KIMLUN CORPORATION BERHAD

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

2022

ANNUAL REPORT

CORPORATE VALUES

KNOWLEDGE **I**NTEGRITY **M**ORAL **L**EADERSHIP **U**NITY **N**OVELTY

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.

OUR MISSION

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

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

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

OUR VISION

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

WHAT'S INSIDE

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pang Tin @ Pang Yon Tin
Executive Chairman

Sim Tian Liang
Chief Executive Officer and Executive Director

Chin Lian Hing
Executive Director

Yam Tai Fong
Executive Director

Pang Khang Hau
Executive Director

Datuk Woon See Chin
Independent Non-Executive Director

Johar Salim Bin Yahaya
Independent Non-Executive Director

Anita Chew Cheng Im
Independent Non-Executive Director

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairperson
- Anita Chew Cheng Im
  Independent Non-Executive Director

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

REMUNERATION COMMITTEE

Chairman
- Datuk Woon See Chin
  Independent Non-Executive Director

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

NOMINATION COMMITTEE

Chairman
- Johar Salim Bin Yahaya
  Independent Non-Executive Director

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

COMPANY SECRETARIES

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

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

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

HEAD OFFICE

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Johor Bahru City Square,
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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,
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Telephone No. : (+603) 2783 9299
Facsimile No. : (+603) 2783 9222

REGISTERED OFFICE

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Avenue 3, Bangsar South,
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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
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Facsimile No. : (+607) 338 4627

CORPORATE STRUCTURE

KIMLUN CORPORATION BERHAD
Registration No. 200901023978 (867077-X)
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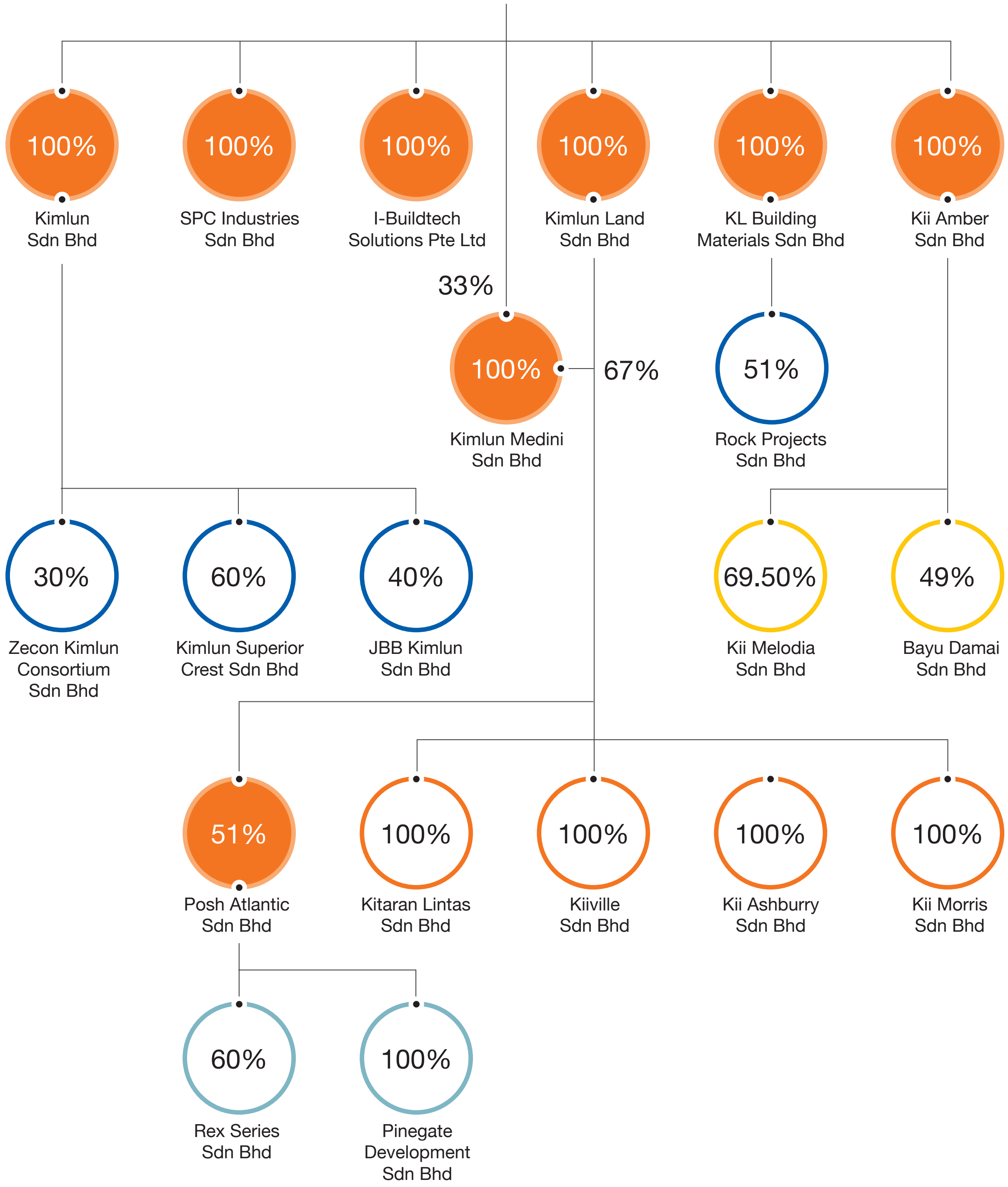


CORPORATE MILESTONES

1977 - 2003

1977
- Our humble beginnings started when Kimlun Earthworks Sdn Bhd was incorporated.

1994
- Kimlun Earthworks Sdn Bhd changed its name to Kimlun Sdn Bhd ("KLSB").

1997 - 2002
- KLSB involved in building construction and infrastructure projects with contract value less than RM20.0 million each in Johor, Malaysia.

2002
- SPC Industries Sdn Bhd ("SPC") commenced its pre-cast concrete business.

2003
- KLSB secured its first contract with a value exceeding RM20.0 million for the construction of apartments and townhouses.
- SPC was accredited with ISO 9001:2000 Quality Management.

2004 - 2008

2004
- SPC supplied concrete sewerage tunnel segments to Pantai Trunk Sewerage Bored Tunnel project in Kuala Lumpur.

2005
- KLSB ventured into specialised infrastructure construction by constructing the Tanjung Puteri flyover in Johor Bahru.
- KLSB ventured into Klang Valley with the construction of 70 units of semi detached houses.
- SPC secured its first sales contract for the supply of concrete tunnel lining segments to Singapore MRT project.

2006
- KLSB secured specialised infrastructure construction project for the upgrading works of the Perling Interchange in Johor Bahru.

2007
- KLSB was accredited the "ISO 9001:2000, Quality Management System" certification.

2008
- KLSB secured the project for the construction of the elevated interchange along Johor Bahru Inner Ring Road – Package 3B Jalan Abu Bakar Interchange with a contract value exceeding RM100 million.
- KLSB formed IBS Department to promote IBS construction methods.
- I-Buildtech Solutions Pte Ltd ("IBT") was incorporated in Singapore.

2009 - 2012

2009
- KLSB secured its first Industrial Building System ("IBS") building project from Iskandar Regional Development Authority at a contract value of RM142.81 million.
- Kimlun Corporation Berhad was incorporated as an investment holding company.

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

2011
- Kimlun Group ventured into property development with its first development land in Cyberjaya, Selangor.

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

CORPORATE MILESTONES

2013 - 2016

2013

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

2015

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

2016

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

2017 - 2020

2017

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

2020

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

PROFILE OF DIRECTORS

PANG TIN @ PANG YON TIN

Executive Chairman

75

Date of Appointment
24 October 2009

Pang Tin @ Pang Yon Tin, a Malaysian aged 75, 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 43 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

68

Date of Appointment
24 October 2009

Sim Tian Liang, a Malaysian aged 68, male, was appointed to the Board as Chief Executive Officer of Kimlun Corporation Berhad on 24 October 2009 and is responsible for strategic planning and for the overall management of the Group.

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

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

PROFILE OF DIRECTORS

CHIN LIAN HING

Executive Director

58

Date of Appointment
24 October 2009

Chin Lian Hing, a Malaysian aged 58, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the operations and business development activities of our construction business.

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

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

YAM TAI FONG

Executive Director

55

Date of Appointment
24 October 2009

Yam Tai Fong, a Malaysian aged 55, female, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for all financial matters concerning our Group.

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

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

PROFILE OF DIRECTORS

PANG KHANG HAU
Executive Director

41

Date of Appointment
24 October 2009

Pang Khang Hau, a Malaysian aged 41, male, was appointed to the Board as Executive Director of Kimlun Corporation Berhad on 24 October 2009 and is responsible for the corporate affairs of our Group, including business development activities, human resource, administration and management.

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

DATUK WOON SEE CHIN
Independent Non-Executive Director

79

Date of Appointment
1 October 2020

Datuk Woon See Chin, a Malaysian aged 79, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 October 2020. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

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

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

PROFILE OF DIRECTORS

JOHAR SALIM BIN YAHAYA

Independent Non-Executive Director

69

Date of Appointment
1 December 2021

Johar Salim Bin Yahaya, a Malaysian aged 69, 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

56

Date of Appointment
1 December 2021

Anita Chew Cheng Im, a Malaysian aged 56, female, was appointed to the Board as an Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. She is the Chairperson of the Audit and Risk Management Committee and a member of the Nomination Committee.

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

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

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

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

Since she left the investment banking industry in 2007, she has been sitting on various corporate boards. She is currently an Independent Non-Executive Director of Plytec Holding Berhad, K-One Technology Berhad and SKP Resources Berhad, companies listed/to be 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

65

Date of Appointment
1 December 2021

Bhupendar Singh A/L Sewa Singh, a Malaysian aged 65, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and Nomination Committee.

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

74

Date of Appointment
1 December 2021

Dato' Ir Fong Tian Yong, a Malaysian aged 74, male, was appointed to the Board as Independent Non-Executive Director of Kimlun Corporation Berhad on 1 December 2021. He is a member of the Audit and Risk Management Committee and the Remuneration Committee.

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

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.

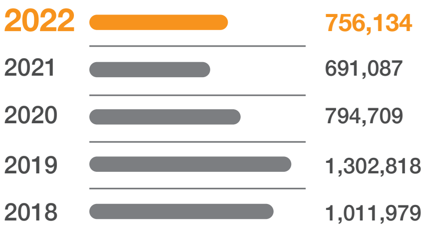
On the corporate side, he is a director of Malaysia-China Business Council, a not-for-profit company limited by guarantee as well as the Editor of the Board of Engineers Malaysia. He was the past President of the Technological Association Malaysia.

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 2022 other than traffic offences, if any.*

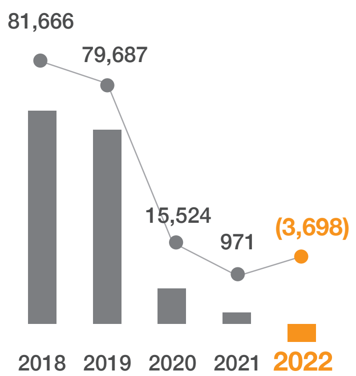
GROUP FINANCIAL HIGHLIGHTS

REVENUE
(RM'000)

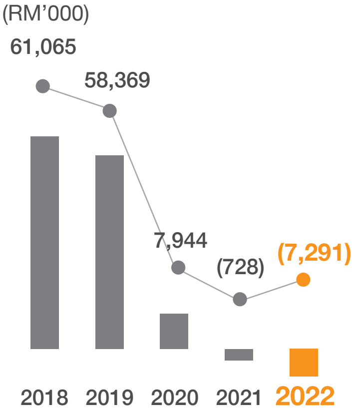


BASIC EARNINGS/(LOSS) PER SHARE
(SEN)

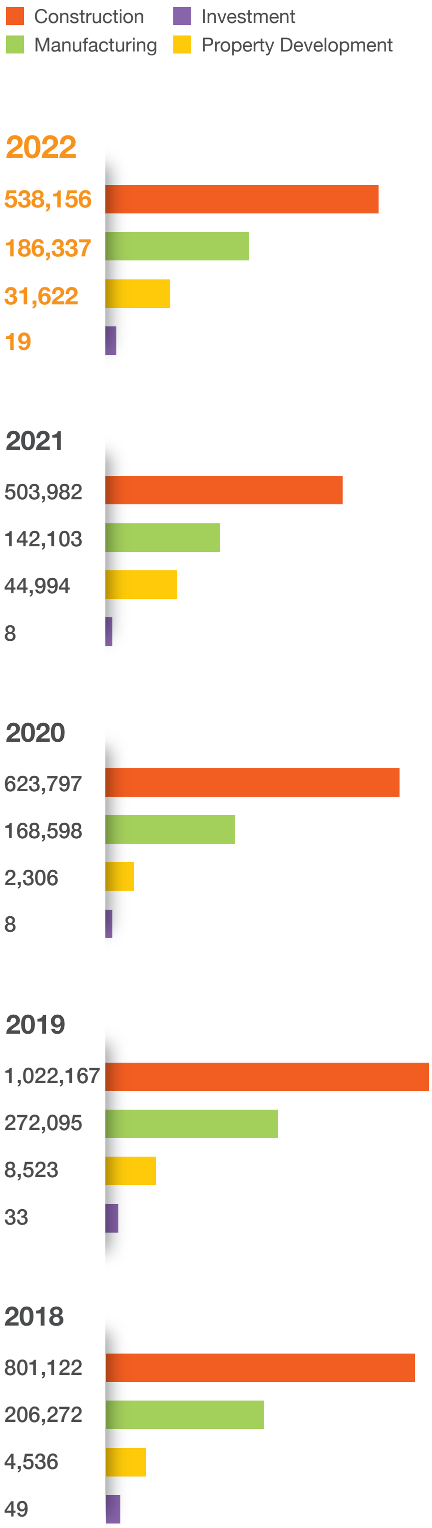
PROFIT/(LOSS) BEFORE TAX (PBT)
(RM'000)



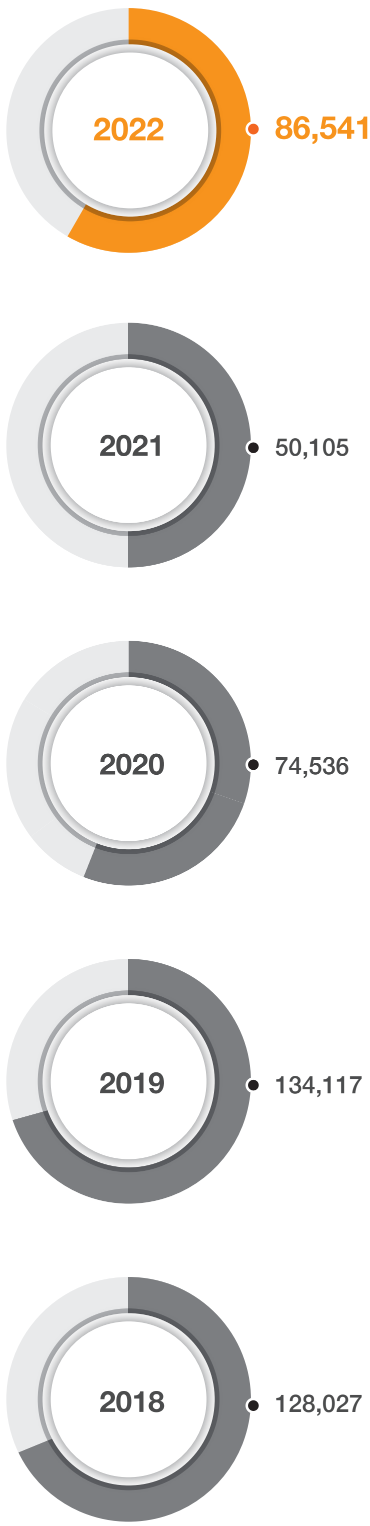
PROFIT/(LOSS) AFTER TAX (PAT)
(RM'000)



REVENUE BY SEGMENT
(RM'000)



GROSS PROFIT
(RM'000)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS ("THE BOARD"), I AM PLEASED TO PRESENT THE ANNUAL REPORT OF KIMLUN CORPORATION BERHAD ("OUR COMPANY") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 ("FY2022").

OUR OPERATING ENVIRONMENT

Malaysia entered into the transition of the COVID-19 endemic phase on 1 April 2022 after battling the virus outbreak for two years. The transition saw gradual relaxations in various COVID-19 related restrictions, including the removal of restrictions on business operating hours and reopening of the country's borders, enabled normalising of economic activities.

The operating landscape of the construction industry was very challenging during FY2022 despite the improvement in productivity. The industry continued to suffer from the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials and massive shortage of workers. The outbreak of the Russia-Ukraine war in February 2022, further exacerbate the escalation in raw materials prices via steep increases in a range of commodity prices.

We implemented the following measures to mitigate the impact of the aforesaid challenges to the Group's business:

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

(ii) placement of advance bulk purchase orders to lock in raw materials supply at a better bulk purchase price; and

(iii) adoption of IBS construction, whenever possible, to reduce reliance on labour.

In view of the supply chain constrictions, massive shortage of labour and volatility in raw materials prices, the Group had been very cautious in pursuing order book replenishment and had resulted in lower order book replenishment in FY2022.

OUR BUSINESS PERFORMANCE

Our revenue increased from RM691.09 million in FY2021 to RM756.13 million in FY2022, mainly attributable to low base effects, as the Group's operation was substantially curtailed in FY2021, during the nationwide Full Movement Control Order 3.0.

Our gross profit ("GP") increased from RM50.10 million in FY2021 to RM86.54 million in FY2022, on the back of higher revenue and improved GP margin of 11.4%. Our GP margin in FY2022 had benefited from the followings:

(i) revenue combination with higher proportion of the Group revenue contributed by the more profitable manufacturing and trading division;

(ii) stronger Singapore Dollar against Ringgit Malaysia enhanced the profitability of our Singapore sales orders; and

CHAIRMAN'S STATEMENT

(iii) better absorption of sunk costs enabled by higher level of operations.

Despite the higher GP achieved, we suffered loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022 against profit before tax of RM0.97 million and loss after tax of RM0.73 million in FY2021. This was mainly due to the impairment of trade receivable ("Debt") and contract asset ("Contract Asset") totaling RM43.52 million in relation to a hospital project which the Group completed in the last quarter of year 2020. The said project was awarded to our subsidiary, by a company ("Debtor") which is jointly owned by a body corporate (owned by a state government) and a public listed company. Please refer to the Financial Review section under the Management Discussion And Analysis for further details on the Debtor and the project.

The aforesaid impairment is a non-cash provision, i.e. it does not have any impact on the Group's cash flow. Notwithstanding, any recovery of the Debt and Contract Asset will increase the Group's other operating income and operating cash inflow in the future.

We will continue to pursue the recovery of the Debt and Contract Asset.

OUTLOOK

The Group has an estimated construction and manufacturing balance order book of approximately RM1.38 billion and RM0.35 billion respectively as at 31 December 2022, from a list of diversified clientele. The balance order book is expected to support the Group's performance in 2023.

Notwithstanding, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability.

As the shortage of labour is expected to ease gradually, we will intensify our bidding for projects and sales orders in order to increase our job flows and contribute positively to our result in 2023 and beyond. Our track record in the industries we operate in, and extensive experience in our businesses, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

REWARD TO SHAREHOLDERS – DIVIDEND

While we do not adopt a formal dividend policy, our Company has been declaring dividends every year since its listing on the Main Market of Bursa Malaysia Securities Berhad in 2010. In respect of FY2022, the Board recommends a single tier final dividend of 1.0 sen per share. The recommended final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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

ACKNOWLEDGEMENT

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

Pang Tin @ Pang Yon Tin
Chairman

主席文告

敬爱的股东，

本人谨代表董事局提呈金轮企业有限公司（“本公司”）截至2022年12月31日财政年（“2022财年”）的年度报告。

我们的运营环境

马来西亚在与新冠肺炎(“COVID-19”)疫情抗争两年后，于 2022 年 4 月 1 日开始将新冠疫情过渡成为地方性流行病。在过渡期间，各种与COVID-19相关的限制逐渐放宽，包括取消对营业时间的限制和重新开放国界，使经济活动得以正常化。

尽管生产力有所提高，但建筑业的运营环境在2022财年充满挑战。该行业继续受到疫情造成的供应链中断和供应紧缩、原材料成本上升和劳工严重短缺的影响。此外，该年爆发的俄乌战争更加剧了原材料价格的上涨。

我们采取了以下措施，以减轻上述挑战对业务的影响：

(i) 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;

(ii) 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; 及

(iii) 尽可能采用工业化建筑系统施工方法，以减少对劳工的依赖。

有鉴于供应链紧缩、劳工严重短缺和原材料价格的波动，我們在考量投标项目得要非常的谨慎，导致2022财年投得的项目偏低。

我们的业务表现

我们在2022财年的营业额报7亿5613万令吉，较2021财年的6亿9109万令吉的营业额有所增长。我们在2021财年的营业额较低，主要因为我們的业务在马来西亚政府于2021年实施的行动管制令3.0期间大幅缩减。

毛利则从2021财年的5010万令吉增加到2022财年的8654万令吉，主要归功于营业额上升以及较好的毛利润率达11.4%。我们2022财年的毛利润率受益于以下几方面：

(i) 利润较高的制造及贸易分部对集团营业额的贡献比例较2021财年高;

(ii) 新加坡元兑马来西亚令吉的汇率走强,提高了我们新加坡销售订单的利润;及

(iii) 固定开销吸收率在集团业务有所提升下得以改善。

主席文告

虽然我们实现了更高的毛利，但我们却在2022财年蒙受370万令吉的税前亏损，及729万令吉的税后亏损。这主要是由于集团对一笔与一项医院工程相关的应收账款（“债务”）和合同资产（“合同资产”）共计4352万令吉作出全盘的减值。上述医院项目的授予者（“债务人”）是一家由州政府机构和一家上市公司共同拥有的公司。欲知更多关于债务人和项目的讯息，请参阅2022财年年度报告的第 21 至 22 页。相对的,我们在2021财年的税前利润为97万令吉, 税后亏损为73万令吉。

上述减值为非现金拨备，即对本集团的现金流并无任何影响。尽管如此，债务及合约资产的任何回收将增加本集团未来的收入及现金。

我们将继续追讨该债务和合同资产。

展望

截至2022年12月31日，我們手握来自多元化客户群的13.8亿令吉的建筑订单和3.5亿令吉的制造订单。这些订单将为我们2023年的收入做出贡献。

尽管如此，原材料、能源和商品价格的上涨以及劳工短缺将继续拖累我们的运营和盈利能力。

由于预计劳工短缺将逐渐缓解，我们将积极地竞标工程和销售订单，以增加我们的工作量，并为我们在2023及以后的业绩做出贡献。我们丰富的业务经验，加上银行家的支持，是集团竞投及执行未来项目的良好支持因素。

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

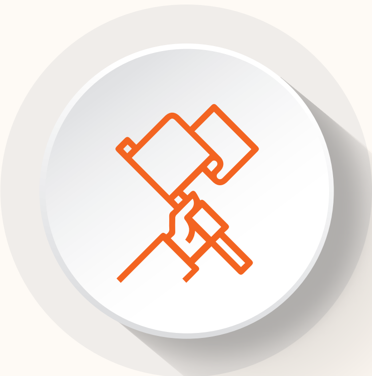
我谨代表董事会，衷心感谢我们的股东、来往银行、客户、业务伙伴以及有关监管当局对我们的持续支持，指导以及协助。董事会谨借此机会感谢我们的管理层以及员工的辛勤工作以及奉献精神。

彭廷
主席

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE VALUES

KNOWLEDGE INTEGRITY MORAL LEADERSHIP UNITY NOVELTY



MISSION

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

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

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

VISION

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF OUR BUSINESSES AND OPERATIONS

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

- SOHO and office in **HYVE at Cyberjaya, Selangor**
- Residential properties in **Pekan Nenas, Johor, and Shah Alam, Selangor**

Ongoing

Semi-detached houses in **100 trees @ Seri Alam, Johor**

In the Pipe Line

Bungalow in **Bukit Bayu Phase 2, Shah Alam, Selangor**

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION PLANT AND PRODUCTS

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

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

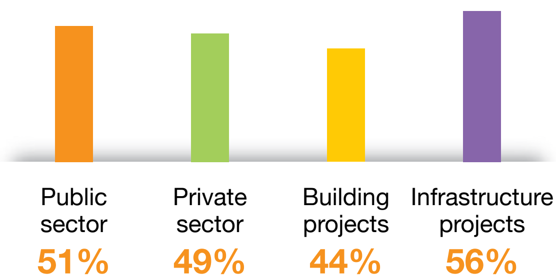
SARAWAK
- Aggregates
- Premix
- Concrete drains

CONSTRUCTION PROJECTS

Balance order book as at 31 Dec 2022

RM1.38 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

Ongoing 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 2022

RM0.35 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 and Line 2
- TLS to Singapore MRT Circle Line, Downtown Line and Thomson Line
- Precast Bathroom to Michael and Festive Hotel, Singapore

Ongoing sales orders include:
- SBG for train testing center
- TLS, rail sleepers and IBS for Singapore MRT projects
- Jacking pipes for 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 Projects		
Hyve at Cyberjaya, Selangor	232 million	A combination of 804 units of freehold SOHO and offices
Taman Puteri at 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	48 million	Expected launching in second quarter of 2023: 16 units of leasehold bungalows
Bandar Seri Alam, Johor	66 million	Ongoing: 60 units of freehold semi-detached houses
Total	**114 million**	

Location / Land Area	Gross Development Value (RM)	Type of Land Usage / Planned Development
Existing Land Bank in Hand		
Bandar Seri Alam, Johor Bahru, Johor / 11.27 acres	#	Freehold commercial land / commercial development
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 / 140.84 acres	#	29 parcels of freehold agriculture land / township development
Mukim Pulai, Johor Bahru, Johor / 29.00 acres	#	Freehold agriculture land / commercial development
Mukim Pulai, 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		2018	2019	2020	2021	2022
FINANCIAL RESULTS (RM' mil)						
Revenue		1,011.98	1,302.82	794.71	691.09	756.13
Gross Profit		128.03	134.12	74.54	50.10	86.54
Profit/(Loss) Before Taxation		81.67	79.69	15.52	0.97	(3.70)
Profit/(Loss) After Taxation		61.07	58.37	7.94	(0.73)	(7.29)
Profit/(Loss) Attributable to Owners of the Company		61.14	58.39	7.99	(0.59)	(7.23)
FINANCIAL POSITION (RM' mil)						
Cash and Bank Balances		35.57	64.94	57.47	69.54	72.23
Total Assets		1,397.14	1,546.16	1,476.98	1,326.44	1,300.77
Total Borrowings		273.15	406.61	407.11	307.06	307.64
Shareholders' Equity		664.72	720.47	725.91	721.28	710.40
FINANCIAL RATIOS						
Gross Profit Margin	%	12.65	10.29	9.38	7.25	11.45
Basic Earnings per Share ("EPS")/ Loss per Share	Sen	18.81	17.42	2.34	(0.17)	(2.05)
Dividend per Share	Sen	3.70	3.30	1.00	1.00	1.00
Dividend Yield (note 1)	%	3.4	2.6	1.1	1.2	1.3
Net Assets per Share	RM	2.00	2.12	2.08	2.07	2.05
Net Gearing Ratio (note 2)	times	0.26	0.32	0.32	0.25	0.25
CASH FLOW (RM' mil)						
Net cash flows generated from/ (used in) operating activities		(137.52)	10.55	13.14	117.57	52.02
Net cash flows used in investing activities		(21.14)	(91.86)	(1.98)	(2.60)	(20.83)
Net cash flows generated from/ (used in) financing activities		93.01	104.04	4.24	(103.44)	(17.16)
SHARES PERFORMANCE						
Share Price – Year Close	RM	1.08	1.25	0.895	0.81	0.77
Share Price – Year High	RM	2.35	1.49	1.26	1.01	0.835
Share Price – Year Low	RM	1.00	1.08	0.51	0.74	0.63
Trading volume (no of shares)	Mil	34	35	163	76	12
Market Capitalisation (note 3)	RM' mil	358	425	316	286	272
Price Earnings Ratio (note 4)	times	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

The Group recorded revenue of RM756.13 million in FY2022, which was RM65.04 million (9.4%) higher compared to RM691.09 million recorded in FY2021. The growth in revenue was mainly due to low base effects, as the Group's operation was substantially curtailed in FY2021, during the nationwide Full Movement Control Order 3.0.

The Group recorded gross profit ("GP") of RM86.54 million in FY2022, which was RM36.44 million (72.7%) higher against RM50.10 million of FY2021, on the back of higher revenue and improved GP margin of 11.4%.

The Group's GP margin in FY2022 had benefited from the followings:

(i) Higher proportion of the Group revenue was contributed by the more profitable manufacturing and trading ("M&T") division;

(ii) Stronger Singapore Dollar against Ringgit Malaysia enhanced the profitability of M&T division's Singapore sales orders; and

(iii) Better absorption of sunk costs enabled by higher level of operations.

Conversely, the construction division recorded a lower GP margin in FY2022, mainly due to higher costs of raw materials, energy and commodities attributable to the pandemic-inflicted supply chain disruptions and supply constrictions, further exacerbated by the Russia-Ukraine war.

Other income at RM8.22 million in FY2022, approximate the level in FY2021. Other income mainly comprised of reversal of allowance for impairment on trade receivable, interest income and gains on disposal of scrap materials.

Administration expenses of RM82.74 million in FY2022 were RM40.96 million (98.1%) higher against FY2021, due to the impairment of trade receivable ("Debt") and contract asset ("Contract Asset") totaling RM43.52 million in relation to a hospital project which the Group completed in the last quarter of year 2020. The said project was awarded to Kimlun Sdn Bhd ("KLSB"), a subsidiary of the Company, by a company ("Debtor") which is jointly owned by a body corporate (owned by a state government) and a public listed company.

The Debtor is the concession holder in respect of a hospital ("Hospital") granted by the Government of Malaysia ("Government"). The development of the Hospital is being undertaken through 'public-private partnership' on a build, lease, maintain and transfer concept, and a concession agreement in relation to the proposed development of the Hospital was signed between the Government, the Debtor and a public entity. The concession period is for a period of approximately 33 years, including 7 years of construction works and 25.5 years of asset management services ("Asset Management Services Period"). During the Asset Management Services Period, the Debtor will be paid the Availability Charges (for the availability of the Hospital and the supporting facilities and infrastructure) and the Asset Management Services Charges (for the provision of the maintenance services and asset replacement programme), aggregating approximately RM141 million per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

The scope of the Debtor's work under the Concession Agreement includes construction and completion of the Hospital and the supporting infrastructure and amenities, and to carry out the asset management services for the facilities and infrastructure of the Hospital.

The construction of the Hospital and the supporting infrastructure and amenities had been completed and issued with the Certificate of Practical Completion on 19 August 2020 and the Certificate of Acceptance ("COA") on 30 December 2020. Upon the issuance of the COA, the Assets Management Services Period has commenced.

KLSB was informed by the Debtor that it is pursuing the issuance of SUKUK, the proceeds of which will be used, amongst other, to repay the outstanding construction loans and dues to KLSB. However, as the Debtor had missed its target of issuing the SUKUK in 2022, and the SUKUK is still not issued as at the date of finalisation of our financial results for FY2022, and on a prudent basis, KLSB has impaired the Debt and the Contract Asset.

The aforesaid impairment is a non-cash provision, i.e. it does not have any impact on the Group's cash flow. Notwithstanding, any recovery of the Debt and Contract Asset will increase the Group's other operating income and operating cash inflow in the future.

KLSB will continue to monitor the progress of the proposed SUKUK issuance, or any other repayment proposal from the Debtor, and will take appropriate action to recover the Debt and the Contract Asset.

Finance costs of RM12.82 million in FY2022 were RM2.01 million (13.5%) lower against FY2021, on lower utilisation of banking facilities during the period.

Share of loss of joint ventures was higher at RM2.90 million in FY2022 due to low business activities of joint venture companies, and incidental expenses incurred by a joint venture company in securing banking facilities.

The effective tax rate for FY2022 was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations and potential deferred tax benefit on unutilised tax losses, unabsorbed capital allowances and other temporary differences were not recognised on prudent basis.

As a result, the Group recorded loss before tax of RM3.70 million and loss after tax of RM7.29 million in FY2022 against profit before tax of RM0.97 million and loss after tax of RM0.73 million in FY2021.

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.*

	FY2022 RM'000	FY2021 RM'000	Changes RM'000	Changes %
Revenue				
Construction	**550,208**	510,129	40,079	7.9%
M&T	**366,153**	227,054	139,099	61.3%
Property Development	**31,623**	44,282	(12,659)	(28.6%)
Investment	**9,674**	14,986	(5,312)	(35.4%)
Elimination	**(201,524)**	(105,364)	(96,160)	91.3%
Consolidated revenue	**756,134**	691,087	65,047	9.4%
GP				
Construction	**6,703**	16,690	(9,987)	(59.8%)
M&T	**76,520**	25,434	51,086	200.9%
Property Development	**3,589**	5,408	(1,819)	(33.6%)
Investment	**9,674**	14,986	(5,312)	(35.4%)
Elimination	**(9,945)**	(12,413)	2,468	(19.9%)
Consolidated GP	**86,541**	50,105	36,436	72.7%
GP margin				
Construction	**1.22%**	3.27%		
M&T	**20.90%**	11.20%		
Property Development	**11.35%**	12.21%		
Investment	**100.0%**	100.0%		
Consolidated GP margin	**11.45%**	7.25%		

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in construction and M&T revenue in FY2022 was mainly due to low base effects as explained in the preceding section of this report.

The improvement in M&T revenue was mainly attributable to the increase in inter-segment sales and external sales by RM94.87 million and RM44.23 million respectively against FY2021.

The growth in M&T division's inter-segment sales was derived from higher sales to the construction division, while the growth in external sales was derived from higher sales to Singapore on fulfillment of sales orders in hand.

Property development ("PD") division recorded lower revenue in FY2022, due to lower sales of Phase 1 of Bukit Bayu, Seksyen U10, Shah Alam project in FY2022, as most of the units under Phase 1 had been sold in FY2021.

The decline in investment revenue which mainly comprised of dividend and interest income, was due to lower dividend income from other divisions.

The construction division recorded a lower GP margin, while M&T division achieved a higher GP margin in FY2022, due to the reason elaborated in the preceding section of this report.

PD division recorded a lower GP margin in FY2022, due to lower profit margin products were sold during FY2022.

Financial Position

Shareholders' equity decreased from RM721.28 million as at 31 December 2021 to RM710.40 million as at 31 December 2022, attributable to the comprehensive loss attributable to owners of the Company of RM7.35 million and dividend paid of RM3.53 million during FY2022.

Non-current assets decreased from RM377.21 million as at 31 December 2021 to RM316.77 million as at 31 December 2022, mainly due to the decrease in land held for development by RM68.39 million upon the reclassification of certain plots of land to development properties under current assets ('Reclassification of Land").

Current assets increased from RM949.23 million as at 31 December 2021 to RM984.00 million as at 31 December 2022. This was mainly due to the Reclassification of Land, higher properties held for sale, partly offset by the impact of the aforesaid impairment of Debt and Contract Asset.

Current liabilities decreased from RM444.38 million as at 31 December 2021 to RM416.17 million as at 31 December 2022 mainly due to lower trade payables and contract liabilities.

Non-current liabilities increased from RM151.01 million as at 31 December 2021 to RM159.31 million as at 31 December 2022 mainly due to new loan drawn down during the year for refinancing of land bank.

Net gearing ratio as at 31 December 2022 was at a manageable level of 0.25 times.

Cash Flow

For FY2022, the Group registered net cash from operating activities of RM52.02 million. Net cash of RM20.83 million was used in investing activities, mainly for the purchase of machineries for our construction projects and quarry operation. Net cash of RM17.16 million was used in financing activities, mainly for repayment to hire purchase creditors. With the net increase in cash of RM14.03 million during FY2022, the Group's cash and cash equivalents was RM60.35 million as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND OUTLOOK

The Group has an estimated construction and manufacturing balance order book of approximately RM1.38 billion and RM0.35 billion respectively as at 31 December 2022, contributed by numerous construction contracts and supply contracts. The balance order book is expected to support the Group's performance in 2023.

Notwithstanding, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability.

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 60 to 61 of this Annual Report for nature of the key risks and the Group's control measures to mitigate the risks.

FOCUS AND STRATEGIES FOR 2023

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

- Bid for precast products orders from Singapore and Malaysia markets, including those in relation to MRT line, rail line and private sector IBS orders
- Establish new market for quarry products
- Expansion of production line

PROPERTY DEVELOPMENT DIVISION

- Development of 60 units of semi-detached houses in Johor with GDV of RM66 million
- Launching of 16 units of bungalows in Selangor with GDV of RM48 million
- Development planning of land bank in hand and in the pipeline

MANAGEMENT DISCUSSION AND ANALYSIS

Our ongoing projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Exyte Malaysia Sdn Bhd, UEM Sunrise Bhd Group, S P Setia Bhd Group and China Communications Construction Company Ltd. Our ongoing projects and sales orders include the following:

(a) 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;

(b) 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;

(c) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 project for S$23.92 million. The estimated completion period of the sales orders is year 2025; and

(d) The supply of pre-cast concrete sleepers and tunnel lining segments ("TLS") to Singapore MRT project at aggregate contract value of S$40.18 million. The estimated completion period of these sales orders is year 2026.

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 2023 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.

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2023:

- Phase 2 of Pan Borneo Highway Sarawak;
- Autonomous Rapid Transit (ART) Sarawak;
- Johor-Singapore Rapid Transit System;
- Road upgrading works in Johor;
- Klang Valley MRT Line 3; and
- Affordable housing projects.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand in 2023 (i.e. the value of construction contracts to be awarded) to range 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 a continued strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

Private sector construction demand is projected to be between S$11 billion and S$13 billion in 2023, comparable with 2022 figures.

Over the medium-term, BCA expects the total construction demand to reach between $25 billion and $32 billion per year from 2024 to 2027.

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

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

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

Property Development Division

The Group's ongoing development project, namely 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 RM66 million, is expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales.

The Group expects to launch Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, with estimated GDV of RM48 million, in the second quarter of 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group entered into agreements to acquire the following properties (collectively "New Lands") to increase its 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 2023	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	Second 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 2022, the Group's net gearing ratio is expected to increase from the audited ratio of 0.25 times as at 31 December 2022 to 0.30 times.

Upon the completion of the acquisitions, the total land bank of the Group will increase to approximately 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 FY2022, the Board recommends a single tier final dividend of 1.0 sen per share.

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

SUSTAINABILITY STATEMENT

INTRODUCTION

Our Board believes that companies that prioritise key Economic, Environmental and Social ("EES") strategies will benefit and contribute to a more sustainable society for 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.

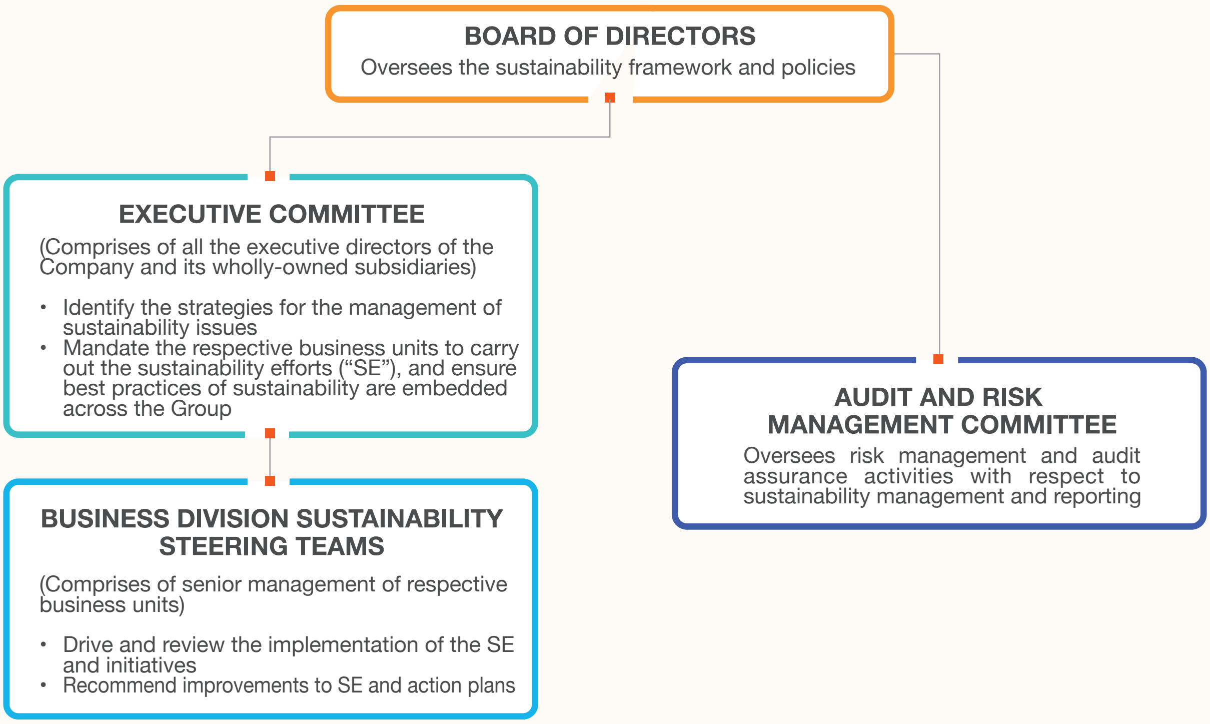
We recognise that our operations would have an impact on EES conditions of the communities within which we operate. We integrate our business approaches with key EES aspects towards achieving and delivering long-term sustainable values to our stakeholders.

This Sustainability Statement covers the reporting period from 1 January 2022 to 31 December 2022.

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/Areas of Interest
Shareholders/ Investors	• Annual General Meeting • Annual report • Quarterly results announcement • Website with dedicated investor relations section • Analyst briefings • Media interviews and releases	• Annual • Annual • Quarterly • Updated on timely basis for announcements /regularly for other sections • Ad hoc • Ad hoc	• Company performance • Dividends • Business strategy and plans • Corporate governance • Internal control and risks management
Customers	• Technical presentation • Direct engagements • On-site meetings • Quality management • Participation in bidding process	• Ad hoc • Regular • Regular • Regular • Regular	• Increase visibility • Relationship management • Quality and reliability of products and services • Project management • Pricing • On time delivery of projects
Suppliers/ Contractors/ Consultants	• Direct engagements • On-site meetings and/or inspections • Suppliers and contractors performance evaluation	• Regular • Regular • Annually	• Relationship management • Quality of products and services • Project management • Cost control • Occupational health and safety
Government and regulatory authorities	• Meetings and consultations • Trainings • Standard operating procedures	• Ad hoc • Periodically • Daily	• Regulatory compliance • Approvals, permits or licences • Standard and certification
Employees	• Employee induction training • Training and development programmes • Performance appraisals • Safety briefings • Company activities	• Regular • Regular • Semi-annually • Regular • Regular	• Career development and enhancement • Fair employment practices • Workplace conduciveness • Safety, health and welfare
Local community	• Corporate social responsibility initiatives • Local hiring and sourcing	• Regular • Regular	• Corporate citizenship • Contribution to local community

SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABILITY MATTERS ("MSM")

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

(i) the nature of our business and our corporate strategy;

(ii) risks assessment and risks scoring based on matrix developed pursuant to our enterprise risk framework; and

(iii) our understanding of our stakeholders' needs.

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

Business / Economic Growth
- Shortage of skilled workers and raw materials
- Inconsistency of quality of products and services
- Cost control
- Business growth

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
- Equal opportunity

Government and Regulatory Requirements
- Compliance with applicable laws and regulations
- Occupational safety and health
- Approvals, permits or licences

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	• Mechanised construction methods • Shortage of skilled workers • Inconsistency of quality of products and services • Supply chain disruption • Cost escalation • Cost control
	• Market competition
Environmental	• Consumption of natural resources
	• Climate
	• Waste management
	• Pollution
Government and Regulatory Requirements	• Anti-Bribery and Anti-Corruption
	• Occupational safety and health ("SH")
Social Contribution	• Work place practices
	• Contribution to local community

SUSTAINABILITY STATEMENT

OUR ACTIONS
• Adoption of industrialised building system ("IBS") construction method • Quality control teams 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
• Established quality control procedures and project tendering guidelines to ensure quality services and products to customers, and cost efficiency • Wide range of services and products • Focus in more technical demanding products and services to create a market niche or speciality • 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
• Environmental impact assessment in relation to quarry operation • 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
• Compliance with the Guidelines on Adequate Procedures under Malaysian Anti-Corruption Commission (Amendments) Act 2018 • Implemented Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Code of Conduct • Provided training to employees on anti-bribery and corruption • Segregation of duties for job functions
• 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

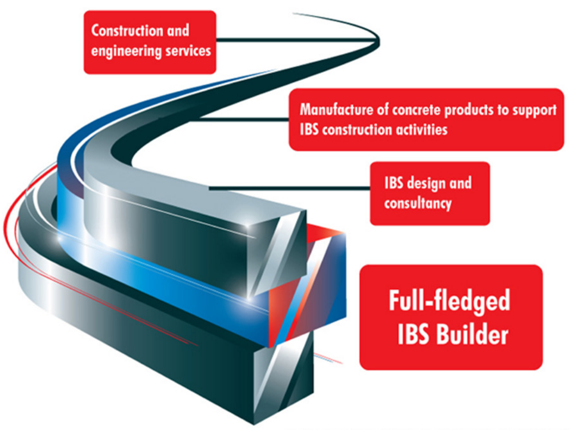
SUSTAINABILITY STATEMENT

INDUSTRIALISED BUILDING SYSTEM

IBS 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 REJECTION

We perform pre-production planning and production process assessment prior to the commencement of production of the products ordered by our customers, to minimise product rejection and machine and manpower idling time. By minimise 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 0.46%.

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

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

The SH's activities include:

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

SUSTAINABILITY STATEMENT

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.

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 safety and health trainings that our employees participated during the year include Basic Occupational First Aid, CPR & AED Training, training on Impact of new Occupational Safety and Health Act 2022 and workshop on Occupational Safety and Health in Construction Industry - Accident Prevention.

CORPORATE SOCIAL RESPONSIBILITY

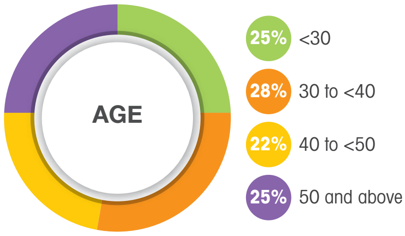
CSR has formed part of the core values that Kimlun will always uphold while conducting itself as a responsible business entity. We are always mindful of contributing back to the local community where we derive our economic benefits. We recognise the essential needs to safeguard the welfare of our employees 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.

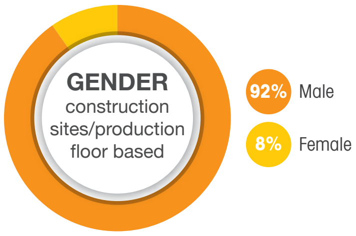
WELFARE OF EMPLOYEES

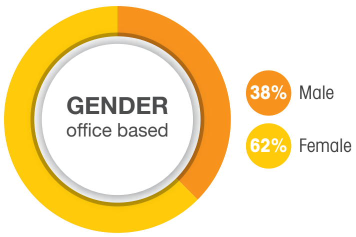
Human capital is the key asset of Kimlun. Our employees' development is critical to the Company's growth. We provide a conducive environment where our employees can explore, express, exchange and execute ideas for individual as well as collective excellence.

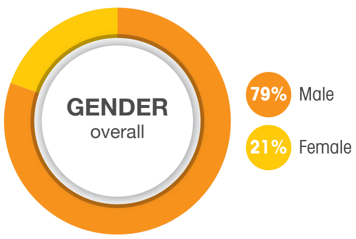
We practice equal employment opportunity and there are no barriers to employment or development in our Group by reason of an individual's gender, race, religion and age. The recruitment or promotion of a candidate is dependent on our organisational needs, the candidate's skills, experience, core competencies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

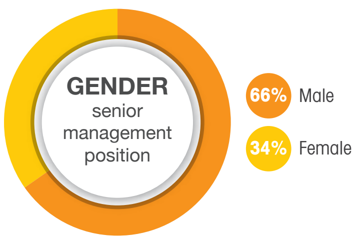
The Group's workforce statistics (excluding foreign labour) as at 31 December 2022 are as follows:

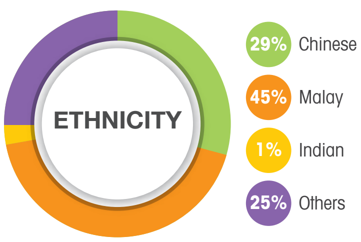












SUSTAINABILITY STATEMENT

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 approximately 2,300 hours of external training to our employees, which surpassed our internal benchmark of 1,965 hours. We spent approximately RM92,000 for employees training and development.

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

2,300 hours
external training

RM92,000
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 Malaysian Aids Foundation, Bantuan Kerusi Roda Rakyat Malaysia and Tunku Laksamana Johor Cancer Foundation.

We made charitable contributions of approximately RM63,000 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 2022 ("FY2022"). The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's website at https://www.kimlun.com and via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities").

A. BOARD LEADERSHIP AND EFFECTIVENESS

The Board adopted a Board Charter which sets out the authority, role and responsibilities of the Board, Board Committees, individual Directors and Senior Management. The Board Charter also sets out the membership and operation of the Board, and issues and decisions reserved for the Board. The Board reviews the Board Charter from time to time and makes any necessary amendments to ensure it complies with relevant laws, regulations and practices, and remain relevant and effective in the light of the Board's objectives. The last review of the Board Charter in FY2022 was on 29 November 2022.

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

Authority

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

Board Composition

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

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

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

On boardroom diversity, the current composition of the Board is diverse in terms of skills, experiences, gender, age and race. The background of each Director can be found on pages 6 to 10 of this Annual Report. Despite the Group is operating mainly in the construction industry which is male-dominant whereby males made up of 88% of the Group's work force, the Board is supportive of the boardroom gender diversity recommended by MCCG as the Board has two female members (i.e. 20% of the Board). Pursuant to the Company's gender diversity policy and the Board Charter, and in compliance with MMLR, the Board shall have at least one female Director. Underpinning the Company's boardroom gender diversity is the commitment to ensure that all Directors are appointed on merit, in line with the standards as set out in Paragraph 2.20A of the MMLR. The Board through the NC will review the proportion of the female to male board members during the annual assessment of the Directors' performance taking into consideration the appropriate skills, experience and characteristics required in the context of the needs of the Group. At the subsidiary companies' level, 33% of the directors (other than those Director(s) who also serve on the board of subsidiary companies) appointed by the Company to represent its interest in these subsidiary companies are female.

The Group practices equal employment opportunity, there are no barriers to employment or development in our Group by reason of an individual's gender. Pursuant to the Group's gender diversity policy, the percentage of senior management positions filled by female shall not be less than the percentage of female employees to the total workforce of the Group. Notwithstanding, the recruitment or promotion of a candidate to the position of senior management is dependent on our organisational needs, the candidate's skills, experience, core competencies and other qualities. As at 31 December 2022, 34% of the senior management is female, which is higher than the percentage of female employees to total workforce.

The Board is satisfied with the level of time committed by its members in discharging their duties and roles as Directors of the Company. All the Directors have full attendance at the Board meetings or committee meetings (where applicable) held during FY2022, and complied with Paragraph 15.06 of the MMLR on the restriction of five directorships in public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Appointment

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

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

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

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

Election and re-election

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

In FY2022, the NC had conducted the fit and proper assessment and reviewed all Directors who are standing for re-election at the Company's forthcoming Fourteenth AGM. The NC has determined and informed the Board that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR. The Board concurred with the findings of the NC, recommends and supports the re-election of Datuk Woon See Chin, Ms. Yam Tai Fong and Mr. Pang Khang Hau (collectively "Retiring Directors"), who are seeking for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming Fourteenth AGM. The Retiring Directors had also provided the fit and proper declarations in accordance with the Directors' Fit and Proper Policy to the Company.

Independence of Director

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC has assessed the independence of all Independent Directors during FY2022 and has determined and informed the Board that all Independent Directors remain objective and met the criteria of independence as prescribed in the MMLR. The Board concurred with the findings of the NC, and considered the suitability of each of the Independent Directors to continue to act as independent directors of the Company. The Board recommends and supports the re-election of Datuk Woon See Chin, who is seeking for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming Fourteenth 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Chairman and Chief Executive Officer

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

The responsibilities of the Chairman include:-

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

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

Board Committees

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

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

The last review of terms of reference was on 29 November 2022. The respective committees' terms of reference are available for reference at the Company's website at https://www.kimlun.com.

a. Audit and Risk Management Committee

The Audit Committee was renamed as the ARMC with effect from 29 November 2022. Please refer to pages 54 to 57 of this Annual Report for composition of the ARMC, ARMC meetings held and the activities undertaken by the ARMC in the discharge of its duties during FY2022.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2022, one meeting was held and attended by all the members.

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

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

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

c. Nomination Committee

The current composition of the NC is as follows:-

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

During FY2022, two meetings were held and attended by all the members. Please refer to the sections on Appointment, Election and Re-election, Independence of Director and Board Evaluation and Performance for further details on activities undertaken by the NC in the discharge of its duties during FY2022.

Board Meetings and Attendance

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

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

The Chairperson of the ARMC, RC and NC would report to the Directors at Board meetings of any salient matters noted by the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2022, five Board meetings were held. Details of attendance at the Board Meeting are as follows:-

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

Access to Information and Independent Professional Advice

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

Directors' Remuneration

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

The remuneration received or receivable by the Directors for FY2022 are as follows:-

Name of Directors	Fee∞ (RM)	Meeting allowance∞ (RM)	Salaries and other allowances^ (RM)	Bonus^ (RM)	EPF^ (RM)	Benefits-in-kind^ (RM)	Total (RM)
Independent Director							
Datuk Woon See Chin	80,400	5,100					85,500
Dato' Ir. Fong Tian Yong	74,400	5,100					79,500
Anita Chew Cheng Im	80,400	5,100					85,500
Johar Salim Bin Yahaya	80,400	5,100					85,500
Bhupendar Singh A/L Sewa Singh	74,400	5,100					79,500
Total	390,000	25,500					415,500
Executive Director							
Pang Tin @ Pang Yon Tin			652,680	105,280	137,949	15,500	911,409
Sim Tian Liang			651,120	106,520	143,960	14,285	915,885
Chin Lian Hing			651,120	106,520	143,960	14,285	915,885
Yam Tai Fong			619,680	101,280	136,988	9,900	867,848
Pang Khang Hau			829,934	107,760	91,964	23,950	1,053,608
Total			3,404,534	527,360	654,821	77,920	4,664,635

^: 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 FY2022, 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 2023. The Board concurred with the recommendation of the RC, and that shareholders' approval be sought at the Fourteenth 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 Fourteenth 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' Self and Peer Evaluation Form;
(c) Directors' Declaration of Fit and Proper Assessment Form; and
(d) Board and Board Committee Evaluation Form.

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

Based on the evaluation conducted in FY2022, 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	• Tax Considerations When Dealing with Creditors and Recent Tax Cases	9 August 2022
Chin Lian Hing	• IR4.0 Steel and BIM Based Construction Cloud for Construction Industry • Tax Considerations When Dealing with Creditors and Recent Tax Cases	17 July 2022 9 August 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Training/Seminar/Conference	Date
Yam Tai Fong	• Strategic Planning Theories, Tools and Practice for Businesses • Financial Instruments Reporting Essentials - With case study illustrations	6 December 2022 13-14 December 2022
Pang Khang Hau	• Certified Erosion Sediment & Stormwater Inspector Standard International (Pre-Recorded Review Class) • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	1-31 August 2022 20 September 2022
Pang Tin @ Pang Yon Tin	• Tax Considerations When Dealing with Creditors and Recent Tax Cases	9 August 2022
Datuk Woon See Chin	• 3rd Malaysia Tax Policy Forum 2022	1 August 2022
Dato' Ir. Fong Tian Yong	• Corporate Directors' Training Programme Fundamental 4.0 • Managing Conflicts	16 August 2022 24 August 2022
Anita Chew Cheng Im	• Talk on ESC under the Listed Entity Director Programme organised by Singapore Institute of Directors • Securities Commission Malaysia's Audit Oversight Board Conversation with audit committee members	8 November 2022 6 December 2022
Bhupendar Singh A/L Sewa Singh	• Bursa Malaysia Mandatory Accreditation Programme • AOB's Conversation with Audit Committees	15-17 February 2022 7 April 2022
Johar Salim Bin Yahaya	• Tax Considerations When Dealing with Creditors and Recent Tax Cases	9 August 2022

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 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, the Company has developed an Anti-Bribery and Corruption Policy ("ABC Policy") to set out the responsibilities of the Group to comply with laws against bribery and corruption and provide guidance to the Directors, employees and business associates on standard of behaviour to which they must adhere to and how to recognise and deal with bribery and corruption issues, to ensure that the Group's business is conducted in an ethical manner with integrity and honesty. The effectiveness of the ABC Policy will be reviewed periodically by the Board, and in any event, at least once in every 3 years. The last review of the ABC Policy was on 29 November 2022.

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

Whistleblowing Policy

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

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 victimisation, 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 ARMC, 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 2022.

COMPANY SECRETARIES

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Financial Reporting

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

Internal Control

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

The Statement on Risk Management and Internal Control is set out on pages 58 to 63 of the Annual Report 2022 providing an overview of the state of internal controls, risk management framework and internal audit function within the Group.

Relationship with Auditors

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

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

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

Being satisfied with the external auditors, Crowe Malaysia PLT's ("Crowe") technical competency and audit independence, the ARMC recommended the appointment of Crowe as external auditors for FY2022. The Board at its meeting held on 30 March 2023 approved the ARMC's recommendation for the shareholders' approval to be sought at the Fourteenth AGM on the appointment of Crowe as external auditors of the Company for FY2023.

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 29 of the Annual Report 2022.

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 31 to 33 of the Annual Report 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group is committed to being accountable and responsive to the expectations and interests of its stakeholders. The Group identified the key stakeholder groups, the corresponding sustainability focus areas and the mode of engagement with such stakeholders as disclosed in page 30 of the Annual Report 2022. The Group ensures that its communication with the internal and external stakeholders are transparent and timely.

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

The Management updates the Board on sustainability matters quarterly.

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

D. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

DISCLOSURE POLICY, INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

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

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

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

The AGM is the principal forum for dialogue with shareholders. 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 are compiled and answered post-AGM.

Key investor relation activities during FY2022 include the followings:-

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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

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

The AGM is the principal forum for dialogue with individual shareholders, as it provides shareholders the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general. In every AGM, the Company conducts a presentation on the performance of the Group and encourages the shareholders to enquire about the Group's performance. The Directors, Company 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 13th AGM which was held on 2 June 2022.

The 13th AGM, attended by all the Directors virtually, was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities ("RPV"). With the RPV, shareholders are able to exercise their right as members of the Company to participate (including posing questions to the Board of the Company before or during the AGM) and vote by registering themselves via TIIH Online. All questions raised by shareholders and proxies via the Query Box at https://tiih.online were attended by the Board with meaningful response. The key matters raised at the 13th AGM and the Company's responses were published on the Company's website at https://www.kimlun.com within 30 business days from the date of 13th 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 2023.

FUTURE PRIORITIES

During FY2022, the Board has accomplished the future priority disclosed in last financial year's Corporate Governance Overview Statement i.e. establishment and implementation of 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.

The Fit and Proper Policy is made available on the Company's website at https://www.kimlun.com.

Looking ahead to financial year ending 31 December 2023, the priorities of the Board will be enhancing the Group sustainability reporting.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Utilisation of Proceeds Raised From Corporate Proposal

During FY2022, the Company established (i) an Islamic commercial papers programme for the issuance of Islamic commercial papers (“ICP”) based on the Shariah principle of Murabahah (via Tawarruq arrangement); and (ii) an Islamic medium term notes programme for the issuance of Islamic medium term notes (“IMTN”) based on the Shariah principle of Murabahah (via Tawarruq arrangement), which have a combined limit of up to RM800 million in nominal value.

During FY2022, the Company issued the following Sukuk:-

Tranche	Issuance Date	Nominal Value (RM’ million)	Tenure Year
5	17 February 2022	5.9	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 FY2022, non-audit fees incurred for services rendered to the Company and/or its subsidiaries by the Company’s current external auditors, or a firm affiliated to the current external auditors were as follows:-

	Audit Fee	Non-Audit Fee
Company	RM43,500	RM5,000
Group	RM265,500	RM5,000

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 FY2022 or entered into since the end of the previous financial year.

Employee Share Scheme

The Company did not establish any Employee Share Scheme and does not have any subsisting Employee Share Scheme during the FY2022.

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

The Company had at the Thirteenth AGM of the Company held on 2 June 2022 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 FY2022 were 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	1,869	Pang Tin @ Pang Yon Tin^, his spouse and children collectively hold 90% interest in SD. Pang Khang Hau* holds 7.5% interest in SD. Pang Chew Ngo# is also deemed interested by virtue of her family relationship to Pang Tin @ Pang Yon Tin. Phin Sdn Bhd ("Phin") is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
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	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in JBE. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
SPC	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	Phang Piow @ Pang Choo Ing and his spouse collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Subsidiaries Involved	Transacting Parties	Categories of Transactions	Value Transacted RM'000	Interested Directors and Major Shareholders
SPC	Properties Watch Sdn Bhd ("PWSB")	Rental of vacant land (1,467,000 square feet) along Jalan Pontian, 81150 Ulu Choh, Johor Bahru, Johor from PWSB	901	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in PWSB. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
SPC and Kimlun Land Sdn Bhd ("Kimlun Land")	Mi Lun Woodworks Sdn Bhd ("MLW")	Provision of landscaping and maintenance service by MLW to SPC and Kimlun Land	13	Pang Tin @ Pang Yon Tin^ and his spouse collectively hold 100% interest in MLW. Pang Khang Hau* and Pang Chew Ngo# are also deemed interested by virtue of their family relationship to Pang Tin @ Pang Yon Tin. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.
KLBM	SPR	Rental of vacant land (up to 356,000 square feet) along Jalan Pontian, 81150 Ulu Choh, Johor Bahru, Johor from SPR	226	Phang Piow @ Pang Choo Ing and his spouse collectively hold 100% interest in SPR. Pang Tin @ Pang Yon Tin^ and Pang Chew Ngo# are deemed interested by virtue of their family relationship to Phang Piow @ Pang Choo Ing. Phin is deemed interested by virtue of Pang Tin @ Pang Yon Tin's interest in Phin∞ pursuant to Section 8 of the CA 2016.

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE COMPOSITION AND MEETINGS

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

1. **Anita Chew Cheng Im**
   Chairperson / Independent Non-Executive Director

2. **Datuk Woon See Chin**
   Member / Independent Non-Executive Director

3. **Dato' Ir. Fong Tian Yong**
   Member / Independent Non-Executive Director

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

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

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

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

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

During the financial year ended 31 December 2022 ("FY2022"), the ARMC met five (5) times. The ARMC meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meeting. The meeting attendance of the ARMC members is as follows:-

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

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year, the ARMC met five times. In line with the terms of reference of the ARMC, the following activities were carried out by the ARMC during FY2022 in discharging its functions:-

(1) External Audit

(a) Met with the external auditors, Crowe Malaysia PLT ("Crowe") three times during FY2022 on 25 February 2022, 30 March 2022 and 29 November 2022 respectively on matters relating to the audit and financial statements without the presence of Management and Executive Directors;

(b) Reviewed and discussed with Crowe on their scope of work, engagement team, audit timeline, areas of audit emphasis, key audit matters, accounting standards updates that affected financial reporting, the responsibilities of Directors and Management, and the FY2022 audit planning memorandum;

(c) Reviewed and discussed with Crowe the results of their audit, their comments and conclusions on the significant audit findings, the audit report, management letter and their evaluation of the internal controls;

(d) Sought clarification from the Management on significant financial reporting issues, judgments made by the Management and matters highlighted by Crowe. The ARMC was satisfied with the clarification from the Management and the actions taken by the Management to address the matters highlighted;

(e) Established External Auditor Policy on, amongst others, the procedures for the selection, nomination, appointment and re-appointment of external auditors, assessment of the external auditors and procedures for the provision of non-audit services by the external auditors;

(f) Reviewed the audit fees proposed by Crowe and recommended the fees to the Board of Directors for approval; and

(g) Assessed the suitability, objectivity and independence of Crowe. In its assessment, the ARMC considered, amongst others, the information presented in Crowe's annual transparency report, competency and adequacy of resource, the professional staff assigned to the audit and the level of non-audit services to be rendered by Crowe. Written assurance was received from Crowe confirming their independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. Being satisfied with Crowe's technical competency, resources and audit independence, the ARMC recommended the appointment of Crowe as external auditors for FY2022.

(2) Financial Reporting

(a) Reviewed the quarterly unaudited financial results, audited financial statements and Annual Report before recommending for the Board's approval, focusing particularly on:-

(i) changes in or implementation of major accounting policy changes;

(ii) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;

(iii) compliance with accounting standards, regulatory and other legal requirements;

(iv) the going concern assumption; and

(v) significant adjustment arising from the audit.

The ARMC obtained the advice of the Company 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 ARMC meetings to facilitate direct communication as well as to provide clarification on the financial results of the Group, the changes in or implementation of major accounting policy changes.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(3) Internal Audit

(a) Met with the internal auditors four (4) times during the year, two (2) out of which were without the presence of any Executive Directors or Management of the Group;

(b) Reviewed the internal audit plan, the adequacy of the scope and coverage of audit activities of the Group, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(c) Reviewed and deliberated on the audit findings in the internal audit reports tabled during the year, the audit recommendations made and Management's responses and/or actions taken to these recommendations. The ARMC briefed the Board on audit findings, sought clarifications from the Executive Directors on internal control matters and provided its views and recommendations on areas where improvements could be made; and

(d) Reviewed the performance of the internal audit function.

(4) Related Party Transactions

(a) Reviewed related party transactions ("RPTs") on a quarterly basis and also the internal audit report on RPTs to ascertain that the review procedures established to monitor the RPTs have been complied with. The Management presented the RPTs reports detailing the parties to the RPTs, the nature and quantum of the RPTs to the ARMC quarterly for their review;

(b) Reviewed the 2022 Circular to Shareholders in relation to the renewal of shareholders' mandate for Recurrent RPT, prior to its recommendation to the Board of Directors for approval.

(5) Risk Management and Internal Control

(a) Reviewed the risk management and internal control framework, policies and process, and recommended for approval by the Board;

(b) Discussed with the Management, the material key risks affecting the Group, the mitigation plans and strategies implemented by Management and the residual risk scores of these risks; and

(c) Reviewed the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group.

(6) Others

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

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

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

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

The scope of work, as approved by the ARMC, was essentially based on the risk profiles of individual business units in the Group, where areas of higher risk were included for internal audit. The internal audit covered key operational, financial and compliance controls, including the risk management process deployed by Management. Among the scope of coverage during the financial year were anti-bribery management system, related party transactions, safety and health management and information technology general control.

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

This statement is made in accordance with the resolution of the Board of Directors dated 30 March 2023.

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 2022 ("FY2022") 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 the Board has delegated and empowered the Audit and Risk Management Committee ("ARMC") to oversee internal control and risk management of the Group. The review mechanism applied by the ARMC in deriving its comfort on the state of the internal control and risk management of the Group includes:-

(i) Assessing the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors present their internal audit report to the ARMC;

(ii) Understanding the Group's performance and effectiveness of management in managing the Group's operations when reviewing the Group's quarterly financial performance and results and the ongoing development; and

(iii) Obtaining feedback from External Auditors on risk and control issues noted by them during their statutory audit concerning the integrity of the accounting system and results generated by the system thereof annually.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

During FY2022, the Group operates within an enterprise risk management framework. An Executive Committee ("EC") that comprises Executive Directors of the Company and appointed key management personnel has been established to assume the following functions:-

a) To supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group; and

b) To review and recommend the Group's risk management policies and strategies for the ARMC's consideration and recommendation for the Board's approval.

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

(i) Provides oversight and direction to the Group risk management process which includes:-

- Evaluating and identifying new risks;
- Reviewing and updating the Risk Register and ensuring that significant risks are being responded to appropriately; and
- Monitoring the Group's risk exposures and ensuring the implementation of management action plans to mitigate significant risks identified;

(ii) Evaluates the effectiveness of the risk management processes and support system to identify, assess, monitor and manage the Group's key risks;

(iii) Meets with senior management on a semi-annual basis to discuss and deliberate on the significant risks affecting the Group within the context of the business objectives and strategy;

(iv) Establish Group risk management guidelines and policies and ensure implementation of the objectives outlined therein and compliance thereto;

(v) Recommends for the Board's approval, the Group risk management policies, strategies and risk tolerance levels, and any proposed changes thereto; and

(vi) Reviews significant investment proposals.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key risks and some of the control measures taken to mitigate the risks for FY2022 are set out below:-

Risk area	Control measures taken to mitigate the risks
Operational risks • As in any business, the Group is subject to operational risks which are inherent in the industry which the Group is operating such as delay in progress of construction leading to Liquidated Ascertained Damages, cost overrun, etc.	• Organisation structure outlining the lines of responsibilities and authorities for planning, executing, controlling and monitoring the business operations. • Periodic operational review meetings attended by the Executive Directors, heads of departments and key management staff to consider financial and operational risks and issues of the Group as well as any management proposal. • Monitoring of actual performance against annual budget by the Board. • Relocate loyal and experienced employees to lead branches' operations. • Engagement of specialist to provide consultancy services for technically complicated works. • Formalised whistleblowing policy, code of conduct and written policies and procedures on major processes to ensure compliance with internal control systems and relevant laws and regulations. • Appointment of staff based on the required level of qualification, experience and competency.
Environmental, social and governance ("ESG") risks • The Group faces a variety of ESG-related issues and some of them have the potential to be material and cause financial or reputational damage	• Implement the guidance under Environment Management System Certification – ISO 14000:2000 in the Group's pre-cast operation to minimise the environmental impact. • Environment Impact Assessment in relation to quarry operation and larger size development in compliance with the applicable rules and regulations. • Implement standard policies and procedures on key operation processes. • Implement Anti-Bribery and Corruption Policy ("ABC Policy") and internal guidelines thereunder to ensure that the Group's business is conducted in an ethical manner with integrity and honesty. • Implement the Code of Conduct ("Code") which sets out the standards which the directors, officers and employees ("Personnel") of the Group are expected to comply in relation to the affairs of the Group's businesses when dealing with each other, shareholders and the broader community. This Code focuses on areas of ethical risk, provide guidance to Personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty, integrity and accountability. • Implement whistleblowing policy which provides means by which an individual can report through established channels, concerns about unethical behavior, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in the future, without fear of reprisal or victimisation. • Engage independent internal audit function to provide reasonable assurance on the effectiveness of the system of internal control within the Group. Risk management process is being audited to provide assurance on the management of risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk area	Control measures taken to mitigate the risks
Credit, financial and liquidity risks • The Group faces the threat of delays in payment by customers for work done which will eventually affect the Group's cash flow, and heighten the risks of debts becoming unrecoverable	• Background check of prospective customers prior to accepting any engagement from such parties. • Close monitoring of collection by the finance department with weekly updates to the senior management as to collection received and incidence of delay. • Timely follow up with the customers on overdue payment and retention sum. • In situations where customer is unable to adhere to the agreed credit terms, reasons for the delay will be examined. If there are sufficient commercial justifications, settlement which include an extension of the time for payments or accepting tangible assets such as properties in lieu of cash payment will be negotiated when recovery of debt in cash in remote. • Avoid over concentration of sales and credit exposure to any customer to prevent over-dependence on any customer. • Actively monitor the Group's banking facilities to ensure the facilities are sufficient to meet the Group's working capital and capital expenditures requirement, and negotiate with bankers for credit facilities features which enable greater flexibility in the Group's financial resources management. • Issuance of Sukuk, where necessary, to meet the Group's funding needs.
Market risks • The Group operates in a competitive environment and failure to compete effectively against its existing competitors and new market entrants will affect its performance	• Establish quality control procedures and project tendering guidelines to ensure quality services and products to customers, and cost efficiency. • Nurture close relationship with customers, sub-contractors and suppliers. • Establish wide range of services and products to diversify product risks and reduce reliance on any particular services or products for revenue. • Focus in more technical demanding products and services to create a market niche or speciality. • Bid for projects jointly with parties which have complementary strength to the Group. • Diversify base of customers, sub-contractors and suppliers.
Human resource risks • The Group believes its future success largely depends on the Group's ability to hire, develop, motivate and retain competent employees and key personnel. The Group's key management team may be difficult to replace as they have been instrumental in the development, growth and success of the Group	• Succession planning in human resources. • Competitive remuneration packages to attract, reward, retain and motivate talents. • Appropriate training and development to nurture and groom existing staff force. • Internship program for university students to identify potential talents that the Group can employ.
Corruption risks • 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	• Implemented ABC Policy which sets out the responsibilities of the Group to comply with laws against bribery and corruption and provide guidance to the Directors, employees and business associates on standard of behaviour to which they must adhere to and how to recognise and deal with bribery and corruption issues. • Implemented the Code and Whistleblowing Policy. • Declaration of actual or potential conflict of interest situation by key senior management and tender award committee. Such personnel shall abstain from decision making where there is actual or potential conflict of interest situation. • Adopts segregation of duties for job functions. Designated personnel for preparing, verifying and approving each transaction/activity is documented in written procedures. • Provide training on anti-bribery and corruption to the 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 ARMC and of the Board to include the assessment of internal controls through the internal audit function.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 RM43,750 for FY2022.

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

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

1. Prepare a detailed Audit Plan based on a risk-based methodology with the scope and frequency of the internal audit activities for the ARMC's approval.

2. Carry out audit activities on business units of the Group to ascertain the adequacy and integrity of their system of internal controls, governance, risk management capability and adequacy of the management team. The assessment on recurrent related party transaction procedures is carried out annually.

3. Report to the Management upon completion of each audit on any significant control lapses and/or deficiencies noted from the reviews and the root-cause analysis results (where applicable), for their verification and corrective action plan.

4. Report to the ARMC on all significant non-compliance, internal control weaknesses, root-cause analysis results (where applicable), and agreed actions taken by Management to resolve the audit issues identified.

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 ARMC.

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 2023.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

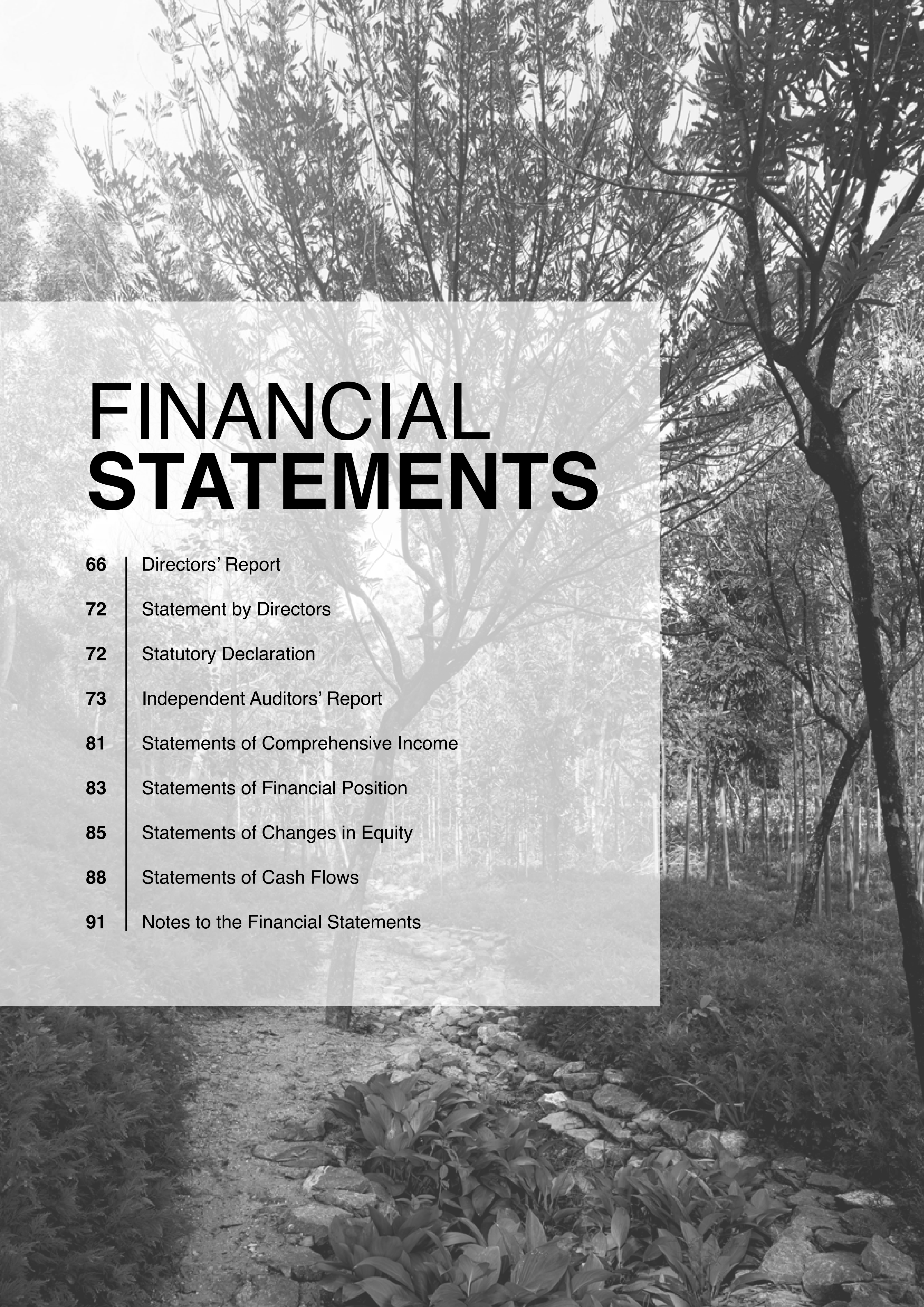
The Directors acknowledged their responsibilities as required by the Companies Act 2016 to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow 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 2023.



FINANCIAL **STATEMENTS**

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 2022.

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	(7,291,248)	4,325,532
Attributable to:		
Owners of the Company	(7,228,569)	4,325,532
Non-controlling interests	(62,679)	-
	(7,291,248)	4,325,532

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 2021 was as follows:

	RM
<u>In respect of the financial year ended 31 December 2021</u>	
Final (single-tier) dividend of 1.0 sen per ordinary share, on 353,358,716 ordinary shares, declared on 2 June 2022 and paid on 15 July 2022	3,533,587

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2022, 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 2023.

DIRECTORS' REPORT

Directors

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

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

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

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

Cheah U Leon
Chia Booi Hooi (f)
Chua Kee Yat @ Koo Kee Yat
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	3,957,394	25,500
Defined contribution plan	654,821	-
Fees	390,000	390,000
Estimated money value of benefits-in-kind	77,920	-
	5,080,135	415,500

Directors and officers indemnity and insurance cost

Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance against personal liability that they may incur in respect of amounts which they may be liable for in respect of claims made against them arising out of the performance of their duties. During the financial year, the insurance premium paid for the insurance is RM22,500. 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 2022	Bought	Sold	31 December 2022
Direct interest:				
Pang Tin @ Pang Yon Tin	19,107,848	-	-	19,107,848
Sim Tian Liang	8,314,670	-	-	8,314,670
Chin Lian Hing	9,586,144	-	-	9,586,144
Yam Tai Fong (f)	9,827,148	-	-	9,827,148
Pang Khang Hau	21,279,570	-	-	21,279,570
Indirect interest:				
Pang Tin @ Pang Yon Tin	143,998,802	-	-	143,998,802
Sim Tian Liang	1,000,000	-	-	1,000,000

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

DIRECTORS' REPORT

Directors' interests (cont'd)

(b) Warrants 2014/2024 in the Company

	Number of warrants			
	1 January 2022	**Bought**	**Sold**	**31 December 2022**
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.

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	265,500	43,500
- Other services	5,000	5,000
Other auditors		
- Statutory audit	10,229	-
	280,729	48,500

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 2023.

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 81 to 173 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 2022 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 2023.

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 81 to 173 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 2023)

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 2022 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 81 to 173.

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 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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

Key Audit Matters

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

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

<table>
<tr><td colspan="2">Reasonableness of revenue recognition arising from contracts with customers
Refer to Notes 2.20, 3.2 (b) and 4 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>The Group's revenue is principally derived from the following businesses:

• construction
• manufacture of concrete products
• property development

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:-

• interpreting of contract terms and conditions;
• assessing and identifying the performance obligations;
• assessing the computation of revenue recognition.</td><td>To address this risk, our audit procedures involved the following:

• 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".</td></tr>
</table>

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

Key Audit Matters (Cont'd)

Reasonableness of attributable profits arising from construction contracts and property development Refer to Notes 2.20 (a), 3.2 (b)(i), 3.2 (b)(ii) and 4 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The Group recognises revenue and costs relating to its construction contracts and property development activities over time, by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period using the input method. This requires the use of estimates on construction contract/property development revenue and cost. Revenue and cost recognised on construction contracts and property development activities have an inherent risk as it involves judgement and estimates. Substantial changes to construction contract/property development revenue and cost estimates in the future can have a significant effect on the Group's results.	To address this risk, our audit procedures involved the following: • Making inquiries and obtaining an understanding from management on the procedures and controls in relation to the estimation of and revision to the construction contract/property development revenue and cost; • Reviewing the reasonableness of the estimated construction contracts/property development revenue by comparing the letter of awards, variation orders and selling prices of units sold, on sample basis; and • Reviewing the reasonableness of the estimated construction contracts/property development cost by reviewing the contract works awarded and variation orders thereof, assessing the basis of estimation for contract works not awarded and comparing to the actual costs incurred up to the end of the reporting period, on sample basis.

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

Key Audit Matters (Cont'd)

Recoverability of trade receivables Refer to Note 20 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
Referring to Note 20(a) of the Group's financial statements, the carrying amount of trade receivables of the Group as at 31 December 2022 amount to RM389 million and represents approximately 39.54% of the Group's current assets (include assets held for sale). We focussed on this area in view of the significance of trade receivables as a component of the Group's current assets and the proportion of trade debts which is above the Group's normal credit period.	To address this risk, our audit procedures involved the following: • Reviewing the Group's credit risk policies on impairment losses for trade receivables and evaluating the reasonableness of the impairment losses provided or reversed; • Assessed recoverability of selected trade receivables by reviewing track record and credit worthiness of the selected customers, reviewing the history of billings to and collections from the customers (including payments subsequent to the financial year end) and evaluated the commercial reasons given by management for non-impairment.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Tan Guan Seng
03387/08/2024 J
Chartered Accountant

Johor Bahru

30 March 2023

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue					
Revenue from contracts with customers	4(a)	756,114,932	691,078,639	-	-
Other revenue	4(c)	18,802	8,428	9,673,517	14,986,235
		756,133,734	691,087,067	9,673,517	14,986,235
Cost of sales		(669,592,349)	(640,982,082)	-	-
Gross profit		86,541,385	50,104,985	9,673,517	14,986,235
Other item of income					
Other operating income	5	8,220,433	8,126,814	-	-
Other items of expenses					
Administration expenses		(82,736,969)	(41,773,354)	(1,284,207)	(1,462,346)
Finance costs	6	(12,819,712)	(14,827,405)	(3,955,823)	(742,694)
Share of loss of joint ventures		(2,903,611)	(660,079)	-	-
(Loss)/Profit before tax	7	(3,698,474)	970,961	4,433,487	12,781,195
Income tax expense	10	(3,592,774)	(1,698,993)	(107,955)	(163,995)
(Loss)/Profit net of tax		(7,291,248)	(728,032)	4,325,532	12,617,200
Other comprehensive loss:					
Foreign currency translation		(121,572)	(507,694)	-	-
Other comprehensive loss for the year, net of tax		(121,572)	(507,694)	-	-
Total comprehensive (loss)/income for the year		(7,412,820)	(1,235,726)	4,325,532	12,617,200

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 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit attributable to:					
Owners of the Company		(7,228,569)	(589,180)	4,325,532	12,617,200
Non-controlling interests		(62,679)	(138,852)	-	-
		(7,291,248)	(728,032)	4,325,532	12,617,200
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(7,350,141)	(1,096,874)	4,325,532	12,617,200
Non-controlling interests		(62,679)	(138,852)	-	-
		(7,412,820)	(1,235,726)	4,325,532	12,617,200

		Group	
	Note	2022 RM	2021 RM
Loss per share attributable to owners of the Company (sen per share)			
Basic	11	(2.05)	(0.17)
Diluted	11	(2.05)	(0.17)

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Assets					
Non-current assets					
Property, plant and equipment	12	131,117,565	137,735,650	-	-
Right-of-use assets	13	5,983,976	4,935,020	-	-
Land held for development	18(a)	145,983,984	214,372,443	-	-
Investment properties	14	139,572	146,121	-	-
Other investments	15	75,000	75,000	-	-
Investments in subsidiaries	16	-	-	326,725,395	316,638,099
Investment in joint ventures	17	15,240,291	17,086,567	-	-
Deferred tax assets	27	18,232,283	2,863,545	-	-
		316,772,671	377,214,346	326,725,395	316,638,099
Current assets					
Development properties	18(b)	172,913,965	84,863,596	-	-
Inventories	19	67,449,818	83,760,023	-	-
Trade and other receivables	20	418,269,291	528,159,430	63,610,975	79,092,584
Prepayment		8,059,731	5,991,667	44,861	137,387
Contract assets	4(b)	230,949,244	175,223,675	-	-
Current tax assets		-	1,693,774	-	-
Cash and bank balances	21	72,229,384	69,536,133	10,189,874	782,239
		969,871,433	949,228,298	73,845,710	80,012,210
Assets held for sale	22	14,125,282	-	-	-
		983,996,715	949,228,298	73,845,710	80,012,210
Total assets		1,300,769,386	1,326,442,644	400,571,105	396,650,309

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	151,644,515	158,571,590	5,900,000	3,000,000
Lease liabilities	24	2,769,568	2,478,781	-	-
Trade and other payables	25	230,710,465	242,446,723	1,393,065	1,184,706
Contract liabilities	4(b)	15,733,053	24,147,420	-	-
Current tax liabilities		3,772,097	-	22,299	1,807
Provisions	26	11,541,000	16,737,000	-	-
		416,170,698	444,381,514	7,315,364	4,186,513
Net current assets		567,826,017	504,846,784	66,530,346	75,825,697
Non-current liabilities					
Loans and borrowings	23	155,993,891	148,490,929	75,000,000	75,000,000
Lease liabilities	24	3,314,868	2,520,789	-	-
		159,308,759	151,011,718	75,000,000	75,000,000
Total liabilities		575,479,457	595,393,232	82,315,364	79,186,513
Net assets		725,289,929	731,049,412	318,255,741	317,463,796
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	420,981,673	431,743,829	28,141,488	27,349,543
Other reserves	30	33,493,369	33,614,941	34,193,668	34,193,668
		710,395,627	721,279,355	318,255,741	317,463,796
Non-controlling interests	16(c)	14,894,302	9,770,057	-	-
Total equity		725,289,929	731,049,412	318,255,741	317,463,796
Total equity and liabilities		1,300,769,386	1,326,442,644	400,571,105	396,650,309

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 2022

			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 2022		731,049,412	255,944,359	(23,774)	431,743,829	33,614,941	34,193,668	(578,727)	9,770,057
Loss net of tax		(7,291,248)	-	-	(7,228,569)	-	-	-	(62,679)
Foreign currency translation		(121,572)	-	-	-	(121,572)	-	(121,572)	-
Total comprehensive loss for the year		(7,412,820)	-	-	(7,228,569)	(121,572)	-	(121,572)	(62,679)
Transactions with owners									
Effect of issue of ordinary shares by a subsidiary		5,186,924	-	-	-	-	-	-	5,186,924
Dividends on ordinary shares	37	(3,533,587)	-	-	(3,533,587)	-	-	-	-
Total transactions with owners		1,653,337	-	-	(3,533,587)	-	-	-	5,186,924
At 31 December 2022		725,289,929	255,944,359	(23,774)	420,981,673	33,493,369	34,193,668	(700,299)	14,894,302

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

			← 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 2022

			← Non-distributable	→	Distributable	distributable
Company	**Note**	**Equity, total RM**	**Share capital (Note 28) RM**	**Treasury shares (Note 28) RM**	**Retained earnings (Note 29) RM**	**Warrant reserves (Note 30) RM**
At 1 January 2021		308,380,183	255,944,359	(23,774)	18,265,930	34,193,668
Total comprehensive income for the year		12,617,200	-	-	12,617,200	-
Transaction with owners						
Dividends on ordinary shares	37	(3,533,587)	-	-	(3,533,587)	-
At 31 December 2021/1 January 2022		317,463,796	255,944,359	(23,774)	27,349,543	34,193,668
Total comprehensive income for the year		4,325,532	-	-	4,325,532	-
Total transaction with owners						
Dividends on ordinary shares	37	(3,533,587)	-	-	(3,533,587)	-
At 31 December 2022		318,255,741	255,944,359	(23,774)	28,141,488	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 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Operating activities				
(Loss)/Profit before tax	(3,698,474)	970,961	4,433,487	12,781,195
Adjustments for:				
Interest income	(1,743,758)	(824,309)	-	-
Finance costs	12,819,712	14,827,405	3,955,823	742,694
Allowance for impairment on trade receivables	18,538,174	2,919,132	-	-
Allowance for impairment on contract assets	25,581,137	-	-	-
Reversal of allowance for impairment on trade receivables	(3,311,955)	(597,988)	-	-
Bad debts recovered	(106,927)	(593,541)	-	-
Bad debts written off	28,487	-	-	-
Impairment loss on investment in subsidiary	-	-	42,704	21,264
Depreciation of property, plant and equipment	33,687,207	39,165,977	-	-
Depreciation of right-of-use assets	3,055,111	3,090,321	-	-
Depreciation of investment properties	6,549	6,549	-	-
Gain on disposal of property, plant and equipment	(643,465)	(2,461,171)	-	-
Gain on derecognition of right-of-use assets	(2,177)	(6,901)	-	-
Property, plant and equipment written off	1,082,427	191,201	-	-
Share of loss of joint ventures	2,903,611	660,079	-	-
Provision for obsolete inventories	-	4,252	-	-
Reversal of provision for obsolete inventories	(4,252)	(209,116)	-	-
Reversal of defect liability costs	(5,196,000)	(1,464,000)	-	-
Unrealised foreign exchange gain	(6,699,759)	(914,836)	-	-

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 2022

	Group		Company	
	2022	2021	2022	2021
Operating activities (cont'd)	RM	RM	RM	RM
Operating cash flows before changes in working capital	76,295,648	54,764,015	8,432,014	13,545,153
Land held for development	(1,966,561)	(42,529,818)	-	-
Property development costs	(11,205,456)	(5,175,132)	-	-
Inventories	16,314,457	45,823,754	-	-
Receivables	88,024,830	(41,701,297)	(91,775)	(826,950)
Other current assets	(81,042,667)	200,253,300	2,916	(129,912)
Payables	255,636	(57,038,504)	219,828	105,253
Other current liabilities	(8,543,845)	(12,613,413)	-	-
Cash flows generated from operations	78,132,042	141,782,905	8,562,983	12,693,544
Interest received	1,804,801	778,772	-	-
Income taxes paid	(13,495,873)	(9,741,847)	(87,463)	(118,294)
Interest paid	(14,425,482)	(15,253,116)	(3,877,681)	(133,937)
Net cash flows generated from operating activities	52,015,488	117,566,714	4,597,839	12,441,313
Investing activities				
Purchase of property, plant and equipment	(21,411,260)	(6,203,396)	-	-
Proceeds from disposal of property, plant and equipment	583,850	3,608,140	-	-
Placement of fixed deposits	(1,000)	-	-	-
Subscription of shares in subsidiaries	-	-	(10,130,000)	(27,590,910)
Net cash flows used in investing activities	(20,828,410)	(2,595,256)	(10,130,000)	(27,590,910)

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 2022

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Financing activities				
Dividends paid on ordinary shares	(3,533,587)	(3,533,587)	(3,533,587)	(3,533,587)
Repayment of hire purchase payables	(16,359,991)	(23,878,835)	-	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests	-	1,525,000	-	-
Drawdown of loans and borrowings	309,077,579	641,765,586	5,900,000	78,000,000
Repayment of loans and borrowings	(298,751,179)	(716,892,811)	(3,000,000)	-
Advances to a joint venture	(4,695,556)	(7,000,000)	-	-
Repayment to a joint venture	(3,604,582)	(1,650,260)	-	-
(Repayment to)/Advance from a corporate shareholder of a subsidiary	(8,306,905)	11,593,600	-	-
Repayment of lease liabilities	(3,017,024)	(3,202,403)	-	-
Repayment from/(Advances to) subsidiaries	-	-	15,573,383	(58,678,675)
Withdrawal of/(Additions to) pledged fixed deposits	12,036,037	(2,168,248)	-	-
Net cash flows (used in)/ generated from financing activities	(17,155,208)	(103,441,958)	14,939,796	15,787,738
Net increase in cash and cash equivalents	14,031,870	11,529,500	9,407,635	638,141
Effect of exchange rate changes on cash and cash equivalents	696,418	1,043,676	-	-
Cash and cash equivalents at 1 January	45,617,058	33,043,882	782,239	144,098
Cash and cash equivalents at 31 December (Note 21)	60,345,346	45,617,058	10,189,874	782,239

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 2022

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 and/or interpretations (including the consequential amendments, if any):-

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

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (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 2022

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/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
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: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group 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 2022

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 2022

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 2022

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 2022

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 subsidiary

A subsidiary is an entity over which the Company 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.6 Investment in joint venture

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

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

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

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

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

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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.7 Foreign currencies (cont'd)

(b) Foreign currency transactions

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.8 Property, plant and equipment

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

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

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

Leasehold land	1.25%
Buildings	3.33% - 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.9 Investment properties (cont'd)

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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.11 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 2022

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

2.11 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 bais. 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.

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

2.11 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 2022

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

2.12 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.

2.13 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 2022

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

2.14 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.

2.15 Contract cost assets

(a) Incremental costs of obtaining contracts

The Company recognises incremental costs of obtaining contracts with customers as an asset when the Company expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to fulfil a contract

The Company recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Company, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

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

2.16 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.

2.17 Borrowing costs

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

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

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.19 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	1-5 years
Machinery and equipment	2-5 years

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 2.10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.19 Leases (cont'd)

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

(ii) Lease liabilities (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

2.20 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 Group 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 2022

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

2.20 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 2022

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

2.20 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.

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

2.20 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.

2.21 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.

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

2.21 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 2022

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

2.22 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.

2.23 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.

2.24 Contingencies

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

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

2.25 Assets Held for Sale

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

3. Significant accounting judgements and estimates

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of plant and equipment

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

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Key sources of estimation uncertainty (cont'd)

(b) Revenue recognition (cont'd)

(ii) Development properties (cont'd)

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

(c) Income taxes

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

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

(d) Deferred tax assets

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

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

The Group uses a provision matrix to calculate 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

3.2 Key sources of estimation uncertainty (cont'd)

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

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

(f) Provision for defect liability costs

The Group recognises provision for defect liability costs in respect of construction projects. In determining the provision, the Group has made assumptions and estimations in relation to defect liability rates and the expected timing of these costs. The carrying amount of the provision for defect liability costs as at 31 December 2022 was RM11,541,000 (2021: RM16,737,000) as disclosed in Note 26.

If the estimated defect liability rates used in the computation of provision for defect liability costs differ by 1% (2021: 1%) with all other assumptions remain constant, the Group's provision for defect liability costs will vary by RM115,000 (2021: RM167,000).

(g) Write down of land held for development

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Revenue

(a) Revenue from contracts with customers

	Group 2022 RM	Group 2021 RM
Types of goods and services		
Construction contracts	538,155,744	503,981,530
Sales of building material	19,111,987	487,457
Sales of completed properties	27,043,834	43,251,737
Sales of concrete products	167,224,651	141,615,653
Sales of development properties	4,578,716	1,742,262
	756,114,932	691,078,639
Timing of revenue recognition		
Transferred over time	542,734,460	505,723,792
Transferred at a point in time	213,380,472	185,354,847
	756,114,932	691,078,639

(b) Contract assets and contract liabilities

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

	Group 2022 RM	Group 2021 RM
Receivables from contracts with customers (Note 20)	389,031,740	500,592,031
Contract assets	230,949,244	175,223,675
Contract liabilities	(15,733,053)	(24,147,420)

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.

<u>Contract assets that are impaired</u>

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

	Group 2022 RM	Group 2021 RM
Contract assets - nominal amounts	25,581,137	-
Less: Allowance for impairment	(25,581,137)	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Revenue (cont'd)

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

Contract assets that are impaired (cont'd)

Movement in allowance accounts:

	Group 2022 RM	Group 2021 RM
At 1 January	-	-
Charge for the year (Note 7)	25,581,137	-
At 31 December	25,581,137	-

Remaining performance obligations

The remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 are, as follows:

	Group 2022 RM	Group 2021 RM
Within one year	1,026,601,044	1,083,073,000
More than one year	569,534,479	711,077,039
	1,596,135,523	1,794,150,039

(c) Other revenue

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Dividend income from subsidiaries	-	-	5,000,000	13,520,000
Interest income from subsidiaries	-	-	4,654,715	1,457,807
Interest income from licensed banks	18,802	8,428	18,802	8,428
	18,802	8,428	9,673,517	14,986,235

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Other operating income

	Group 2022 RM	Group 2021 RM
Bad debts recovered	106,927	593,541
Interest income from:		
- financial assets at amortised cost	1,743,758	824,309
Gain on disposal of property, plant and equipment	643,465	2,461,171
Gain on derecognition of right-of-use assets	2,177	6,901
Miscellaneous income	2,289,334	2,936,599
Rental income from machinery	44,626	41,230
Rental income from premises	78,191	665,075
Reversal of allowance for impairment on trade receivables	3,311,955	597,988
	8,220,433	8,126,814

6. Finance costs

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expense on:				
- bank loan, bank overdrafts, invoice financing and bankers' acceptance	12,251,420	12,806,538	3,955,823	600,575
- hire purchase arrangements	1,132,781	2,230,438	-	-
- advance from a subsidiary	-	-	-	142,119
- advance from corporate shareholder of a subsidiary	439,207	254,597	-	-
- advance from joint venture	55,940	158,568	-	-
- lease liabilities (Note 24)	243,333	260,438	-	-
Unwinding of discount on payables	-	143,784	-	-
	14,122,681	15,854,363	3,955,823	742,694
Less: Interest expenses capitalised in development properties (Note 18)	(1,302,969)	(1,026,958)	-	-
	12,819,712	14,827,405	3,955,823	742,694

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. (Loss)/Profit before tax

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory audits	280,729	236,085	43,500	43,000
- (over)/underprovision in prior years	(5,000)	7,000	-	-
- other services	5,000	5,000	5,000	5,000
Allowance for impairment on trade receivables (Note 20)	18,538,174	2,919,132	-	-
Allowance for impairment on contract assets (Note 4(b))	25,581,137	-	-	-
Reversal of allowance for impairment on trade receivables (Note 20)	(3,311,955)	(597,988)	-	-
Bad debts recovered	(106,927)	(593,541)	-	-
Bad debts written off	28,487	-	-	-
Employee benefits expenses (Note 8)	71,968,105	71,554,020	-	-
Non-executive directors' remuneration (Note 9)	415,500	342,200	415,500	342,200
Hire of plant and machinery	12,477,581	21,037,112	-	-
Depreciation of property, plant and equipment (Note 12)	33,687,207	39,165,977	-	-
Depreciation of right-of-use assets (Note 13)	3,055,111	3,090,321	-	-
Depreciation of investment properties (Note 14)	6,549	6,549	-	-
Gain on disposal of property, plant and equipment	(643,465)	(2,461,171)	-	-
Property, plant and equipment written off	1,082,427	191,201	-	-

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

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

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Gain on derecognition of right-of-use assets	(2,177)	(6,901)	-	-
Short term leases:				
- equipment	7,974	-	-	-
- land and building	263,019	169,952	-	-
- office equipment	148,905	159,229	-	-
Impairment loss on investment in subsidiary	-	-	42,704	21,264
Provision for obsolete inventories	-	4,252	-	-
Reversal of provision for obsolete inventories	(4,252)	(209,116)	-	-
Reversal of defect liability costs (Note 26)	(5,196,000)	(1,464,000)	-	-
Foreign exchange (gain)/loss				
- realised	3,929,062	(6,819)	-	-
- unrealised	(6,699,759)	(914,836)	-	-

Included in the allowance for impairment on trade receivable and allowance for impairment on contract assets is the amount of RM18,128,174 (“Debt”) and RM25,391,137 (“Project H Contract Asset”) respectively in relation to a hospital project which the Group completed in the last quarter of year 2020. The said project was awarded to Kimlun Sdn Bhd (“KLSB”), a subsidiary of the Company, by a company (“Debtor”) which is jointly owned by a body corporate (owned by a state government) and a public listed company.

The Debtor is the concession holder in respect of a hospital (“Hospital”) granted by the Government of Malaysia (“Government”). The development of the Hospital is being undertaken through ‘public-private partnership’ on a build, lease, maintain and transfer concept, and a concession agreement in relation to the proposed development of the Hospital was signed between the Government, the Debtor and a public entity. The concession period is for a period of approximately 33 years, including 7 years of construction works and 25.5 years of asset management services (“Asset Management Services Period”). During the Asset Management Services Period, the Debtor will be paid the Availability Charges (for the availability of the Hospital and the supporting facilities and infrastructure) and the Asset Management Services Charges (for the provision of the maintenance services and asset replacement programme), aggregating approximately RM141 million per annum.

The scope of the Debtor’s work under the Concession Agreement includes construction and completion of the Hospital and the supporting infrastructure and amenities, and to carry out the asset management services for the facilities and infrastructure of the Hospital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

The construction of the Hospital and the supporting infrastructure and amenities had been completed and issued with the Certificate of Practical Completion on 19 August 2020 and the Certificate of Acceptance ("COA") on 30 December 2020. Upon the issuance of the COA, the Assets Management Services Period has commenced.

KLSB was informed by the Debtor that it is pursuing the issuance of SUKUK, the proceeds of which will be used, amongst other, to repay the outstanding construction loans and dues to KLSB. However, as the Debtor had missed its target of issuing the SUKUK in 2022, and the SUKUK is still not issued as at the date of finalisation of our financial results for financial year 2022, and on a prudent basis, KLSB has impaired the Debt and the Project H Contract Asset.

The aforesaid impairment is a non-cash provision, i.e. it does not have any impact on the Group's cash flow. Notwithstanding, any recovery of the Debt and Project H Contract Asset will increase the Group's other operating income and operating cash inflow in the future.

8. Employee benefits expenses

	Group	
	2022 RM	2021 RM
Wages, salaries and bonus	66,002,908	66,291,285
Defined contribution plan	5,257,085	6,133,214
Social security contributions	708,112	822,721
	71,968,105	73,247,220
Less: Wages subsidy received	-	(1,693,200)
	71,968,105	71,554,020

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM4,586,715 (2021: RM4,123,146) as disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	3,931,894	3,536,939	-	-
Defined contribution plan	654,821	586,207	-	-
Total executive directors' remuneration (excluding benefits-in-kind) (Note 8)	4,586,715	4,123,146	-	-
Estimated money value of benefits-in-kind	77,920	96,639	-	-
Total executive directors' remuneration (including benefits-in-kind)	4,664,635	4,219,785	-	-
Non-Executive:				
Fees	390,000	321,800	390,000	321,800
Other emoluments	25,500	20,400	25,500	20,400
Total non-executive directors' remuneration	415,500	342,200	415,500	342,200
Total directors' remuneration	5,080,135	4,561,985	415,500	342,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	19,304,436	4,163,789	108,000	164,000
- Foreign tax	25,223	-	-	-
- Overprovision in prior years	(368,147)	(254,357)	(45)	(5)
	18,961,512	3,909,432	107,955	163,995
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	(15,685,912)	(2,048,942)	-	-
- Under/(Over) provision in prior years	317,174	(161,497)	-	-
	(15,368,738)	(2,210,439)	-	-
Income tax expense recognised in profit or loss	3,592,774	1,698,993	107,955	163,995

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Income tax expense (cont'd)

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

The reconciliations between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(3,698,474)	970,961	4,433,487	12,781,195
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(887,634)	233,031	1,064,000	3,067,000
Different tax rates in other countries	3,202	1,598	-	-
Effect of expenses not deductible for tax purposes	2,817,621	1,126,022	244,000	342,000
Effect of income not subject to tax	(386,406)	(84,792)	(1,200,000)	(3,245,000)
Effect of foreign income tax	25,223	-	-	-
Deferred tax assets not recognised on unutilised tax losses, unabsorbed capital allowances and other temporary differences	1,414,587	700,509	-	-
Utilisation of current year's reinvestment allowances	(39,713)	(19,940)	-	-
Share of tax of joint ventures	696,867	158,419	-	-
Overprovision of income tax in prior years	(368,147)	(254,357)	(45)	(5)
Under/(Over) provision of deferred tax in prior years	317,174	(161,497)	-	-
Income tax expense recognised in profit or loss	3,592,774	1,698,993	107,955	163,995

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. Loss per share

(a) Basic loss per share

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

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

	Group	
	2022	**2021**
Loss net of tax attributable to owners of the Company (RM)	(7,228,569)	(589,180)
Weighted average number of ordinary shares in issue	353,358,716	353,358,716
Basic loss per share (sen)	(2.05)	(0.17)

(b) Diluted loss per share

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

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

	Group	
	2022	**2021**
Loss net of tax attributable to owners of the Company (RM)	(7,228,569)	(589,180)
Weighted average number of ordinary shares in issue	353,358,716	353,358,716
Diluted loss per share (sen)	(2.05)	(0.17)

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

12. Property, plant and equipment

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and motor vehicles RM	Furniture and equipment RM	Construction in progress RM	Total RM
Cost							
At 1 January 2021	5,186,536	16,394,806	72,714,334	325,752,578	12,005,807	435,813	432,489,874
Additions	-	-	73,000	6,177,477	323,143	1,226,980	7,800,600
Disposals	-	-	-	(8,101,019)	(1,780)	(490,497)	(8,593,296)
Written off	-	-	-	(168,918)	(153,950)	-	(322,868)
At 31 December 2021 and 1 January 2022	5,186,536	16,394,806	72,787,334	323,660,118	12,173,220	1,172,296	431,374,310
Additions	-	-	102,085	23,580,657	435,498	3,973,694	28,091,934
Disposals	-	-	-	(1,569,044)	(22,850)	-	(1,591,894)
Written off	-	-	-	(1,554,000)	(112,237)	-	(1,666,237)
Transfer	-	-	-	1,933,318	-	(1,933,318)	-
At 31 December 2022	5,186,536	16,394,806	72,889,419	346,051,049	12,473,631	3,212,672	456,208,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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 and 1 January 2022	-	1,982,677	21,830,860	262,718,334	7,106,789	-	293,638,660
Charge for the year (Note 7)	-	205,139	2,208,253	30,302,107	971,708	-	33,687,207
Disposals	-	-	-	(1,631,077)	(20,432)	-	(1,651,509)
Written off	-	-	-	(499,615)	(84,195)	-	(583,810)
At 31 December 2022	-	2,187,816	24,039,113	290,889,749	7,973,870	-	325,090,548
Net carrying amount							
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
At 31 December 2022	5,186,536	14,206,990	48,850,306	55,161,300	4,499,761	3,212,672	131,117,565

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Assets held under the name of a joint venture company

In the previous financial year, included herein are motor vehicles with carrying amount of RM1 held under the name of a joint venture company.

Assets held under hire purchase arrangements

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,680,674 (2021: RM1,597,204) by means of hire purchase arrangements. The cash outflow on acquisition of property, plant and equipment amounted to RM21,411,260 (2021: RM6,203,396).

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

	Group	
	2022 RM	**2021 RM**
Plant, machinery and motor vehicles	20,231,629	34,754,974

Leased assets are pledged as security for the related hire purchase arrangements as disclosed in 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 5 years.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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:

Group	Land and buildings RM	Machinery and equipment RM	Total RM
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)
At 31 December 2021 and 1 January 2022	4,900,052	34,968	4,935,020
Additions (Note 24)	4,163,396	-	4,163,396
Depreciation for the year (Note 7)	(3,027,150)	(27,961)	(3,055,111)
Derecognition	(59,329)	-	(59,329)
As at 31 December 2022	5,976,969	7,007	5,983,976

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

14. Investment properties

	Group 2022 RM	Group 2021 RM
Cost		
At 1 January/31 December	327,444	327,444
Accumulated depreciation		
At 1 January	181,323	174,774
Charge for the year (Note 7)	6,549	6,549
At 31 December	187,872	181,323
Net carrying amount		
At 31 December	139,572	146,121
Represented by:-		
Buildings	139,572	146,121

Fair value of the investment properties as at 31 December 2022 was RM898,000 (2021: RM667,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. Other investments

	Group 2022 RM	Group 2021 RM
Club memberships, at cost	75,000	75,000

16. Investment in subsidiaries

	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost	327,520,576	317,390,576
Less: Impairment losses	(795,181)	(752,477)
	326,725,395	316,638,099

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2022	Proportion (%) of ownership interest 2021
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	33

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. Investment in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2022	2021
Held through Kimlun Sdn. Bhd.:				
Kimlun Superior Crest Sdn. Bhd.	Malaysia	Building and infrastructure contractors	60	60
Held through Kimlun Land Sdn. Bhd.:				
Kimlun Medini Sdn. Bhd.	Malaysia	Property development and property investment	67	67
Kitaran Lintas Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Kiiville Sdn. Bhd.	Malaysia	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.

16. Investment in subsidiaries (cont'd)

(a) During the financial year:

(i) the Company subscribed for additional ordinary shares in Kii Amber Sdn. Bhd. for a total consideration of RM10,300,000, satisfied by cash. The subscription did not change the percentage of shareholdings effectively held by the Company.

(ii) Kii Amber Sdn. Bhd., a wholly-owned subsidiary of the Company, paid RM10,170,440 out of the total subscription consideration of 9,800,000 ordinary shares in Bayu Damai Sdn Bhd ("BDSB") allotted in the previous financial year. The remaining balance of the Subscription Consideration is payable upon any call or calls by BDSB at any time and from time to time for such portion of the balance Subscription Consideration.

(b) In the previous 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 Kimlun Medini Sdn. Bhd. The subscription did not change the percentage of shareholdings effectively held by the Company.

(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%. Notwithstanding, the percentage of shareholdings effectively held by the Company remained unchanged.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. Investment in subsidiaries (cont'd)

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

	Proportion (%) of ownership interest 2022	Proportion (%) of ownership interest 2021	Group 2022 RM	Group 2021 RM
Bayu Damai Sdn. Bhd.	51	51	13,493,489	8,335,084
Other individually immaterial subsidiaries			1,400,813	1,434,973
			14,894,302	9,770,057

(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. 2022 RM	Bayu Damai Sdn. Bhd. 2021 RM
At 31 December		
Non-current asset	7,793,743	5,827,182
Current assets	19,701,608	10,521,869
Current liabilities	(218,768)	(5,750)
Non-current liabilities	(818,762)	-
Net assets	26,457,821	16,343,301
Financial year ended 31 December		
Total comprehensive loss	55,920	62,916
Total comprehensive loss attributable to:		
- owner of the Company	27,401	30,829
- non-controlling interests	28,519	32,087
	55,920	62,916
Net cash flows used in operating activities	(3,012,701)	(789,521)
Net cash flows used in investing activity	(1,000)	(253,064)
Net cash flows generated from financing activities	11,170,440	-
Net increase/(decrease) in cash and cash equivalents	8,156,739	(1,042,585)
Cash and cash equivalents at 1 January	42,869	1,085,454
Cash and cash equivalents at 31 December	8,199,608	42,869

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Investment in joint ventures

	Group 2022 RM	Group 2021 RM
Unquoted shares, at cost	4,830,000	4,830,000
Share of post-acquisition reserves	10,410,291	12,256,567
	15,240,291	17,086,567
Represented by:		
Share of net assets	15,240,291	17,086,567

Details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2022	Proportion (%) of ownership interest 2021
Held through Kimlun Land Sdn. Bhd.:				
Posh Atlantic Sdn. Bhd.	Malaysia	Property development and property investment	51	51
Held through Kimlun Sdn. Bhd.:				
Zecon Kimlun Consortium Sdn. Bhd.	Malaysia	Building and infrastructure contractor	30	30
JBB Kimlun Sdn. Bhd.	Malaysia	Building and infrastructure contractors	40	40
Held through KL Building Materials Sdn. Bhd.:				
Rock Projects Sdn. Bhd.	Malaysia	Quarry and quarry related services	51	51

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Investment in joint ventures (cont'd)

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

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

Posh Atlantic Sdn. Bhd. ("PASB")

	Group 2022 RM	Group 2021 RM
Non-current assets	218,510	239,562
Current assets	114,513,615	80,174,494
Total assets	114,732,125	80,414,056
Current liabilities	16,765,286	12,838,660
Non-current liabilities	72,061,870	41,425,503
Total liabilities	88,827,156	54,264,163
Equity attributable to owners of PASB	26,331,597	26,256,992
Non-controlling interests	(426,628)	(107,099)
	25,904,969	26,149,893

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

Posh Atlantic Sdn. Bhd. ("PASB")

	Group 2022 RM	Group 2021 RM
Revenue	380,000	1,099,660
Depreciation	(6,489)	(6,627)
Other operating income	2,669,870	165,844
Finance costs	(2,320,930)	(1,553,561)
Loss before tax from continuing operations	(83,150)	(1,624,097)
Income tax expense	(161,774)	(15,142)
Total comprehensive loss	(244,924)	(1,639,239)
Attributable to:		
- owners of PASB	74,605	(1,582,223)
- non-controlling interests	(319,529)	(57,016)
	(244,924)	(1,639,239)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Investment in joint ventures (cont'd)

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

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

Posh Atlantic Sdn. Bhd. ("PASB")

	Group	
	2022 RM	**2021 RM**
Net assets attributable to owners of the Company at 1 January	26,256,992	27,839,215
Total comprehensive income/(loss) attributable to owners of Company	74,605	(1,582,223)
Net assets attributable to owners of the Company at 31 December	26,331,597	26,256,992
Group's interest in PASB	51%	51%
Group's share of net assets of PASB	13,429,114	13,391,066
Unrealised profit adjustments	(294,725)	(305,249)
Carrying amount of individually immaterial joint ventures	2,105,902	4,000,750
Carrying amount of Group's interest in joint ventures	15,240,291	17,086,567

18. 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 2022	200,622,042	13,750,401	214,372,443
Additions	-	7,153,485	7,153,485
Transfer to property development costs	(71,085,243)	(4,456,701)	(75,541,944)
At 31 December 2022	129,536,799	16,447,185	145,983,984
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(b) Development properties

Group	Freehold and leasehold land RM	Development costs RM	Total RM
Cumulative cost of development properties			
At 1 January 2022	67,022,592	18,648,744	85,671,336
Costs incurred during the year	75,560	16,296,269	16,371,829
Transfer from land held for development	71,085,243	4,456,701	75,541,944
At 31 December 2022	138,183,395	39,401,714	177,585,109
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

	Group	
	2022 RM	2021 RM
Cumulative cost recognised in profit or loss		
At 1 January	(807,740)	-
Recognised during the year	(3,863,404)	(807,740)
At 31 December	(4,671,144)	(807,740)
Carrying amount	172,913,965	84,863,596

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

	Group	
	2022 RM	2021 RM
Interest expenses (Note 6)	1,302,969	1,026,958

Land held for development and development properties with an aggregate carrying amount of RM205,863,536 (2021: RM163,616,870) are charged for bank borrowings as referred to in Note 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. Inventories

	Group 2022 RM	Group 2021 RM
Cost:		
Raw materials	26,544,307	25,340,655
Finished goods	28,244,552	27,587,747
Completed properties	1,703,780	25,463,565
	56,492,639	78,391,967
Net realisable value:		
Finished goods	10,957,179	5,368,056
	67,449,818	83,760,023

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM311,226,446 (2021: RM238,033,083).

Certain completed properties with an aggregate carrying amount of RM1,411,009 (2021: RM19,896,333) are charged for bank borrowings as referred to in Note 23.

20. Trade and other receivables

		Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade receivables					
Third parties	(a)	405,357,538	448,935,298	-	-
Amount due from joint venture	(a)	4,042,295	69,200,286	-	-
Amounts due from companies related to certain directors	(a)	200,000	1,408,545	-	-
		409,599,833	519,544,129	-	-
Less: Allowance for impairment					
- Third parties		(20,568,093)	(18,952,098)	-	-
Trade receivables, net		389,031,740	500,592,031	-	-
Other receivables					
Deposits		15,730,435	15,075,309	204,500	204,500
Sundry receivables		1,983,207	2,973,299	-	-
Amount due from subsidiaries	(b)	-	-	63,406,475	78,888,084
Amount due from joint venture	(c)	10,861,945	9,518,791	-	-
Contract cost assets	(d)	661,964	-	-	-
		29,237,551	27,567,399	63,610,975	79,092,584

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Trade and other receivables (cont'd)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Total trade and other receivables	418,269,291	528,159,430	63,610,975	79,092,584
Add: Cash and bank balances (Note 21)	72,229,384	69,536,133	10,189,874	782,239
Less: Contract cost assets	(661,964)	-	-	-
Less: Deposits	(15,730,435)	(15,075,309)	(204,500)	(204,500)
Total financial assets at amortised cost	474,106,276	582,620,254	73,596,349	79,670,323

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 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 RM110,670,366 (2021: RM119,830,095), which represents retention sum receivable on contracts of the Group.

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

	Group 2022 RM	Group 2021 RM
Neither past due nor impaired	157,963,229	249,529,013
1 to 30 days past due not impaired	36,200,665	20,525,806
31 to 60 days past due not impaired	13,876,594	21,661,791
61 to 90 days past due not impaired	11,702,150	20,315,090
91 to 120 days past due not impaired	14,775,789	9,723,427
More than 120 days past due not impaired	154,513,313	178,836,904
	231,068,511	251,063,018
Impaired	20,568,093	18,952,098
	409,599,833	519,544,129

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 RM231,068,511 (2021: RM251,063,018) that are past due at the reporting date but are not impaired and are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

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

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

Receivables that are impaired

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

	Group	
	2022 RM	2021 RM
Trade receivables - nominal amounts	20,568,093	18,952,098
Less: Allowance for impairment	(20,568,093)	(18,952,098)
	-	-

Movement in allowance accounts:

	Group	
	2022 RM	2021 RM
At 1 January	18,952,098	16,630,954
Charge for the year (Note 7)	18,538,174	2,919,132
Reversal of impairment loss (Note 7)	(3,311,955)	(597,988)
Written off	(13,610,224)	-
At 31 December	20,568,093	18,952,098

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

(b) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, bearing interest ranging from 4.20% to 6.44% (2021: 3.57% to 6.44%) per annum and are repayable on demand.

(c) Amount due from joint venture

The amount due from joint venture are unsecured, bearing interest ranging from 5.77% to 7.04% (2021: 4.88% to 5.77%) per annum and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Trade and other receivables (cont'd)

(d) Contract cost assets

Incremental costs of obtaining contracts

The incremental costs of obtaining contracts primarily comprise commisions paid to sales agents and legal costs paid to lawyers as a result of obtaining property sales and purchase contracts with customers. The costs are to be amortised over the period when the related revenue is recognised.

21. Cash and bank balances

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash on hand and at banks	60,345,346	45,617,058	10,189,874	782,239
Short term deposits with licensed banks	11,884,038	23,919,075	-	-
Cash and bank balances (Note 20)	72,229,384	69,536,133	10,189,874	782,239

Included in cash at banks of the Group are amounts of RM660,506 (2021: RM568,509) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and therefore restricted from use on other operations.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month to twelve months (2021: 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 2022 for the Group was 2.17% (2021: 1.61%).

Short-term deposits with licensed banks of the Group amounting to RM11,884,038 (2021: RM23,919,075) are pledged as security for borrowings as disclosed in Note 23.

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	72,229,384	69,536,133	10,189,874	782,239
Less: Pledged deposits	(11,884,038)	(23,919,075)	-	-
Cash and cash equivalents	60,345,346	45,617,058	10,189,874	782,239

22. Assets held for sale

These are properties that are expected to be recovered primarily through sale rather than through continuing use.

23. Loans and borrowings

	Maturity	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Current					
Secured:					
Bankers' acceptances	2023	58,914,000	28,483,898	-	-
Term loans	2023	18,784,703	19,715,429	-	-
Hire purchase payables (Note 32 (b))	2023	8,285,212	15,455,164	-	-
Invoice financing	2023	43,817,699	75,974,198	-	-
Revolving credit	2023	15,942,901	15,942,901	-	-
Unsecured:					
Sukuk Murabahah - Islamic Commercial Papers	2023	5,900,000	3,000,000	5,900,000	3,000,000
		151,644,515	158,571,590	5,900,000	3,000,000
Non-current					
Secured:					
Term loans	2024-2029	74,311,958	64,299,631	-	-
Hire purchase payables (Note 32 (b))	2024-2027	6,681,933	9,191,298	-	-
Unsecured:					
Sukuk Murabahah - Islamic Medium Term Notes	2024-2026	75,000,000	75,000,000	75,000,000	75,000,000
		155,993,891	148,490,929	75,000,000	75,000,000
Total loans and borrowings (Note 25)		307,638,406	307,062,519	80,900,000	78,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. Loans and borrowings (cont'd)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
On demand or within one year	151,644,515	158,571,590	5,900,000	3,000,000
More than 1 year and less than 2 years	72,547,428	34,919,828	45,000,000	-
More than 2 years and less than 5 years	73,622,884	113,571,101	30,000,000	75,000,000
5 years and more	9,823,579	-	-	-
	307,638,406	307,062,519	80,900,000	78,000,000

Hire purchase payables (Note 32(b))

These obligations are secured by a pledge over the leased assets as disclosed in Note 12. The discount rate implicit in the leases is between 1.68% to 4.06% (2021: 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	
	2022 %	2021 %
Bankers' acceptance	3.62 to 5.00	2.59 to 3.88
Term loans	4.30 to 6.26	4.20 to 5.45
Invoice financing	4.41 to 6.27	1.80 to 4.71
Revolving credit	3.27 to 5.88	3.27 to 3.99

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

(a) First party first legal charge over certain land held for development, development properties and inventories as disclosed in Notes 18 and 19;

(b) Short term deposits as disclosed in Note 21; and

(c) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. Loans and borrowings (cont'd)

Sukuk Murabahah

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

Sukuk Murabahah bears interest ranging from 4.00% to 5.06% (2021: 4.00% to 5.06%) per annum.

Movement in loans and borrowings were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 January	307,062,519	407,107,416	78,000,000	-
Drawdown:				
- hire purchase payables	6,680,674	1,597,204	-	-
- loans and borrowings	309,077,579	641,765,586	5,900,000	78,000,000
Repayments:				
- hire purchase payables	(16,359,991)	(23,878,835)	-	-
- loans and borrowings	(298,751,179)	(716,892,811)	(3,000,000)	-
Net changes in bank overdrafts	-	(2,680,028)	-	-
Unrealised foreign exchange (gain)/loss	(71,196)	43,987	-	-
At 31 December	307,638,406	307,062,519	80,900,000	78,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022	**2021**
	RM	**RM**
Current		
Lease liabilities (Note 32(c))	2,769,568	2,478,781
Non-current		
Lease liabilities (Note 32(c))	3,314,868	2,520,789
Total lease liabilities (Note 25)	6,084,436	4,999,570

The remaining maturities of the lease liabilities are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Within one year	2,769,568	2,478,781
More than 1 year and less than 2 years	2,178,456	1,532,665
More than 2 years and less than 5 years	1,136,412	988,124
	6,084,436	4,999,570

At the reporting date, the interest rate of the lease liabilities ranged from 3.00% to 4.78% (2021: 3.27% to 5.39%).

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

	Group	
	2022	**2021**
	RM	**RM**
At 1 January	4,999,570	6,051,248
Additions (Note 13)	4,163,396	2,387,412
Derecognition	(61,506)	(236,687)
Interest charged on lease liabilities (Note 6)	243,333	260,438
Payments of:		
- Principal	(3,017,024)	(3,202,403)
- Interest	(243,333)	(260,438)
At 31 December	6,084,436	4,999,570

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Trade and other payables

		Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Current					
Trade payables					
Third parties	(a)	170,803,592	186,243,000	-	-
Amount due to joint ventures	(a)	4,893,675	-	-	-
		175,697,267	186,243,000	-	-
Other payables					
Accruals		34,655,215	17,545,954	602,202	562,360
Third parties	(b)	16,777,866	23,165,663	597,288	607,311
Deposits payable		198,942	227,608	-	-
Amount due to subsidiaries	(c)	-	-	193,144	13,366
Amount due to joint ventures	(d)	79,129	3,617,529	431	1,669
Amount due to corporate shareholder of a subsidiary	(e)	3,302,046	11,646,969	-	-
		55,013,198	56,203,723	1,393,065	1,184,706
Total trade and other payables		230,710,465	242,446,723	1,393,065	1,184,706
Add: Loans and borrowings (Note 23)		307,638,406	307,062,519	80,900,000	78,000,000
Add: Lease liabilities (Note 24)		6,084,436	4,999,570	-	-
Total financial liabilities carried at amortised cost		544,433,307	554,508,812	82,293,065	79,184,706

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2021: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 (2021: 30 to 60 days) terms.

(c) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

(d) Amount due to joint ventures

The amount due to joint ventures are unsecured, bearing interest at Nil (2021: 3.57%) per annum and are repayable on demand.

(e) Amount due to corporate shareholder of a subsidiary

The amount due to corporate shareholder of a subsidiary are unsecured, bearing interest ranging from 5.63% to 6.44% (2021: 5.37% to 6.87%) per annum and are repayable on demand.

26. Provisions

	Group	
	2022	2021
	RM	RM
Defect liability costs		
At 1 January	16,737,000	18,201,000
Reversal during the year (Note 7)	(5,196,000)	(1,464,000)
At 31 December	11,541,000	16,737,000

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Deferred tax assets

	Group 2022 RM	Group 2021 RM
At 1 January	2,863,545	653,106
Recognised in profit or loss (Note 10)	15,368,738	2,210,439
At 31 December	18,232,283	2,863,545

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2021	(6,618,915)	(886,865)	(7,505,780)
Recognised in profit or loss	1,729,416	430,212	2,159,628
At 31 December 2021 and 1 January 2022	(4,889,499)	(456,653)	(5,346,152)
Recognised in profit or loss	(340,801)	(377,832)	(718,633)
At 31 December 2022	(5,230,300)	(834,485)	(6,064,785)

Deferred tax assets

	Unutilised tax credits and unabsorbed capital allowances RM	Provision for defect liability costs and others RM	Total RM
At 1 January 2021	1,544,311	6,614,575	8,158,886
Recognised in profit or loss	957,520	(906,709)	50,811
At 31 December 2021 and 1 January 2022	2,501,831	5,707,866	8,209,697
Recognised in profit or loss	5,172,471	10,914,900	16,087,371
At 31 December 2022	7,674,302	16,622,766	24,297,068

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

	Group 2022 RM	Group 2021 RM
Unutilised tax losses	4,320,000	4,587,000
Unabsorbed capital allowance	3,994,000	5,000
Other temporary differences	12,661,000	12,059,000

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following the relevant year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. Share capital and treasury shares

	Number of ordinary shares		Amount		
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Treasury shares RM	Total RM
Group/Company					
At 1 January/ 31 December 2021/2022	353,378,716	20,000	255,944,359	(23,774)	255,920,585

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share purchase plan can be applied in the best interests of the Company and its shareholders.

29. Retained earnings

The entire retained earnings of the Company as at 31 December 2022 and 2021 may be distributed as dividends under single tier system.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. Other reserves

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Foreign currency translation reserve				
At 1 January	(578,727)	(71,033)	-	-
Foreign currency translation	(121,572)	(507,694)	-	-
At 31 December	(700,299)	(578,727)	-	-
Warrant reserve				
At 1 January/ 31 December	34,193,668	34,193,668	34,193,668	34,193,668
Total other reserves	33,493,369	33,614,941	34,193,668	34,193,668

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

(b) Warrants reserve

A total of 60,112,500 free warrants ("Warrants 2014/2024") were issued by the Company on 13 March 2014. Each warrant entitles the holder to subscribe for 1 new share at the exercise price of RM1.68 per share at any time during the exercise period. The warrants have an exercise period of 10 years commencing 13 March 2014 and expiring on 12 March 2024.

As at 31 December 2022, 58,954,600 (2021: 58,954,600) Warrants 2014/2024 remain unexercised.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Sales of raw materials to a company related to certain directors	309,320	140,340	-	-
Purchase of raw materials from a company related to certain directors	-	15,565	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. Related party disclosures (cont'd)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year (cont'd):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Purchase of quarry products from joint venture	1,555,248	-	-	-
Contract fee from:				
- a company related to certain directors	1,868,860	4,667,754	-	-
- joint ventures	13,685,367	295,180,492	-	-
Rental of land and building to companies related to certain directors	1,967,196	2,008,011	-	-
Rental of premise to a company related to certain directors	58,415	14,494	-	-
Rental income from:				
- a company related to certain directors	28,202	13,800	-	-
- a joint venture	2,400	-	-	-
Service fee to:				
- a subsidiary	-	-	240,000	-
- a joint venture	85,076	-	-	-
Landscaping and maintenance services from a company related to certain directors	12,925	14,690	-	-
Disposal of property, plant and equipment to a joint venture	-	2,480,000	-	-
Interest income from:				
- subsidiaries	-	-	4,654,715	1,457,807
- joint ventures	845,685	142,086	-	-
Interest expense to:				
- a corporate shareholder of a subsidiary	439,207	254,597	-	-
- joint ventures	55,940	158,568	-	-
- a subsidiary	-	-	-	142,119
Dividend income from subsidiaries	-	-	5,000,000	13,520,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022	**2021**
	RM	**RM**
Salaries, bonus and other emoluments	4,888,314	4,411,824
Defined contribution plan	844,701	752,178
Other short term benefits	104,120	122,839
	5,837,135	5,286,841

32. Commitments

(a) Capital commitments

	Group	
	2022	**2021**
	RM	**RM**
Capital commitments as at the reporting date are as follows:		
Approved and contracted for:		
Property, plant and equipment	3,502,349	2,654,083
Land held for development	106,892,715	106,892,715

(b) Hire purchase commitments

The Group has entered into hire purchase arrangements for certain items of plant and equipment as disclosed in Note 12.

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

	Group	
	2022	**2021**
	RM	**RM**
Minimum lease payments:		
Not later than 1 year	8,941,571	16,490,147
Later than 1 year but not later than 2 years	4,237,460	7,090,351
Later than 2 years but not later than 5 years	2,919,898	2,539,947
Total minimum lease payments	16,098,929	26,120,445
Less: Amounts representing finance charges	(1,131,784)	(1,473,983)
Present value of minimum lease payments	14,967,145	24,646,462

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Commitments (cont'd)

(b) Hire purchase commitments (cont'd)

	Group 2022 RM	Group 2021 RM
Present value of payments:		
Not later than 1 year	8,285,212	15,455,164
Later than 1 year but not later than 2 years	3,948,254	6,756,837
Later than 2 years but not later than 5 years	2,733,679	2,434,461
Present value of minimum lease payments	14,967,145	24,646,462
Less: Amount due within 12 months (Note 23)	(8,285,212)	(15,455,164)
Amount due after 12 months (Note 23)	6,681,933	9,191,298

(c) Lease commitments in respect of right-of-use assets

The Group has entered into lease arrangements for the use of land, building, machinery and equipment. The Group has recognised the right-of-use assets as disclosed in Note 13 with related lease liabilities as disclosed in 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 2022 RM	Group 2021 RM
Minimum lease payments:		
Not later than 1 year	2,968,768	2,671,457
Later than 1 year but not later than 2 years	2,286,180	1,629,095
Later than 2 years but not later than 5 years	1,177,215	1,029,784
Total minimum lease payments	6,432,163	5,330,336
Less: Amounts representing finance charges	(347,727)	(330,766)
Present value of minimum lease payments	6,084,436	4,999,570
Present value of payments:		
Not later than 1 year	2,769,568	2,478,781
Later than 1 year but not later than 2 years	2,178,456	1,532,665
Later than 2 years but not later than 5 years	1,136,412	988,124
Present value of minimum lease payments	6,084,436	4,999,570
Less: Amount due within 12 months (Note 24)	(2,769,568)	(2,478,781)
Amount due after 12 months (Note 24)	3,314,868	2,520,789

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 amounting to RM419,898 (2021: RM329,181).

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

	Group	
	2022 RM	2021 RM
Not later than 1 year	89,467	22,490
Later than 1 year but not later than 5 years	103,055	180
	192,522	22,670

33. Fair value

(a) Fair values of assets

The following table shows an analysis of assets measured at fair value or for which fair values are disclosed by level of fair value hierarchy:

	Group			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Assets for which fair values are disclosed:				
Investment properties	-	-	898,000	898,000
2021				
Assets for which fair values are disclosed:				
Investment properties	-	-	667,000	667,000

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 2022

33. Fair value (cont'd)

(b) <u>Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value</u>

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)	20
Cash and bank balances (current)	21
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.

<u>Guarantees</u>

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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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:

		Trade receivables						
			Days past due					
	Contract assets RM	**Current RM**	**1 - 30 days RM**	**31 - 60 days RM**	**61 - 90 days RM**	**91 - 120 days RM**	**> 120 days RM**	**Total RM**
Group								
31 December 2022								
Expected credit loss rate (%)	0.08%	0.15%	0.19%	0.00%	0.00%	0.00%	0.35%	
Estimated total gross carrying amount at default	256,530,381	158,203,229	36,270,665	13,876,594	11,702,150	14,775,789	174,771,406	409,599,833
Less: Receivables individually impaired	(25,391,137)	-	-	-	-	-	(19,713,967)	(19,713,967)
	231,139,244	158,203,229	36,270,665	13,876,594	11,702,150	14,775,789	155,057,439	389,885,866
Expected credit loss	190,000	240,000	70,000	-	-	-	544,126	854,126

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

(a) Credit risk (cont'd)

		Trade receivables						
			Days past due					
	Contract assets RM	Current RM	1 - 30 days RM	31 - 60 days RM	61 - 90 days RM	91 - 120 days RM	> 120 days RM	Total RM
Group								
31 December 2021								
Expected credit loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.03%	
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	197,789,002	519,544,129
Less: Receivables individually impaired	-	-	-	-	-	-	(15,245,628)	(15,245,628)
	175,223,675	249,529,013	20,525,806	21,661,791	20,315,090	9,723,427	182,543,374	504,298,501
Expected credit loss	-	-	-	-	-	-	3,706,470	3,706,470

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 RM437,080,036 (2021: RM699,079,222) 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 1 (2021: 2) customer which constituted approximately 26% (2021: 28%) 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 20. 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 20.

(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 2022

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

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
2022				
Group				
Financial liabilities				
Trade and other payables	230,710,465	-	-	230,710,465
Lease liabilities	2,968,768	3,463,395	-	6,432,163
Loans and borrowings	160,907,779	182,970,325	10,312,813	354,190,917
Total undiscounted financial liabilities	394,587,012	186,433,720	10,312,813	591,333,545
Company				
Financial liabilities				
Other payables	1,393,065	-	-	1,393,065
Loans and borrowings	9,523,545	102,897,778	-	112,421,323
Total undiscounted financial liabilities	10,916,610	102,897,778	-	113,814,388

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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
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

(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.

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 93 (2021: 50) basis points lower/higher, with all other variables held constant, the Group's net profit after tax would have increased/decreased by RM1,184,000 (2021: RM1,208,000) 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 2022 and 2021.

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	
		2022	**2021**
		RM	**RM**
Increase/(Decrease) in (loss)/profit after tax			
SGD/RM	- strengthened 3% (2021: 3%)	3,477,422	928,380
	- weakened 3% (2021: 3%)	(3,477,422)	(928,380)
USD/RM	- strengthened 3% (2021: 4%)	(53,244)	(37,985)
	- weakened 3% (2021: 4%)	53,244	37,985

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 and 2021.

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

The gearing ratios are as follows:

		Group	
	Note	**2022**	**2021**
		RM	**RM**
Loans and borrowings	23	307,638,406	307,062,519
Less: Cash and bank balances	21	(72,229,384)	(69,536,133)
Net debt		235,409,022	237,526,386
Total equity		725,289,929	731,049,412
Capital and net debt		960,698,951	968,575,798
Gearing ratio		24.50%	24.52%

36. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Construction
(ii) Manufacturing and trading of construction materials and provision of quarry services
(iii) Investment holding
(iv) Property development

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

36. Segment information (cont'd)

At 31 December 2022	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Revenue:						
External customers	538,155,744	186,336,638	18,802	31,622,550	-	756,133,734
Inter-segment	12,052,438	179,816,568	9,654,714	-	(201,523,720)	-
Total revenue	550,208,182	366,153,206	9,673,516	31,622,550	(201,523,720)	756,133,734
Results:						
Segment results	6,703,514	76,519,722	9,673,517	3,589,322	(9,944,690)	86,541,385
Other operating income						8,220,433
Administration expenses						(82,736,969)
Finance costs						(12,819,712)
Share of loss of joint ventures						(2,903,611)
Loss before tax						(3,698,474)
Income tax expense						(3,592,774)
Loss net of tax						(7,291,248)
Other Information						
Interest income	(2,403,850)	(739,336)	-	(376,149)	1,775,577	(1,743,758)
Finance costs	5,282,786	2,720,047	3,955,823	6,348,475	(5,487,419)	12,819,712
Depreciation of property, plant and equipment	19,568,208	14,321,416	-	41,003	(243,420)	33,687,207
Depreciation of right-of-use assets	1,266,535	1,788,576	-	-	-	3,055,111
Depreciation on investment properties	6,549	-	-	-	-	6,549

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. Segment information (cont'd)

At 31 December 2022	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Results (cont'd):						
Other Information (cont'd)						
Gain on disposal of property, plant and equipment	(861,821)	-	-	(28,999)	247,355	(643,465)
Gain on derecognition of right-of-use assets	(1,893)	(284)	-	-	-	(2,177)
Property, plant and equipment written off	737,564	344,863	-	-	-	1,082,427
Allowance for impairment on trade receivables	18,128,174	410,000	-	-	-	18,538,174
Allowance for impairment on contract assets	25,391,137	190,000	-	-	-	25,581,137
Reversal of allowance for impairment on trade receivables	(3,311,955)	-	-	-	-	(3,311,955)
Bad debts recovered	-	(106,927)	-	-	-	(106,927)
Unrealised foreign exchange gain	-	(6,699,759)	-	-	-	(6,699,759)
Reversal of provision for defect liability costs	(5,196,000)	-	-	-	-	(5,196,000)
Reversal of provision for obsolete inventories	-	(4,252)	-	-	-	(4,252)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. Segment information (cont'd)

At 31 December 2022	Construction RM	Manufacturing, trading, and quarry services RM	Investment holding RM	Property development RM	Eliminations RM	Consolidation RM
Assets:						
Segment assets	661,597,432	366,272,205	400,571,105	366,812,709	(494,484,065)	1,300,769,386
Additions to non-current assets other than financial instruments						
Property, plant and equipment	15,819,313	13,140,596	-	365	(868,340)	28,091,934
Right-of-use assets	2,200,338	1,963,058	-	-	-	4,163,396
Land held for development	-	-	-	7,153,485	-	7,153,485
Liabilities:						
Segment liabilities	320,998,716	154,052,717	82,315,364	180,744,998	(162,632,338)	575,479,457

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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):						
Other Information (cont'd)						
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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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
Additions to non-current assets other than financial instruments						
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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. Segment information (cont'd)

Information on major customers

Revenue from 2 (2021: 1) major customers amounted to RM232,702,605 (2021: RM137,704,078) arising from sales in the construction segment.

Geographic information

	Group	
	2022	2021
	RM	RM
Revenue from external customers		
Malaysia	595,559,680	582,296,345
Singapore	160,574,054	108,790,722
	756,133,734	691,087,067

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

	Group	
	2022	2021
	RM	RM
Non-current Assets		
Malaysia	298,540,388	374,350,801

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	
	2022	2021
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final (single-tier) dividend of 1.0 sen (2021: 1.0 sen) per share	3,533,587	3,533,587

At the forthcoming Annual General Meeting ("AGM"), a final (single-tier) dividend in respect of the financial year ended 31 December 2022, 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 2023.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 30 March 2023.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Number of issued shares	: 353,378,716
Number of treasury shares	: 20,000
Number of shareholders	: 3,864
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	%	No. of Shares	%#
1 - 99	255	6.599	9,960	0.002
100 - 1,000	486	12.577	276,294	0.078
1,001 - 10,000	1,920	49.689	9,587,588	2.713
10,001 - 100,000	1,007	26.061	28,263,832	7.998
100,001 - 17,667,934 *	194	5.020	169,329,164	47.919
17,667,935 and above **	2	0.051	145,891,878	41.287
Total	**3,864**	**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 as at 31 March 2023.

Substantial Shareholders
(As per Register of Substantial Shareholders)

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

Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 31 March 2023.

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

Name of Shareholders	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%#
1. Pang Khang Hau	21,279,570	6.022	-	-
2. Pang Tin @ Pang Yon Tin	19,107,848^	5.407	143,998,802*	40.751
3. Sim Tian Liang	8,314,670@	2.353	1,000,000	0.283
4. Chin Lian Hing	9,586,144+	2.713	-	-
5. Yam Tai Fong	9,827,148	2.781	-	-
6. 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.
+ Includes 2,248,880 and 3,712,196 shares held in bare trust by Amsec Nominees (Tempatan) Sdn Bhd and Alliancegroup Nominees (Tempatan) Sdn Bhd.
# Based on the total number of issued shares in the Company excluding 20,000 treasury shares as at 31 March 2023.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

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	3,867,200	1.094
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)	3,062,365	0.866
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.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Dana Makmur PHEIM (211901)	2,404,075	0.680
22.	Pang Yi Shia	2,308,759	0.653
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sim Tian Liang (8122016)	2,285,959	0.646
24.	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 Etiqa Family Takaful Berhad (Dana Ekuiti)	1,802,300	0.510
28.	Chai Yuen Chung	1,552,900	0.439
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	**263,519,985**	**74.562**

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 31 March 2023.

ANALYSIS OF WARRANT HOLDINGS AS AT 31 MARCH 2023

Number of Warrants in issue	: 58,954,600
Number of Warrant Holders	: 1,122
Exercise Price per Warrant	: RM1.68
Exercise Period	: 13 March 2014 to 12 March 2024
Exercise Rights	: Each warrant entitles the holder to subscribe for one new ordinary share
Voting rights at Meetings of Warrant Holders	: One vote per warrant

Distribution of Warrant Holdings (As per Record of Depositors)

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 - 99	59	5.258	2,668	0.004
100 - 1,000	343	30.570	189,682	0.321
1,001 - 10,000	465	41.443	1,883,938	3.195
10,001 - 100,000	201	17.914	7,513,687	12.744
100,001 - 2,947,729 *	52	4.634	24,070,625	40.829
2,947,730 and above **	2	0.178	25,294,000	42.904
Total	**1,122**	**100.000**	**58,954,600**	**100.000**

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

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

Name of Warrant Holders	Direct Interest No. of Warrants	Direct Interest %	Indirect Interest No. of Warrants	Indirect Interest %
1. Pang Khang Hau	3,641,900	6.177	-	-
2. Pang Tin @ Pang Yon Tin	2,928,100	4.967	23,119,900	39.216
3. Sim Tian Liang	100,000@	0.170	-	-
4. Chin Lian Hing	-	-	-	-
5. Yam Tai Fong	450,000	0.763	-	-
6. 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 31 MARCH 2023

Thirty Largest Warrant Holders (As per Record of Depositors)

	Name of Warrant Holders	No. of Warrants Held	%
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.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lee Choon Phooi (PB)	1,771,600	3.005
5.	Phang Piow @ Pang Choo Ing	1,630,700	2.766
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	736,600	1.249
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)	497,700	0.844
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.	Pang Sek Loh	402,200	0.682
21.	Sunny Pang Yi Lin	394,800	0.669
22.	Loo Kim Huat	390,500	0.662
23.	Pang Yili	353,500	0.599
24.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank 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.	Chang Kok Hua	280,800	0.476
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	**45,016,225**	**76.341**

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 2022

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	21	18,737,652
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	10	46,146,854
3.	HS(D)478917, PTD170709, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land held for development	28/03/2013	Land lease over freehold commercial land expiring on 31/07/2113	110,642	Not Applicable	Not Applicable	20,928,958
4.	HS(D)478918 PTD170710, Mukim Pulai, Daerah Johor Baharu, Negeri Johor	Lease over vacant commercial land held for development	28/03/2013	Land lease over freehold commercial land expiring on 13/07/2116	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	05/03/2014	Leasehold (99 years expiring on 27/01/2103)	386,499	Not Applicable	Not Applicable	37,013,544
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	13/05/2015	Freehold	6,082,826	Not Applicable	Not Applicable	34,253,839

LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2022

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	26/01/2018	Leasehold (99 years expiring on 27/01/2103)	589,539	Not Applicable	Not Applicable	30,893,226
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	22,009,907
9.	HS(D)458296 PTD166915, Mukim Pulai, 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	45,939,219

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 FOURTEENTH (14TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 14th Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online website at https://tiih.online on Friday, 2 June 2023 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 2022 together with the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes on Ordinary Business)

2. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution, as Directors of the Company:-

   (i) Pang Khang Hau (Resolution 1)
   (ii) Yam Tai Fong (Resolution 2)
   (iii) Datuk Woon See Chin (Resolution 3)

3. To declare a single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2022. (Resolution 4)

4. 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 14th AGM until the next AGM of the Company. (Resolution 5)

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications:-

6. **SPECIAL RESOLUTION** (Resolution 7)
   WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016

   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act 2016, read together with Clause 12(3) of the Constitution of the Company.

   AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution on Authority to Allot Shares."

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

7. **ORDINARY RESOLUTION** (Resolution 8)
AUTHORITY TO ALLOT SHARES

"THAT contingent upon the passing of the Special Resolution on Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016 ("the Act") and pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

8. **ORDINARY RESOLUTION** (Resolution 9)
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 27 April 2023 with the related parties mentioned therein which are necessary for the KLCB Group's day-to-day operations, provided that the transactions are in the ordinary course of business and are on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

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

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

whichever is the earlier;

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

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

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

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

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per cent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

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

a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed, at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

b. the expiration of the period within which the next AGM of the Company is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

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."

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

27 April 2023

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 14th 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 2022 will be payable to shareholders of the Company on 20 July 2023. The entitlement date for the said dividend shall be 30 June 2023.

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 2023 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

27 April 2023

NOTES:-

1. The 14th 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 14th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327 of the Companies Act 2016 provided that the online platform is located in Malaysia. All meeting participants including Chairperson of the meeting, Board members, senior management and members are to participate in the meeting online.

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

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the 14th 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 2023**. 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.

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

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 14th AGM.

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

    (i) In hard copy form

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

    (ii) By electronic means

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 14th AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is on Wednesday, 31 May 2023 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.

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-

        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Audited Financial Statements for the financial year ended 31 December 2022

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 3 – Re-election of Directors

Pang Khang Hau, Yam Tai Fong, and Datuk Woon See Chin ("Retiring Directors") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 14th AGM.

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

The Board had also through the NC carried out assessment on the independence of Datuk Woon See Chin and is satisfied that he met the criteria of independence as prescribed in the Listing Requirements of Bursa Securities.

3. Resolution 4 – Declaration of a Single Tier Final Dividend

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

4. Resolutions 5 – Non-Executive Directors' Fees and Benefits

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

The proposed Directors' fees and benefits for the period from the 14th AGM until the date of next AGM under Resolution 5 are calculated based on the current Board composition and the number of scheduled Board and Committee meetings from the 14th 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.

NOTICE OF FOURTEENTH (14TH) ANNUAL GENERAL MEETING

5. **Resolution 6 – Re-appointment of Auditors**

The Board had on 30 March 2023, through the Audit and Risk Management Committee ("ARMC"), assessed the suitability, objectivity and independence of the External Auditors, Messrs Crowe Malaysia PLT and considered the re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company in accordance with the External Auditor Policy of the Company. The Board and the ARMC collectively agreed and satisfied that Messrs Crowe Malaysia PLT has the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements of Bursa Securities.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 7 – Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016**

This Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders pursuant to Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person without having to offer the new Company shares to be issued to such persons as at the date of the offer are entitled to receive notices of General Meetings from the Company in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled, prior to issuance.

2. **Resolution 8 – Authority to Allot Shares**

This resolution is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors to allot shares in the Company up to an amount not exceeding in total ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the interest of the Company.

Subject to passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, this resolution, if passed, would provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this renewed General Mandate is for possible fund raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings and acquisition.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or at the expiration of the period within which the next AGM is required to be held, whichever is earlier.

As at the date of this notice, the Company did not issue any shares pursuant to the 10% General Mandate granted to the Directors at the Thirteenth AGM as there were no investment(s), acquisition(s) or working capital that require fund raising activity.

3. **Resolution 9 – Proposed RRPT Mandate**

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Circular to Shareholders dated 27 April 2023.

4. **Resolution 10 – Proposed Renewal of Share Buy Back**

This resolution, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the number of issued shares of the Company. For further information on Proposed Renewal of Share Buy Back, please refer to the Statement to Shareholders dated 27 April 2023.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Authority For Directors to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016.

Kindly refer to item (2) of Explanatory Notes on Special Business at page 187.

ADMINISTRATIVE GUIDE FOR THE 14TH ANNUAL GENERAL MEETING ("AGM")

Date : Friday, 2 June 2023

Time : 2.30 p.m.

Online Meeting Platform : https://tiih.online

MODE OF MEETING

In view of the COVID-19 endemic, and as part of the safety measures, the 14th AGM will be conducted on **a fully virtual basis through live streaming and online meeting platform as well as online remote voting via the Remote Participation and Voting facilities ("RPV")** provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at https://tiih.online.

REMOTE PARTICIPATION AND VOTING FACILITIES

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 14th 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 14th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Wednesday, 31 May 2023 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 14th AGM.

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than **Wednesday, 31 May 2023 at 2.30 p.m.** to participate via RPV in the 14th AGM.

A member who has appointed a proxy or attorney or authorised representative to participate at this 14th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 14th 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 14TH ANNUAL GENERAL MEETING ("AGM")

PROCEDURES FOR RPV

Members/proxies/attorneys/authorised representatives who wish to participate the 14th AGM remotely using the RPV are to follow the requirements and procedures as summarised below:-

Procedure		Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" by selecting "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via email. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request	• Registration is open from **Thursday, 27 April 2023** up to **the AGM day, Friday, 2 June 2023**. Members/proxies/attorneys/authorised representatives are required to pre-register their attendance for the 14th AGM to ascertain their eligibility to participate in the 14th AGM using the RPV. • Login with your user ID and password and select the corporate event: **"(REGISTRATION) KIMLUN CORPORATION BERHAD 14th 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 2023, the system will send you an e-mail after **31 May 2023** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.)*
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 14th AGM at any time from 1.30 p.m., i.e. 1 hour before the commencement of the 14th AGM on **Friday, 2 June 2023 at 2.30 p.m**.
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAMING MEETING) KIMLUN CORPORATION BERHAD 14th AGM"** to engage in the proceedings of the 14th 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 14th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Select the corporate event: **"(REMOTE VOTING) KIMLUN CORPORATION BERHAD 14th AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Voting session commences **from 2.30 p.m. on Friday, 2 June 2023** until a time when the Chairperson announces the completion of the voting session of the 14th AGM. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairperson on the closure of the 14th AGM, the live streaming will end.

ADMINISTRATIVE GUIDE FOR THE 14TH 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 stream 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	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"KIMLUN CORPORATION BERHAD 14th 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	• 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. *(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.)*

ADMINISTRATIVE GUIDE FOR THE 14TH ANNUAL GENERAL MEETING ("AGM")

Procedure		Action
ii. Steps for Corporation or Institutional Members (Cont'd)		
(b)	Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"KIMLUN CORPORATION BERHAD 14th 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 14th AGM - SUBMISSION OF PROXY FORM"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Members may submit questions for the Board in advance of the 14th AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Wednesday, 31 May 2023 at 2.30 p.m.** The Board will endeavor to answer the questions received at the AGM.

VOTING AT MEETING

The voting at the 14th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor to conduct online remote voting via RPV via its TIIH Online website at https://tiih.online and Asia Securities Sdn Bhd as Independent Scrutineers to verify the poll results.

Members can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairperson of the Meeting and submit your votes at any time from the commencement of the 14th AGM at 2.30 p.m. Kindly refer to "Procedures for RPV" provided above for guidance on how to vote remotely via TIIH Online.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution of door gifts or food vouchers** for the 14th 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

KIMLUN

KIMLUN CORPORATION BERHAD

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

CDS Account No.

No. of shares held

PROXY FORM

*I/We ______________________________ Tel: ______________________

[Full name in block capitals, NRIC/Passport/Registration No.]

of ____

being member(s) of **KIMLUN CORPORATION BERHAD**, hereby appoint:

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

And/ or* (*delete as appropriate)

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

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company, which will be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online website at https://tiih.online on Friday, 2 June 2023 at 2.30 p.m. or any adjournment thereof, and to vote as indicated below:-

Resolution	Description of Resolution	For	Against
1.	Re-election of Pang Khang Hau as Director of the Company.		
2.	Re-election of Yam Tai Fong as Director of the Company.		
3.	Re-election of Datuk Woon See Chin as Director of the Company.		
4.	Declaration of single tier final dividend of 1.0 sen per Ordinary Share for the financial year ended 31 December 2022.		
5.	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 14th AGM until the next AGM of the Company.		
6.	Re-appointment of Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016.		
8.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	Proposed RRPT Mandate.		
10.	Proposed Renewal of Share Buy-Back.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this ______ day of _________________

……………………………………………………………

Signature*
Member

* *Manner of execution:-*

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. The 14th 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 14th 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 14th 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 2023**. 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 14th AGM.

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

    (i) In hard copy form

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

    (ii) By electronic means

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 14th AGM on the procedures for electronic lodgement of Proxy Form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is on Wednesday, 31 May 2023 at 2.30 p.m.

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:-

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-

       (a) at least two (2) authorised officers, of whom one shall be a director; or
       (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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AFFIX
STAMP

The Share Registrar

Kimlun Corporation Berhad

Registration No. 200901023978 (867077-X)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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KIMLUN

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Registration No. 200901023978 (867077-X)

Suite 19.06, Level 19, Johor Bahru City Square, 106-108, Jalan Wong Ah Fook,
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