consideration”).

KABSB paid RM6,679,680 out of the Subscription Consideration and the Subscription Shares were allotted in full to KABSB on 28 October 2020. 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.

Notwithstanding the Subscription Consideration not being paid in full by KABSB, the Subscription Shares rank pari passu with all other issued ordinary shares of BDSB.

Pursuant to the SSA, KABSB has the power to appoint the majority of the board of directors of BDSB and the relevant activities of BDSB shall be decided by a majority vote of the directors. Accordingly, BDSB is accounted for as a subsidiary of the Group as KABSB has the power and ability to direct the relevant activities of BDSB.

The acquisition of BDSB did not meet the definition of a business combination as defined under MFRS 3 Business Combinations. Hence, the transaction was accounted for as an asset acquisition.

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16. Investment in subsidiaries (cont'd)

(d) Subscription of ordinary shares in Bayu Damai Sdn. Bhd. (cont'd)

The values assigned to identifiable assets and liabilities of BDSB as at the date of subscription were:

	RM
Development costs (Note 19)	4,203,662
Trade and other receivables	9,500,000
Cash and bank balances	2,871,694
	16,575,356
Trade and other payables	(1,527,371)
Total net identifiable assets	15,047,985

The amount of the non-controlling interests in BDSB was determined based on the proportionate share of the net identifiable assets of BDSB as at the date of subscription.

The effect of the subscription on cash flows is as follows:

	RM
Fair value of net identifiable assets acquired	15,047,985
Less: Non-controlling interests	(8,368,305)
Consideration settled in cash	6,679,680
Less: Cash and cash equivalent of subsidiary acquired	(2,871,694)
Net cash outflow on acquisition	3,807,986

Impact of subscription on statement of comprehensive income

Contribution of loss net of tax by BDSB since the date of subscription was as follows:

	RM
Contribution to loss for the year, representing total comprehensive loss to the Group	1,090

There would have been no significant impact on the Group's profit net of tax if the subscription had taken place at the beginning of the financial year ended 31 December 2020.

16. Investment in subsidiaries (cont'd)

(e) Acquisition of Kii Melodia Sdn. Bhd.

During the financial year, KABSB together with a third party, incorporated a subsidiary company, Kii Melodia Sdn. Bhd. ("KMLDSB").

KABSB subscribed for 695 ordinary shares in KMLDSB for a total consideration of RM695. Subsequent to the subscription, KMLDSB became a 69.5% owned subsidiary of KABSB.

(f) Financial information of subsidiary with material non-controlling interests

Summarised financial information of BDSB which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

	RM
At 31 December 2020	
Current assets, representing total assets	16,422,071
Current liabilities, representing total liabilities	15,854
Net assets	16,406,217
Equity attributable to non-controlling interests	8,367,171

(ii) Summarised statements of comprehensive income

	RM
For the period from 28 October 2020 to 31 December 2020	
Total comprehensive loss	2,224
Total comprehensive loss attributable to:	
- owner of the Company	1,090
- non-controlling interests	1,134
	2,224

16. Investment in subsidiaries (cont'd)

(f) Financial information of subsidiary with material non-controlling interests (cont'd)

(iii) Summarised statements of cash flows

	RM
For the period from 28 October 2020 to 31 December 2020	
Net cash flows used in operating activities	(5,786,240)
Net cash flows generated from financing activities	6,679,680
Net increase in cash and cash equivalents	893,440
Cash and cash equivalents on 28 October 2020, before KABSB subscribed for Subscription Shares	192,014
Cash and cash equivalents at end of the year	1,085,454

17. Investment in joint ventures

	Group	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost	4,830,000	4,830,000
Share of post-acquisition reserves	12,783,316	13,409,878
	17,613,316	18,239,878
Represented by:		
Share of net assets	17,613,316	18,239,878

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2019
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 contractor	40	40

17. Investment in joint ventures (cont'd)

Details of the joint ventures are as follows (cont'd):

Name	**Country of incorporation**	**Principal activities**	**Proportion (%) of ownership interest 2020**	**2019**
Held through KL Building Materials Sdn Bhd:				
Rock Projects Sdn. Bhd.	Malaysia	Quarry and quarry related services	51	51

* Audited by a firm of chartered accountants other than Ernst & Young PLT, Malaysia.

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

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

Posh Atlantic Sdn Bhd

	Group 2020 RM	**2019 RM**
Non-current assets	139,409	32,984
Current assets	81,517,810	81,526,246
Total assets	81,657,219	81,559,230
Current liabilities	51,166,440	2,476,408
Non-current liabilities	2,701,647	49,940,148
Total liabilities	53,868,087	52,416,556
Equity attributable to owners of PASB	27,839,215	29,161,695
Non-controlling interests	(50,082)	(19,021)
	27,789,132	29,142,674

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17. Investment in joint ventures (cont'd)

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

Posh Atlantic Sdn Bhd

	Group	
	2020	**2019**
	RM	**RM**
Revenue	1,475,700	2,518,348
Depreciation	(6,866)	(6,945)
Other operating income	137,672	646,132
Finance costs	(1,483,700)	(181,084)
(Loss)/profit before tax from continuing operations	(1,397,164)	527,831
Income tax expense/(credit)	43,623	(220,393)
Total comprehensive (loss)/income	(1,353,541)	307,438
Attributable to:		
- owners of PASB	(1,322,480)	326,463
- non-controlling interests	(31,061)	(19,025)
	(1,353,541)	307,438

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

	Group	
	2020	**2019**
	RM	**RM**
Posh Atlantic Sdn Bhd ("PASB")		
Net assets attributable to owners of the Company at 1 January	29,161,695	28,835,232
Total comprehensive (loss)/income attributable to owners of Company	(1,322,480)	326,463
Net assets attributable to owners of the Company at 31 December	27,839,215	29,161,695
Group's interest in PASB	51%	51%
Group's share of net assets of PASB	14,198,000	14,872,464
Unrealised profit adjustments	(336,823)	(378,960)
Carrying amount of individually immaterial joint ventures	3,752,139	3,746,374
Carrying amount of Group's interest in joint ventures	17,613,316	18,239,878

18. Properties held for sale

	Group 2020 RM	Group 2019 RM
Cost		
At 1 January	388,938	1,829,232
Disposals	(388,938)	(1,440,294)
At 31 December	-	388,938

19. 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 2020	146,745,351	12,074,376	158,819,727
Additions	15,031,865	841,144	15,873,009
Acquisition of subsidiary (Note 16(d))	-	4,203,662	4,203,662
Write down of land held for development (Note 7)	(3,326,279)	(3,989,776)	(7,316,055)
At 31 December 2020	158,450,937	13,129,406	171,580,343
At 1 January 2019	61,319,072	8,922,414	70,241,486
Additions	85,426,279	3,151,962	88,578,241
At 31 December 2019	146,745,351	12,074,376	158,819,727

(b) Development properties

Group	Freehold and leasehold land RM	Development costs RM	Total RM
At 31 December 2020			
Cumulative cost of development properties costs			
At 1 January 2020	113,953,825	17,652,150	131,605,975
Costs incurred during the year	104,393	5,173,403	5,277,796
Reversal of completed units	(47,035,626)	(10,934,358)	(57,969,984)
At 31 December 2020	67,022,592	11,891,195	78,913,787
At 1 January 2019	101,436,203	4,016,618	105,452,821
Costs incurred during the year	12,517,622	13,635,532	26,153,154
At 31 December 2019	113,953,825	17,652,150	131,605,975

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

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

	2020 RM	2019 RM
Interest expenses (Note 6)	3,285,905	5,704,329

Land held for development and development properties with an aggregate carrying amount of RM193,367,622 (2019: RM231,125,134) are charged for bank borrowings as referred to in Note 23.

20. Inventories

	Group	
	2020 RM	2019 RM
Cost:		
Raw materials	20,549,479	16,318,398
Finished goods	47,942,821	49,758,007
Completed properties	60,801,117	4,411,185
	129,293,417	70,487,590
Net realisable value:		
Finished goods	85,496	9,510,099
	129,378,913	79,997,689

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM180,006,980 (2019: RM282,348,037).

Certain completed properties with an aggregate carrying amount of RM57,969,985 (2019: RM905,896) are charged for bank borrowings as referred to in Note 23.

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21. Trade and other receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Current				
Trade receivables				
Third parties	403,358,828	441,548,295	-	-
Amount due from joint venture	57,265,467	38,488,396	-	-
Amounts due from companies related to certain directors	200,000	2,198,116	-	-
	460,824,295	482,234,807	-	-
Less: Allowance for impairment - Third parties	(16,630,954)	(14,286,048)	-	-
Trade receivables, net	444,193,341	467,948,759	-	-
Other receivables				
Refundable deposits	14,562,447	6,475,921	4,500	4,500
Amount due from subsidiaries	-	-	19,582,459	25,949,737
Sundry receivables	2,123,130	11,847,632	-	-
	16,685,577	18,323,553	19,586,959	25,954,237
Total trade and other receivables	460,878,918	486,272,312	19,586,959	25,954,237
Add: Cash and bank balances (Note 22)	57,474,737	64,940,265	144,098	588,331
Total financial assets at amortised cost	518,353,655	551,212,577	19,731,057	26,542,568

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 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 RM97,664,614 (2019: RM115,712,939), which represents retention sum receivable on construction contracts of the Group.

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

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

	Group	
	2020	**2019**
	RM	**RM**
Neither past due nor impaired	172,702,749	269,971,480
1 to 30 days past due not impaired	73,519,900	48,920,844
31 to 60 days past due not impaired	21,691,275	21,977,725
61 to 90 days past due not impaired	15,321,699	23,546,294
91 to 120 days past due not impaired	13,125,753	13,945,284
More than 120 days past due not impaired	147,831,965	89,587,132
	271,490,592	197,977,279
Impaired	16,630,954	14,286,048
	460,824,295	482,234,807

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 RM271,490,592 (2019: RM197,977,279) that are past due at the reporting date but are not impaired and are not secured by any collateral or credit enhancements.

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 credit worthy 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	
	2020	**2019**
	RM	**RM**
Trade receivables - nominal amounts	16,630,954	14,286,048
Less: Allowance for impairment	(16,630,954)	(14,286,048)
	-	-

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Movement in allowance accounts:

	Group	
	2020	2019
	RM	RM
At 1 January	14,286,048	14,895,398
Charge for the year (Note 7)	3,286,616	630,464
Reversal of impairment loss (Note 7)	(821,305)	(209,039)
Written off	(120,405)	(1,030,775)
At 31 December	16,630,954	14,286,048

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, bear interest at 1.75%-3.30% (2019: 3.30%-3.35%) per annum and are repayable on demand.

22. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash on hand and at banks	35,723,910	42,812,707	144,098	588,331
Short term deposits with licensed banks	21,750,827	22,127,558	-	-
Cash and bank balances (Note 21)	57,474,737	64,940,265	144,098	588,331

Included in cash at banks of the Group are amounts of RM1,682 (2019: RM1,682) 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 three months (2019: one month to three 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 2020 for the Group was 2.08% (2019: 2.80%).

Short-term deposits with licensed banks of the Group amounting to RM21,750,827 (2019: RM22,127,558) are pledged as security for borrowings and therefore not available for use (Note 23).

22. Cash and bank balances (cont'd)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	57,474,737	64,940,265	144,098	588,331
Less: Bank overdrafts (Note 23)	(2,680,028)	(24,078,130)	-	-
Less: Pledged deposits	(21,750,827)	(22,127,558)	-	-
Cash and cash equivalents	33,043,882	18,734,577	144,098	588,331

23. Loans and borrowings

	Maturity	Group	
		2020	**2019**
		RM	**RM**
Current			
Secured:			
Bank overdrafts (Note 22)	On demand	2,680,028	24,078,130
Bankers' acceptances	2021	54,070,000	57,648,874
Term loans	2021	24,793,185	16,336,735
Hire purchase payables (Note 32 (b))	2021	22,734,994	24,302,363
Invoice financing	2021	154,700,605	114,075,606
Revolving credit	2021	15,942,901	15,942,901
		274,921,713	252,384,609
Non-current			
Secured:			
Term loans	2022 - 2026	107,992,604	114,653,829
Hire purchase payables (Note 32 (b))	2022 - 2025	24,193,099	39,570,369
		132,185,703	154,224,198
Total loans and borrowings (Note 25)		407,107,416	406,608,807

23. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group	
	2020 RM	2019 RM
On demand or within one year	274,921,713	252,384,609
More than 1 year and less than 2 years	35,671,687	42,705,296
More than 2 years and less than 5 years	94,139,016	94,321,117
5 years and more	2,375,000	17,197,785
	407,107,416	406,608,807

Hire purchase payables

These obligations are secured by a pledge over the leased assets (Note 12). The discount rate implicit in the leases is between 1.68% to 4.06% (2019: 1.68% to 4.06%) per annum.

Bank overdrafts, bankers' acceptances, term loans and invoice financing

The interest rates (per annum) at the reporting date were as follows:

	Group	
	2020 %	2019 %
Bank overdrafts	3.89 to 7.62	5.91 to 8.14
Bankers' acceptances	2.52 to 4.55	4.07 to 5.10
Term loans	4.30 to 5.92	5.20 to 6.70
Invoice financing	1.67 to 6.10	4.06 to 6.44
Revolving credit	3.29 to 5.50	4.66 to 5.77

The bank overdrafts, bankers' acceptances, term loans, invoice financing and revolving credit together with bank guarantee facilities are secured by:

(a) First party first legal charge over a parcel of leasehold land as disclosed in Note 12;

(b) First party first legal charge over certain land held for development, development properties and inventories as disclosed in Note 19 and Note 20;

(c) Short term deposits as disclosed in Note 22; and

(d) Corporate guarantee by the Company.

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23. Loans and borrowings (cont'd)

Movement in loans and borrowings were as follows:

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	406,608,807	273,153,771
Drawdown:		
- hire purchase payables	6,532,255	14,552,515
- loans and borrowings	575,800,217	570,507,089
Refinancing:		
- hire purchase payables	2,293,005	-
Repayments:		
- hire purchase payables	(25,769,898)	(29,560,732)
- loans and borrowings	(536,986,077)	(427,869,975)
Net changes in bank overdrafts	(21,398,102)	5,826,139
Unrealised foreign exchange loss	27,209	-
At 31 December	407,107,416	406,608,807

24. 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 13.

	Group	
	2020	**2019**
	RM	**RM**
Current		
Lease liabilities (Note 32(c))	2,964,065	3,334,634
Non-current		
Lease liabilities (Note 32(c))	3,087,183	3,009,002
Total lease liabilities (Note 25)	6,051,248	6,343,636

24. Lease liabilities (cont'd)

The remaining maturities of the lease liabilities are as follows:

	Group	
	2020	2019
	RM	RM
Within one year	2,964,065	3,334,634
More than 1 year and less than 2 years	2,653,054	1,950,264
More than 2 years and less than 5 years	434,129	1,058,738
	6,051,248	6,343,636

At the reporting date, the interest rate of the lease liabilities ranged from 3.99% to 5.39% (2019: 4.92% to 7.00%).

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

	Group	
	2020	2019
	RM	RM
At 1 January	6,343,636	-
Effect of adoption of MFRS 16 Leases	-	9,828,659
Additions (Note 13)	4,827,584	1,689,568
Derecognition	(1,678,235)	(1,723,991)
Interest charged on lease liabilities (Note 6)	375,807	560,880
Payments of:		
- Principal	(3,441,737)	(3,450,600)
- Interest	(375,807)	(560,880)
At 31 December	6,051,248	6,343,636

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25. Trade and other payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Trade payables				
Third parties	222,352,466	272,957,905	-	-
Amount due to a company related to certain directors	35,928	184,557	-	-
	222,388,394	273,142,462	-	-
Other payables				
Accruals	19,608,328	26,064,667	447,744	355,052
Third parties	23,480,790	26,387,153	6,287	663
Deposits payable	130,212	51,374	-	-
Amount due to company related to certain directors	-	2,830	-	-
Amount due to subsidiaries	-	-	16,576	9,305
Amount due to related company	-	-	89	-
Amount due to joint ventures	5,262,632	8,453,859	-	-
	48,481,962	60,959,883	470,696	365,020
Total trade and other payables	270,870,356	334,102,345	470,696	365,020
Add: Loans and borrowings (Note 23)	407,107,416	406,608,807	-	-
Add: Lease liabilities (Note 24)	6,051,248	6,343,636	-	-
Total financial liabilities carried at amortised cost	684,029,020	747,054,788	470,696	365,020

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2019: 30 to 90 days) terms.

25. 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 (2019: 30 to 60 days) terms.

Other than the amount due to a joint venture, which bears interest at 1.75% - 3.00% (2019: 3.30%) per annum and is repayable on demand, the amounts due to company related to certain directors, subsidiaries, related company and joint ventures are unsecured, non-interest bearing and are repayable on demand.

26. Provisions

	Group	
	2020	2019
	RM	RM
Defect liability costs		
At 1 January	17,170,000	13,421,000
Addition during the year (Note 7)	1,031,000	3,749,000
At 31 December	18,201,000	17,170,000

This amount represents estimated rectification costs expected to be incurred during the defect liability period of construction contracts.

27. Deferred tax liabilities/(assets)

Deferred tax liabilities/(assets) as at 31 December relate to the following:

Group	As at 1 January 2019 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2019 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2020 RM
Deferred tax liabilities					
Property, plant and equipment	9,152,138	(2,341,531)	6,810,607	(191,692)	6,618,915
Others	2,438,551	(1,144,564)	1,293,987	(407,122)	886,865
	11,590,689	(3,486,095)	8,104,594	(598,814)	7,505,780
Deferred tax assets					
Unutilised tax credits	(1,599,820)	334,710	(1,265,110)	(279,201)	(1,544,311)
Provision for defect liability costs and others	(6,209,713)	332,277	(5,877,436)	(737,139)	(6,614,575)
	(7,809,533)	666,987	(7,142,546)	(1,016,340)	(8,158,886)
	3,781,156	(2,819,108)	962,048	(1,615,154)	(653,106)

Deferred tax assets have not been recognised in respect of the following items:

	Group 2020 RM	Group 2019 RM
Unutilised tax losses	2,815,000	2,618,000
Unabsorbed capital allowances	4,000	4,000
Other temporary differences	10,444,000	2,372,000

27. Deferred tax liabilities/(assets) (cont'd)

For Malaysian entities, the unutilised tax losses up to the year of assessment 2019 shall be deductible until year of assessment 2026. The unutilised tax losses for the year of assessment 2020 onwards will expire in seven (7) years.

28. Share capital and treasury shares

	Number of ordinary shares		Amount		
Company	**Share capital (Issued and fully paid)**	**Treasury shares**	**Share capital (Issued and fully paid) RM**	**Treasury shares RM**	**Total RM**
At 1 January 2019	331,891,104	20,000	237,451,519	(23,774)	237,427,745
Issuance of ordinary shares pursuant to:					
Dividend reinvestment plan of the Company	7,929,839	-	9,912,299	-	9,912,299
Share issue expenses	-	-	(85,114)	-	(85,114)
At 31 December 2019 and 1 January 2020	339,820,943	20,000	247,278,704	(23,774)	247,254,930
Issuance of ordinary shares pursuant to:					
Dividend reinvestment plan of the Company	13,557,773	-	8,744,764	-	8,744,764
Share issue expenses	-	-	(79,109)	-	(79,109)
At 31 December 2020	353,378,716	20,000	255,944,359	(23,774)	255,920,585

28. Share capital and treasury shares (cont'd)

(a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM247,278,704 to RM255,944,359 by way of issuance of 13,557,773 ordinary shares arising from the DRP pertaining to the final (single tier) dividend of 3.30 sen per share in respect of the financial year ended 31 December 2019.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

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 statements 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.

29. Retained earnings

The entire retained earnings of the Company as at 31 December 2020 and 2019 may be distributed as dividends under single tier system.

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30. Other reserves

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Foreign currency translation reserve				
At 1 January	(71,039)	(71,283)	-	-
Foreign currency translation	6	244	-	-
At 31 December	(71,033)	(71,039)	-	-
Warrant reserve				
At 1 January/31 December	34,193,668	34,193,668	34,193,668	34,193,668
Total other reserves	34,122,635	34,122,629	34,193,668	34,193,668

(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 that of 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 2020, 58,954,600 (2019: 58,954,600) Warrants 2014/2024 remain unexercised.

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31. 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	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Sales of raw materials to a company related to certain directors	26,652	4,230	-	-
Purchase of raw materials from a company related to certain directors	258,042	378,681	-	-
Contract fee receivable from a company related to certain directors	2,295,711	6,409,873	-	-
Contract fee receivable from joint ventures	205,079,246	343,216,891	-	-
Contract fee payable to a company related to certain directors	-	10,410	-	-
Rental of land and building paid to companies related to certain directors	1,854,857	2,252,672	-	-
Rental of premise paid to a company related to certain directors	14,480	13,708	-	-
Landscaping and maintenance service paid to a company related to certain directors	17,840	32,690	-	-
Purchases of property, plant and equipment from a company related to certain directors	-	50,362	-	-
Interest income received from subsidiaries	-	-	616,320	1,206,408
Interest expense paid to joint ventures	128,322	-	-	-
Dividend income received from subsidiaries	-	-	17,342,000	23,940,000

31. 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	
	2020	2019
	RM	RM
Salaries, bonus and other emoluments	4,032,753	5,077,431
Defined contribution plan	664,497	846,757
Other short term benefits	121,966	128,498
	4,819,216	6,052,686

32. Commitments

(a) Capital commitments

	Group	
	2020	2019
	RM	RM
Capital commitments as at the reporting date are as follows:		
Approved and contracted for:		
Property, plant and equipment	3,112,945	3,441,426
Land held for development	107,155,215	35,353,665

32. Commitments (cont'd)

(b) Hire purchase commitments

The Group has entered into hire purchase arrangements for certain items of plant and equipment (Note 12).

Future minimum lease payments under hire purchases together with the present value of the net minimum lease payments are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	24,956,274	27,433,340
Later than 1 year but not later than 2 years	17,086,857	22,198,918
Later than 2 years but not later than 5 years	8,499,836	19,543,320
More than 5 years	-	589,205
Total minimum lease payments	50,542,967	69,764,783
Less: Amounts representing finance charges	(3,614,874)	(5,892,051)
Present value of minimum lease payments	46,928,093	63,872,732
Present value of payments:		
Not later than 1 year	22,734,994	24,302,363
Later than 1 year but not later than 2 years	16,074,436	20,392,893
Later than 2 years but not later than 5 years	8,118,663	18,604,691
More than 5 years	-	572,785
Present value of minimum lease payments	46,928,093	63,872,732
Less: Amount due within 12 months (Note 23)	(22,734,994)	(24,302,363)
Amount due after 12 months (Note 23)	24,193,099	39,570,369

32. Commitments (cont'd)

(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 (Note 13) with related lease liabilities (Note 24).

Future minimum lease payments of right-of-use assets together with the present value of the net minimum lease payments are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	3,230,854	3,663,018
Later than 1 year but not later than 2 years	2,823,811	2,090,318
Later than 2 years but not later than 5 years	449,227	1,110,469
Total minimum lease payments	6,503,892	6,863,805
Less: Amounts representing finance charges	(452,644)	(520,169)
Present value of minimum lease payments	6,051,248	6,343,636
Present value of payments:		
Not later than 1 year	2,964,065	3,334,634
Later than 1 year but not later than 2 years	2,653,054	1,950,264
Later than 2 years but not later than 5 years	434,129	1,058,738
Present value of minimum lease payments	6,051,248	6,343,636
Less: Amount due within 12 months (Note 24)	(2,964,065)	(3,334,634)
Amount due after 12 months (Note 24)	3,087,183	3,009,002

(d) Operating lease commitment - as lessee

The Group has minimum lease payments recognised in profit or loss for the financial year ended 31 December 2020 amounting to RM281,833 (2019: RM199,026).

Future minimum rentals payable under operating leases at the reporting date are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Not later than 1 year	56,870	108,625
Later than 1 year but not later than 5 years	2,900	35,345
	59,770	143,970

33. 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			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2020				
Assets for which fair values are disclosed:				
Investment properties	-	-	900,000	900,000
2019				
Assets for which fair values are disclosed:				
Investment properties	-	-	4,269,000	4,269,000

The fair values of investment properties are determined by the directors using the comparable method.

(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)	21
Cash and bank balances (current)	22
Loans and borrowings (current)	23
Loans and borrowings (non-current)	23
Lease liabilities (current)	24
Lease liabilities (non-current)	24
Trade and other payables (current)	25

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.

33. Fair value (cont'd)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value (cont'd)

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.

34. 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.

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.

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

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.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

		Trade receivables						
			Days past due					
Group	**Contract assets RM**	**Current RM**	**1 - 30 days RM**	**31 - 60 days RM**	**61 - 90 days RM**	**91 - 120 days RM**	**> 120 days RM**	**Total RM**
31 December 2020								
Expected credit loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	
Estimated total gross carrying amount at default	374,719,171	172,702,749	73,522,596	21,810,430	15,595,002	13,125,753	164,067,765	460,824,295
Less: Receivables individually impaired	-	-	(2,696)	(119,155)	(273,303)	-	(15,071,323)	(15,466,477)
	374,719,171	172,702,749	73,519,900	21,691,275	15,321,699	13,125,753	148,996,442	445,357,818
Expected credit loss	-	-	-	-	-	-	1,164,477	1,164,477

34. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Group	Contract assets RM	Trade receivables: Current RM	Days past due: 1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	> 120 days RM	Total RM
31 December 2019								
Expected credit loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	386,551,692	269,971,480	48,932,879	21,977,725	23,731,006	13,945,284	103,676,433	482,234,807
Less: Receivables individually impaired	-	-	(12,035)	-	(184,712)	-	(14,089,301)	(14,286,048)
	386,551,692	269,971,480	48,920,844	21,977,725	23,546,294	13,945,284	89,587,132	467,948,759
Expected credit loss	-	-	-	-	-	-	-	-

34. 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 RM818,559,375 (2019: RM819,925,155) 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 ventures' and subsidiaries' performance in construction contracts.

Credit risk concentration profile

The Group and the Company do not have any significant exposure to any individual customers or counterparties nor does it have any major concentration of credit risk related to any financial instruments.

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 21. 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 21.

(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.

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34. 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
2020				
Group				
Financial liabilities				
Trade and other payables	273,946,217	-	-	273,946,217
Lease liabilities	3,230,854	3,273,038	-	6,503,892
Loans and borrowings	282,542,128	134,092,218	8,237,017	424,871,363
Total undiscounted financial liabilities	559,719,199	137,365,256	8,237,017	705,321,472
Company				
Financial liabilities				
Other payables	470,696	-	-	470,696
Total undiscounted financial liabilities	470,696	-	-	470,696
2019				
Group				
Financial liabilities				
Trade and other payables	338,511,736	-	-	338,511,736
Lease liabilities	3,663,018	3,200,787	-	6,863,805
Loans and borrowings	262,820,872	154,769,577	17,827,108	435,417,557
Total undiscounted financial liabilities	604,995,626	157,970,364	17,827,108	780,793,098
Company				
Financial liabilities				
Other payables	365,020	-	-	365,020
Total undiscounted financial liabilities	365,020	-	-	365,020

34. Financial risk management objectives and policies (cont'd)

(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.

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's net profit after tax would have increased/decreased by RM1,550,000 (2020: RM1,545,000) 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") and United States Dollar ("USD"). The Group did not enter into any forward currency contracts during the financial years ended 31 December 2020 and 2019.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD and USD exchange rates against RM, with all other variables held constant.

		2020 RM	**2019 RM**
Increase/(decrease) in profit after tax			
SGD/RM	- strengthened 3%	873,000	820,000
	- weakened 3%	(873,000)	(820,000)
USD/RM	- strengthened 3%	(26,000)	(13,000)
	- weakened 3%	26,000	13,000

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35. 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 2020 and 2019.

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:

		Group	
	Note	**2020**	**2019**
		RM	**RM**
Loans and borrowings	23	407,107,416	406,608,807
Less: Cash and bank balances	22	(57,474,737)	(64,940,265)
Net debt		349,632,679	341,668,542
Total equity		734,293,725	720,528,877
Capital and net debt		1,083,926,404	1,062,197,419
Gearing ratio		32.3%	32.2%

36. 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.

36. Segment information (cont'd)

At 31 December 2020	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	623,797,432	168,598,027	8,029	2,305,568	-	794,709,056
Inter-segment	2,058,046	81,661,161	17,958,320	-	(101,677,527)	-
Total revenue	625,855,478	250,259,188	17,966,349	2,305,568	(101,677,527)	794,709,056
Results:						
Segment results	41,945,577	31,762,069	17,966,349	487,436	(17,625,194)	74,536,237
Other operating income						7,961,949
Administration expenses						(47,891,391)
Finance costs						(18,455,871)
Share of loss of joint ventures						(626,562)
Profit before tax						15,524,362
Income tax expense						(7,580,357)
Profit net of tax						7,944,005
Assets:						
Segment assets	871,524,438	323,061,689	308,850,879	345,828,574	(372,288,256)	1,476,977,324
Liabilities:						
Segment liabilities	476,921,980	153,363,832	470,696	190,033,466	(78,106,375)	742,683,599

36. Segment information (cont'd)

At 31 December 2019	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	1,022,167,267	272,094,941	33,254	8,522,932	-	1,302,818,394
Inter-segment	8,938,591	100,945,327	25,146,408	-	(135,030,326)	-
Total revenue	1,031,105,858	373,040,268	25,179,662	8,522,932	(135,030,326)	1,302,818,394
Results:						
Segment results	80,920,015	51,298,959	25,179,662	1,701,048	(24,983,111)	134,116,573
Other operating income						7,761,897
Administration expenses						(45,087,831)
Finance costs						(16,730,966)
Share of loss of joint ventures						(372,583)
Profit before tax						79,687,090
Income tax expense						(21,318,037)
Profit net of tax						58,369,053
Assets:						
Segment assets	947,238,314	333,814,883	294,324,038	318,484,220	(347,696,808)	1,546,164,647
Liabilities:						
Segment liabilities	557,551,507	165,641,530	450,479	177,133,135	(75,140,881)	825,635,770

36. Segment information (cont'd)

Information on major customers

Revenue from one (2019:two) major customer(s) amounted to RM161,341,584 (2019: RM461,770,738), arising from sales in the construction segment.

Geographic information

	2020	2019
Revenue from external customers	**RM**	**RM**
Malaysia	695,620,931	1,225,204,512
Singapore	99,088,125	77,613,882
Total	794,709,056	1,302,818,394

The revenue information above is based on the location of the customers.

37. Dividends

	Group and Company	
	2020	2019
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
In respect of financial year ended 31 December 2019 (2019: 31 December 2018):		
- Final (single-tier) dividend of 3.30 sen (2019: 3.70 sen) per share	11,213,428	12,279,225

The shareholders of the Company ("Shareholders") have been granted an option to elect to reinvest the entire portion of the final dividend in respect of the financial year ended 31 December 2019 in new ordinary shares in the Company ("New Shares") in accordance with the approved Dividend Reinvestment Plan of the Company ("DRP"). The reinvestment rate for the abovementioned dividend was 77.99%.

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2020, 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 2021. The Board of Directors has determined that the DRP will not apply to the final dividend.

38. Impact of Covid-19 outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in view of the speed and scale of its transmission globally.

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Group, the impact on business operations has not been a direct consequence of the COVID-19 outbreak, but a result of the measures taken to contain it by the governments of Malaysia and Singapore.

The governments of Malaysia and Singapore imposed lockdowns and social restriction measures to combat the spread of COVID-19. These are unprecedented and challenging times for the Group as the property and construction sectors were significantly curtailed due to the various government orders.

Following the Malaysia Government's implementation of a Movement Control Order ("MCO") on 18 March 2020 in response to the COVID-19 outbreak, all of the Group's business operations were substantially halted until late May 2020. All of the Group's business operations resumed works in June 2020, however at a lower scale and momentum compared to the pre-MCO period due to the compliance with the applicable standard operating procedures imposed by the Malaysian government, and shortage of foreign workers consequential to the freeze on recruitment of new foreign workers in Malaysia since June 2020.

The export of the Group's precast concrete products to Singapore was severely reduced during the Circuit Breaker Order (period which began on 7 April 2020 and ended on 1 June 2020), and for a few months after the Circuit Breaker Order period. During the Circuit Breaker Order period, all non-essential workplaces were closed. Though the Singapore construction industry was allowed to resume operations effective from 2 June 2020, the resumption of construction activities of the Group's clients was slow as it was compulsory to have all their foreign workers tested and confirmed negative for COVID-19 before resumption of construction activities, and the challenges in meeting the safe management measures required at workplaces.

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

The Group has performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities for the financial year ended 31 December 2020 ("FYE 2020").

As a result of the assessment, an impairment loss of RM7.32 million was recognised in relation to a parcel of development land.

Consequentially, the Group's revenue and earnings were affected negatively.

38. Impact of Covid-19 outbreak (cont'd)

The Group has also assessed the appropriateness of adopting the going concern basis in its FYE 2020 financial statements. The Group concluded that the going concern basis is appropriate in view of its orders in hand and the banking facilities in place to support the working capital requirements of the Group.

Subsequent to 31 December 2020, the Government of Malaysia continues to impose various phases of the MCO based on severity of the pandemic. As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

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

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2021

Number of issued shares	:	353,378,716
Number of treasury shares	:	20,000
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	242	5.655	9,524	0.002
100 - 1,000	582	13.601	344,451	0.097
1,001 - 10,000	2,212	51.694	11,038,957	3.124
10,001 - 100,000	1,053	24.608	30,398,522	8.602
100,001 - 16,990,046 *	188	4.393	165,675,384	46.885
16,990,047 and above **	2	0.046	145,891,878	41.287
Total	**4,279**	**100.000**	**353,358,716**	**100.000**

* less than 5% of issued shares
** 5% and above of issued shares
\# Based on the total number of issued shares in the Company excluding 20,000 treasury shares.

Substantial Shareholders (As per Register of Substantial Shareholders)

Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1. Phin Sdn Bhd	131,841,919	37.311	-	-
2. Pang Khang Hau	21,279,570	6.022	-	-
3. Pang Tin @ Pang Yon Tin	19,107,848	5.407	131,841,919	37.311

Directors' Shareholdings (As per Register of Directors' Shareholdings)

Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
1. Pang Khang Hau	21,279,570	6.022	-	-
2. Pang Tin @ Pang Yon Tin	19,107,848^	5.407	143,998,802*	40.751
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. Kek Chin Wu	383,905	0.109	-	-
7. Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	87,662	0.025	-	-
8. Chua Kee Yat @ Koo Kee Yat	37,800	0.011	-	-
9. Datuk Woon See Chin	-	-	-	-

Note :-
^ Includes 12,654,659 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.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2021

Thirty Largest Shareholders (As per Record of Depositors)

	Name of Shareholders	No. of Shares Held	%#
1.	Phin Sdn Bhd	124,612,308	35.265
2.	Pang Khang Hau	21,279,570	6.022
3.	Phang Piow @ Pang Choo Ing	17,644,500	4.993
4.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Tin @ Pang Yon Tin (JBU 13629)	12,654,659	3.581
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Phin Sdn Bhd (PB)	7,229,611	2.045
6.	Yam Tai Fong	6,797,548	1.923
7.	Pang Tin @ Pang Yon Tin	6,453,189	1.826
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang	6,028,711	1.706
9.	Loh Oi Yoke	4,341,300	1.228
10.	Sunny Pang Yi Lin	4,115,877	1.164
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Lian Hing (8122003)	3,712,196	1.050
12.	Wang Ah Yu	3,667,878	1.038
13.	Chin Lian Hing	3,625,068	1.025
14.	Leong Choon Thye	3,605,007	1.020
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an For UOB Kay Hian Pte Ltd (A/C CLIENTS)	3,066,365	0.867
16.	Yam Tai Fong	3,029,600	0.857
17.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,945,926	0.833
18.	Lew Kim Bock	2,911,658	0.823
19.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	2,484,939	0.703
20.	Pang Yi Shia	2,308,759	0.653
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang (8122016)	2,285,959	0.646
22.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chin Lian Hing (SMART)	2,248,880	0.636
23.	Pang Yili	2,064,369	0.584
24.	Pang Chew Ngo	2,035,763	0.576
25.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Family Takaful Berhad (Dana Ekuiti)	2,009,800	0.568
26.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur PHEIM (211901)	1,843,975	0.521
27.	Maybank Nominees (Tempatan) Sdn Bhd MTRUSTEE Berhad For Phillip Pearl Fund (UT-PM-PPF) (419471)	1,559,266	0.441
28.	Chai Yuen Chung	1,492,700	0.422
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Kim Bock (8122057)	1,381,361	0.390
30.	Pang Koi Moy	1,366,509	0.386
	Total	**260,803,251**	**73.806**

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 30 April 2021.

ANALYSIS OF **WARRANT HOLDINGS**

AS AT 30 APRIL 2021

No. of Warrants in issue	:	58,954,600
No. of Warrant Holders	:	1,200
Exercise Price per Warrant	:	RM1.68
Exercise Period	:	13 March 2014 to 12 March 2024
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share
Voting rights at Meetings of Warrant Holders	:	One vote per warrant

Distribution of Warrant Holdings (As per Record of Depositors)

Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants
1 - 99	51	4.250	2,347	0.003
100 - 1,000	354	29.500	196,990	0.334
1,001 - 10,000	514	42.833	2,125,676	3.605
10,001 - 100,000	229	19.083	8,320,487	14.113
100,001 - 2,947,729 *	50	4.166	23,015,100	39.038
2,947,730 and above **	2	0.166	25,294,000	42.904
Total	**1,200**	**100.000**	**58,954,600**	**100.000**

* less than 5% of issued warrants
** 5% and above of issued warrants

Directors' Warrant Holdings (As per Register of Directors' Warrant Holdings)

Name of Warrant Holders	Direct Interest No. of Warrants	Direct Interest %	Indirect Interest No. of Warrants	Indirect Interest %
1. Pang Khang Hau	3,641,900	6.177	-	-
2. Pang Tin @ Pang Yon Tin	2,928,100	4.967	23,119,900	39.216
3. Sim Tian Liang	100,000@	0.170	-	-
4. Chin Lian Hing	-	-	-	-
5. Yam Tai Fong	450,000	0.763	-	-
6. Kek Chin Wu	78,500	0.133	-	-
7. Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah	13,000	0.022	-	-
8. Chua Kee Yat @ Koo Kee Yat	7,800	0.013	-	-
9. Datuk Woon See Chin	-	-	-	-

Note :-
@ Held in bare trust by Alliancegroup Nominees (Tempatan) Sdn Bhd.

ANALYSIS OF
WARRANT HOLDINGS
AS AT 30 APRIL 2021

Thirty Largest Warrant Holders (As per Record of Depositors)

	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1.	Phin Sdn Bhd	21,652,100	36.726
2.	Pang Khang Hau	3,641,900	6.177
3.	Pang Tin @ Pang Yon Tin	2,928,100	4.966
4.	Phang Piow @ Pang Choo Ing	2,579,200	4.374
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Cheah Chee Siong (PB)	1,450,700	2.460
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,255,000	2.128
7.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,250,000	2.120
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Kim Bock (8122057)	654,775	1.110
9.	Wang Ah Yu	627,800	1.064
10.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Yew Peng	600,000	1.017
11.	Chai Yun Kien	557,300	0.945
12.	Ter Leong Swe	552,600	0.937
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tam Kian Kwang	548,200	0.929
14.	Chai Yune Fah	543,900	0.922
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Retnarasa A/L Annarasa (MY2355)	497,700	0.844
16.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Foy Won (CCTS)	471,000	0.798
17.	Citigroup Nominees (Asing) Sdn Bhd Exempt an for Citibank New York (Norges Bank 1)	454,250	0.770
18.	Yam Tai Fong	450,000	0.763
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeap Soon Aik	409,000	0.693
20.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jean Ng Chien Nee (CCTS)	400,000	0.678
21.	Maybank Nominees (Tempatan) Sdn Bhd Lee Choon Phooi	400,000	0.678
22.	Sunny Pang Yi Lin	394,800	0.669
23.	Pang Yili	353,500	0.599
24.	Chai Yuen Chung	344,600	0.584
25.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng	300,000	0.508
26.	Chin Ah Fee @ Chan Yok Ying	270,000	0.457
27.	Cheah Chee Siong	252,200	0.427
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kok Weng (MY2166)	250,000	0.424
29.	Lee Choon Hwa	250,000	0.424
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teoh Wei Shien (8119538)	247,000	0.418
	Total	**44,585,625**	**75.627**

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

LIST OF **PROPERTIES**

HELD BY THE GROUP AS AT 31 DECEMBER 2020

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.	PTD 90544, HS(M) 1203, Mukim Kulai, District of Kulai Jaya, Johor	Factory and office buildings	02/09/2002[b]	Freehold	605,457	349,268	19	20,054,021
2.	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	8	49,096,045
3.	HS(D)478917, PTD170709, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land	28/3/2013	Land lease over freehold commercial land expiring 31 July 2113	110,642	Not Applicable	Not Applicable	20,928,957.86
4.	HS(D)478918 PTD170710, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land	28/3/2013	Land lease over freehold commercial land expiring 13 July 2116	120,491	Not Applicable	Not Applicable	17,376,916.64
5.	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	5/3/2014	Leasehold (99 years expiring on 27 January 2103)	386,499	Not Applicable	Not Applicable	36,937,612.36
6.	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	13/5/2015	Freehold	6,082,826	Not Applicable	Not Applicable	32,905,623.42

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2020

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)
7.	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	26/1/2018	Leasehold (99 years expiring on 27 January 2103)	589,539	Not Applicable	Not Applicable	29,892,963.90
8.	HS(D)527565-HS(D)527604 (PTD217199-PTD217238) and HS(D)527605-HS(D)527624 (PTD217241-PTD217260), Mukim Plentong, Daerah Johor Bahru, Negeri Johor	Vacant semi-detached land	15/03/2019	Freehold	261,208	Not Applicable	Not Applicable	13,862,428.87
9.	HS(D)458296 PTD166915, Mukim Pulai, Daerah Johor Bahru, Negeri Johor	Agriculture land	20/12/2017	Freehold	1,263,037	Not Applicable	Not Applicable	82,099,999.78
10.	HSD 508921, PTD 185266, Mukim Pulai, Daerah Johor Bahru, Negeri Johor	Commercial land	16/01/2020	Freehold	224,280	Not Applicable	Not Applicable	15,046,035.23

Notes :

(a) Date of acquisition stated herein refers to the date of the respective sale & purchase agreement.

(b) This being the acquisition date of the factory building. The acquisition of the freehold land on which the buildings were erected thereon was completed on 27 October 2010.

NOTICE OF THE TWELFTH (12TH) **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Friday, 18 June 2021 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 2020 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 Khang Hau (Resolution 1)
   ii) Sim Tian Liang (Resolution 2)
   iii) Chua Kee Yat @ Koo Kee Yat (Resolution 3)

3. To re-elect Datuk Woon See Chin who retires pursuant to Clause 78 of the Company's Constitution, as Director of the Company. (Resolution 4)

4. To declare a single tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2020. (Resolution 5)

5. To approve the payment of Directors' fees and benefits up to an amount of RM600,000 to the Non-Executive Directors for the period from this 12th Annual General Meeting ("AGM") until the next AGM of the Company. (Resolution 6)

6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION** (Resolution 8)
   CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – CHUA KEE YAT @ KOO KEE YAT

   "THAT subject to the passing of Resolution 3, authority be and is hereby given to Chua Kee Yat @ Koo Kee Yat who will have served as an Independent Non-Executive Director of the Company for a cumulative term of twelve years on 23 October 2021, to continue to serve as an Independent Non-Executive Director of the Company from 24 October 2021 to 23 October 2022."

8. **ORDINARY RESOLUTION** (Resolution 9)
   CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – DATO' PADUKA (DR.) IR. HJ. KEIZRUL BIN ABDULLAH @ LIM TEIK KEAT

   "THAT authority be and is hereby given to Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat who will have served as an Independent Non-Executive Director of the Company for a cumulative term of twelve years on 23 October 2021, to continue to serve as an Independent Non-Executive Director of the Company from 24 October 2021 to 23 October 2022."

NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING

9. **ORDINARY RESOLUTION** (Resolution 10)
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – KEK CHIN WU

"THAT authority be and is hereby given to Kek Chin Wu who will have served as an Independent Non-Executive Director of the Company for a cumulative term of twelve years on 23 October 2021, to continue to serve as an Independent Non-Executive Director of the Company from 24 October 2021 to 23 October 2022."

10. **ORDINARY RESOLUTION** (Resolution 11)
AUTHORITY TO ALLOT SHARES

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, 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 Malaysia Securities Berhad 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."

11. **ORDINARY RESOLUTION** (Resolution 12)
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")

"THAT pursuant to Part E Paragraph 10.09 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Company and its subsidiaries ("KLCB Group") be and are hereby authorised to enter into any of the recurrent transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 20 May 2021 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, on normal commercial terms and 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 AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM of the Company 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 ordinary resolution passed by the shareholders of the Company in general meeting;

whichever is 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 THE TWELFTH (12TH) ANNUAL GENERAL MEETING

12. **ORDINARY RESOLUTION** (Resolution 13)
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 of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") 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 AGM of the Company following the general meeting at which this resolution was passed, at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
b. the expiration of the period within which the next AGM of the Company is required by law to be held; or
c. revoked or varied by ordinary resolution passed by the shareholders of the Company 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;
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."

NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING

13. To consider any other business of which due notice shall be given in accordance with the Act.

By Order of the Board
TAY LEE SHYA (MIA 16982)
(SSM PC No. 202008002274)
WONG PEIR CHYUN (MAICSA 7018710)
(SSM PC No. 202008001742)
YENG SHI MEI (MAICSA 7059759)
(SSM PC No. 202008001282)
Company Secretaries
Kuala Lumpur

20 May 2021

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 12th 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 2020 will be payable to shareholders of the Company on 6 August 2021. The entitlement date for the said dividend shall be 7 July 2021.

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 7 July 2021 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)
YENG SHI MEI (MAICSA 7059759)
(SSM PC No. 202008001282)
Company Secretaries
Kuala Lumpur

20 May 2021

NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING

NOTES:-

1. **IMPORTANT NOTICE**

   The Broadcast Venue **is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders 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 12th 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 11 June 2021**. 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.

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 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 12th 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:

NOTICE OF THE TWELFTH (12TH)
ANNUAL GENERAL MEETING

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar's office 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 12th 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 Wednesday, 16 June 2021 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 Company's Share Registrar's office 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 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 situated 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:

    1. 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.

    2. 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 THE TWELFTH (12TH) **ANNUAL GENERAL MEETING**

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2020

The Audited Financial Statements in agenda item 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda item is not put forward for voting by shareholders.

2. Resolutions 1 to 4 – Re-election of Directors

Pang Khang Hau, Sim Tian Liang, Chua Kee Yat @ Koo Kee Yat and Datuk Woon See Chin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 12th AGM.

The Board had through the Nomination Committee ("NC") carried out assessment on Pang Khang Hau, Sim Tian Liang, Chua Kee Yat @ Koo Kee Yat and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors. Chua Kee Yat @ Koo Kee Yat also met the criteria of independence as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board through the NC had also evaluated the candidature of Datuk Woon See Chin who was appointed on 1 October 2020 and shall hold office until the conclusion of the forthcoming 12th AGM and eligible for re-election pursuant to the Constitution. The Board agreed that Datuk Woon See Chin met the criteria as prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge his role as Director.

3. Resolution 5 – Declaration of a Single Tier Final Dividend

Pursuant to Paragraph 8.26(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the single tier final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

4. Resolution 6 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of Directors and any benefits payable to the Directors shall be approved at a general meeting.

The Directors' fees and benefits proposed for the period from this 12th AGM until the date of next AGM are calculated based on the current Board size and number of scheduled Board and Committee Meetings for 2021 up to the next AGM. This resolution is to allow the Company to make payment of Directors' fees and benefits up till the next AGM of the Company. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

The proposed Directors' fees and benefits are inclusive of the provision for fees and benefits for an additional Independent Director. The Board is in the process of identifying suitable candidate for appointment as an Independent Director, in its effort to apply the recommendation under the Malaysian Code on Corporate Governance 2017 that at least half of the board comprises Independent Directors.

5. Resolution 7 – Re-appointment of Auditors

The Board had on 29 April 2021, through the Audit Committee, assessed the suitability, objectivity and independence of the External Auditors, Messrs Ernst & Young PLT and considered the re-appointment of Messrs Ernst & Young PLT as Auditors of the Company. The Board and the Audit Committee collectively agreed and satisfied that Messrs Ernst & Young PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF THE TWELFTH (12TH) ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolutions 8, 9 and 10 – Continuing in Office as Independent Non-Executive Directors

   The Board had through the Nomination Committee conducted an annual performance evaluation and assessment of Chua Kee Yat @ Koo Kee Yat, Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat and Kek Chin Wu who will have served as Independent Non-Executive Directors ("INED") of the Company for a cumulative term of twelve years respectively on 23 October 2021 and recommended for them to continue to act as an INEDs based on the following justifications:-

   a. Each of them has fulfilled the criteria under the definition of Independent as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

   b. Each of them has during their present tenure as INED developed valuable insight of the Group and its business. Their experience enables them to discharge their duties and responsibilities independently, objectively and effectively in the decision-making processes of the Board;

   c. Each of them has vast experience, knowledge and skills in a diverse range of business and therefore provide constructive opinion, counsel, oversight and guidance as directors; and

   d. Each of them has devoted sufficient time and attention to his professional obligations to the Company for informed and balanced decision making.

2. Resolution 11 – Authority to Allot Shares

   The 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.

   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.

   This renewed General Mandate is to 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.

   As at the date of this notice, the Company did not issue any shares pursuant to the 20% General Mandate granted to the Directors at the Eleventh AGM as there were no investment(s), acquisition(s) or working capital that require fund raising activity.

3. Resolution 12 – 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 20 May 2021.

4. Resolution 13 – 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 20 May 2021.

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 177.

ADMINISTRATIVE GUIDE FOR THE
12TH ANNUAL GENERAL MEETING ("AGM")

Date	:	Friday, 18 June 2021
Time	:	2.30 p.m.
Broadcast Venue	:	Tricor Business Centre, Manuka 2 & 3 Meeting Room Unit 29-01, Level 29, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur ("Broadcast Venue")

MODE OF MEETING

In view of the COVID-19 outbreak and as part of our safety measures, the 12th AGM will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) ("SC Guidance").

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the 12th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV")

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 12th AGM using RPV provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at https://tiih.online.

Shareholders who appoint proxies to participate via RPV in the 12th 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 **Wednesday, 16 June 2021 at 2.30 p.m**.

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor not later than **Wednesday, 16 June 2021 at 2.30 p.m.** to participate via RPV in the 12th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Wednesday, 16 June 2021 at 2.30 p.m.** to participate via RPV in the 12th AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 12th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 12th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

ADMINISTRATIVE GUIDE FOR THE **12TH ANNUAL GENERAL MEETING ("AGM")**

PROCEDURES FOR RPV

Shareholders/proxies/attorneys/authorised representatives who wish to participate the 12th 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	• 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.
(b)	Submit your request	• Registration is open from **Thursday, 20 May 2021** up to **the AGM day, Friday, 18 June 2021**. Shareholders/proxies/attorneys/authorised representatives are required to pre-register their attendance for the 12th AGM to ascertain their eligibility to participate the 12th AGM using the RPV facilities. • Login with your user ID and password and select the corporate event: **"(REGISTRATION) KIMLUN 12TH 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 11 June 2021, the system will send you an e-mail after **16 June 2021** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)*
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 12th AGM at any time from 1.30 p.m., i.e. 1 hour before the commencement of the 12th AGM on **Friday, 18 June 2021 at 2.30 p.m**.
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAMING MEETING) KIMLUN 12TH AGM"** to engage in the proceedings of the 12th 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 12th 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	• Select the corporate event: **"(REMOTE VOTING) KIMLUN 12TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Voting session commences **from 2.30 p.m. on Friday, 18 June 2021** until a time when the Chairperson announces the completion of the voting session of the 12th 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	• Upon the announcement by the Chairperson on the closure of the 12th AGM, the live streaming will end.

ADMINISTRATIVE GUIDE FOR THE
12TH ANNUAL GENERAL MEETING ("AGM")

Note to users of the RPV:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. 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.
3. 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.

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 Shareholders		
(a)	Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". 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	• 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 12TH 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 Chairman 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 Shareholders		
(a)	Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *Note: The representative of a corporation or institutional shareholder 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.*
(b)	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"KIMLUN 12TH 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 12TH 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.

ADMINISTRATIVE GUIDE FOR THE 12TH ANNUAL GENERAL MEETING ("AGM")

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 12th 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 **Wednesday, 16 June 2021 at 2.30 p.m**. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution of door gifts or food vouchers** for the 12th AGM.

Kimlun Corporation Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the following persons 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
Contact persons	:	En. Zulhafri Bin Abdul Rahman +603-2783 9289 (Zulhafri@my.tricorglobal.com) En. Ahmad Syafiq Bin Shaharuddin +603-2783 9248 (Ahmad.Syafiq@my.tricorglobal.com)

KIMLUN

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

PROXY FORM

CDS Account No.	
No. of Shares held:	

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

Full Name (in Block Capitals)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Friday, 18 June 2021 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 Khang Hau as Director of the Company.		
2.	Re-election of Sim Tian Liang as Director of the Company.		
3.	Re-election of Chua Kee Yat @ Koo Kee Yat as Director of the Company.		
4.	Re-election of Datuk Woon See Chin as Director of the Company.		
5.	Declaration of single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2020.		
6.	Approval of Directors' fees and benefits up to an amount of RM600,000 to the Non-Executive Directors for the period from this 12th Annual General Meeting until the next Annual General Meeting of the Company.		
7.	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	Approval on the continuation of office for Chua Kee Yat @ Koo Kee Yat as an Independent Non-Executive Director of the Company.		
9.	Approval on the continuation of office for Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat as an Independent Non-Executive Director of the Company.		
10.	Approval on the continuation of office for Kek Chin Wu as an Independent Non-Executive Director of the Company.		
11.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
12.	Proposed RRPT Mandate.		
13.	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.*

Fold this flap for sealing

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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Notes:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

   Shareholders 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 12th 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 11 June 2021**. 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.
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 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 12th 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 Company's Share Registrar's office 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 12th 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 Wednesday, 16 June 2021 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 Company's Share Registrar's office 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 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 situated 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:
    1. 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.
    2. 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.

KIMLUN CORPORATION BERHAD
Registration No. 200901023978 (867077-X)

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106-108, Jalan Wong Ah Fook,
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