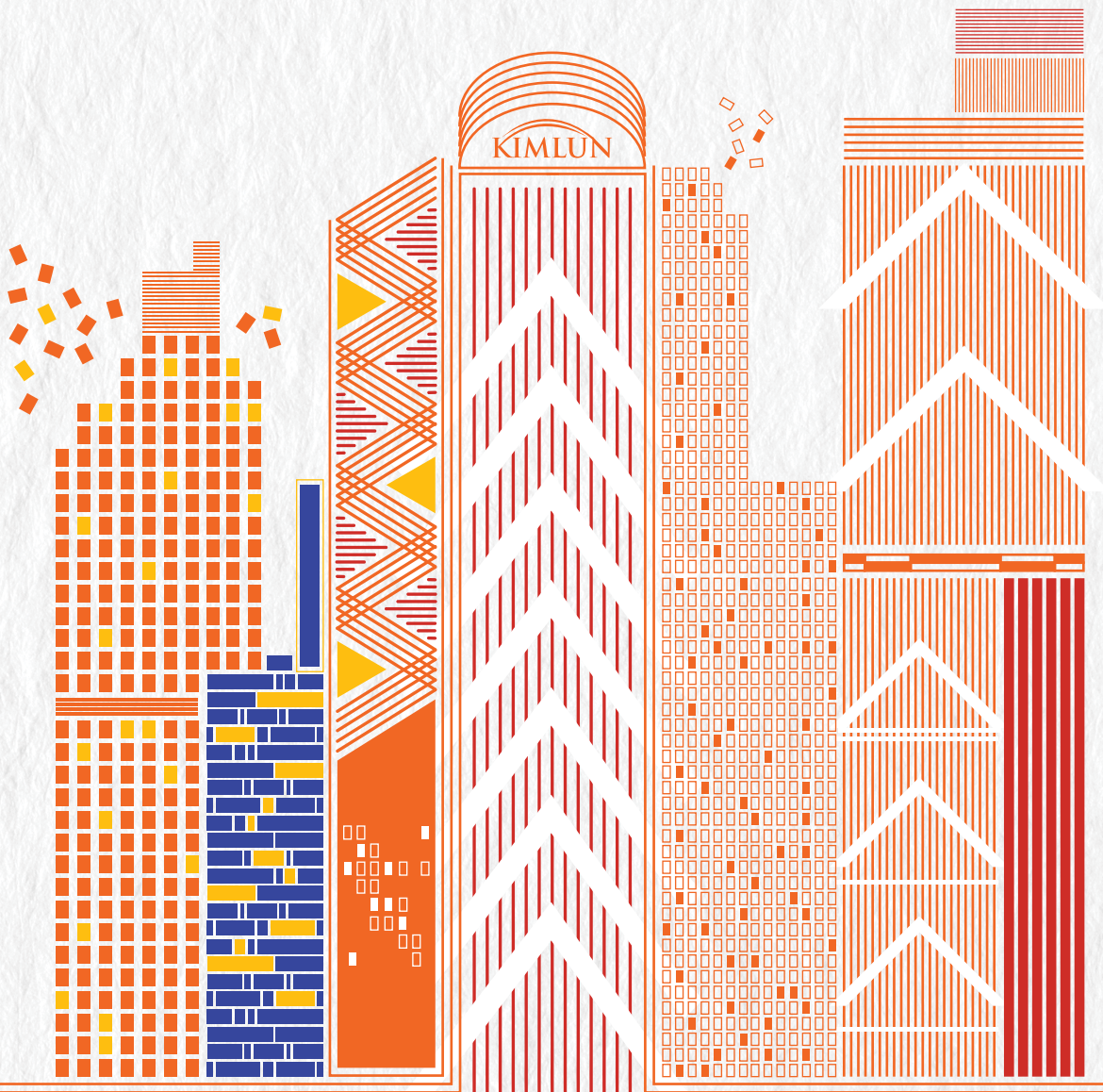




KIMLUN CORPORATION BERHAD

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



Uplifting Potential Growth

Annual Report 2021

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

Knowledge



I

Integrity



M

Moral



L

Leadership



U

Unity



N

Novelty

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Our 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 maximization of shareholders' wealth, we strive to maintain harmony with the interest of the society to enhance our corporation's sustainability".

Our Vision

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin

Executive Chairman

Sim Tian Liang

Chief Executive Officer and Executive Director

Chin Lian Hing

Executive Director

Yam Tai Fong

Executive Director

Pang Khang Hau

Executive Director

Datuk Woon See Chin

Independent Non-Executive Director

Johar Salim Bin Yahaya

*Independent Non-Executive Director
(Appointed on 1 December 2021)*

Anita Chew Cheng Im

*Independent Non-Executive Director
(Appointed on 1 December 2021)*

Bhupendar Singh A/L Sewa Singh

*Independent Non-Executive Director
(Appointed on 1 December 2021)*

Dato' Ir. Fong Tian Yong

*Independent Non-Executive Director
(Appointed on 1 December 2021)*

AUDIT COMMITTEE

Chairperson

- Anita Chew Cheng Im
Independent Non-Executive Director

Members

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

REMUNERATION COMMITTEE

Chairman

- Datuk Woon See Chin
Independent Non-Executive Director

Members

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

NOMINATION COMMITTEE

Chairman

- Johar Salim Bin Yahaya
Independent Non-Executive Director

Members

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

COMPANY SECRETARIES

Wong Peir Chyun

(MAICSA 7018710)(SSM PC No. 202008001742)

Tay Lee Shya

(MIA 16982)(SSM PC No. 202008002274)

Yeng Shi Mei

(MAICSA 7059759)(SSM PC No. 202008001282)

HEAD OFFICE

Suite 19.06, Level 19,
Johor Bahru City Square,
106-108, Jalan Wong Ah Fook,
80000 Johor Bahru,
Johor Darul Takzim
Telephone No. : (+607) 222 8080
Facsimile No. : (+607) 223 8282
E-mail : info@kimlun.com
Web-site : www.kimlun.com

REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Telephone No. : (+603) 2783 9299
Facsimile No. : (+603) 2783 9222

REGISTERED OFFICE

Unit 30-01, Level 30,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Telephone No. : (+603) 2783 9191
Facsimile No. : (+603) 2783 9111

AUDITOR

Crowe Malaysia PLT

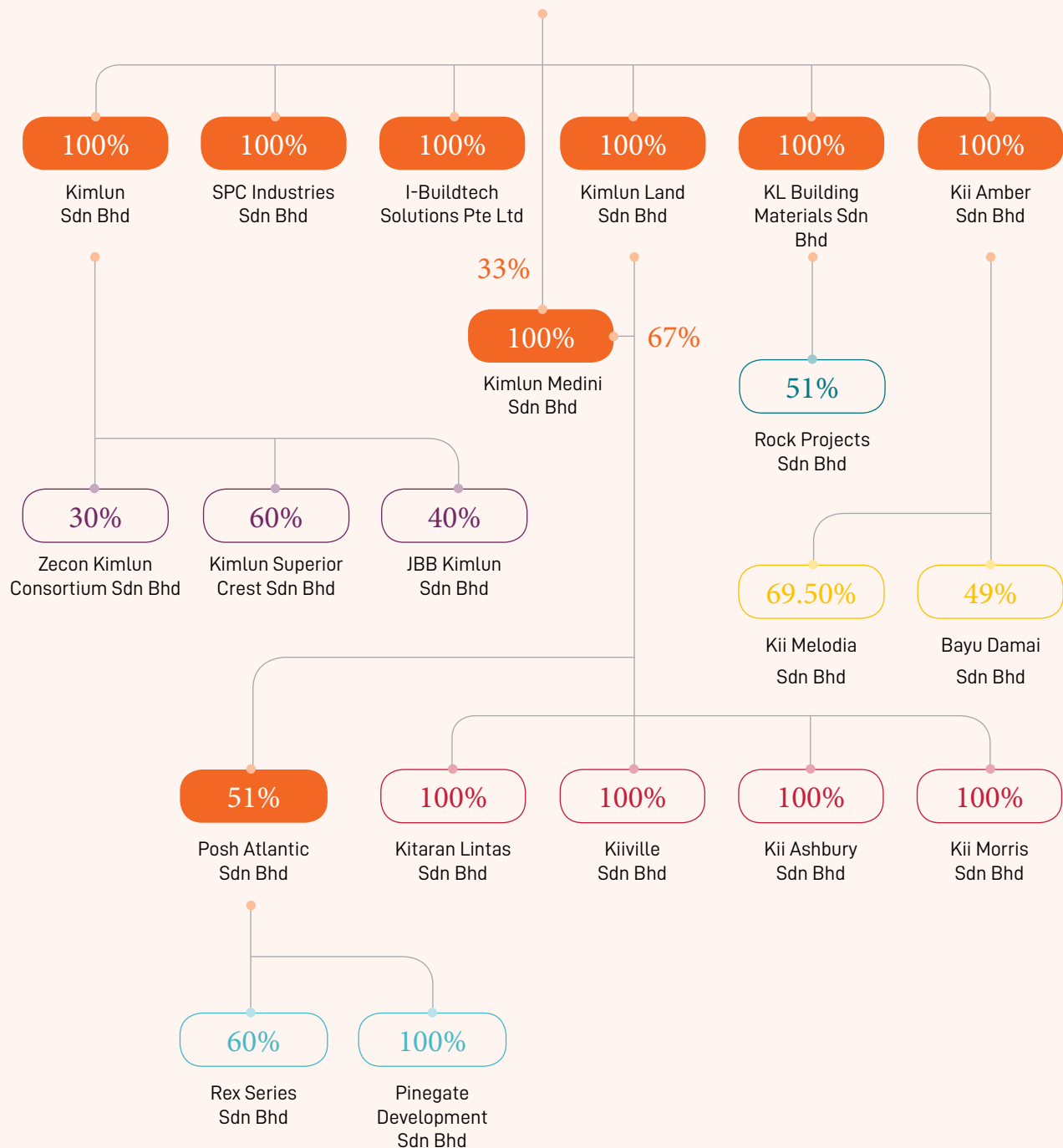
201906000005 (LLP0018817-LCA) & AF 1018
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1,
Kota Southkey,
80150 Johor Bahru,
Johor Darul Takzim
Telephone No. : (+607) 288 6627
Facsimile No. : (+607) 338 4627

CORPORATE STRUCTURE



KIMLUN CORPORATION BERHAD

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



CORPORATE MILESTONES

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 ("KASB"). The principal activities of KASB are investment holding, property investment and development.
- KASB subscribed for 49% equity interest in Bayu Damai Sdn Bhd ("BDSB"). The principal activities of BDSB is property development.
- KASB incorporated a 69.50% owned subsidiary, Kii Melodia Sdn Bhd ("KMLDSB"). The principal activities of KMLDSB are property investment and property development.

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.



2015

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

2016

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

2017

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

CORPORATE MILESTONES

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.

1977

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

1994

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

1997-2002

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

2002

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

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.

2010

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

2011

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

2012

- SPC was appointed by Mass Rapid Transit Corporation Sdn Bhd as the designated supplier for the supply

of segmental box girders ("SBG") to certain packages of the Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh-Kajang for RM223.18 million.

- KLSB secured more than RM400 million worth of IBS projects during 2012.

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.

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.

PROFILE OF DIRECTORS

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 42 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

67

Sim Tian Liang, a Malaysian aged 67, 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

CHIN LIAN HING

EXECUTIVE DIRECTOR

Gender

Male

Nationality

Malaysian

Age

57

Chin Lian Hing, a Malaysian aged 57, 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

54

Yam Tai Fong, a Malaysian aged 54, 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

40

Pang Khang Hau, a Malaysian aged 40, 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

DATUK WOON SEE CHIN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender

Male

Nationality

Malaysian

Age

78

Datuk Woon See Chin, a Malaysian aged 78, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 October 2020. He is the Chairman of the Remuneration Committee and a member of Audit 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-seven years.

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

JOHAR SALIM BIN YAHAYA

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender

Male

Nationality

Malaysian

Age

68

Johar Salim Bin Yahaya, a Malaysian aged 68, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee.

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

He is currently the Chairman of Selia Ekuiti Sdn Bhd.

ANITA CHEW CHENG IM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender

Female

Nationality

Malaysian

Age

55

Anita Chew Cheng Im, a Malaysian aged 55, female, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. She is the Chairperson of the Audit Committee and member of the Nomination Committee.

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

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

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

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

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

PROFILE OF DIRECTORS

BHUPENDAR SINGH A/L SEWA SINGH

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender

Male

Nationality

Malaysian

Age

64

Bhupendar Singh A/L Sewa Singh, a Malaysian aged 64, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit Committee and Nomination Committee.

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

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

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

DATO' IR FONG TIAN YONG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender

Male

Nationality

Malaysian

Age

73

Dato' Ir Fong Tian Yong, a Malaysian aged 73, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit Committee and the Remuneration Committee.

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

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

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

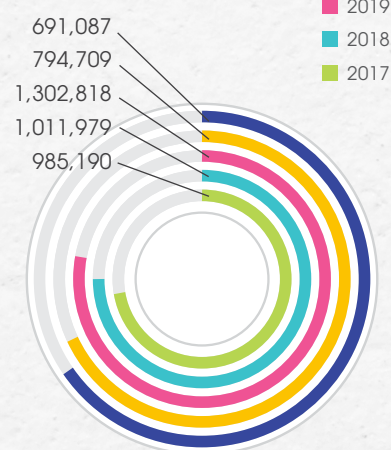
Notes to Directors' Profile :

1. *Pang Tin @ Pang Yon Tin is the father of Pang Khang Hau. Save as disclosed, none of the directors have any family relationship with any other director and/or major shareholder of the Company.*
2. *Save for Pang Tin @ Pang Yon Tin and Pang Khang Hau, who have interest in recurrent related party transactions as disclosed under Note 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 2021 other than traffic offences, if any.*

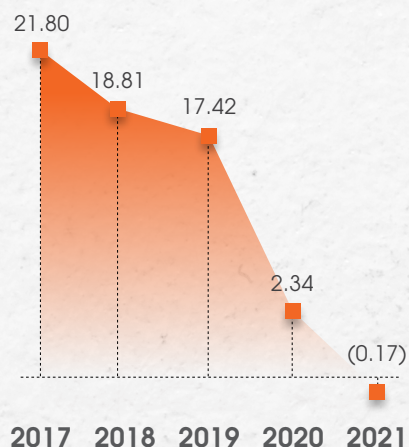
GROUP FINANCIAL HIGHLIGHTS

REVENUE

(RM'000)

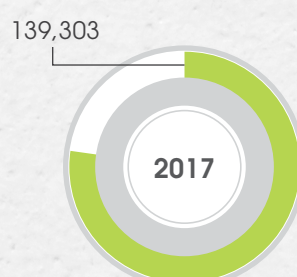
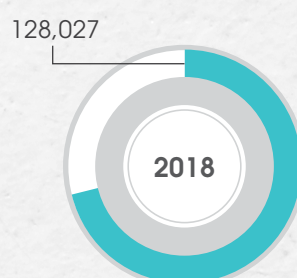
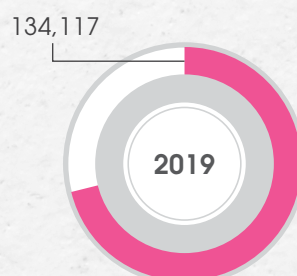
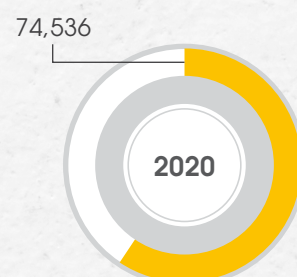
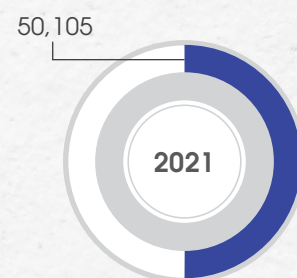


BASIC EARNINGS/(LOSS) PER SHARE(SEN)



GROSS PROFIT

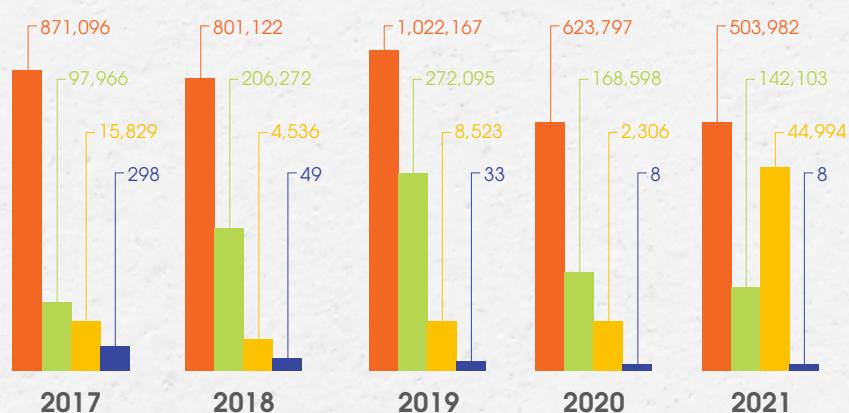
(RM'000)



REVENUE BY SEGMENT

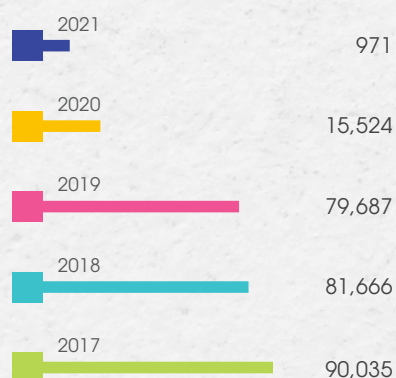
(RM'000)

Construction Manufacturing Investment Property Development



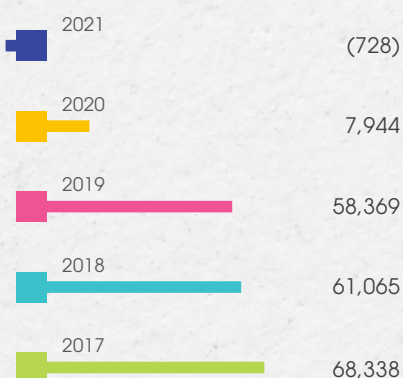
PROFIT BEFORE TAX

(RM'000)



PROFIT/(LOSS) 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 2021 (“FY2021”).

”

OUR OPERATING ENVIRONMENT

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 by the Malaysia Government and Singapore Government to contain it.

The Malaysia Government implemented the nationwide Full Movement Control Order (“FICO”) effective from 1 June 2021. Almost all of the Group's construction work sites were shut down from 1 June 2021 to 15 August 2021, as only critical projects were allowed to operate, subject to MITI's approval. For the remaining period of FY2021, the Group's compliance to the prescribed caps on work force capacity allowed to attend to work at the Group's business premises and the applicable SOPs has resulted in lower productivity of the Group's business operations; and

Singapore banned all long-term pass holders and short-term visitors with recent travel history to India, Bangladesh, Nepal, Pakistan and Sri Lanka from entering Singapore effective from 24 April 2021 and 2 May 2021 respectively. The entry ban had impacted labour supply in Singapore's construction sector which employs many Indian and Bangladeshi workers, resulted in slower execution of the Group's customers' projects in Singapore and thus deferments in their taking delivery of the Group's products.

In addition, with the economy reopening during FY2021, the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials, shortage of workers have resulted in higher cost of operation. Further, in view of the supply chain constrictions, shortage of labour and economy uncertainty, the Group has been very cautious in pursuing order book replenishment and has resulted in low order book replenishment during the first three quarters of FY2021.

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

CHAIRMAN'S STATEMENT

OUR BUSINESS PERFORMANCE

Our revenue decreased from RM794.71 million in FY2020 to RM691.09 million in FY2021 on lower business operations.

Our profit before tax decreased from RM15.52 million in FY2020 to RM0.97 million in FY2021, mainly due to:

- (i) lower revenue in FY2021; and
- (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.

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;
- (iii) communicate with suppliers as to their stocks readiness and procure alternative suppliers/supplies to improve supply chain lead times where necessary;
- (iv) placement of advance bulk purchase orders to lock in raw materials supply at a better bulk purchase price;
- (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 successfully completed the Serian Section of the Pan

Borneo Highway Sarawak project ("PBH"). The PBH project is the single largest construction project which the Group secured thus far.

As at 31 December 2021, the estimated construction and manufacturing balance order book of approximately RM1.69 billion and RM0.4 billion respectively, from a diversified clientele, will contribute to our revenue for about 2 years.

We will continue to bid for projects and sales orders in order to replenish our order book and contribute positively to our result in 2022 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 the year, the Company established an Islamic commercial papers programme for the issuance of Islamic commercial papers ("ICP") based on the Shariah principle of Murabahah (via Tawarruq arrangement); and (ii) an Islamic medium term notes programme for the issuance of Islamic medium term notes ("IMTN") based on the Shariah principle of Murabahah (via Tawarruq arrangement), which have a combined limit of up to RM800 million in nominal value.

The Company issued in total four tranches of IMTN and ICP with a total nominal value of RM78 million during the year. The proceeds raised from such issuance were used for general corporate purposes of the Group and to meet the Group's working capital requirements and capital expenditures.

BOARD RENEWAL

During the year, three of our Independent Non-Executive Directors, namely Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah ("Dato' Keizrul"), Mr. Kek Chin Wu ("Mr. Kek") and Mr. Chua Kee Yat @ Koo Kee Yat ("Mr. Chua") having served 12-year tenure, had resigned to make way for new Independent Non-Executive Directors to be appointed. The Board was highly appreciative of the valuable contributions of Dato' Keizrul, Mr. Kek and Mr. Chua during their tenure as

Independent Non-Executive Directors.

On behalf of the Board, I would like to extend a warm welcome to Dato' Ir. Fong Tian Yong, Ms. Anita Chew Cheng Im, Mr. Johar Salim Bin Yahaya and Mr. Bhupendar Singh A/L Sewa Singh, who have joined us as Independent Non-Executive Directors on 1 December 2021.

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 FY2021, the Board recommends a single tier final dividend of 1.0 sen per share. The recommended final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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

ACKNOWLEDGEMENT

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

PANG TIN @ PANG YON TIN

Chairman



主席文告



我们的营运环境

世界卫生组织(“W.H.O.”)于2020年3月11日宣布新冠肺炎(“COVID-19”)爆发为大流行病。该疫情严重地扰乱了全球的商业运营。

我们的业务运营也因马来西亚政府和新加坡政府为了遏制该疫情蔓延所实施的各项措施而受限。

马来西亚政府于2021年6月1日起落实全面行动管制令(“FMCO”)。在FMCO期间,除了必要的经济和服务领域外,其他经济领域全部停止营业。

除了少数涉及关键工程的建筑工地,我们的建筑工地皆在FMCO期间暂停营运至2021年8月15日。在2021财政年的其他期间,马来西亚政府所规定的标准作业程序(“SOP”)以及上班人数的上限,也对我们的运营效率造成负面的影响。

新加坡政府则收紧对印度、孟加拉、尼泊尔、巴基斯坦和斯里兰卡的边境管制。该禁制令影响新加坡建筑业的劳动力供应,导致我们的客户的工程项目进度放缓,进而延迟购买我们的产品。

除此之外,虽然经济在2021年逐步开放,但是原材料与劳工供应依然短缺,导致运营成本上涨。有鉴于此,我们在考量投标项目得要非常的谨慎,导致2021财政年首三季度投得的项目偏低。

我们的收入和利润相应地大幅下滑。

我们的业务表现

我们的收入从2020财政年的7亿9千4百71万令吉下滑至2021财政年的6亿9千1百09万令吉。

税前利润则从2020财政年的1千5百52万令吉下滑至2021财政年的97万令吉,主要归因于以下的因素:

- (i) 2021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

我们采取以下措施,以减轻COVID-19疫情对集团业务的影响:

- (i) 根据卫生部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,讨论营运问题并制定策略;
- (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) 提前下批量采购订单,以批量优惠采购价格锁定原材料供应;
- (v) 为我们的房地产开发项目进行在线营销活动,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

我们于2021年成功完成砂拉越泛婆罗洲大道(“Pan Borneo Highway”)西连(“Serian”)路段的工程。该大道工程乃是我们迄今获得的最大单一建设项目。

截至2021年12月31日,我们手握来自多元化客户群的约21亿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簿。

企业最新进展

我们于2021年设立规模高达8亿令吉的回教债券计划,并发行了四个系列的债券,筹得7,800万令吉的资金,以用在运营和资本开销。

董事会变动

根据交易所的要求,独立董事的任期上限为12年。有鉴于此,我们的三名非执行独立董事,Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah、Kek Chin Wu 先生以及Chua Kee Yat @ Koo Kee Yat 先生,在任职期满12年后离开董事局。我们对他们的宝贵贡献深表感激。

此外,我谨代表董事局欢迎我们的新任独立董事,拿督Fong Tian Yong 工程师、Anita Chew Cheng Im 女士、Johar Salim Bin Yahaya 先生以及Bhupendar Singh A/L Sewa Singh 先生。

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。

致谢

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

彭廷
主席

MANAGEMENT DISCUSSION AND ANALYSIS



CORPORATE VALUES



K

Knowledge



I

Integrity



M

Moral



L

Leadership



U

Unity



N

Novelty

MISSION

We aim to continuously improve, promote and provide construction activities and services to the society 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:**
residential
properties

On Going

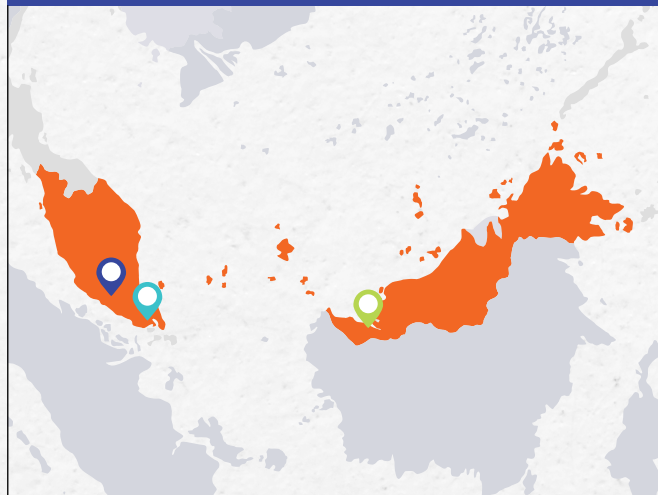
100 trees @ Seri Alam, Johor:
semi-detached houses

In the Pipe Line

Bukit Bayu Phase 2: bungalows

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION PLANT AND PRODUCTS



ULU CHOH, JOHOR

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

SENAWANG, NEGERI SEMBILAN

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

SAMARAHAN, SARAWAK

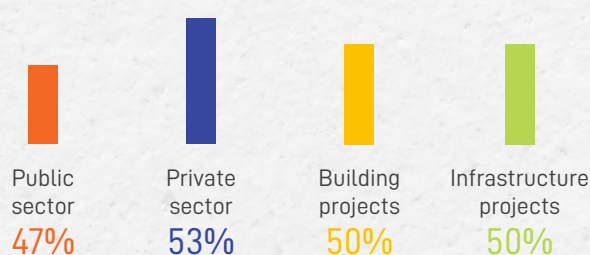
- Aggregates
- Premix

CONSTRUCTION PROJECTS

Balance order book as at 31 Dec 2021

RM1.69 billion

All projects in
Malaysia



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

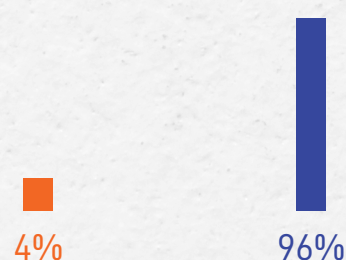
MANUFACTURING ORDERS

Balance order book as at 31 Dec 2021

RM0.4 billion

Malaysia
orders

Singapore
orders



Completed sales orders include:

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

On-going sales orders include:

- SBG for train testing center
- Rail sleepers to Singapore MRT projects
- Jacking pipes to Singapore Deep Tunnel Sewerage project
- IBS for a resort development

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Location	Gross Development Value (RM)	Launched Development / Planned Development
Completed Project		
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	67 million	30 units of leasehold bungalows
Total	347 million	
New Projects		
Seksyen U10 Shah Alam, Selangor	37 million	Expected launching in 2H 2022: 16 units of leasehold bungalows
Bandar Seri Alam, Johor	60 million	On-going: 60 units of freehold semi-detached houses
Total	97 million	

Location / Land Area	Gross Development Value (RM)	Type of Land Usage / Plan Development
Existing Land Bank in Hand		
Bandar Seri Alam, Johor Bahru, Johor / 11.27 acres	#	Freehold commercial land / commercial development
Mukim of Plentong, Johor Bahru, Johor / 7.98 acres	#	Freehold land / service apartment
Seksyen U10 Shah Alam, Selangor / 22.40 acres	#	88 units of 99-years leasehold vacant detached lots approved for bungalow development
Medini Iskandar Malaysia, Johor / 5.31 acres	#	99-years lease on freehold commercial land / A combination of SOHO and retails properties
Kota Tinggi, Johor / 140.836 acres	#	29 parcels of freehold agriculture land / township development
Mukim Pulau, Johor Bahru, Johor / 29.00 acres	#	Freehold agriculture land / commercial development
Mukim Pulau, Johor Bahru, Johor / 5.15 acres	#	Freehold commercial land / commercial 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)		2017	2018	2019	2020	2021
Revenue		985.19	1,011.98	1,302.82	794.71	691.09
Gross Profit		139.30	128.03	134.12	74.54	50.11
Profit Before Tax		90.03	81.67	79.69	15.52	0.97
Profit/(loss) After Tax		68.34	61.07	58.37	7.94	(0.73)
Profit/(loss) Attributable to Owners of the Company		68.48	61.14	58.39	7.99	(0.59)
FINANCIAL POSITION (RM' mil)						
Cash and Bank Balances		86.57	35.57	64.94	57.47	69.54
Total Assets		1,148.22	1,397.14	1,546.16	1,476.98	1,326.44
Total Borrowings		129.60	273.15	406.61	407.11	307.06
Shareholders' Equity		607.64	664.72	720.47	725.91	721.28
FINANCIAL RATIOS						
Gross Profit Margin	%	14.14	12.65	10.29	9.38	7.25
Basic Earnings/(Loss) per Share ("EPS")	Sen	21.80	18.81	17.42	2.34	(0.17)
Dividend per Share	Sen	5.50	3.70	3.30	1.00	1.00
Dividend Yield (note 1)	%	2.5	3.4	2.6	1.1	1.2
Net Assets per Share	RM	1.90	2.00	2.12	2.08	2.07
Net Gearing Ratio (note 2)	times	0.07	0.26	0.32	0.32	0.25
CASH FLOW (RM' mil)						
Net cash flows generated from / (used in) operating activities		89.45	(137.52)	10.55	13.14	117.57
Net cash flows used in investing activities		(37.03)	(21.14)	(91.86)	(1.98)	(2.60)
Net cash flows generated from / (used in) financing activities		(45.23)	93.01	104.04	4.24	(103.44)
SHARES PERFORMANCE						
Share Price – Year Close	RM	2.22	1.08	1.25	0.895	0.81
Share Price – Year High	RM	2.43	2.35	1.49	1.26	1.01
Share Price – Year Low	RM	2.00	1.00	1.08	0.51	0.74
Trading volume (no of shares)	Mil	70	34	35	163	76
Market Capitalisation (note 3)	RM' mil	712	358	425	316	286
Price Earnings Ratio (note 4)	times	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 FY2021 was RM691.09 million, which was RM103.62 million (13.0%) lower compared to the revenue recorded in YTD 2020. The lower revenue achieved in FY2021 was attributable to lower revenue achieved by the construction division and the manufacturing and trading ("M&T") division.

Gross profit margin ("GP Margin") of 7.25% in FY2021, was lower compared to 9.38% recorded in FY2020. This was mainly due to the construction and M&T revenue had reduced significantly during FY2021 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 RM50.11 million recorded in FY2021 was RM24.43 million (32.8%) lower compared to FY2020.

Other income of RM8.13 million in FY2021 approximated the amount recorded in FY2020. Other income mainly comprised of gains on disposal of machineries and scrap materials and bad debts recovered.



Selling and administrative expenses ("S&M") of RM41.77 million in FY2021, was RM6.12 million (12.8%) lower compared to FY2020. Higher S&M were recorded in FY2020 due to the write down of land held for development of RM7.32 million.

Finance costs of RM14.83 million in FY2021 was RM3.63 million (19.7%) lower compared to FY2020 mainly due to the absence of unwinding of discount on payables.

The effective tax rate for FY2021 was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations, and potential deferred tax benefits in relation to interest expenses were not recognised on prudent basis.

Due to the variances in gross profit, other income and expenses as explained above, profit after tax recorded in FY2021 decreased by RM8.67 million (109.2%) compared to FY2020. The Group recorded loss after tax of RM0.73 million in FY2021.



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 were inclusive of inter-segment transactions.

	FY2021 RM'000	FY2020 RM'000	Changes RM'000	%
Revenue				
Construction	510,129	625,856	(115,727)	-18.5%
Manufacturing & Trading ("M&T")	227,054	250,259	(23,205)	-9.3%
Property Development ("PD")	44,282	2,306	41,976	1,820.3%
Investment	14,986	17,966	(2,980)	-16.6%
Elimination	(105,364)	(101,678)	(3,686)	3.6%
Consolidated revenue	691,087	794,709	(103,622)	-13.0%
GP				
Construction	16,690	41,946	(25,256)	-60.2%
M&T	25,434	31,762	(6,328)	-19.9%
PD	5,408	487	4,921	1,010.5%
Investment	14,986	17,966	(2,980)	-16.6%
Elimination	(12,413)	(17,625)	5,212	-29.6%
Consolidated GP	50,105	74,536	(24,431)	-32.8%
GP margin				
Construction	3.27%	6.70%		
M&T	11.20%	12.69%		
PD	12.21%	21.12%		
Investment	100.0%	100.0%		
Consolidated GP margin	7.25%	9.38%		

The decline in construction and M&T revenue in FY2021 was due to the substantial curtailment of the Group's operations, especially the construction division's operations, during the nationwide FMO, and lower sales to Singapore. In addition, some sizable contracts were at tail-end while contribution from new contracts secured were minimum as some of the larger size new contracts were secured toward the end of FY2021.

The Malaysia Government implemented the FMO effective from 1 June 2021, where economic and social activities were not allowed except for prescribed essential services. Effective from 16 August 2021, non-essential activities in the manufacturing, construction, mining and quarrying industries

were allowed to resume operations but the operating capacity of such activities was subject to the level of the workforce that had been fully vaccinated.

Almost all of our construction work sites were shut down from 1 June 2021 to 15 August 2021, as only critical projects were allowed to operate, subject to MITI's approval.

For the remaining period of FY2021, our compliance to the prescribed caps on workforce capacity allowed to attend to work at the Group's business premises and the applicable SOPs had resulted in lower productivity of our business operations.

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

The entry ban had impacted labour supply in Singapore's construction sector which employs many Indian and Bangladeshi workers, resulted in slower execution of our customers' projects in Singapore and thus deferments in their taking delivery of our goods.

PD division recorded a higher revenue of RM44.28 million in FY2021, which was multi folds higher against FY2020, attributable to sales achieved from the Bukit Bayu, Seksyen U10, Shah Alam project.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue of the investment division in FY2021 was mainly derived from dividend and interest income received from other divisions.

Both the Construction and M&T divisions recorded lower GP margins in FY2021, mainly due to their respective revenue streams had been significantly reduced during the year 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 FY2021.

PD division recorded a lower GP margin in FY2021, due to lower profit margin products were sold during FY2021. Nevertheless, PD division generated higher gross profit in FY2021 on the back of higher revenue achieved.

Financial Position

Shareholders' equity decreased from RM725.91 million as at 31 December 2020 to RM721.28 million as at 31 December 2021, attributable to the comprehensive loss attributable to owners of the Company of RM1.10 million and dividend paid of RM3.53 million during FY2021.

Non-current assets increased from RM368.86 million as at 31 December 2020 to RM377.21 million as at 31 December 2021, mainly due to the increase in land held for development by RM42.79 million on completion of the acquisition of 2 parcels of commercial land for property development, partly offset by the decrease in property, plant and equipment ("PPE") by RM35.18 million. The decrease in PPE was mainly due to depreciation of the PPE during FY2021.

Current assets decreased from RM1.11 billion as at 31 December 2020 to RM0.95 billion as at 31 December 2021. This was mainly due to the combined effects of the following:



- (i) net decrease in inventories by RM45.62 million on delivery of finished goods to customers and sales of property stocks during FY2021; and
- (ii) net decrease in trade and other receivables and contract assets by RM132.21 million mainly attributable to lower business operation during FY2021.

Current liabilities decreased from RM607.41 million as at 31 December 2020 to RM444.38 million as at 31 December 2021 mainly due to the combined effects of the following:

- (i) decrease in loans and borrowings by RM116.35 million, mainly due to lower utilization of working capital financing facilities, in line with lower business operation in FY2021; and
- (ii) decrease in trade and other payables and contract liabilities by RM40.59 million, mainly due to lower business operation in FY2021; and

Non-current liabilities increased from RM135.27 million as at 31 December 2020 to RM151.01 million as at 31 December 2021 due to issuance of Sukuk during the year.

Net gearing ratio as at 31 December 2021 was at a manageable level of 0.25 times.

Cash Flow

For FY2021, the Group registered net cash flows generated from operating activities of RM117.57 million. A small net cash flows of RM2.60 million was used in investing activities. Net cash flows used in financing activities of RM103.44 million was mainly attributable to repayment of loans and borrowings and hire purchase creditors aggregating RM740.77 million, partly offset by the drawdown of loans and borrowings of RM641.77 million. With the net cash inflow of RM11.53 million during FY2021, the Group's cash and cash equivalents was RM45.62 million as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS



PROSPECTS AND OUTLOOK

The pace of economic recovery in Malaysia is projected to gather further momentum amid the reopening of the economy and international borders. With better COVID-19 management and higher vaccination rates, BNM expects less disruption to domestic economic activity and spending in the event of resurgences. Malaysia will also continue to benefit from the expansion in global demand. For 2022 as a whole, the economy is expected to grow between 5.3% and 6.3%.

(Source: Media release of the Bank Negara Malaysia on 30 March 2022)

For the whole of 2021, the Singapore economy expanded by 7.6 per cent, rebounding from the 4.1 per cent contraction in 2020.

The Singapore economy is expected to continue to expand this year, although the outlook for the various sectors remains uneven.

Activities in the construction and marine & offshore engineering sectors are projected to continue to recover on the back of the progressive easing of border restrictions on the entry of migrant workers from South Asia. Nonetheless, as it will take time to fully address the shortfall in labour required to meet business needs, labour shortages are likely to persist and weigh on the recovery of the sectors. In particular, the output of the construction sector is expected to remain below pre-pandemic levels throughout 2022. Taking into account the global and domestic

economic environment, and barring the materialisation of downside risks in the global economy, the Singapore economy is projected to expand by "3.0 to 5.0 per cent" in 2022.

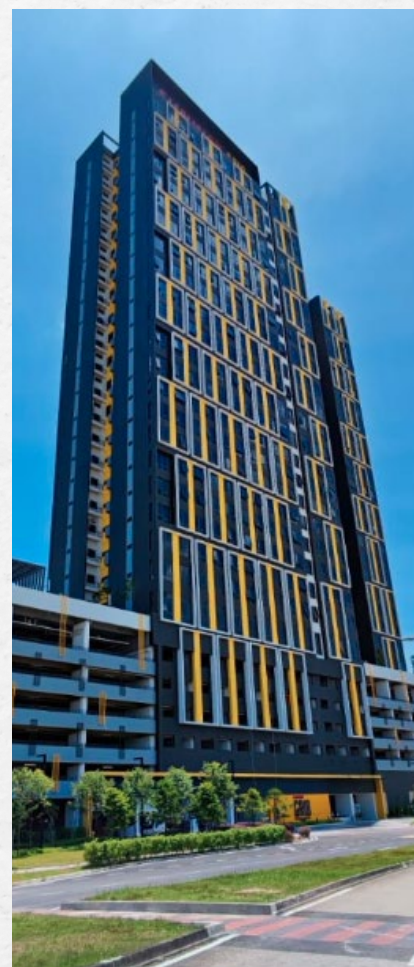
(Source: Media release of The Ministry of Trade and Industry of Singapore on 17 February 2022)

The Group has an estimated construction and manufacturing balance order book of approximately RM1.69 billion and RM0.40 billion respectively as at 31 December 2021, contributed by numerous construction contracts and supply contracts. The Board is positive of the performance of the Group in 2022 as the balance order book is expected to support the Group's performance for about 2 years.

Nevertheless, with the economy reopening during the FY2021, the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability. The supply chain constrictions and commodity price escalation are further compounded by the Russia-Ukraine war.

In response to these challenges, the Group has taken measures such as placement of advance bulk purchase orders to lock in raw materials supply at a better bulk purchase price, adoption of IBS construction whenever possible to reduce reliance on labour, and negotiate with suppliers for early payment discount.

Other than the aforesaid challenges, other key challenges and risks include operational, credit, liquidity, human resources and market risks. Please refer to pages 55 to 56 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 2022

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
- Undertake in-house projects

MANUFACTURING DIVISION

- Focus in the production of orders in hand
- Bid for orders from Singapore and Malaysia markets, including those in relation to MRT line, rail line and private sector IBS orders
- Expansion of production line

PROPERTY DEVELOPMENT DIVISION

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

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Exyte Malaysia Sdn Bhd, UEM Sunrise Bhd Group, Sunway Iskandar Sdn Bhd, S P Setia Bhd Group and Eng Lee Engineering Pte Ltd. Our on-going projects and sales orders include the following:

- The main works for Construction And Maintenance Of Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2025;
- Main building works for 1 block of commercial building and 1 block of apartments at Medini Iskandar, Mukim Pulau, Daerah Johor Bahru, Johor at a contract sum of RM164 million. The estimated completion period of the project is year 2022;
- 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 2023;

- The supply of pre-cast concrete pipes to selective packages under Singapore Deep Tunnel Sewerage Phase 2 project for S\$15.57 million. The estimated completion period of the project is year 2023; and

- The supply of pre-cast concrete components to a resort project, sports centre project, train testing centre and Changi Airport related project at combined contract value of S\$38.85 million. The estimated completion period of these sales orders is year 2023.

The Group will continue to bid for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2022 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

The Group expects some tender opportunities from the following public sector projects in 2022:

- Phase 2 of Pan Borneo Highway Sarawak;
- Autonomous Rapid Transit (ART) Sarawak;
- Johor-Singapore Rapid Transit System;
- Central Spine Road;
- Some hospitals projects; and
- Affordable housing projects

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



MANAGEMENT DISCUSSION AND ANALYSIS



rail sleepers and jacking pipes to large public sector infrastructure projects in Singapore including Singapore MRT projects, Deep Tunnel Sewerage System Phase 2 and Singapore Power's underground cable tunnel.

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

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

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion.

The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021.

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026.

Our subsidiary SPC has very strong track record in the supply of precast components including TLS, concrete



MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Division

The Group recently launched development project, 100 Trees Private Estate ("100 Trees Project"), which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, with estimated gross development value ("GDV") of approximately RM60 million. This project is expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales.

The Group is in the process of applying for development approval from the authority for its Phase 2 of the Bukit Bayu Project, which comprise of 16 units of bungalows, with GDV of approximately RM37 million. Meanwhile, the Group will continue to follow up closely on the conclusion of the sale of its remaining completed bungalows under phase 1 of the Bukit Bayu Project.

The Group 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 / Land Area	Purchase Price (RM)	Expected Completion of Acquisition	Tenure and Land Use On Completion of the Acquisition
Proposed Acquisition of New Land Bank In Kuala Lumpur			
Situated next to Alam Damai, Cheras, Kuala Lumpur / 43.46 acres	95.00 million	Second quarter of 2022	9 pieces of freehold agriculture land / mixed development
Proposed Acquisition of New Land Bank In Johor			
Within Meridin East township, Mukim Plentong Johor Bahru, Johor / 17.90 acres	21.83 million	Fourth quarter of 2023	Freehold agriculture land / commercial development
Total	116.83 million		

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 2021, the Group's net gearing ratio is expected to increase from the audited ratio of 0.25 times as at 31 December 2021 to 0.30 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 FY2021, the Board recommends a final single tier dividend of 1.0 sen per share.

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

SUSTAINABILITY STATEMENT



INTRODUCTION

The 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 2021 to 31 December 2021.



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 	<ul style="list-style-type: none"> Annual General Meeting Annual report Quarterly results announcement Website with dedicated investor relations section Analyst briefings Media interviews and releases 	<ul style="list-style-type: none"> Annual Annual Quarterly Updated on timely basis for announcements/regularly for other sections Ad hoc Ad hoc 	<ul style="list-style-type: none"> Company performance Dividends Business strategy and plans Corporate governance
Customers 	<ul style="list-style-type: none"> Technical presentation Direct engagements On-site meetings Quality management Participation in bidding process 	<ul style="list-style-type: none"> Ad hoc Regular Regular Regular Regular 	<ul style="list-style-type: none"> Increase visibility Relationship management Quality and reliability of products and services Project management Pricing On time delivery of projects
Suppliers/Contractors/ Consultants 	<ul style="list-style-type: none"> Direct engagements On-site meetings and/or inspections 	<ul style="list-style-type: none"> Regular Regular 	<ul style="list-style-type: none"> Relationship management Quality of products and services Project management Cost control Occupational health and safety
Government and regulatory authorities 	<ul style="list-style-type: none"> Compliance to licences and permits Waste management practices Pollution management practices Anti-bribery and corruption 	<ul style="list-style-type: none"> Daily Daily Daily Daily 	<ul style="list-style-type: none"> Corporate governance Regulatory compliance
Media/Analysts/ Fund Managers 	<ul style="list-style-type: none"> Media interviews and releases Analyst briefings 	<ul style="list-style-type: none"> Ad hoc Ad hoc 	<ul style="list-style-type: none"> Timely communication
Employees 	<ul style="list-style-type: none"> Employee induction training Training and development programmes Performance appraisals Safety briefings Company activities 	<ul style="list-style-type: none"> Regular Regular Semi-annually Regular Regular 	<ul style="list-style-type: none"> Career development and enhancement Fair employment practices Workplace conduciveness Safety, health and welfare
Community 	<ul style="list-style-type: none"> Corporate social responsibility programmes Local hiring and sourcing 	<ul style="list-style-type: none"> Regular Regular 	<ul style="list-style-type: none"> 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 and raw materials
- 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
- Climate change
- Pollution

Social Contribution



- Workplace practices
- Contribution to local community



Government and Regulatory Requirements

- Compliance with applicable laws and regulations
- Occupational safety and health
- Policies and procedures on key operation processes
- Code of Conduct
- Whistle blowing 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, supply chain disruption, cost escalation, quality of works, 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
 Business Growth	<ul style="list-style-type: none"> • Mechanised construction methods • Shortage of skilled workers • Inconsistency of quality of products and services • Supply chain disruption • Cost escalation • Cost control <hr/> <ul style="list-style-type: none"> • Business Expansion
 Environmental	<ul style="list-style-type: none"> • Consumption of natural resources <hr/> <ul style="list-style-type: none"> • Climate <hr/> <ul style="list-style-type: none"> • Waste management <hr/> <ul style="list-style-type: none"> • Pollution
 Government and Regulatory Requirements	<ul style="list-style-type: none"> • Section 17A of the Malaysian Anti-Corruption Commission Act 2009 took effect in June 2020 <hr/> <ul style="list-style-type: none"> • Occupational safety and health ("SH")
 Social Contribution	<ul style="list-style-type: none"> • Work place practices <hr/> <ul style="list-style-type: none"> • Contribution to local community

SUSTAINABILITY STATEMENT

OUR ACTIONS

- 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
- Lock in bulk orders for materials in advance
- 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

- Explore business opportunities outside our home base, namely Johor
- 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

- 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
- Reuses recyclable materials in our operation thus reducing the consumption of natural resources and the impact of our operation to the environment

- Green building is one of the solutions in the fight against global climate change. The Group designs its concrete mix to meet green building materials criteria. The Group keep itself updated and comply with the green building materials criteria for its pre-cast concrete products. Some of the Group’s pre-cast concrete products are certified with the highest rating category of “Leader” by the Singapore Green Building Council

- 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

- 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
- Adopt the Sustainable Urban Drainage System (SUDS) to drain off stormwater in such a manner to control flash floods and control water runoff quality
- 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

- 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

- 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

- Please refer to the ensuing section on corporate social responsibility (“CSR”)

- Please refer to the ensuing section on CSR

SUSTAINABILITY STATEMENT

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

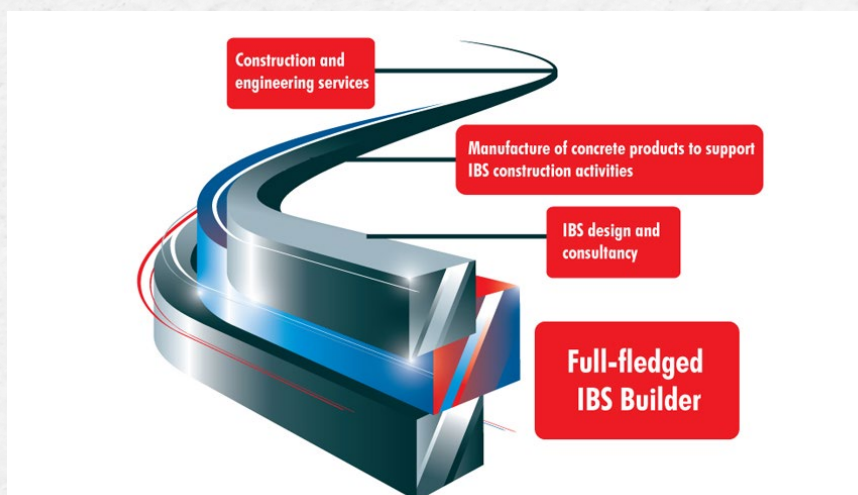
We perform pre-production planning and production process assessment prior to the commencement of production of the products ordered by our customers, to minimize product rejection and machine and manpower idling time. By minimize product rejection, the return to shareholders will be enhanced, while 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 0.31%.

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.



SUSTAINABILITY STATEMENT

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.

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.

SUSTAINABILITY STATEMENT

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. Employees who experience any symptoms are required to inform their superiors immediately, and seek medical attention. We also provide COVID-19 Antigen Rapid Test kits ("RTK") to all of our employees at least once every two weeks as a proactive measure to detect COVID-19 virus. Visitors to our premises are required to perform RTK test as well.

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
Scheduled Waste Management	10	70
Workplace Safety and Health System workshops and conference	5	80

CORPORATE SOCIAL RESPONSIBILITY

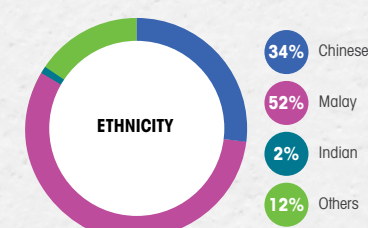
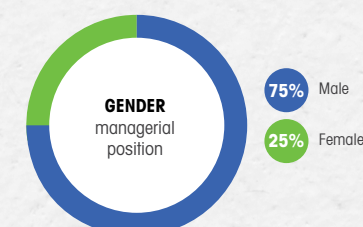
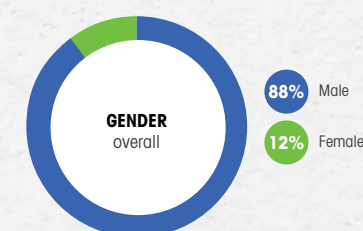
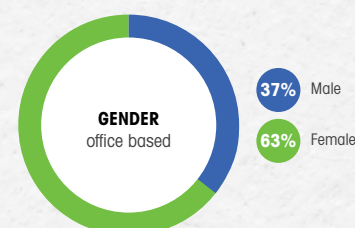
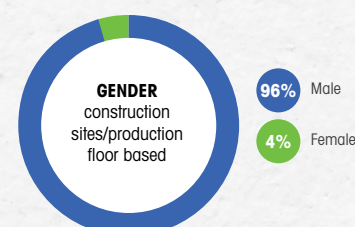
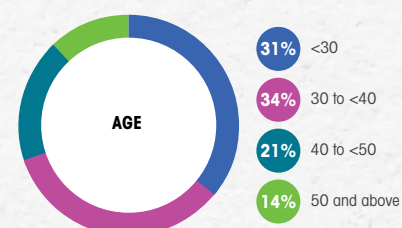
Corporate social responsibility has formed part of the core values that Kimlun will always uphold while conducting itself as a responsible business entity. We are always mindful of contributing back to the local community where we derive our economic benefits. We recognise the essential needs to safeguard 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 (excluding foreign labour) as at 31 December 2021 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 know how 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 1,090 hours of external training to our employees, which was approximately 3 hours per employee of executive level and above. This has fallen behind our internal benchmark of a minimum of 6 hours per employee of executive level and above due to the implementation of the various Movement Control Orders by the Malaysian Government. We spent approximately RM42,000 for employees training and development.

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



1,090
hours
external training



±3 hours
per employee



RM42,000
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. Amongst the charitable bodies and parties that we had supported during the period under review were UTAR Education Foundation and Tunku Laksamana Johor Cancer Foundation.

We made charitable contributions of approximately RM29,000 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 ("MCCG") updated and issued by the Securities Commission Malaysia ("SC") on 28 April 2021 towards achieving corporate excellence.

This Corporate Governance Overview Statement sets out the principal features of the Company and its subsidiaries' (collectively referred to as "the Group") corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas in relation to corporate governance for the financial year ended 31 December 2021 ("FY2021"). The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's website at <http://www.kimlun.com> and via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities").

A. BOARD LEADERSHIP AND EFFECTIVENESS

The Board adopted a Board Charter which sets out the authority, role and responsibilities of the Board, Board Committees, individual Directors and Senior Management. The Board Charter also sets out the membership and operation of the Board, and issues and decisions reserved for the Board. The Board reviews the Board Charter from time to time and makes any necessary amendments to ensure it complies with relevant laws, regulations and practices, and remain relevant and effective in the light of the Board's objectives. The last review of the Board Charter in FY2021 was on 29 November 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 Securities ("MMLR"), the MCCG of SC, the Capital Markets and Services Act 2007 ("CMSA") and any other prevailing regulatory corporate governance practices and laws or regulatory requirements.

Board Composition

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

On boardroom diversity, the current composition of the Board is diverse in terms of skills, experiences, gender, age and race. The background of each Director can be found on pages 6 to 9 of this Annual Report. Despite the Group is operating mainly in the construction industry which is male-dominant whereby males made up of 88% of the Group's work force, the Board is supportive of the boardroom gender diversity recommended by MCGG as the Board currently has two female members (i.e. 20% of the Board). Pursuant to the Company's gender diversity policy and the Board Charter, and in compliance with MMLR, the Board shall have at least one female Director. Underpinning the Company's boardroom gender diversity is the commitment to ensure that all Directors are appointed on merit, in line with the standards as set out in Paragraph 2.20A of the MMLR. The Board through the NC will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group. At the subsidiary companies' level, 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. Pursuant to the Group's gender diversity policy, the percentage of senior management positions filled by female shall not be less than the percentage of female employees to the total workforce (excluding foreign labour) of the Group. Notwithstanding, the recruitment or promotion of a candidate to the position of senior management is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities. As at 31 December 2021, the percentage of female at senior management position is about 30%, which is higher than the percentage of female employees to total workforce (excluding foreign labour) i.e. 12%.

The Board is satisfied with the level of time committed by its members in discharging their duties and roles as Directors of the Company. All the Directors have full attendance at the Board meetings or committee meetings (where applicable) held during their tenure in office during FY2021, and complied with Paragraph 15.06 of the MMLR on the limit of five directorships in public listed companies.

The Board does not consider that it is necessary to nominate a Senior Independent Director to whom concerns may be conveyed. All members of the Board have demonstrated that

they are always available to members and stakeholders whereby all issues can be openly discussed during Board meetings.

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

Appointment

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

The NC shall meet with the shortlisted candidates 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.

In FY2021, the NC met and assessed few candidates for the position of Director. The candidates were referred by our Independent Director and independent parties such as business associates and consultant. Based on its assessment, the NC made recommendation to the Board for the appointment of the suitably qualified candidates as Directors.

Election and re-election

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

In FY2021 and in March 2022*, the NC had reviewed all Directors who are standing for re-election at the Company's Thirteenth 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.

*: the review was conducted on the Directors who were appointed after the review in FY2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Independence of Director

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

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

The Board has through NC carried out assessment on the independence of all Independent Directors during FY2021 and in March 2022* and is satisfied that all Independent Directors remain objective and met the criteria of independence as prescribed in the MMLR. The Board concurred with the findings of the NC, and considered the suitability of each of the Independent Directors to continue to act as independent directors of the Company. The Board recommends and supports the re-election of Dato' Ir. Fong Tian Yong, Anita Chew Cheng Im, Johar Salim Bin Yahaya and Bhupendar Singh A/L Sewa Singh, who are seeking for re-election pursuant to Clause 78 of the Company's Constitution at the forthcoming Thirteenth AGM.

New Directorship

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

Role of Board

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

The responsibilities of the Board include:

- (a) Formulating the Group's strategic plans and strategies with economic, environmental and social considerations in line with sustainability practices for the Group;
- (b) Reviewing, challenging and deciding on corporate proposals for the Group, and monitoring its implementation by Management;
- (c) Overseeing the conduct of the Group's business to ensure the business is being properly managed with good corporate governance, high standard of ethics and corporate behaviour;
- (d) Establishing an effective risk management and internal control framework which includes identifying the principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders;

- (e) Setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (f) Ensure Senior Management has the necessary skills and experience, and there are measures for orderly succession planning for the Company's Board and Senior Management which are reviewed on an annual basis, and to ensure that there are appropriate policies for training, appointment and performance monitoring of Senior Management;
- (g) Developing and implementing an investor relation programme or shareholder communication policy for the Company to enable effective communication with stakeholders;
- (h) Together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour; and
- (i) Ensuring the integrity of the Company's financial and non-financial reporting.

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

- (a) Strategic issues and planning, including sustainability;
- (b) Corporate plans and programmes;
- (c) Budget and performance reviews;
- (d) Dividend policy or declaration of dividends;
- (e) Material borrowings;
- (f) Treasury policies;
- (g) Key human resources issues;
- (h) New ventures;
- (i) Material acquisitions and disposals of undertakings, assets and properties;
- (j) Quarterly financial results and annual financial statements; and
- (k) Any matters or transactions that fall within the ambit of the Board pursuant to the CA 2016, MMLR, the Company's Constitution or any other applicable laws and regulations.

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

Chairman and Chief Executive Officer

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The responsibilities of the Chairman include:

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

The CEO is responsible for implementing the policies and decisions of the Board, overseeing day-to-day operations as well as development and implementation of business and corporate strategies and plans. All Board 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 AC, NC and RC, each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board. The Chairperson of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports or minutes will be included in the Board papers.

The last review of terms of reference was on 29 November 2021. 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 51 to 53 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 FY2021.

b. Remuneration Committee

The current composition of the RC is as follows:

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

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 FY2021, one meeting was held and attended by all the then serving members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

c. Nomination Committee

The current composition of the NC is as follows:

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

During FY2021, two meetings were held and attended by all the then serving members. Please refer to the sections on Appointment, Election and Re-election, Independence of Director and Board Evaluation and Performance for further details on activities undertaken by the NC in the discharge of its duties during FY2021.

Board Meetings and Attendance

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

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

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

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

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

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

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 FY2021, 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 (Resigned on 1 December 2021)	5	5	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Number of Meetings Held During Director's Tenure In Office	Number of Meetings Attended	Percentage of Attendance
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah (Resigned on 1 December 2021)	5	5	100%
Chua Kee Yat @ Koo Kee Yat (Resigned on 1 December 2021)	5	5	100%
Datuk Woon See Chin	5	5	100%
Dato' Ir. Fong Tian Yong (Appointed on 1 December 2021)	0	0	N/A
Anita Chew Cheng Im (Appointed on 1 December 2021)	0	0	N/A
Johar Salim Bin Yahaya (Appointed on 1 December 2021)	0	0	N/A
Bhupendar Singh A/L Sewa Singh (Appointed on 1 December 2021)	0	0	N/A

Access to Information and Independent Professional Advice

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

Directors' Remuneration

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2021 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 (Resigned on 1 December 2021)	73,700	5,100					78,800
Kek Chin Wu (Resigned on 1 December 2021)	73,700	5,100					78,800
Chua Kee Yat @ Koo Kee Yat (Resigned on 1 December 2021)	73,700	5,100					78,800
Datuk Woon See Chin	74,900	5,100					80,000
Dato' Ir. Fong Tian Yong (Appointed on 1 December 2021)	6,200						6,200
Anita Chew Cheng Im (Appointed on 1 December 2021)	6,700						6,700
Johar Salim Bin Yahaya (Appointed on 1 December 2021)	6,700						6,700
Bhupendar Singh A/L Sewa Singh (Appointed on 1 December 2021)	6,200						6,200
Total	321,800	20,400					342,200
Executive Director							
Pang Tin @ Pang Yon Tin			652,680	35,695	123,827	15,500	827,702
Sim Tian Liang			651,120	26,630	128,780	23,950	830,480
Chin Lian Hing			651,120	26,630	128,780	23,950	830,480
Yam Tai Fong			619,680	25,320	122,555	17,400	784,955
Pang Khang Hau			821,124	26,940	82,265	15,839	946,168
Total			3,395,724	141,215	586,207	96,639	4,219,785

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

[∞]: received and receivable from the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2021, 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 2022. The Board concurred with the recommendation of the RC, and that shareholders' approval be sought at the Thirteenth AGM on the payment of Directors' fees and benefits up to an amount of RM480,000 to the Independent Directors for the period commencing from the date of the forthcoming Thirteenth AGM until the next AGM of the Company.

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

Board Evaluation and Performance

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

- (a) Independent Directors' Self-Assessment Checklist;
- (b) Directors'/Key Officers' Evaluation Form;
- (c) Board and Board Committee Evaluation Form; and
- (d) Board Skills Matrix Form.

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

Based on the evaluation conducted in FY2021, 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 current Directors after assessing their own training needs, had attended the following training/seminar/conference:-

Director	Training/Seminar/Conference	Date
Sim Tian Liang	• Transfer Pricing Documentation Flowchart and Transfer Pricing Documentation Self-Test	29 October 2021
Chin Lian Hing	• Transfer Pricing Documentation Flowchart and Transfer Pricing Documentation Self-Test	29 October 2021
Yam Tai Fong	• Get Your Fundamental Right with Transfer Pricing & Strategic Cash Flow Management	21 October 2021
Pang Khang Hau	• Transfer Pricing Documentation Flowchart and Transfer Pricing Documentation Self-Test	29 October 2021
Pang Tin @ Pang Yon Tin	• Transfer Pricing Documentation Flowchart and Transfer Pricing Documentation Self-Test	29 October 2021
Datuk Woon See Chin	• Five lessons emerging from Malaysia's First National Conference on Business and Human Rights 2021	4 October 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training/Seminar/Conference	Date
Dato' Ir. Fong Tian Yong (Appointed on 1 December 2021)	• Mandatory Accreditation Programme	1 – 3 November 2021
Anita Chew Cheng Im (Appointed on 1 December 2021)	• AOB's conversation with the Audit Committees	6 December 2021
Bhupendar Singh A/L Sewa Singh (Appointed on 1 December 2021)	• National Tax Seminar 2021	11 November 2021

Johar Salim Bin Yahaya, who was appointed on 1 December 2021, did not attend any structured training and seminar/courses during FY2021.

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

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 29 November 2021.

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

The 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 Chairperson of AC, should the reporting individual is in doubt of the Management's independence and objectivity on the concerns raised. The last review of the Policy was on 29 November 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPANY SECRETARIES

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

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

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

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

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

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.

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 54 to 58 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 as well as the effectiveness of the audit process. Written assurance shall be obtained from the external auditors yearly, confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Being satisfied with the external auditors, Crowe Malaysia PLT's ("Crowe") technical competency and audit independence, the AC recommended the appointment of Crowe as external auditors for FY2021. The Board at its meeting held on 30 March 2022 approved the AC's recommendation for the shareholders' approval to be sought at the Thirteenth AGM on the appointment of Crowe as external auditors of the Company for FY2022.

C. APPROACH TO SUSTAINABILITY

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

The Group's sustainability framework is disclosed in page 27 of the Annual Report 2021.

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

Assessing the issues that are most material to us and our stakeholders in the environmental, social and governance contexts will enable us to continue to operate effectively and sustainably. The Group's sustainability measures, framework for risk management, material sustainability matters ("MSM"), and controls measures are disclosed in pages 29 to 31 of the Annual Report 2021.

The Group is committed to being accountable and responsive to the expectations and interests of its stakeholders. The Group identified the key stakeholder groups, the corresponding sustainability focus areas and the mode of engagement with such stakeholders as disclosed in page 28 of the Annual Report 2021. The Group ensures that its communication with the internal and external stakeholders are transparent and timely.

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

The performance evaluations of the Board and senior management does not include a formal review of their performance in addressing the company's material sustainability risks and opportunities.

D. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

DISCLOSURE POLICY, INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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

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

The AGM is the principal forum for dialogue with shareholders. 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. The responses to these questions have been provided during the AGM to enable all meeting participants to stay informed. Any unresolved questions and comments by shareholders during the AGM is compiled and answered post-AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Key investor relation activities during FY2021 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.

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 Secretaries 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. The minutes and summary of key matters discussed at the AGM shall be published on the Company's website within 30 business days from the date of AGM.

The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions at its virtual 12th AGM which was held on 18 June 2021.

The 12th AGM, attended by all the Directors virtually, was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting Facilities ("RPV"). With the RPV facilities, shareholders are able to exercise their right as members of the Company to participate (including posing questions to the Board of the Company before or during the AGM) and vote by registering themselves via TIH Online. All questions raised by shareholders and proxies via the Query Box at <https://tiah.online> were attended by the Board with meaningful response. The key matters raised at the 12th AGM and the Company's responses were published on the Company's website at <http://www.kimlun.com> within 30 business days from the date of 12th AGM.

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

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

This statement is made in accordance with the resolution of the Board of Directors dated 30 March 2022.

FUTURE PRIORITIES

The Board is in the process of establishing the Director's Fit and Proper Policy for the appointment and re-election of Directors in order to enhance the governance in relation to the Board's quality and integrity and to ensure that each of its Directors has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Utilisation of Proceeds Raised From Corporate Proposal

During FY2021, the Company established (i) an Islamic commercial papers programme for the issuance of Islamic commercial papers ("ICP") based on the Shariah principle of Murabahah (via Tawarruq arrangement); and (ii) an Islamic medium term notes programme for the issuance of Islamic medium term notes ("IMTN") based on the Shariah principle of Murabahah (via Tawarruq arrangement), which have a combined limit of up to RM800.0 million in nominal value.

During FY2021, the Company had issued the following Sukuk:

Tranche	Issuance Date	Nominal Value (RM' million)	Tenure Year
1	2 November 2021	20.0	3
2	2 November 2021	25.0	4
3	2 November 2021	30.0	5
4	22 December 2021	3.0	1

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

Non-Audit Fees

During FY2021, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company's current external auditors, or a firm affiliated to the current external auditors were as follows:

	Audit Fee	Non-audit Fee
Company	RM43,000	RM5,000
Group	RM205,000	RM5,000

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 FY2021 or entered into since the end of the previous financial year.

Employee Share Scheme

The Company did not establish and Employee Share Scheme and does not have any subsisting Employee Share Scheme during the FY2021.

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

The Company had at the Twelfth AGM of the Company held on 18 June 2021 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.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The details of the mandated RRPTs transacted during FY2021 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	4,572	<p>Pang Tin @ Pang Yon Tin[^], his spouse and children collectively hold 90% interest in SD. Pang Khang Hau* holds 7.5% interest in SD.</p> <p>Pang Chew Ngo[#] is also deemed interested by virtue of her family relationship to Pang Tin @ Pang Yon Tin.</p> <p>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.</p>
KLSB and SPC Industries Sdn Bhd ("SPC")	JB Enterprise Sdn Bhd ("JBE")	Rental of shophouses of up to 3,000 square feet at Jalan Panglima 2, Taman Dawani, 81400 Senai, Johor from JBE	7	<p>Pang Tin @ Pang Yon Tin[^] and his spouse collectively hold 100% interest in JBE.</p> <p>Pang Khang Hau* and Pang Chew Ngo[#] are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016.</p>
SPC	Sri Pulai Realty Sdn Bhd ("SPR")	Rental of land (up to 1,145,000 square feet) with casting yard (27,900 square feet) along Jalan Pontian, 81150 Ulu Choh, Johor Bahru, Johor from SPR	723	<p>Phang Piow @ Pang Choo Ing and his spouse collectively hold 100% interest in SPR.</p> <p>Pang Tin @ Pang Yon Tin[^] and Pang Chew Ngo[#] are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016.</p>
SPC	Properties Watch Sdn Bhd ("PWSB")	Rental of vacant land (1,467,000 square feet) along Jalan Pontian, 81150 Ulu Choh, Johor Bahru, Johor from PWSB	901	<p>Pang Tin @ Pang Yon Tin[^] and his spouse collectively hold 100% interest in PWSB.</p> <p>Pang Khang Hau* and Pang Chew Ngo[#] are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016.</p>

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Subsidiaries involved	Transacting Parties	Categories of transactions	Value transacted RM'000	Interested Directors and Major Shareholders
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	15	<p>Pang Tin @ Pang Yon Tin[^] and his spouse collectively hold 100% interest in MLW.</p> <p>Pang Khang Hau* and Pang Chew Ngo[#] are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016 Act.</p>
KL Building Materials Sdn Bhd ("KLBM")	PWSB	Purchase of quarry products from PWSB	16	<p>Pang Tin @ Pang Yon Tin[^] and his spouse collectively hold 100% interest in PWSB.</p> <p>Pang Khang Hau* and Pang Chew Ngo[#] are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016.</p>
KLBM	SPR	Rental of vacant land (up to 356,000 square feet) along Jalan Pontian, 81150 Ulu Choh, Johor Bahru, Johor from SPR	226	<p>Phang Piow @ Pang Choo Ing and his spouse collectively hold 100% interest in SPR.</p> <p>Pang Tin @ Pang Yon Tin[^] and Pang Chew Ngo[#] are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing.</p> <p>Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin[∞] pursuant to Section 8 of the CA 2016.</p>

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

The 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 Chairperson, 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.

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

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

Annually, the term of office, independence and performance of the AC and each of its members are assessed by the Nomination Committee ("NC"). 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 NC 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 2021 ("FY2021"), the AC met six (6) 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 (Resigned on 1 December 2021)	6	6	100%
Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah (Resigned on 1 December 2021)	6	6	100%
Chua Kee Yat @ Koo Kee Yat (Resigned on 1 December 2021)	6	6	100%
Datuk Woon See Chin	6	6	100%
Anita Chew Cheng Im (Appointed on 1 December 2021)	0	0	N/A
Bhupendar Singh A/L Sewa Singh (Appointed on 1 December 2021)	0	0	N/A
Dato' Ir. Fong Tian Yong (Appointed on 1 December 2021)	0	0	N/A

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 six times. In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2021 in discharging its functions:

(1) External Audit

- (a) Met with the external auditors three times during FY2021 on 26 March 2021, 29 April 2021 and 29 November 2021 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 FY2021 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) Reviewed the letter of resignation from the previous external auditors, Ernst & Young PLT ("EY"), and discussed with EY on their resignation. The AC concluded that there wasn't any matter that need to be brought to the attention of the shareholders of the Company; and
- (g) Assessed the suitability, objectivity and independence of Crowe Malaysia PLT ("Crowe") to fill the vacancy of external auditors. In its assessment, the AC considered, amongst others, the information presented in Crowe's annual transparency report, 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 Crowe. Written assurance was received from Crowe confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of

Accountants. Being satisfied with Crowe's technical competency, resources and audit independence, the AC recommended the appointment of Crowe as external auditors for FY2021.

(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 Secretary and external auditors on compliance with the MMLR of Bursa Securities, the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and other legal requirements;

- (b) Invited the Finance Director to all 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 three (3) times during the year without the presence of any Executive Directors or Management of the Group;
- (b) Reviewed the internal audit plan, the adequacy of the scope and coverage of audit activities of the Group, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

AUDIT COMMITTEE REPORT

- (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;
- (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 2021 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 updated and issued by the Securities Commission Malaysia on 28 April 2021 ("MCCG"). In discharging its duty, the AC obtained the advice of the Company Secretary on MCCG, and discussed with the Executive Directors on the application of the best practices set out under the MCCG;
- (b) Reviewed the following statements/reports and recommended the same to the Board for inclusion in the Annual Report:
 - (i) General Sustainability Statement;
 - (ii) Corporate Governance Overview Statement;
 - (iii) Corporate Governance Report;
 - (iv) Statement on Risk Management and Internal Control; and
 - (v) Audit 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., 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 post-mortem review of project, related party transactions, safety and health management and production management.

The internal audit reports ("IA Reports") with details on audit scope and methodology, process flow, critical process risks and relevant control activities, audit findings, areas of concern that require improvements, and audit recommendations were presented to the 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 30 March 2022.

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 2021 ("FY2021") under review, in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. For the purpose of this Statement, the Group comprises the holding company and its subsidiaries.

RESPONSIBILITIES OF THE BOARD

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

The Group's system of internal control covers risk management and financial, operational and compliance controls. The Board continually reviews the system of internal control to ensure that it provides a reasonable but not absolute assurance against material misstatement of financial information and records, 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 FY2021, 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.

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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- (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 FY2021 are set out below:

Risk area	Control measures taken to mitigate the risks
Business continuity <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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. Apply for extension of time 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 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 <ul style="list-style-type: none"> As in any business, the Group is subject to operational risks which are inherent in the industry which the Group is operating such as delay in progress of construction leading to Liquidated Ascertained Damages, cost overrun, etc. 	<ul style="list-style-type: none"> Organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations. Periodic operational review meetings attended by the Executive Directors, heads of departments and key management staff to consider financial and operational risks and issues of the Group as well as any management proposal. Monitoring of actual performance against annual budget by the Board. 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.
Credit, financial and liquidity risks <ul style="list-style-type: none"> The Group faces the threat of delays in payment by customers for work done which will eventually affect the Group's cash flow, and heighten the risks of debts becoming unrecoverable. 	<ul style="list-style-type: none"> Background check of prospective customers prior to accepting any engagement from such parties. Close monitoring of collection by the finance department with weekly updates to the senior management as to collection received and incidence of delay. Timely follow up with the customers on overdue payment and retention sum. In situations where customer is unable to adhere to the agreed credit terms, reasons for the delay will be examined. If there are sufficient commercial justifications, settlement which include an extension of the time for payments or accepting tangible assets such as properties in lieu of cash payment will be negotiated when recovery of debt in cash is remote.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk area	Control measures taken to mitigate the risks
	<ul style="list-style-type: none"> • Avoid over concentration of sales and credit exposure to any customer to prevent over-dependence on any customer. • Actively monitor the Group's banking facilities to ensure the facilities are sufficient to meet the Group's working capital and capital expenditures requirement, and negotiate with bankers for credit facilities features which enable greater flexibility in the Group's financial resources management. • Issuance of Sukuk, where necessary, to meet the Group's funding needs.
Market risks <ul style="list-style-type: none"> • The Group operates in a competitive environment and failure to compete effectively against its existing competitors and new market entrants will affect its performance 	<ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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.
Corruption risks <ul style="list-style-type: none"> • Corruption risks exist across all business sectors, in one form or another, from bribery to extortion and embezzlement to cronyism. Corruption can have serious consequences for businesses' financial health and reputations, impact the quality of goods and services and it can prevent businesses from achieving maximum efficiency and profitability. The Group is not spared from corruption risks 	<ul style="list-style-type: none"> • Established an Anti-Bribery and Corruption Policy ("ABC Policy") which sets out the responsibilities of the Group to comply with laws against bribery and corruption and provide guidance to the Directors, employees and business associates on standard of behaviour to which they must adhere to and how to recognise and deal with bribery and corruption issues. • Established Corporate Code of Conduct ("Code") which sets out the standards which the directors, officers and employees ("Personnel") of the Group are expected to comply in relation to the affairs of the Group's businesses when dealing with each other, shareholders and the broader community. This Code focuses on areas of ethical risk, provide guidance to Personnel to help them to recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty, integrity and accountability. • Established whistleblowing policy which provides means by which an individual can report through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future, without fear of reprisal or victimization, in a responsible and effective manner. • A copy of Kimlun Group's ABC Policy, Code and Whistleblowing Policy are made available to all parties via Kimlun's website at http://www.kimlun.com/kimlun-corp/. • Declaration of actual or potential conflict of interest situation by key senior management and tender award committee. Such personnel shall abstain from decision making where there is actual or potential conflict of interest situation. • Adopts segregation of duties for job functions (i.e. financial and nonfinancial related). Designated personnel for preparing, verifying and approving each transaction/ activity is documented in written procedures. • Provide training on the requirements and obligations of anti-bribery and corruption laws and our anti-bribery and anti-corruption approach to our Personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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;
- 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 RM56,250 for FY 2021.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 30 March 2022.

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 30 March 2022.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activity of the Company is investment holding.

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

Results

	Group RM	Company RM
(Loss)/Profit net of tax	<u>(728,032)</u>	<u>12,617,200</u>
Attributable to:		
Owners of the Company	(589,180)	12,617,200
Non-controlling interests	<u>(138,852)</u>	<u>-</u>
	<u>(728,032)</u>	<u>12,617,200</u>

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2020 was as follows:

	RM
<u>In respect of the financial year ended 31 December 2020</u>	
Final (single-tier) dividend of 1.0 sen per ordinary share, on 353,358,716 ordinary shares, declared on 18 June 2021 and paid on 6 August 2021	<u>3,533,587</u>

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2021, 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 2022.

DIRECTORS' REPORT

Directors

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

Pang Tin @ Pang Yon Tin**

Sim Tian Liang**

Chin Lian Hing**

Yam Tai Fong (f)**

Pang Khang Hau**

Datuk Woon See Chin

Anita Chew Cheng Im (f) (Appointed on 1 December 2021)

Bhupendar Singh A/L Sewa Singh (Appointed on 1 December 2021)

Dato' Ir Fong Tian Yong (Appointed on 1 December 2021)

Johar Salim Bin Yahaya (Appointed on 1 December 2021)

Kek Chin Wu (Resigned on 1 December 2021)

Dato' Paduka (Dr.) Ir. Hj. Keizrul Bin Abdullah @ Lim Teik Keat (Resigned on 1 December 2021)

Chua Kee Yat @ Koo Kee Yat (Resigned on 1 December 2021)

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

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

Cheah U Leon

Chia Booi Hooi (f)

Lee Kai Long

Leong Chee Kian

Lew Kim Bock

Loh Wui Tek

Pang Chew Ngo (f)

Welihadi Bin Md Lani

Yap Wei Sam

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.

DIRECTORS' REPORT

Directors' benefits (cont'd)

The directors' benefits are as follows:

	Group RM	Company RM
Salaries, bonus and other emoluments	3,557,339	20,400
Defined contribution plan	586,207	-
Fees	321,800	321,800
Estimated money value of benefits-in-kind	96,639	-
	<u>4,561,985</u>	<u>342,200</u>

Directors and officers indemnity and insurance cost

Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance against personal liability that they may incur in respect of amounts which they may be liable for in respect of claims made against them arising out of the performance of their duties. During the financial year, the insurance premium paid for the insurance is RM19,500. 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 2021	Bought	Sold
Direct interest:			31 December 2021
Pang Tin @ Pang Yon Tin	19,107,848	-	-
Sim Tian Liang	9,314,670	-	(1,000,000)
Chin Lian Hing	9,586,144	-	-
Yam Tai Fong (f)	9,827,148	-	-
Pang Khang Hau	21,279,570	-	-
Indirect interest:			
Pang Tin @ Pang Yon Tin	143,998,802	-	-
Sim Tian Liang	-	1,000,000	-

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

DIRECTORS' REPORT

Directors' interests (cont'd)

(b) Warrants 2014/2024 in the Company

	1 January 2021	Number of warrants		31 December 2021
		Bought	Sold	
Direct interest:				
Pang Tin @ Pang Yon Tin	2,928,100	-	-	2,928,100
Sim Tian Liang	100,000	-	-	100,000
Yam Tai Fong (f)	450,000	-	-	450,000
Pang Khang Hau	3,641,900	-	-	3,641,900
Indirect interest:				
Pang Tin @ Pang Yon Tin	23,119,900	-	-	23,119,900

Issues of shares and debentures

During the financial year:-

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

Options granted over unissued shares

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

Warrants 2014/2024

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

DIRECTORS' REPORT

Other statutory information (cont'd)

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

Significant event during the financial year and subsequent event

The significant event during the financial year and subsequent event are disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT

Auditors

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

Auditors' remuneration is as follows:

	Group RM	Company RM
Crowe Malaysia PLT		
- Statutory audit	205,000	43,000
- Other services	5,000	5,000
Other auditors		
- Statutory audit	38,085	-
	<u>248,085</u>	<u>48,000</u>

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 March 2022.

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 76 to 169 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 2021 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 30 March 2022.

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 76 to 169 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 30 March 2022)	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 2021 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 76 to 169.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Other Matter

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 11 May 2021, expressed an unqualified opinion on those statements.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Reasonableness of revenue recognition arising from contracts with customers Refer to Notes 2.18, 3.2 (b) and 4 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group's revenue is principally derived from the following businesses:</p> <ul style="list-style-type: none"> • construction • manufacture of concrete products • property development <p>Pursuant to MFRS 15, revenue may be recognised at a point in time or progressively over time and judgements required to assess the performance obligations and revenue recognition. Judgements impacting the revenue recognition are as follow:-</p> <ul style="list-style-type: none"> • interpreting of contract terms and conditions; • assessing and identifying the performance obligations; • assessing the computation of revenue recognition. 	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Reviewing the contract terms and identifying performance obligations stipulated in the contracts, on sample basis; • Evaluating whether the performance obligations are satisfied at point in time or over time; and • Assessing the revenue recognised are in accordance with MFRS 15 "Revenue with Contract Customers".

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

Reasonableness of attributable profits arising from construction contracts	
Refer to Notes 2.18 (a), 3.2 (b)(i) and 4 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group recognises revenue and costs relating to its construction activities over time, by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period using the input method. This requires the use of estimates on construction contract revenue and cost.</p> <p>Revenue and cost recognised on construction activities have an inherent risk as it involves judgement and estimates. Substantial changes to construction contract revenue and cost estimates in the future can have a significant effect on the Group's results.</p>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the construction contract revenue and cost; • Reviewing the reasonableness of the estimated construction contract revenue by comparing the letter of awards and variation orders, on sample basis; and • Reviewing the reasonableness of the estimated construction contract cost by reviewing the contract works awarded, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period, on sample basis.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

Recoverability of trade receivables and contract assets	
Refer to Notes 4(b) and 21 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The carrying amount of trade receivables and contract assets of the Group are RM500,592,031 and RM175,223,675 respectively as at 31 December 2021.</p> <p>As such, the Group has material credit exposures in its trade receivables and contract assets. The assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgements.</p>	<p>To address this risk, our audit procedures involved the following:</p> <ul style="list-style-type: none"> • Reviewing the Group credit risk policies on impairment losses for trade receivables and contract assets; • Testing the reliability and accuracy of ageing report; • Performing recoverability review on selected trade receivables and contract assets; • Evaluating the reasonableness on the impairment losses provided or reversed in accordance with the Group credit risk policies; and • Assessing the adequacy of disclosures in the notes to the financial statements.

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

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

OTHER MATTERS

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

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

Johor Bahru

30 March 2022

Tan Guan Seng
03387/08/2022 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue					
Revenue from contracts with customers	4(a)	691,078,639	794,701,027	-	-
Other revenue	4(c)	8,428	8,029	14,986,235	17,966,349
		<u>691,087,067</u>	<u>794,709,056</u>	<u>14,986,235</u>	<u>17,966,349</u>
Cost of sales		(640,982,082)	(720,172,819)	-	-
Gross profit		<u>50,104,985</u>	<u>74,536,237</u>	<u>14,986,235</u>	<u>17,966,349</u>
Other item of income					
Other operating income	5	8,126,814	7,961,949	-	-
Other items of expenses					
Administration expenses		(41,773,354)	(47,891,391)	(1,462,346)	(765,183)
Finance costs	6	(14,827,405)	(18,455,871)	(742,694)	-
Share of loss of joint ventures		(660,079)	(626,562)	-	-
		<u>(47,260,838)</u>	<u>(66,973,824)</u>	<u>(2,205,040)</u>	<u>(765,183)</u>
Profit before tax	7	<u>970,961</u>	<u>15,524,362</u>	<u>12,781,195</u>	<u>17,201,166</u>
Income tax expense	10	(1,698,993)	(7,580,357)	(163,995)	(146,769)
(Loss)/Profit net of tax		<u>(728,032)</u>	<u>7,944,005</u>	<u>12,617,200</u>	<u>17,054,397</u>
Other comprehensive (loss)/income:					
Foreign currency translation		(507,694)	6	-	-
Other comprehensive (loss)/income for the year, net of tax		<u>(507,694)</u>	<u>6</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the year		<u>(1,235,726)</u>	<u>7,944,011</u>	<u>12,617,200</u>	<u>17,054,397</u>

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

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit attributable to:					
Owners of the Company		(589,180)	7,985,135	12,617,200	17,054,397
Non-controlling interests		(138,852)	(41,130)	-	-
		<u>(728,032)</u>	<u>7,944,005</u>	<u>12,617,200</u>	<u>17,054,397</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(1,096,874)	7,985,141	12,617,200	17,054,397
Non-controlling interests		(138,852)	(41,130)	-	-
		<u>(1,235,726)</u>	<u>7,944,011</u>	<u>12,617,200</u>	<u>17,054,397</u>
		Group			
	Note	2021 RM	2020 RM		
(Loss)/Earnings per share attributable to owners of the Company (sen per share)					
Basic	11	<u>(0.17)</u>	<u>2.34</u>		
Diluted	11	<u>(0.17)</u>	<u>2.34</u>		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Non-current assets					
Property, plant and equipment	12	137,735,650	172,919,197	-	-
Right-of-use assets	13	4,935,020	5,867,715	-	-
Land held for development	19(a)	214,372,443	171,580,343	-	-
Investment properties	14	146,121	152,670	-	-
Other investments	15	75,000	75,000	-	-
Investments in subsidiaries	16	-	-	316,638,099	289,068,453
Investment in joint ventures	17	17,086,567	17,613,316	-	-
Deferred tax assets	27	2,863,545	653,106	-	-
		<u>377,214,346</u>	<u>368,861,347</u>	<u>316,638,099</u>	<u>289,068,453</u>
Current assets					
Development properties	19(b)	84,863,596	78,913,787	-	-
Inventories	20	83,760,023	129,378,913	-	-
Trade and other receivables	21	528,159,430	460,878,918	79,092,584	19,586,959
Prepayment		5,991,667	6,750,451	137,387	7,475
Contract assets	4(b)	175,223,675	374,719,171	-	-
Current tax assets		1,693,774	-	-	43,894
Cash and bank balances	22	69,536,133	57,474,737	782,239	144,098
		<u>949,228,298</u>	<u>1,108,115,977</u>	<u>80,012,210</u>	<u>19,782,426</u>
Total assets		<u><u>1,326,442,644</u></u>	<u><u>1,476,977,324</u></u>	<u><u>396,650,309</u></u>	<u><u>308,850,879</u></u>

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

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	158,571,590	274,921,713	3,000,000	-
Lease liabilities	24	2,478,781	2,964,065	-	-
Trade and other payables	25	242,446,723	270,870,356	1,184,706	470,696
Contract liabilities	4(b)	24,147,420	36,314,938	-	-
Current tax liabilities		-	4,138,641	1,807	-
Provisions	26	16,737,000	18,201,000	-	-
		<u>444,381,514</u>	<u>607,410,713</u>	<u>4,186,513</u>	<u>470,696</u>
Net current assets		<u>504,846,784</u>	<u>500,705,264</u>	<u>75,825,697</u>	<u>19,311,730</u>
Non-current liabilities					
Loans and borrowings	23	148,490,929	132,185,703	75,000,000	-
Lease liabilities	24	2,520,789	3,087,183	-	-
		<u>151,011,718</u>	<u>135,272,886</u>	<u>75,000,000</u>	<u>-</u>
Total liabilities		<u>595,393,232</u>	<u>742,683,599</u>	<u>79,186,513</u>	<u>470,696</u>
Net assets		<u>731,049,412</u>	<u>734,293,725</u>	<u>317,463,796</u>	<u>308,380,183</u>
Equity attributable to owners of the Company					
Share capital	28	255,944,359	255,944,359	255,944,359	255,944,359
Treasury shares	28	(23,774)	(23,774)	(23,774)	(23,774)
Retained earnings	29	431,743,829	435,866,596	27,349,543	18,265,930
Other reserves	30	33,614,941	34,122,635	34,193,668	34,193,668
		<u>721,279,355</u>	<u>725,909,816</u>	<u>317,463,796</u>	<u>308,380,183</u>
Non-controlling interests	16(c)	9,770,057	8,383,909	-	-
Total equity		<u>731,049,412</u>	<u>734,293,725</u>	<u>317,463,796</u>	<u>308,380,183</u>
Total equity and liabilities		<u><u>1,326,442,644</u></u>	<u><u>1,476,977,324</u></u>	<u><u>396,650,309</u></u>	<u><u>308,850,879</u></u>

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company				Non-distributable		Distributable		Non-distributable	
		Non-distributable		Distributable		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		
At 1 January 2021		734,293,725	255,944,359	(23,774)	435,866,596	34,122,635	34,193,668	(71,033)	8,383,909		
Loss net of tax		(728,032)	-	-	(589,180)	-	-	-	(138,852)		
Foreign currency translation		(507,694)	-	-	-	(507,694)	-	(507,694)	-		
Total comprehensive loss for the year		(1,235,726)	-	-	(589,180)	(507,694)	-	(507,694)	(138,852)		
Transactions with owners											
Effect of issue of ordinary shares by a subsidiary		1,525,000	-	-	-	-	-	-	1,525,000		
Dividends on ordinary shares	37	(3,533,587)	-	-	(3,533,587)	-	-	-	-		
Total transactions with owners		(2,008,587)	-	-	(3,533,587)	-	-	-	1,525,000		
At 31 December 2021		731,049,412	255,944,359	(23,774)	431,743,829	33,614,941	34,193,668	(578,727)	9,770,057		

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 2021

←——— 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
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
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 2021

		←— Attributable to owners of the Company —→				
		←— Non-distributable —→			Non-distributable	
		Share capital (Note 28)	Treasury shares (Note 28)	Retained earnings (Note 29)	Warrant reserves (Note 30)	
Note	Equity, total RM	RM	RM	RM	RM	RM
	293,873,559	247,278,704	(23,774)	12,424,961	34,193,668	
	17,054,397	-	-	17,054,397	-	
28	8,744,764	8,744,764	-	-	-	
28	(79,109)	(79,109)	-	-	-	
37	(11,213,428)	-	-	(11,213,428)	-	
	(2,547,773)	8,665,655	-	(11,213,428)	-	
	308,380,183	255,944,359	(23,774)	18,265,930	34,193,668	
	12,617,200	-	-	12,617,200	-	
	(3,533,587)	-	-	(3,533,587)	-	
37	317,463,796	255,944,359	(23,774)	27,349,543	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 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Operating activities				
Profit before tax	970,961	15,524,362	12,781,195	17,201,166
Adjustments for:				
Interest income	(824,309)	(3,444,697)	-	-
Finance costs	14,827,405	18,455,871	742,694	-
Allowance for impairment on trade receivables	2,919,132	3,286,616	-	-
Reversal of allowance for impairment on trade receivables	(597,988)	(821,305)	-	-
Bad debts written off	-	856,752	-	-
Bad debts recovered	(593,541)	(238,018)	-	-
Impairment loss on investment in subsidiary	-	-	21,264	22,542
Depreciation of property, plant and equipment	39,165,977	39,889,588	-	-
Write down of land held for development	-	7,316,055	-	-
Depreciation of right-of-use assets	3,090,321	3,467,747	-	-
Depreciation of investment properties	6,549	53,439	-	-
Gain on disposal of investment properties	-	(109,704)	-	-
Loss on disposal of properties held for sale	-	58,938	-	-
Gain on disposal of property, plant and equipment	(2,461,171)	(1,723,607)	-	-
Gain on derecognition of right-of-use assets	(6,901)	(93,115)	-	-
Property, plant and equipment written off	191,201	195,162	-	-
Share of loss of joint ventures	660,079	626,562	-	-
Provision for obsolete inventories	4,252	33,631	-	-
Reversal of provision for obsolete inventories	(209,116)	-	-	-
(Reversal)/Provision for defect liability costs	(1,464,000)	1,031,000	-	-
Unrealised foreign exchange (gain)/loss	(914,836)	2,576,450	-	-

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 2021

	Group		Company	
	2021	2020	2021	2020
Operating activities (cont'd)	RM	RM	RM	RM
Operating cash flows before changes in working capital	54,764,015	86,941,727	13,545,153	17,223,708
Land held for development	(42,529,818)	(15,034,563)	-	-
Property development costs	(5,175,132)	(2,830,339)	-	-
Inventories	45,823,754	8,555,131	-	-
Receivables	(41,701,297)	33,229,068	(826,950)	-
Other current assets	200,253,300	10,010,302	(129,912)	-
Payables	(57,038,504)	(61,682,090)	105,253	98,316
Other current liabilities	(12,613,413)	(11,679,816)	-	-
Cash flows generated from operations	141,782,905	47,509,420	12,693,544	17,322,024
Interest received	778,772	958,180	-	-
Income taxes paid	(9,741,847)	(16,015,461)	(118,294)	(276,123)
Interest paid	(15,253,116)	(19,316,065)	(133,937)	-
Net cash flows generated from operating activities	117,566,714	13,136,074	12,441,313	17,045,901
Investing activities				
Purchase of property, plant and equipment	(6,203,396)	(5,812,659)	-	-
Prepayment on land	-	(10,000)	-	-
Proceeds from disposal of property, plant and equipment	3,608,140	4,069,142	-	-
Incidental expenses on disposal of investment properties	-	(23,117)	-	-
Proceeds from disposal of investment properties	-	3,274,900	-	-
Proceeds from disposal of property held for sale	-	330,000	-	-
Net outflow on acquisition of a subsidiary	-	(3,807,986)	-	-
Subscription of shares in subsidiaries	-	-	(27,590,910)	(21,317,000)
Net cash flows used in investing activities	(2,595,256)	(1,979,720)	(27,590,910)	(21,317,000)

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

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financing activities				
Dividends paid on ordinary shares	(3,533,587)	(11,213,428)	(3,533,587)	(11,213,428)
Repayment of hire purchase payables	(23,878,835)	(25,769,898)	-	-
Proceeds from issuance of shares	-	8,744,764	-	8,744,764
Proceeds from issuance of shares by a subsidiary to non-controlling interests	1,525,000	-	-	-
Share issuance expenses	-	(79,109)	-	(79,109)
Drawdown of loans and borrowings	641,765,586	575,800,217	78,000,000	-
Repayment of loans and borrowings	(716,892,811)	(536,986,077)	-	-
Advances to a joint venture	(7,000,000)	-	-	-
Repayment to a joint venture	(1,650,260)	(3,191,227)	-	-
Advance from a corporate shareholder of a subsidiary	11,593,600	-	-	-
Repayment of lease liabilities	(3,202,403)	(3,441,737)	-	-
(Advances to)/ Repayment from subsidiaries	-	-	(58,678,675)	6,374,639
Uplift of pledged deposits	(2,168,248)	376,731	-	-
Net cash flows (used in)/ generated from financing activities	(103,441,958)	4,240,236	15,787,738	3,826,866
Net increase/(decrease) in cash and cash equivalents	11,529,500	15,396,590	638,141	(444,233)
Effect of exchange rate changes on cash and cash equivalents	1,043,676	(1,087,285)	-	-
Cash and cash equivalents at 1 January	33,043,882	18,734,577	144,098	588,331
Cash and cash equivalents at 31 December (Note 22)	45,617,058	33,043,882	782,239	144,098

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 2021

1. Corporate information

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

- (a) During the current financial year, the Group has adopted the following new accounting standards including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond
30 June 2021

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

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.1 Basis of preparation (cont'd)

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

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards (including the consequential amendments, if any) is not expected to have any material impact on the Group's financial statements upon their initial application.

2.2 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.2 Current versus non-current classification (cont'd)

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.

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.3 Fair value measurement (cont'd)

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.

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.

2.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.4 Basis of consolidation (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.4 Basis of consolidation (cont'd)

Business combinations (cont'd)

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.

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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.5 Investment in joint venture (cont'd)

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.

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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.6 Foreign currencies (cont'd)

(b) Foreign currency transactions (cont'd)

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.

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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.7 Property, plant and equipment (cont'd)

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	3.33% - 10%
Plant, machinery and motor vehicles	10% - 33.33%
Furniture and equipment	10% - 20%

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

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.

2.8 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.

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

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.9 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")).

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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 not 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.

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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition (cont'd)

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.

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 365 days past due, unless the Group and the Company have reasonable grounds to adopt a more lagging default criterion on a case by case basis. However, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.11 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.

2.12 Land held for development and development properties

(a) Land held for development

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

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

(b) Development properties

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.13 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.
- Completed properties : cost is determined on the specific identification basis and comprises cost associated with the acquisition of land, construction costs and appropriate proportion of development overheads.

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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.16 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.

2.17 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	16% - 67%
Machinery and equipment	20% - 60%

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.17 Leases (cont'd)

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

(i) Right-of-use assets (cont'd)

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 2.9 Impairment of non-financial assets.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.17 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.

2.18 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.18 Revenue from contracts with customers (cont'd)

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 contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as contract liabilities.

(b) Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.18 Revenue from contracts with customers (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.18 Revenue from contracts with customers (cont'd)

(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.

2.19 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.19 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

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) Sales and services tax ("SST")

Revenue, expenses and assets are recognise 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, in which case, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

2.20 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.

2.21 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.

2.22 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.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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.

(b) Revenue recognition

(i) Construction contracts

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

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

(ii) Development properties

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 was RM16,737,000 (2020: RM18,201,000) as disclosed in Note 26.

If the estimated defect liability rates used in the computation of provision for defect liability costs differ by 1% (2020: 1%) with all other assumptions remain constant, the Group's provision for defect liability costs will vary by RM167,000 (2020: RM182,000).

(g) Write down of land held for development

The Group measures its land held for development at lower of cost or net realisable value. In the previous financial year, the Group has written down the carrying amount of a parcel of land held for development by RM7,316,055 as disclosed in Notes 7 and 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue

(a) Revenue from contracts with customers

	Group	
	2021 RM	2020 RM
Types of goods and services		
Construction contracts	503,981,530	623,797,432
Sales of building material	487,457	500,138
Sales of completed properties	43,251,737	2,305,568
Sales of concrete products	141,615,653	168,097,889
Sales of development properties	1,742,262	-
	<u>691,078,639</u>	<u>794,701,027</u>
Timing of revenue recognition		
Transferred over time	505,723,792	623,797,432
Transferred at a point in time	185,354,847	170,903,595
	<u>691,078,639</u>	<u>794,701,027</u>

(b) Contract assets and contract liabilities

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

	Group	
	2021 RM	2020 RM
Receivables from contracts with customers (Note 21)	500,592,031	444,193,341
Contract assets	175,223,675	374,719,171
Contract liabilities	<u>(24,147,420)</u>	<u>(36,314,938)</u>

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

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

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and 2020 are, as follows:

	Group	
	2021 RM	2020 RM
Within one year	1,083,073,000	954,127,702
More than one year	711,077,039	204,173,282
	<u>1,794,150,039</u>	<u>1,158,300,984</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Revenue (cont'd)

(c) Other revenue

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income from subsidiaries	-	-	13,520,000	17,342,000
Interest income from subsidiaries	-	-	1,457,807	616,320
Interest income from fixed deposits	8,428	8,029	8,428	8,029
	<u>8,428</u>	<u>8,029</u>	<u>14,986,235</u>	<u>17,966,349</u>

5. Other operating income

	Group	
	2021 RM	2020 RM
Interest income from:		
- financial assets at amortised cost	824,309	958,180
- unwinding of discount on receivables	-	2,486,517
	824,309	3,444,697
Gain on disposal of property, plant and equipment Classified under cost of sales	2,461,171	1,723,607
	-	(1,453,317)
Gain on disposal of property, plant and equipment classified under other operating income	2,461,171	270,290
Rental income from machinery	41,230	36,250
Rental income from premises	665,075	259,183
Gain on disposal of investment properties	-	109,704
Gain on derecognition of right-of-use assets	6,901	93,115
Miscellaneous income	2,936,599	2,689,387
Reversal of allowance for impairment on trade receivables	597,988	821,305
Bad debts recovered	593,541	238,018
	<u>8,126,814</u>	<u>7,961,949</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. Finance costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
- bank loan, bank overdrafts, invoice financing and bankers' acceptance	12,806,538	15,369,828	600,575	-
- hire purchase arrangements	2,230,438	3,442,109	-	-
- advance from a subsidiary	-	-	142,119	-
- advance from corporate shareholder of a subsidiary	254,597	-	-	-
- advance from joint venture	158,568	128,321	-	-
- lease liabilities (Note 24)	260,438	375,807	-	-
Unwinding of discount on payables	143,784	2,425,711	-	-
	15,854,363	21,741,776	742,694	-
Less: Interest expenses capitalised in development properties (Note 19)	(1,026,958)	(3,285,905)	-	-
	14,827,405	18,455,871	742,694	-

7. Profit before tax

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- statutory audits	236,085	195,679	43,000	43,000
- underprovision in prior years	7,000	-	-	-
- other services	5,000	5,000	5,000	5,000
Allowance for impairment on trade receivables (Note 21)	2,919,132	3,286,616	-	-
Reversal of allowance for impairment on trade receivables (Note 21)	(597,988)	(821,305)	-	-
Bad debts written off	-	856,752	-	-
Bad debts recovered	(593,541)	(238,018)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. Profit before tax (cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Employee benefits expenses (Note 8)	71,554,020	76,853,127	-	-
Non-executive directors' remuneration (Note 9)	342,200	275,950	342,200	275,950
Hire of plant and machinery	21,037,112	29,946,347	-	-
Depreciation of property, plant and equipment (Note 12)	39,165,977	39,889,588	-	-
Depreciation of right-of-use assets (Note 13)	3,090,321	3,467,747	-	-
Depreciation of investment properties (Note 14)	6,549	53,439	-	-
Gain on disposal of property, plant and equipment	(2,461,171)	(1,723,607)	-	-
Gain on disposal of investment properties	-	(109,704)	-	-
Loss on disposal of properties held for sale	-	58,938	-	-
Property, plant and equipment written off (Note 12)	191,201	195,162	-	-
Gain on derecognition of right-of-use assets	(6,901)	(93,115)	-	-
Short term leases:				
- land and building	169,952	140,474	-	-
- office equipment	159,229	141,359	-	-
Impairment loss on investment in subsidiary	-	-	21,264	22,542
Write down of land held for development (Note 19)	-	7,316,055	-	-
Provision for obsolete inventories	4,252	33,631	-	-
Reversal of provision for obsolete inventories (Reversal)/Provision for defect liability costs (Note 26)	(209,116)	-	-	-
Foreign exchange (gain)/loss				
- realised	(6,819)	(1,890,098)	-	-
- unrealised	(914,836)	2,576,450	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. Employee benefits expenses

	Group	
	2021 RM	2020 RM
Wages, salaries and bonus	66,291,285	71,756,098
Defined contribution plan	6,133,214	5,782,413
Social security contributions	822,721	910,016
	<u>73,247,220</u>	<u>78,448,527</u>
Less: Wages subsidy received	<u>(1,693,200)</u>	<u>(1,595,400)</u>
	<u><u>71,554,020</u></u>	<u><u>76,853,127</u></u>

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM4,123,146 (2020: RM3,538,406) 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	3,536,939	3,035,123	-	-
Defined contribution plan	<u>586,207</u>	<u>503,283</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	4,123,146	3,538,406	-	-
Estimated money value of benefits-in-kind	<u>96,639</u>	<u>95,766</u>	<u>-</u>	<u>-</u>
Total executive directors' remuneration (including benefits-in-kind)	<u><u>4,219,785</u></u>	<u><u>3,634,172</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Non-Executive:				
Fees	321,800	259,800	321,800	259,800
Other emoluments	<u>20,400</u>	<u>16,150</u>	<u>20,400</u>	<u>16,150</u>
Total non-executive directors' remuneration	<u><u>342,200</u></u>	<u><u>275,950</u></u>	<u><u>342,200</u></u>	<u><u>275,950</u></u>
Total directors' remuneration	<u><u>4,561,985</u></u>	<u><u>3,910,122</u></u>	<u><u>342,200</u></u>	<u><u>275,950</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	4,163,789	9,341,213	164,000	147,000
- Overprovision in prior years	(254,357)	(145,702)	(5)	(231)
	<u>3,909,432</u>	<u>9,195,511</u>	<u>163,995</u>	<u>146,769</u>
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	(2,048,942)	(1,451,218)	-	-
- Overprovision in prior years	(161,497)	(163,936)	-	-
	<u>(2,210,439)</u>	<u>(1,615,154)</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>1,698,993</u>	<u>7,580,357</u>	<u>163,995</u>	<u>146,769</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 and 2020 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	970,961	15,524,362	12,781,195	17,201,166
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	233,031	3,725,847	3,067,000	4,128,000
Different tax rates in other countries	1,598	1,579	-	-
Effect of expenses not deductible for tax purposes	1,126,022	2,127,692	342,000	181,000
Effect of income not subject to tax	(84,792)	(29,284)	(3,245,000)	(4,162,000)
Deferred tax assets not recognised on unutilised tax losses, unabsorbed capital allowances and other temporary differences	700,509	1,984,494	-	-
Utilisation of current year's reinvestment allowances	(19,940)	(70,709)	-	-
Share of tax of joint ventures	158,419	150,376	-	-
Overprovision of income tax in prior years	(254,357)	(145,702)	(5)	(231)
Overprovision of deferred tax in prior years	(161,497)	(163,936)	-	-
Income tax expense recognised in profit or loss	<u>1,698,993</u>	<u>7,580,357</u>	<u>163,995</u>	<u>146,769</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

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

	Group	
	2021	2020
(Loss)/Profit net of tax attributable to owners of the Company (RM)	(589,180)	7,985,135
Weighted average number of ordinary shares in issue	353,358,716	340,838,150
Basic (loss)/earnings per share (sen)	<u>(0.17)</u>	<u>2.34</u>

(b) Diluted (loss)/earnings per share

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

	Group	
	2021	2020
(Loss)/Profit net of tax attributable to owners of the Company (RM)	(589,180)	7,985,135
Weighted average number of ordinary shares in issue	353,358,716	340,838,150
Diluted (loss)/earnings per share (sen)	<u>(0.17)</u>	<u>2.34</u>

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

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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 2020							
Additions	5,186,536	16,394,806	72,013,970	321,449,489	11,777,582	815,813	427,638,196
Disposals	-	-	691,619	8,382,006	346,289	2,925,000	12,344,914
Written off	-	-	-	(7,127,537)	(84,400)	-	(7,211,937)
Transfer	-	-	(246,255)	(1,380)	(33,664)	-	(281,299)
	-	-	255,000	3,050,000	-	(3,305,000)	-
At 31 December 2020 and 1 January 2021							
Additions	5,186,536	16,394,806	72,714,334	325,752,578	12,005,807	435,813	432,489,874
Disposals	-	-	73,000	6,177,477	323,143	1,226,980	7,800,600
Written off	-	-	-	(8,101,019)	(1,780)	(490,497)	(8,593,296)
	-	-	-	(168,918)	(153,950)	-	(322,868)
At 31 December 2021	5,186,536	16,394,806	72,787,334	323,660,118	12,173,220	1,172,296	431,374,310

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 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 and 1 January 2021	-	1,777,538	19,614,410	232,008,616	6,170,113	-	259,570,677
Charge for the year (Note 7)	-	205,139	2,216,450	35,736,529	1,007,859	-	39,165,977
Disposals	-	-	-	(4,965,704)	(623)	-	(4,966,327)
Written off	-	-	-	(61,107)	(70,560)	-	(131,667)
At 31 December 2021	-	1,982,677	21,830,860	262,718,334	7,106,789	-	293,638,660
Net carrying amount							
At 31 December 2020	5,186,536	14,617,268	53,099,924	93,743,962	5,835,694	435,813	172,919,197
At 31 December 2021	5,186,536	14,412,129	50,956,474	60,941,784	5,066,431	1,172,296	137,735,650

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 (2020: 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 RM1,597,204 (2020: RM6,532,255) by means of hire purchase arrangements. The cash outflow on acquisition of property, plant and equipment amounted to RM6,203,396 (2020: RM5,812,659).

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

	Group	
	2021	2020
	RM	RM
Plant, machinery and motor vehicles	<u>34,754,974</u>	<u>67,205,133</u>

Leased assets are pledged as security for the related hire purchase arrangements (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 1 year to 7 years.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 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)
As at 1 January 2021	5,756,389	111,326	5,867,715
Additions (Note 24)	2,330,445	56,967	2,387,412
Depreciation for the year (Note 7)	(2,956,996)	(133,325)	(3,090,321)
Derecognition	(229,786)	-	(229,786)
As at 31 December 2021	4,900,052	34,968	4,935,020

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

14. Investment properties

	Group	
	2021 RM	2020 RM
Cost		
At 1 January	327,444	4,165,900
Disposals	-	(3,838,456)
At 31 December	327,444	327,444
Accumulated depreciation		
At 1 January	174,774	285,352
Charge for the year (Note 7)	6,549	53,439
Disposals	-	(164,017)
At 31 December	181,323	174,774
Accumulated impairment loss		
At 1 January	-	532,360
Disposal	-	(532,360)
At 31 December	-	-
Net carrying amount		
At 31 December	146,121	152,670
Represented by:-		
Buildings	146,121	152,670

Fair value of the investment properties as at 31 December 2021 was RM667,000 (2020: RM900,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. Other investments

	Group	
	2021 RM	2020 RM
Club memberships, at cost	<u>75,000</u>	<u>75,000</u>

16. Investment in subsidiaries

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	317,390,576	289,799,666
Less: Impairment losses	<u>(752,477)</u>	<u>(731,213)</u>
	<u>316,638,099</u>	<u>289,068,453</u>

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021	2020
Held by the Company:				
Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	100	100
SPC Industries Sdn. Bhd.	Malaysia	Ready mix concrete production and manufacturing of pre-cast concrete products	100	100
Kimlun Land Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
KL Building Materials Sdn. Bhd.	Malaysia	Manufacturing and trading of all kinds of building and construction materials, and provision of quarry services and machinery rental services	100	100
I-Buildtech Solutions Pte. Ltd. *	Singapore	Provision of industrial building systems and the supply of construction and building materials	100	100
Kii Amber Sdn. Bhd.	Malaysia	Investment holding, property investment and development	100	100
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	33	-

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FINANCIAL STATEMENTS
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16. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021	2020
Held through Kimlun Sdn. Bhd.:				
Kimlun Superior Crest Sdn. Bhd.	Malaysia	Building and infrastructure contractors	60	60
Held through Kimlun Land Sdn. Bhd.:				
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	67	100
Kitaran Lintas Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kiiville Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kii Ashbury Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kii Morris Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Held through Kii Amber Sdn. Bhd.:				
Bayu Damai Sdn. Bhd.	Malaysia	Property development and property investment	49	49
Kii Melodia Sdn. Bhd.	Malaysia	Property development and property investment	69.5	69.5

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

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FINANCIAL STATEMENTS
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16. Investment in subsidiaries (cont'd)

(a) During the financial year:

- (i) the Company subscribed for additional ordinary shares in Kimlun Land Sdn. Bhd. for a total consideration of RM11,474,000, 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.
- (ii) the Company subscribed for additional ordinary shares in Kii Amber Sdn. Bhd. for a total consideration of RM3,583,000, satisfied by cash and settlement of amount owing by Kii Amber Sdn. Bhd. The subscription did not change the percentage of shareholdings effectively held by the Company.
- (iii) the Company subscribed for ordinary shares in Kimlun Medini Sdn. Bhd. for a total consideration of RM12,533,910, satisfied by settlement of amount owing by Kii Medini Sdn. Bhd. The percentage of shareholdings effectively held by the Company had been increased to 33%.
- (iv) Kimlun Land Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for additional ordinary shares in Kimlun Medini Sdn. Bhd. for a total consideration of RM183,120, satisfied by settlement of amount owing by Kimlun Medini Sdn. Bhd. The percentage of shareholdings effectively held by Kimlun Land Sdn. Bhd. had been reduced from 100% to 67%.
- (v) Kimlun Land Sdn. Bhd. subscribed for additional ordinary shares in Kitaran Lintas Sdn. Bhd. for a total consideration of RM4,468,000, satisfied by settlement of amount owing by Kitaran Lintas Sdn. Bhd. The acquisition did not change the percentage of shareholding effectively held by the Company.
- (vi) Kimlun Land Sdn. Bhd. subscribed for additional ordinary shares in Kii Morris Sdn. Bhd. for a total consideration of RM3,056,000, satisfied by settlement of amount owing by Kii Morris Sdn. Bhd. The acquisition did not change the percentage of shareholding effectively held by the Company.
- (vii) Kii Amber Sdn. Bhd., a wholly-owned subsidiary of the Company, subscribed for additional ordinary shares in Kii Melodia Sdn. Bhd. for a cash consideration of RM3,475,000. The acquisition did not change the percentage of shareholding effectively held by the Company.

(b) In the previous financial year:

- (i) 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.
- (ii) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Investment in subsidiaries (cont'd)

(b) In the previous financial year (cont'd):

- (iii) Kii Amber Sdn. Bhd., a wholly-owned subsidiary of the Company, 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.

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
	<u>16,575,356</u>
Trade and other payables	<u>(1,527,371)</u>
Total net identifiable assets	<u>15,047,985</u>

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Investment in subsidiaries (cont'd)

(b) In the previous financial year (cont'd):

(iii) 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	<u>3,807,986</u>

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	<u>1,090</u>
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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.

(iv) 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.

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

	Proportion (%) of ownership interest		Group	
	2021	2020	2021 RM	2020 RM
Bayu Damai Sdn. Bhd.	51	51	8,335,084	8,367,171
Other individually immaterial subsidiaries			<u>1,434,973</u>	<u>16,738</u>
			<u>9,770,057</u>	<u>8,383,909</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. Investment in subsidiaries (cont'd)

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

	Bayu Damai Sdn. Bhd.	
	2021	2020
	RM	RM
<u>At 31 December</u>		
Non-current asset	5,827,182	-
Current assets	10,521,869	16,422,071
Current liabilities	(5,750)	(15,854)
Net assets	<u>16,343,301</u>	<u>16,406,217</u>
<u>Financial year/period ended 31 December</u>		
Total comprehensive loss	62,916	2,224
Total comprehensive loss attributable to:		
- owner of the Company	30,829	1,090
- non-controlling interests	32,087	1,134
	<u>62,916</u>	<u>2,224</u>
Net cash flows used in operating activities	(789,521)	(5,786,240)
Net cash flows used in investing activity	(253,064)	-
Net cash flows generated from financing activities	-	6,679,680
Net (decrease)/increase in cash and cash equivalents	<u>(1,042,585)</u>	<u>893,440</u>
Cash and cash equivalents on 1 January 2021/ 28 October 2020, before KABSBS subscribed for Subscription Shares	<u>1,085,454</u>	<u>192,014</u>
Cash and cash equivalents at end of the year	<u>42,869</u>	<u>1,085,454</u>

17. Investment in joint ventures

	Group	
	2021	2020
	RM	RM
Unquoted shares, at cost	4,830,000	4,830,000
Share of post-acquisition reserves	12,256,567	12,783,316
	<u>17,086,567</u>	<u>17,613,316</u>
Represented by:		
Share of net assets	<u>17,086,567</u>	<u>17,613,316</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in joint ventures (cont'd)

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2021	2020
Held through Kimlun Land Sdn. Bhd.:				
Posh Atlantic Sdn. Bhd.	Malaysia	Property development and property investment	51	51
Held through Kimlun Sdn. Bhd.:				
Zecon Kimlun Consortium Sdn. Bhd.	Malaysia	Building and infrastructure contractor	30	30
JBB Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	40	40
Held through KL Building Materials Sdn. Bhd.:				
Rock Projects Sdn. Bhd.	Malaysia	Quarry and quarry related services	51	51

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

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

Posh Atlantic Sdn. Bhd. ("PASB")

	2021 RM	Group 2020 RM
Non-current assets	239,562	139,409
Current assets	80,174,494	81,517,810
Total assets	80,414,056	81,657,219
Current liabilities	12,838,660	2,701,647
Non-current liabilities	41,425,503	51,166,440
Total liabilities	54,264,163	53,868,087
Equity attributable to owners of PASB	26,256,992	27,839,215
Non-controlling interests	(107,099)	(50,083)
	26,149,893	27,789,132

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in joint ventures (cont'd)

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

Posh Atlantic Sdn. Bhd. ("PASB")

	Group	
	2021 RM	2020 RM
Revenue	1,099,660	1,475,700
Depreciation	(6,627)	(6,866)
Other operating income	165,844	137,672
Finance costs	(1,553,561)	(1,483,700)
Loss before tax from continuing operations	(1,624,097)	(1,397,164)
Income tax expense	(15,142)	43,623
Total comprehensive loss	<u>(1,639,239)</u>	<u>(1,353,541)</u>
Attributable to:		
- owners of PASB	(1,582,223)	(1,322,480)
- non-controlling interests	(57,016)	(31,061)
	<u>(1,639,239)</u>	<u>(1,353,541)</u>

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

Posh Atlantic Sdn. Bhd. ("PASB")

	Group	
	2021 RM	2020 RM
Net assets attributable to owners of the Company at 1 January	27,839,215	29,161,695
Total comprehensive loss attributable to owners of Company	<u>(1,582,223)</u>	<u>(1,322,480)</u>
Net assets attributable to owners of the Company at 31 December	26,256,992	27,839,215
Group's interest in PASB	51%	51%
Group's share of net assets of PASB	13,391,066	14,198,000
Unrealised profit adjustments	(305,249)	(336,823)
Carrying amount of individually immaterial joint ventures	<u>4,000,750</u>	<u>3,752,139</u>
Carrying amount of Group's interest in joint ventures	<u>17,086,567</u>	<u>17,613,316</u>

NOTES TO THE
FINANCIAL STATEMENTS
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18. Properties held for sale

	Group	
	2021 RM	2020 RM
Cost		
At 1 January	-	388,938
Disposals	-	(388,938)
At 31 December	-	-

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 2021	158,450,937	13,129,406	171,580,343
Additions	42,171,105	620,995	42,792,100
At 31 December 2021	200,622,042	13,750,401	214,372,443
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)	-	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

(b) Development properties

Group	Freehold and leasehold land RM	Development costs RM	Total RM
Cumulative cost of development properties			
At 1 January 2021	67,022,592	11,891,195	78,913,787
Costs incurred during the year	-	6,757,549	6,757,549
At 31 December 2021	67,022,592	18,648,744	85,671,336
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(b) Development properties (cont'd)

	Group	
	2021 RM	2020 RM
Cumulative cost recognised in profit or loss		
At 1 January	-	-
Recognised during the year	(807,740)	-
At 31 December	<u>(807,740)</u>	<u>-</u>
Carrying amount	<u>84,863,596</u>	<u>78,913,787</u>

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

	Group	
	2021 RM	2020 RM
Interest expenses (Note 6)	<u>1,026,958</u>	<u>3,285,905</u>

Land held for development and development properties with an aggregate carrying amount of RM163,616,870 (2020: RM193,367,622) are charged for bank borrowings as referred to in Note 23.

20. Inventories

	Group	
	2021 RM	2020 RM
Cost:		
Raw materials	25,340,655	20,549,479
Finished goods	27,587,747	47,942,821
Completed properties	<u>25,463,565</u>	<u>60,801,117</u>
	78,391,967	129,293,417
Net realisable value:		
Finished goods	<u>5,368,056</u>	<u>85,496</u>
	<u>83,760,023</u>	<u>129,378,913</u>

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM209,926,695 (2020: RM180,006,980).

Certain completed properties with an aggregate carrying amount of RM19,896,333 (2020: RM57,969,985) are charged for bank borrowings as referred to in Note 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. Trade and other receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	448,935,298	403,358,828	-	-
Amount due from joint venture	69,200,286	57,265,467	-	-
Amounts due from companies related to certain directors	1,408,545	200,000	-	-
	<u>519,544,129</u>	<u>460,824,295</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment				
- Third parties	(18,952,098)	(16,630,954)	-	-
Trade receivables, net	<u>500,592,031</u>	<u>444,193,341</u>	<u>-</u>	<u>-</u>
Other receivables				
Deposits	15,075,309	14,562,447	204,500	4,500
Amount due from subsidiaries	-	-	78,888,084	19,582,459
Amount due from joint venture	9,518,791	-	-	-
Sundry receivables	2,973,299	2,123,130	-	-
	<u>27,567,399</u>	<u>16,685,577</u>	<u>79,092,584</u>	<u>19,586,959</u>
Total trade and other receivables	528,159,430	460,878,918	79,092,584	19,586,959
Add: Cash and bank balances (Note 22)	69,536,133	57,474,737	782,239	144,098
Less: Deposits	(15,075,309)	(14,562,447)	(204,500)	(4,500)
Total financial assets at amortised cost	<u>582,620,254</u>	<u>503,791,208</u>	<u>79,670,323</u>	<u>19,726,557</u>

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 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 RM98,769,962 (2020: RM97,664,614), which represents retention sum receivable on construction contracts of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	
	2021 RM	2020 RM
Neither past due nor impaired	249,529,013	172,702,749
1 to 30 days past due not impaired	20,525,806	73,519,900
31 to 60 days past due not impaired	21,661,791	21,691,275
61 to 90 days past due not impaired	20,315,090	15,321,699
91 to 120 days past due not impaired	9,723,427	13,125,753
More than 120 days past due not impaired	178,836,904	147,831,965
	251,063,018	271,490,592
Impaired	18,952,098	16,630,954
	<u>519,544,129</u>	<u>460,824,295</u>

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 RM251,063,018 (2020: RM271,490,592) 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	
	2021 RM	2020 RM
Trade receivables - nominal amounts	18,952,098	16,630,954
Less: Allowance for impairment	<u>(18,952,098)</u>	<u>(16,630,954)</u>
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Movement in allowance accounts:

	Group	
	2021 RM	2020 RM
At 1 January	16,630,954	14,286,048
Charge for the year (Note 7)	2,919,132	3,286,616
Reversal of impairment loss (Note 7)	(597,988)	(821,305)
Written off	-	(120,405)
At 31 December	<u>18,952,098</u>	<u>16,630,954</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, bear interest ranging from 3.57% to 6.44% (2020: 1.75% to 3.30%) per annum and are repayable on demand.

(c) Amount due from joint venture

Included in amount due from joint venture is an amount of RM7,000,000 (2020: RM Nil) which is unsecured, bear interest ranging from 4.88% to 5.77% (2020: Nil) per annum and is repayable on demand. The remaining amount due from joint venture is unsecured, non-interest bearing and is repayable upon demand.

22. Cash and bank balances

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash on hand and at banks	45,617,058	35,723,910	782,239	144,098
Short term deposits with licensed banks	<u>23,919,075</u>	<u>21,750,827</u>	<u>-</u>	<u>-</u>
Cash and bank balances (Note 21)	<u>69,536,133</u>	<u>57,474,737</u>	<u>782,239</u>	<u>144,098</u>

Included in cash at banks of the Group are amounts of RM568,509 (2020: RM1,682) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and therefore restricted from use on other operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. Cash and bank balances (cont'd)

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 (2020: 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 2021 for the Group was 1.61% (2020: 2.08%).

Short-term deposits with licensed banks of the Group amounting to RM23,919,075 (2020: RM21,750,827) are pledged as security for borrowings (Note 23).

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	69,536,133	57,474,737	782,239	144,098
Less: Bank overdrafts (Note 23)	-	(2,680,028)	-	-
Less: Pledged deposits	(23,919,075)	(21,750,827)	-	-
Cash and cash equivalents	<u>45,617,058</u>	<u>33,043,882</u>	<u>782,239</u>	<u>144,098</u>

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. Loans and borrowings

	Maturity	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Current					
Secured:					
Bank overdrafts (Note 22)	On demand	-	2,680,028	-	-
Bankers' acceptances	2022	28,483,898	54,070,000	-	-
Term loans	2022	19,715,429	24,793,185	-	-
Hire purchase payables (Note 32 (b))	2022	15,455,164	22,734,994	-	-
Invoice financing	2022	75,974,198	154,700,605	-	-
Revolving credit	2022	15,942,901	15,942,901	-	-
Unsecured:					
Sukuk Murabahah - Islamic Commercial Papers	2022	3,000,000	-	3,000,000	-
		158,571,590	274,921,713	3,000,000	-
Non-current					
Secured:					
Term loans	2023-2027	64,299,631	107,992,604	-	-
Hire purchase payables (Note 32 (b))	2023-2026	9,191,298	24,193,099	-	-
Unsecured:					
Sukuk Murabahah - Islamic Medium Term Notes	2024-2026	75,000,000	-	75,000,000	-
		148,490,929	132,185,703	75,000,000	-
Total loans and borrowings (Note 25)		307,062,519	407,107,416	78,000,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. Loans and borrowings (cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
On demand or within one year	158,571,590	274,921,713	3,000,000	-
More than 1 year and less than 2 years	34,919,828	35,671,687	-	-
More than 2 years and less than 5 years	113,571,101	94,139,016	75,000,000	-
5 years and more	-	2,375,000	-	-
	<u>307,062,519</u>	<u>407,107,416</u>	<u>78,000,000</u>	<u>-</u>

Hire purchase payables (Note 32(b))

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% (2020: 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	
	2021 %	2020 %
Bank overdrafts	N/A	3.89 to 7.62
Bankers' acceptance	2.59 to 3.88	2.52 to 4.55
Term loans	4.20 to 5.45	4.30 to 5.92
Invoice financing	1.80 to 4.71	1.67 to 6.10
Revolving credit	<u>3.27 to 3.99</u>	<u>3.29 to 5.50</u>

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

- First party first legal charge over certain land held for development, development properties and inventories as disclosed in Notes 19 and 20;
- Short term deposits as disclosed in Note 22; and
- Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. The Loans and borrowings (cont'd)

Sukuk Murabahah

During the financial year, the Company had established an Islamic Commercial Papers ("ICP") and Islamic Medium Term Note ("IMTN") programme with a combined limit of RM800 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq Arrangement) (collectively, the ICP and the IMTN shall be referred to as "Sukuk Murabahah"). The tenure of the ICP Programme is 7 years commencing from 22 December 2021, while the tenure of the IMTN Programme is perpetual.

Sukuk Murabahah bears interest ranging from 4.00% to 5.06% per annum.

Movement in loans and borrowings were as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	407,107,416	406,608,807	-	-
Drawdown:				
- hire purchase payables	1,597,204	6,532,255	-	-
- loans and borrowings	641,765,586	575,800,217	78,000,000	-
Refinancing:				
- hire purchase payables	-	2,293,005	-	-
Repayments:				
- hire purchase payables	(23,878,835)	(25,769,898)	-	-
- loans and borrowings	(716,892,811)	(536,986,077)	-	-
Net changes in bank overdrafts	(2,680,028)	(21,398,102)	-	-
Unrealised foreign exchange loss	43,987	27,209	-	-
At 31 December	<u>307,062,519</u>	<u>407,107,416</u>	<u>78,000,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	
	2021 RM	2020 RM
Current		
Lease liabilities (Note 32(c))	2,478,781	2,964,065
Non-current		
Lease liabilities (Note 32(c))	2,520,789	3,087,183
Total lease liabilities (Note 25)	<u>4,999,570</u>	<u>6,051,248</u>

The remaining maturities of the lease liabilities are as follows:

	Group	
	2021 RM	2020 RM
Within one year	2,478,781	2,964,065
More than 1 year and less than 2 years	1,532,665	2,653,054
More than 2 years and less than 5 years	988,124	434,129
	<u>4,999,570</u>	<u>6,051,248</u>

At the reporting date, the interest rate of the lease liabilities ranged from 3.27% to 5.39% (2020: 3.99% to 5.39%).

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

	Group	
	2021 RM	2020 RM
At 1 January	6,051,248	6,343,636
Additions (Note 13)	2,387,412	4,827,584
Derecognition	(236,687)	(1,678,235)
Interest charged on lease liabilities (Note 6)	260,438	375,807
Payments of:		
- Principal	(3,202,403)	(3,441,737)
- Interest	(260,438)	(375,807)
At 31 December	<u>4,999,570</u>	<u>6,051,248</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. Trade and other payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current				
Trade payables				
Third parties	186,243,000	222,352,466	-	-
Amount due to a company related to certain directors	-	35,928	-	-
	<u>186,243,000</u>	<u>222,388,394</u>	<u>-</u>	<u>-</u>
Other payables				
Accruals	17,545,954	19,608,328	562,360	447,744
Third parties	23,165,663	23,480,790	607,311	6,287
Deposits payable	227,608	130,212	-	-
Amount due to subsidiaries	-	-	13,366	16,576
Amount due to related company	-	-	-	89
Amount due to joint ventures	3,617,529	5,262,632	1,669	-
Amount due to corporate shareholder of a subsidiary	11,646,969	-	-	-
	<u>56,203,723</u>	<u>48,481,962</u>	<u>1,184,706</u>	<u>470,696</u>
Total trade and other payables	242,446,723	270,870,356	1,184,706	470,696
Add: Loans and borrowings (Note 23)	307,062,519	407,107,416	78,000,000	-
Add: Lease liabilities (Note 24)	<u>4,999,570</u>	<u>6,051,248</u>	<u>-</u>	<u>-</u>
Total financial liabilities carried at amortised cost	<u><u>554,508,812</u></u>	<u><u>684,029,020</u></u>	<u><u>79,184,706</u></u>	<u><u>470,696</u></u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2020: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 (2020: 30 to 60 days) terms.

The amount due to joint ventures are unsecured, bearing interest ranging from 3.57% to 5.99% (2020: 1.75% to 3.30%) per annum and are repayable on demand.

The amount due to corporate shareholder of a subsidiary is unsecured, bearing interest ranging from 5.37% to 6.87% (2020: Nil) per annum and are repayable on demand.

Other than the above, the amounts due to subsidiaries and related company are unsecured, non-interest bearing and are repayable on demand.

26. Provisions

	Group	
	2021	2020
	RM	RM
Defect liability costs		
At 1 January	18,201,000	17,170,000
(Reversal)/Addition during the year (Note 7)	<u>(1,464,000)</u>	<u>1,031,000</u>
At 31 December	<u><u>16,737,000</u></u>	<u><u>18,201,000</u></u>

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

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27. Deferred tax liabilities/(assets)

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

Group	As at 1 January 2020 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2020 RM	Recognised in profit or loss (Note 10) RM	As at 31 December 2021 RM
Deferred tax liabilities					
Property, plant and equipment	6,810,607	(191,692)	6,618,915	(1,729,416)	4,889,499
Others	1,293,987	(407,122)	886,865	(430,212)	456,653
	<u>8,104,594</u>	<u>(598,814)</u>	<u>7,505,780</u>	<u>(2,159,628)</u>	<u>5,346,152</u>
Deferred tax assets					
Unutilised tax credits and unabsorbed capital allowance	(1,265,110)	(279,201)	(1,544,311)	(957,520)	(2,501,831)
Provision for defect liability costs and others	(5,877,436)	(737,139)	(6,614,575)	906,709	(5,707,866)
	<u>(7,142,546)</u>	<u>(1,016,340)</u>	<u>(8,158,886)</u>	<u>(50,811)</u>	<u>(8,209,697)</u>
	<u>962,048</u>	<u>(1,615,154)</u>	<u>(653,106)</u>	<u>(2,210,439)</u>	<u>(2,863,545)</u>

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

	Group 2021 RM	Group 2020 RM
Unutilised tax losses	4,587,000	2,815,000
Unabsorbed capital allowance	5,000	4,000
Other temporary differences	<u>12,059,000</u>	<u>10,444,000</u>

The unutilised tax losses are allowed to be utilised for 10 (2020: 7) consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely and can be utilised against income from the same business source.

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28. Share capital and treasury shares

Company	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Treasury shares RM
At 1 January 2020	339,820,943	20,000	247,278,704	(23,774)
Issuance of ordinary shares pursuant to: Dividend reinvestment plan of the Company	13,557,773	-	8,744,764	-
Share issue expenses	-	-	(79,109)	-
At 31 December 2020/2021	353,378,716	20,000	255,944,359	(23,774)
				255,920,585

(a) Share capital

In the previous 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 statement of changes in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(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 2021 and 2020 may be distributed as dividends under single tier system.

30. Other reserves

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Foreign currency translation reserve				
At 1 January	(71,033)	(71,039)	-	-
Foreign currency translation	(507,694)	6	-	-
At 31 December	<u>(578,727)</u>	<u>(71,033)</u>	<u>-</u>	<u>-</u>
Warrant reserve				
At 1 January/ 31 December	34,193,668	34,193,668	34,193,668	34,193,668
Total other reserves	<u>33,614,941</u>	<u>34,122,635</u>	<u>34,193,668</u>	<u>34,193,668</u>

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from 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 2021, 58,954,600 (2020: 58,954,600) Warrants 2014/2024 remain unexercised.

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2021 RM	2020 RM	2021 RM	2020 RM
Sales of raw materials to a company related to certain directors	140,340	26,652	-	-
Purchase of raw materials from a company related to certain directors	15,565	258,042	-	-
Contract fee from:				
- a company related to certain directors	4,667,754	2,295,711	-	-
- joint ventures	295,180,492	205,079,246	-	-
Rental of land and building paid to companies related to certain directors	2,008,011	1,854,857	-	-
Rental of premise paid to a company related to certain directors	14,494	14,480	-	-
Rental income from a company related to certain directors	13,800	-	-	-
Landscaping and maintenance service paid to a company related to certain directors	14,690	17,840	-	-
Disposal of property, plant and equipment to a joint venture	2,480,000	-	-	-
Interest income from:				
- subsidiaries	-	-	1,457,807	616,320
- joint venture	142,086	-	-	-
Interest expense paid to:				
- a corporate shareholder of a subsidiary	254,597	-	-	-
- joint ventures	158,568	128,322	-	-
- a subsidiary	-	-	142,119	-
Dividend income from subsidiaries	-	-	13,520,000	17,342,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	
	2021 RM	2020 RM
Salaries, bonus and other emoluments	4,411,824	4,032,753
Defined contribution plan	752,178	664,497
Other short term benefits	122,839	121,966
	<u>5,286,841</u>	<u>4,819,216</u>

32. Commitments

(a) Capital commitments

	Group	
	2021 RM	2020 RM
Capital commitments as at the reporting date are as follows:		
Approved and contracted for:		
Property, plant and equipment	2,654,083	3,112,945
Land held for development	<u>106,892,715</u>	<u>107,155,215</u>

(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	
	2021 RM	2020 RM
Minimum lease payments:		
Not later than 1 year	16,490,147	24,956,274
Later than 1 year but not later than 2 years	7,090,351	17,086,857
Later than 2 years but not later than 5 years	<u>2,539,947</u>	<u>8,499,836</u>
Total minimum lease payments	26,120,445	50,542,967
Less: Amounts representing finance charges	<u>(1,473,983)</u>	<u>(3,614,874)</u>
Present value of minimum lease payments	<u>24,646,462</u>	<u>46,928,093</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Commitments (cont'd)

(b) Hire purchase commitments (cont'd)

	Group	
	2021 RM	2020 RM
Present value of payments:		
Not later than 1 year	15,455,164	22,734,994
Later than 1 year but not later than 2 years	6,756,837	16,074,436
Later than 2 years but not later than 5 years	2,434,461	8,118,663
Present value of minimum lease payments	24,646,462	46,928,093
Less: Amount due within 12 months (Note 23)	(15,455,164)	(22,734,994)
Amount due after 12 months (Note 23)	9,191,298	24,193,099

(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	
	2021 RM	2020 RM
Minimum lease payments:		
Not later than 1 year	2,671,457	3,230,854
Later than 1 year but not later than 2 years	1,629,095	2,823,811
Later than 2 years but not later than 5 years	1,029,784	449,227
Total minimum lease payments	5,330,336	6,503,892
Less: Amounts representing finance charges	(330,766)	(452,644)
Present value of minimum lease payments	4,999,570	6,051,248
Present value of payments:		
Not later than 1 year	2,478,781	2,964,065
Later than 1 year but not later than 2 years	1,532,665	2,653,054
Later than 2 years but not later than 5 years	988,124	434,129
Present value of minimum lease payments	4,999,570	6,051,248
Less: Amount due within 12 months (Note 24)	(2,478,781)	(2,964,065)
Amount due after 12 months (Note 24)	2,520,789	3,087,183

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Commitments (cont'd)

(d) Operating lease commitment - as lessee

The Group has minimum lease payments recognised in profit or loss for the financial year ended 31 December 2021 amounting to RM329,181 (2020: RM281,833).

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

	Group	
	2021 RM	2020 RM
Not later than 1 year	22,490	56,870
Later than 1 year but not later than 5 years	180	2,900
	<u>22,670</u>	<u>59,770</u>

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:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
<i>Assets for which fair values are disclosed:</i>				
Investment properties	-	-	667,000	667,000
2020				
<i>Assets for which fair values are disclosed:</i>				
Investment properties	-	-	900,000	900,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and contract assets. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company minimise and monitor its credit risk by strictly limiting the Group's and Company's associations to business partners with high creditworthiness. Receivable balances and contract assets are monitored on an ongoing basis.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Any receivables having significant balances past due more than 365 days, which are deemed to have higher default risk, are monitored individually.

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

(a) Credit risk (cont'd)

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

Group	Trade receivables						
	Contract assets RM	Current RM	Days past due				Total RM
			1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	
31 December 2021							
Expected credit loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.87%
Estimated total gross carrying amount at default	175,223,675	249,529,013	20,525,806	21,661,791	20,315,090	9,723,427	519,544,129
Less:							
Receivables individually impaired	-	-	-	-	-	-	(15,245,628)
	<u>175,223,675</u>	<u>249,529,013</u>	<u>20,525,806</u>	<u>21,661,791</u>	<u>20,315,090</u>	<u>9,723,427</u>	<u>504,298,501</u>
Expected credit loss	-	-	-	-	-	-	3,706,470

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(a) Credit risk (cont'd)

Group	Contract assets RM	Trade receivables					Total RM
		Current RM	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	
31 December 2020							
Expected credit loss rate (%)	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	460,824,295
Less:							
Receivables individually impaired	-	-	(2,696)	(119,155)	(273,303)	-	(15,466,477)
	<u>374,719,171</u>	<u>172,702,749</u>	<u>73,519,900</u>	<u>21,691,275</u>	<u>15,321,699</u>	<u>13,125,753</u>	<u>445,357,818</u>
Expected credit loss	-	-	-	-	-	1,164,477	1,164,477

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 RM699,079,222 (2020: RM818,559,375) relating to corporate guarantees provided by the Company to several financial institutions for its subsidiaries' credit facilities, and to third parties for the credit facilities granted by suppliers and the joint venture and subsidiaries' performance in construction contracts.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2020: 1) customers which constituted approximately 28% (2020: 16%) of its trade receivables (including related parties) at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	Total RM
2021			
Group			
Financial liabilities			
Trade and other payables	242,446,723	-	242,446,723
Lease liabilities	2,671,457	2,658,879	5,330,336
Loans and borrowings	162,925,222	152,815,509	315,740,731
Total undiscounted financial liabilities	408,043,402	155,474,388	563,517,790
Company			
Financial liabilities			
Other payables	1,184,706	-	1,184,706
Loans and borrowings	3,000,000	75,000,000	78,000,000
Total undiscounted financial liabilities	4,184,706	75,000,000	79,184,706

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
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	<u>559,719,199</u>	<u>137,365,256</u>	<u>8,237,017</u>	<u>705,321,472</u>
Company				
Financial liabilities				
Other payables	470,696	-	-	470,696
Total undiscounted financial liabilities	<u>470,696</u>	<u>-</u>	<u>-</u>	<u>470,696</u>

(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.

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

(c) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 50 (2020: 50) basis points lower/higher, with all other variables held constant, the Group's net profit after tax would have increased/decreased by RM1,208,000 (2020: RM1,550,000) 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 2021 and 2020.

Sensitivity analysis for foreign currency risk

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

		Group	
		2021	2020
		RM	RM
Increase/(decrease) in (loss)/profit after tax			
SGD/RM	- strengthened 3% (2020: 3%)	928,380	873,000
	- weakened 3% (2020: 3%)	<u>(928,380)</u>	<u>(873,000)</u>
USD/RM	- strengthened 4% (2020: 3%)	(37,985)	(26,000)
	- weakened 4% (2020: 3%)	<u>37,985</u>	<u>26,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances whereas total capital comprises equity attributable to owners of the Company.

The gearing ratios are as follows:

	Note	Group 2021 RM	2020 RM
Loans and borrowings	23	307,062,519	407,107,416
Less: Cash and bank balances	22	(69,536,133)	(57,474,737)
Net debt		<u>237,526,386</u>	<u>349,632,679</u>
Total equity		<u>731,049,412</u>	<u>734,293,725</u>
Capital and net debt		<u><u>968,575,798</u></u>	<u><u>1,083,926,404</u></u>
Gearing ratio		<u><u>24.5%</u></u>	<u><u>32.3%</u></u>

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.

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Segment information (cont'd)

At 31 December 2021	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	503,981,530	142,103,110	8,428	44,993,999	-	691,087,067
Inter-segment	6,147,218	84,950,802	14,977,807	(711,669)	(105,364,158)	-
Total revenue	510,128,748	227,053,912	14,986,235	44,282,330	(105,364,158)	691,087,067
Results:						
Segment results	16,690,479	25,433,587	14,986,235	5,407,802	(12,413,118)	50,104,985
Other operating income						8,126,814
Administration expenses						(41,773,354)
Finance costs						(14,827,405)
Share of loss of joint ventures						(660,079)
Profit before tax						970,961
Income tax expense						(1,698,993)
Loss net of tax						(728,032)
Other Information						
Interest income	(2,717,629)	(284,505)	-	(19,467)	2,197,292	(824,309)
Finance costs	8,115,762	2,674,276	742,694	6,183,513	(2,888,840)	14,827,405
Depreciation of property, plant and equipment	24,727,416	14,705,493	-	32,745	(299,677)	39,165,977
Depreciation of right-of-use assets	1,264,331	1,825,990	-	-	-	3,090,321
Depreciation on investment properties	6,549	-	-	-	-	6,549

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FINANCIAL STATEMENTS
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36. Segment information (cont'd)

At 31 December 2021	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Results (cont'd):						
<u>Other Information (cont'd)</u>						
Gain on disposal of property, plant and equipment	(1,892,877)	(548,795)	-	(19,499)	-	(2,461,171)
Gain on derecognition of right-of-use assets	(5,048)	(1,853)	-	-	-	(6,901)
Property, plant and equipment written off	85,528	105,673	-	-	-	191,201
Allowance for impairment on trade receivables	2,696,933	222,199	-	-	-	2,919,132
Reversal of allowance for impairment on trade receivables	(247,009)	(350,979)	-	-	-	(597,988)
Bad debts recovered	(593,541)	-	-	-	-	(593,541)
Unrealised foreign exchange gain	-	(914,836)	-	-	-	(914,836)
Reversal of provision for defect liability costs	(1,464,000)	-	-	-	-	(1,464,000)
Provision for obsolete inventories	-	4,252	-	-	-	4,252
Reversal of provision for obsolete inventories	-	(209,116)	-	-	-	(209,116)

NOTES TO THE
FINANCIAL STATEMENTS
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36. Segment information (cont'd)

At 31 December 2021	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Assets:						
Segment assets	749,709,394	287,729,735	396,650,309	356,885,199	(464,531,993)	1,326,442,644
<u>Additions to non-current assets other than financial instruments</u>						
Property, plant and equipment	3,840,342	3,859,038	-	101,220	-	7,800,600
Right-of-use assets	780,724	1,606,688	-	-	-	2,387,412
Land held for development	-	-	-	42,792,100	-	42,792,100
Liabilities:						
Segment liabilities	365,035,346	115,851,008	79,186,513	179,459,268	(144,138,903)	595,393,232

NOTES TO THE
FINANCIAL STATEMENTS
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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	<u>625,855,478</u>	<u>250,259,188</u>	<u>17,966,349</u>	<u>2,305,568</u>	<u>(101,677,527)</u>	<u>794,709,056</u>
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						<u>7,944,005</u>
Other Information						
Interest income	(4,439,955)	(268,645)	-	(17,533)	1,281,436	(3,444,697)
Finance costs	12,147,217	3,125,890	-	4,586,824	(1,404,060)	18,455,871
Depreciation of property, plant and equipment	26,594,411	13,257,651	-	20,430	17,096	39,889,588
Depreciation of right-of-use assets	1,633,318	1,834,429	-	-	-	3,467,747

NOTES TO THE
FINANCIAL STATEMENTS

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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
Results (cont'd):						
<u>Other Information (cont'd)</u>						
Depreciation on investment properties	53,439	-	-	-	-	53,439
Gain on disposal of property, plant and equipment	(1,662,608)	(60,999)	-	-	-	(1,723,607)
Gain on derecognition of right-of-use assets	(14,480)	(78,635)	-	-	-	(93,115)
Gain on disposal of investment properties	(109,704)	-	-	-	-	(109,704)
Property, plant and equipment written off	7,101	188,061	-	-	-	195,162
Write down of land held for development	-	-	-	7,316,055	-	7,316,055
Loss on disposal of properties held for sale	58,938	-	-	-	-	58,938
Allowance for impairment on trade receivables	1,373,923	1,912,693	-	-	-	3,286,616
Reversal of allowance for impairment on trade receivables	(533,365)	(287,940)	-	-	-	(821,305)
Unrealised foreign exchange loss	-	2,576,450	-	-	-	2,576,450
Provision for defect liability costs	1,031,000	-	-	-	-	1,031,000
Bad debts written off	856,752	-	-	-	-	856,752
Bad debts recovered	(238,018)	-	-	-	-	(238,018)
Provision for obsolete inventories	-	33,631	-	-	-	33,631

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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
Assets:						
Segment assets	871,524,438	323,061,689	308,850,879	345,828,574	(372,288,256)	1,476,977,324
<u>Additions to non-current assets other than financial instruments</u>						
Property, plant and equipment	1,976,719	10,360,085	-	8,110	-	12,344,914
Right-of-use assets	832,512	3,995,072	-	-	-	4,827,584
Land held for development	-	-	-	15,873,009	-	15,873,009
Liabilities:						
Segment liabilities	476,921,980	153,363,832	470,696	190,033,466	(78,106,375)	742,683,599

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Segment information (cont'd)

Information on major customers

Revenue from 1 (2020: 1) major customer amounted to RM137,704,078 (2020: RM161,341,584), arising from sales in the construction segment.

Geographic information

	Group	
	2021	2020
	RM	RM
Revenue from external customers		
Malaysia	582,296,345	695,620,931
Singapore	108,790,722	99,088,125
	<u>691,087,067</u>	<u>794,709,056</u>

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

	Group	
	2021	2020
	RM	RM
Non-current Assets		
Malaysia	<u>374,350,801</u>	<u>368,208,241</u>

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include deferred tax assets.

37. Dividends

	Group and Company	
	2021	2020
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final (single-tier) dividend of 1.0 sen (2020: 3.30 sen) per share	<u>3,533,587</u>	<u>11,213,428</u>

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2021, 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 2022.

NOTES TO THE FINANCIAL STATEMENTS

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38. Significant event during the financial year and subsequent event

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 by the Malaysia Government and Singapore Government to contain it.

- (i) the effects of the multiple stages of Movement Control Order ("MCO") and the various standard operating procedures thereunder imposed by the Malaysia Government ("SOPs").

The Malaysia Government implemented the nationwide Full MCO 3.0. ("FMCO") (also known as First Phase of National Recovery Plan ("NRP"), a four-phase exit strategy from the Covid-19 crisis announced by the Malaysia Government) effective from 1 June 2021, where economic and social activities were not allowed except for prescribed essential services. Effective from 16 August 2021, non-essential activities in the manufacturing, construction, mining and quarrying industries were allowed to resume operations but the operating capacity of such activities is subject to the level of the workforce that has been fully vaccinated.

Almost all of the Group's construction work sites were shut down from 1 June 2021 to 15 August 2021, as only critical projects were allowed to operate subject to MITI's approval. For the remaining period of the financial year, the Group's compliance to the prescribed caps on work force capacity allowed to attend to work at the Group's business premises and the applicable SOPs has resulted in lower productivity of the Group's business operations; and

- (ii) the effect of the Singapore Government's tightening of its COVID-19 measures as it seeks to control the increase in untraceable COVID-19 infections in the country.

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

The entry ban has impacted labour supply in Singapore's construction sector which employs many Indian and Bangladeshi workers, which resulted in slower execution of the Group's customers' projects in Singapore and thus deferments in their taking delivery of the Group's products.

In addition, with the economy reopening during the financial year ended 31 December 2021 ("FYE 2021"), the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials, shortage of workers have resulted in higher cost of operation. Further, in view of the supply chain constrictions, shortage of labour and economy uncertainty, the Group has been very cautious in pursuing order book replenishment and has resulted in low order book replenishment during the first three quarters of FYE 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. Significant event during the financial year and subsequent event (cont'd)

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

The Group has performed an assessment of the recoverability of the carrying amount of assets and measurements of assets and liabilities for the financial year ended 31 December 2021 ("FYE 2021"), and concluded that the COVID-19 pandemic did not have material adverse effects on the assets and liabilities of the Group during FYE 2021.

The Group has also assessed the appropriateness of adopting the going concern basis in its FYE 2021 financial statements. The Group concluded that the going concern basis is appropriate in view of its balance orders in hand and the banking facilities in place to support the working capital requirement of the Group.

As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy.

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 the cash flow requirements of the Group and procure additional banking facility timely, 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 2021 were authorised for issue in accordance with a resolution of the directors on 30 March 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Number of issued shares	:	353,378,716
Number of treasury shares	:	20,000
Number of shareholders	:	3,962
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	254	6.410	9,696	0.002
100 - 1,000	502	12.670	289,060	0.081
1,001 - 10,000	2,011	50.757	10,010,365	2.832
10,001 - 100,000	999	25.214	28,720,242	8.127
100,001 - 17,667,934 *	194	4.896	168,437,475	47.667
17,667,935 and above **	2	0.050	145,891,878	41.287
Total	3,962	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		Indirect Interest	
	No. of Shares	%	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	143,998,802	40.750

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

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	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. Anita Chew Cheng Im	-	-	-	-
7. Bhupendar Singh A/L Sewa Singh	-	-	-	-
8. Dato' Ir. Fong Tian Yong	-	-	-	-
9. Johar Salim Bin Yahaya	-	-	-	-
10. Datuk Woon See Chin	-	-	-	-

Note :-

[^] Includes 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.

ANALYSIS OF SHAREHOLDINGS AS AT 1 APRIL 2022

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.	Goh Ngee Tee	3,846,200	1.088
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Lian Hing (8122003)	3,712,196	1.050
13.	Wang Ah Yu	3,667,878	1.038
14.	Chin Lian Hing	3,625,068	1.025
15.	Leong Choon Thye	3,605,007	1.020
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C CLIENTS)	3,066,365	0.867
17.	Yam Tai Fong	3,029,600	0.857
18.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,945,926	0.833
19.	Lew Kim Bock	2,911,658	0.823
20.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	2,484,939	0.703
21.	Pang Yi Shia	2,308,759	0.653
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang (8122016)	2,285,959	0.646
23.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Chin Lian Hing (SMART)	2,248,880	0.636
24.	Pang Yili	2,064,369	0.584
25.	Pang Chew Ngo	2,035,763	0.576
26.	Maybank Nominees (Tempatan) Sdn Bhd Etika Family Takaful Berhad (Dana Ekuiti)	2,009,800	0.568
27.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur PHEIM (211901)	1,843,975	0.521
28.	Chai Yuen Chung	1,604,700	0.454
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		263,202,185	74.485

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 1 April 2022.

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022

Number of Warrants in issue : 58,954,600
 Number of Warrant Holders : 1,143
 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 : One vote per warrant
 Warrant Holders

Distribution of Warrant Holdings (As per Record of Depositors)

Size of Holdings	No. of Holders	% of Holders	No. of Warrants	% of Warrants
1 - 99	54	4.724	2,459	0.004
100 - 1,000	346	30.271	191,868	0.325
1,001 - 10,000	483	42.257	1,982,486	3.362
10,001 - 100,000	208	18.197	7,708,287	13.074
100,001 - 2,947,729 *	50	4.374	23,775,500	40.328
2,947,730 and above **	2	0.174	25,294,000	42.904
Total	1,143	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		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
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. Anita Chew Cheng Im	-	-	-	-
7. Bhupendar Singh A/L Sewa Singh	-	-	-	-
8. Dato' Ir. Fong Tian Yong	-	-	-	-
9. Johar Salim Bin Yahaya	-	-	-	-
10. Datuk Woon See Chin	-	-	-	-

Note :-

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

ANALYSIS OF WARRANT HOLDINGS AS AT 1 APRIL 2022

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	1,865,400	3.164
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Lee Choon Phooi (PB)	1,771,600	3.005
6.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Cheah Chee Siong (PB)	1,450,700	2.460
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,255,000	2.128
8.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,250,000	2.120
9.	Chai Yune Fah	735,900	1.248
10.	Chai Yun Kien	657,300	1.114
11.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lew Kim Bock (8122057)	654,775	1.110
12.	Wang Ah Yu	627,800	1.064
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tam Kian Kwang	548,200	0.929
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Retnarasa A/L Annarasa (MY2355)	508,700	0.862
15.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Foy Won (CCTS)	471,000	0.798
16.	Chai Yuen Chung	460,700	0.781
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.	Sunny Pang Yi Lin	394,800	0.669
21.	Pang Yili	353,500	0.599
22.	Pang Sek Loh	332,200	0.563
23.	RHB Nominees (Asing) Sdn Bhd Exempt an for Phillip Securities Pte. Ltd. (A/C Clients)	330,400	0.560
24.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng	300,000	0.508
25.	Maybank Nominees (Tempatan) Sdn Bhd Lee Choon Phooi	299,200	0.507
26.	Yu Fook Haw @ Yeong Fook Haw	298,500	0.506
27.	Chin Ah Fee @ Chan Yok Ying	270,000	0.457
28.	Cheah Chee Siong	252,300	0.427
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		45,120,325	76.534

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 2021

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	20	19,427,751
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	9	47,570,895
3.	HS(D)478917, PTD170709, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land held for development	28/3/2013	Land lease over freehold commercial land expiring 31 July 2113	110,642	Not Applicable	Not Applicable	20,928,958
4.	HS(D)478918 PTD170710, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land held for development	28/3/2013	Land lease over freehold commercial land expiring 13 July 2116	120,491	Not Applicable	Not Applicable	17,376,917
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 held for development	5/3/2014	Leasehold (99 years expiring on 27 January 2103)	386,499	Not Applicable	Not Applicable	37,002,466
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 held for development	13/5/2015	Freehold	6,082,826	Not Applicable	Not Applicable	32,905,623

LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2021

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 held for development	26/1/2018	Leasehold (99 years expiring on 27 January 2103)	589,539	Not Applicable	Not Applicable	30,693,544
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	Land under development	15/03/2019	Freehold	261,208	Not Applicable	Not Applicable	17,072,783
9.	HS(D)458296 PTD166915, Mukim Pulau, Daerah Johor Bahru, Negeri Johor	Agriculture land held for development	20/12/2017	Freehold	1,263,037	Not Applicable	Not Applicable	82,100,000
10.	HS(D)606468 PTD244133 and HS(D)606467 PTD244132, Mukim Plentong, District of Johor Bahru, Johor	Commercial Land held for development	04/01/2021	Freehold	484,088	Not Applicable	Not Applicable	43,107,820

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 THIRTEENTH (13TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Thursday, 2 June 2022 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 2021 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) Chin Lian Hing (Resolution 1)
 - (ii) Pang Tin @ Pang Yon Tin (Resolution 2)
3. To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution, as Directors of the Company:-
 - (i) Anita Chew Cheng Im (Resolution 3)
 - (ii) Johar Salim Bin Yahaya (Resolution 4)
 - (iii) Dato' Ir. Fong Tian Yong (Resolution 5)
 - (iv) Bhupendar Singh A/L Sewa Singh (Resolution 6)
4. To declare a single tier final dividend of 1.0 sen per ordinary share for the financial year ended 31 December 2021. (Resolution 7)
5. To approve the payment of Directors' fees and benefits up to an amount of RM480,000.00 to the Non-Executive Directors for the period from the 13th AGM until the next AGM of the Company. (Resolution 8)
6. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)

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
AUTHORITY TO ALLOT SHARES** (Resolution 10)

"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."

NOTICE OF THIRTEENTH (13TH) ANNUAL GENERAL MEETING

8. ORDINARY RESOLUTION

(Resolution 11)

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/or its subsidiaries ("KLCB Group") be and are hereby authorised to enter into any of the recurrent related party transactions of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders of the Company dated 28 April 2022 with the related parties mentioned therein which are necessary for the KLCB Group's day-to-day operations, provided that the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they may deemed fit and expedient in the interest of the Company to give full effect to the Proposed RRPT Mandate."

9. ORDINARY RESOLUTION

(Resolution 12)

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

"THAT subject to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

NOTICE OF THIRTEENTH (13TH) ANNUAL GENERAL MEETING

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which 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 THIRTEENTH (13TH) ANNUAL GENERAL MEETING

10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

By Order of the Board

TAY LEE SHYA (MIA 16982)

(SSM PC No. 202008002274)

WONG PEIR CHYUN (MAICSA 7018710)

(SSM PC No. 202008001742)

YENG SHI MEI (MAICSA 7059759)

(SSM PC No. 202008001282)

Company Secretaries

Kuala Lumpur

28 April 2022

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 13th 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 2021 will be payable to shareholders of the Company on 15 July 2022. The entitlement date for the said dividend shall be 30 June 2022.

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 30 June 2022 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

28 April 2022

NOTICE OF THIRTEENTH (13TH) ANNUAL GENERAL MEETING

NOTES:-

1. The 13th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online website at <https://tiih.online>.

The conduct of a fully virtual 13th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327 of the Companies Act 2016 provided that the online platform is located in Malaysia. All meeting participants including Chairperson of the meeting, Board members, senior management and shareholders are to participate in the meeting online.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the 13th 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 26 May 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the 13th 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 THIRTEENTH (13TH) 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 Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tiah.online>. Please refer to the Administrative Guide for the 13th AGM on the procedures for electronic lodgement of Proxy Form via TIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is on Tuesday, 31 May 2022 at 2.30 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-
 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 THIRTEENTH (13TH) ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2021

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this agenda item is not put forward for voting by shareholders.

2. Resolutions 1 to 6 – Re-election of Directors

Pang Tin @ Pang Yon Tin, Chin Lian Hing, Anita Chew Cheng Im, Johar Salim Bin Yahaya, Dato' Ir. Fong Tian Yong and Bhupendar Singh A/L Sewa Singh ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 13th AGM.

The Board had through the Nomination Committee ("NC") carried out assessment on the Retiring Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their role as Directors.

The Board had also through the NC evaluated the independence of Anita Chew Cheng Im, Johar Salim Bin Yahaya, Dato' Ir. Fong Tian Yong and Bhupendar Singh A/L Sewa Singh who were appointed on 1 December 2021 and shall hold office until the conclusion of the forthcoming 13th AGM and eligible for re-election pursuant to the Constitution. The Board agreed that Anita Chew Cheng Im, Johar Salim Bin Yahaya, Dato' Ir. Fong Tian Yong and Bhupendar Singh A/L Sewa Singh met the criteria of independence as prescribed in the MMLR of Bursa Securities.

3. Resolution 7 – Declaration of a Single Tier Final Dividend

Pursuant to Paragraph 8.26(2) of the MMLR of Bursa Securities, the single tier final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

4. Resolution 8 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Act, the fees of Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The proposed Directors' fees and benefits for the period from the 13th AGM until the date of next AGM under Resolution 8 is calculated based on the current Board composition and the number of scheduled Board and Committee meetings from the 13th AGM until the date of next AGM. The said Resolution is to allow the Company to make payment of Directors' fees and benefits to the Non-Executive Directors up till next AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or appointment of additional Independent Directors), approval will be sought at the next AGM for the shortfall.

5. Resolution 9 – Re-appointment of Auditors

The Board had on 30 March 2022, through the Audit Committee, assessed the suitability, objectivity and independence of the External Auditors, Messrs Crowe Malaysia PLT and considered the re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company. The Board and the Audit Committee collectively agreed and satisfied that Messrs Crowe Malaysia PLT has the relevant criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Securities.

NOTICE OF THIRTEENTH (13TH) ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 10 – 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 10% General Mandate granted to the Directors at the Twelfth AGM as there were no investment(s), acquisition(s) or working capital that require fund raising activity.

2. Resolution 11 – 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 28 April 2022.

3. Resolution 12 – 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 28 April 2022.

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 (1) of Explanatory Notes on Special Business at page 183.

ADMINISTRATIVE GUIDE FOR THE 13TH ANNUAL GENERAL MEETING (“AGM”)

Date : Thursday, 2 June 2022
Time : 2.30 p.m.
Online Meeting
Platform : <https://tiih.online> or <https://tiih.com.my> (Domain Registration Number with MYNIC: D1A282781)

MODE OF MEETING

In view of the COVID-19 endemic, and as part of the safety measures, the 13th AGM will be conducted on a **fully virtual basis through live streaming and online meeting platform as well as online remote voting via the Remote Participation and Voting Facilities (“RPV”)** provided by Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at <https://tiih.online>.

REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 13th AGM via the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.

Members who appoint proxies to participate via RPV in the 13th 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 **Tuesday, 31 May 2022 at 2.30 p.m.**

Authorised representatives of corporate members must deposit their original certificate of appointment of authorised representative to Tricor to participate via RPV in the 13th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor no later than **Tuesday, 31 May 2022 at 2.30 p.m.** to participate via RPV in the 13th AGM.

A member who has appointed a proxy or attorney or authorised representative to participate at this 13th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

As the 13th AGM is a fully virtual AGM, members who are unable to participate in this AGM may appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

ADMINISTRATIVE GUIDE FOR THE 13TH ANNUAL GENERAL MEETING (“AGM”)

PROCEDURES FOR RPV

Members/proxies/attorneys/authorised representatives who wish to participate the 13th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:

Procedure		Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services” by selecting “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request	<ul style="list-style-type: none"> Registration is open from Thursday, 28 April 2022 up to the AGM day, Thursday, 2 June 2022. Members/proxies/attorneys/authorised representatives are required to pre-register their attendance for the 13th AGM to ascertain their eligibility to participate the 13th AGM using the RPV facilities. Login with your user ID and password and select the corporate event: “(REGISTRATION) KIMLUN CORPORATION BERHAD 13TH 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 26 May 2022, the system will send you an e-mail after 31 May 2022 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)</i></p>
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 13th AGM at any time from 1.30 p.m., i.e. 1 hour before the commencement of the 13th AGM on Thursday, 2 June 2022 at 2.30 p.m.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAMING MEETING) KIMLUN CORPORATION BERHAD 13TH AGM” to engage in the proceedings of the 13th 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 13th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Select the corporate event: “(REMOTE VOTING) KIMLUN CORPORATION BERHAD 13TH AGM”. Read and agree to the Terms & Conditions and confirm the Declaration. Voting session commences from 2.30 p.m. on Thursday, 2 June 2022 until a time when the Chairperson announces the completion of the voting session of the 13th AGM. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairperson on the closure of the 13th AGM, the live streaming will end.

ADMINISTRATIVE GUIDE FOR THE 13TH 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 Members	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "KIMLUN CORPORATION BERHAD 13TH AGM - SUBMISSION OF PROXY FORM" • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairperson as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(ies) appointment. • Print proxy form for your record.
ii. Steps for Corporation or Institutional Members	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: "KIMLUN CORPORATION BERHAD 13TH AGM - SUBMISSION OF PROXY FORM". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: "KIMLUN CORPORATION BERHAD 13TH 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 13TH ANNUAL GENERAL MEETING (“AGM”)

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board in advance of the 13th AGM via Tricor's TIH Online website at <https://tiah.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Tuesday, 31 May 2022 at 2.30 p.m.** The Board will endeavor to answer the questions received at the AGM.

VOTING AT MEETING

The voting at the 13th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor to conduct online remote voting via the RPV via its TIH Online website at <https://tiah.online> and Asia Securities Sdn Bhd as Independent Scrutineers to verify the poll results.

Members can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairperson of the Meeting and submit your votes at any time from the commencement of the 13th AGM at 2.30 p.m. Kindly refer to “Procedures for RPV” provided above for guidance on how to vote remotely via TIH Online.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution of door gifts or food vouchers** for the 13th AGM.

Kimlun Corporation Berhad would like to thank all its members for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd 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

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/ or* (*delete as appropriate)

Full Name (in Block Capitals)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirteenth (13th) Annual General Meeting of the Company, which will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC: D1A282781) on Thursday, 2 June 2022 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 Chin Lian Hing as Director of the Company.		
2.	Re-election of Pang Tin @ Pang Yon Tin as Director of the Company.		
3.	Re-election of Anita Chew Cheng Im as Director of the Company.		
4.	Re-election of Johar Salim Bin Yahaya as Director of the Company.		
5.	Re-election of Dato' Ir. Fong Tian Yong as Director of the Company.		
6.	Re-election of Bhupendar Singh A/L Sewa Singh as Director of the Company.		
7.	Declaration of single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2021.		
8.	Approval on payment of Directors' fees and benefits up to an amount of RM480,000.00 to the Non-Executive Directors for the period from the 13th AGM until the next Annual General Meeting of the Company.		
9.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
11.	Proposed RRPT Mandate.		
12.	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. The 13th AGM will be conducted on a fully virtual basis through live streaming and online meeting platform via TIH Online website at <https://tjih.online>.

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Please read these Notes carefully and follow the procedures in the Administrative Guide for the 13th 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 26 May 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at this AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tjih.online>. Procedures for RPV can be found in the Administrative Guide for the 13th AGM.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIH Online at <https://tjih.online>. Please refer to the Administrative Guide for the 13th AGM on the procedures for electronic lodgement of Proxy Form via TIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is on Tuesday, 31 May 2022 at 2.30 p.m.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:
 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.

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