

Kimlun Corporation Berhad
 [Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 4th Quarter Ended 31 December 2020

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Current Year To Date 31/12/2020 RM'000	Preceding Year To Date 31/12/2019 RM'000
Revenue	243,565	322,972	794,709	1,302,819
Cost of sales	(214,342)	(284,082)	(720,173)	(1,168,702)
Gross profit	29,223	38,890	74,536	134,117
Other income	2,409	2,030	7,962	7,762
Selling and administrative expenses	(17,652)	(12,205)	(47,891)	(45,088)
Finance costs	(4,800)	(4,222)	(18,456)	(16,731)
Share of loss of joint ventures	(221)	(968)	(627)	(373)
Profit before tax	8,959	23,525	15,524	79,687
Income tax expense	(4,189)	(6,839)	(7,580)	(21,318)
Profit net of tax	4,770	16,686	7,944	58,369
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>4,770</u>	<u>16,686</u>	<u>7,944</u>	<u>58,369</u>
Profit attributable to :				
Owners of the Company	4,780	16,705	7,986	58,391
Non-controlling interests	(10)	(19)	(42)	(22)
	<u>4,770</u>	<u>16,686</u>	<u>7,944</u>	<u>58,369</u>
Earnings Per Share (Sen)				
- Basic (2)	1.39	4.92	2.34	17.42
- Diluted (2)	1.39	4.92	2.34	17.42
Total comprehensive income attributable to :				
Owners of the Company	4,780	16,705	7,986	58,391
Non-controlling interests	(10)	(19)	(42)	(22)
	<u>4,770</u>	<u>16,686</u>	<u>7,944</u>	<u>58,369</u>

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B11 for details.

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 December 2020

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
Assets		
Non- current assets		
Property, plant and equipment	172,919	203,005
Right-of-use asset	5,868	6,093
Land held for property development	167,377	158,820
Investment properties	153	3,348
Other investments	75	75
Investment in joint ventures	17,613	18,240
Deferred tax assets	653	-
	<u>364,658</u>	<u>389,581</u>
Current assets		
Properties held for sale	-	389
Property Development costs	77,588	131,606
Inventories	130,705	79,998
Trade and other receivables	474,318	486,272
Prepayment	27,947	6,827
Contract assets	373,223	386,552
Cash and bank balances	57,358	64,940
	<u>1,141,139</u>	<u>1,156,584</u>
TOTAL ASSETS	<u><u>1,505,797</u></u>	<u><u>1,546,165</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	4,139	10,959
Loans and borrowings	275,672	252,385
Lease liability	2,964	3,335
Trade and other payables	283,442	334,102
Contract liabilities	34,819	49,490
Provisions	18,201	17,170
	<u>619,237</u>	<u>667,441</u>
Net current assets	<u>521,902</u>	<u>489,143</u>
Non-current liabilities		
Loans and borrowings	132,186	154,224
Lease liabilities	3,087	3,009
Deferred tax liabilities	-	962
	<u>135,273</u>	<u>158,195</u>
TOTAL LIABILITIES	<u>754,510</u>	<u>825,636</u>
Net assets	<u>751,287</u>	<u>720,529</u>
Equity		
Share capital	255,944	247,279
Treasury shares	(24)	(24)
Other reserves	34,123	34,122
Retained earnings	435,868	439,095
Equity attributable to owners of the Company	<u>725,911</u>	<u>720,472</u>
Non-controlling interests	25,376	57
Total equity	<u>751,287</u>	<u>720,529</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,505,797</u></u>	<u><u>1,546,165</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.05	2.12

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 31 December 2020

	Attributable to owners of the Company					Sub-Total	Non-controlling interest	Total Equity
	<----- Non-distributable ----->				Distributable			
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YTD ended 31 December 2020								
Balance At 1/1/2020	247,279	(24)	34,194	(71)	439,095	720,473	56	720,529
Total comprehensive (loss)/income for the period	-	-	-	-	7,986	7,986	(42)	7,944
<u>Transaction with owner</u>								
Dividend (as detailed in Note B10)	-	-	-	-	(11,213)	(11,213)	-	(11,213)
Issuance of ordinary shares pursuant to : Dividend reinvestment plan	8,744	-	-	-	-	8,744	-	8,744
Share issue expenses	(79)	-	-	-	-	(79)	-	(79)
Acquisition of non-controlling interest	-	-	-	-	-	-	25,362	25,362
At 31/12/2020	255,944	(24)	34,194	(71)	435,868	725,911	25,376	751,287
YTD ended 31 December 2019								
Balance At 1/1/2019	237,452	(24)	34,193	(71)	393,167	664,717	79	664,796
Effect of initial adoption of MFRS 16: leases	-	-	-	-	(184)	(184)	-	(184)
Total comprehensive income for the period	-	-	-	-	58,391	58,391	(22)	58,369
<u>Transaction with owner</u>								
Dividend (as detailed in Note B10)	-	-	-	-	(12,279)	(12,279)	-	(12,279)
Issuance of ordinary shares pursuant to : Dividend reinvestment plan	9,912	-	-	-	-	9,912	-	9,912
Share issue expenses	(85)	-	-	-	-	(85)	-	(85)
At 31/12/2019	247,279	(24)	34,193	(71)	439,095	720,472	57	720,529

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 December 2020

	Current Year To Date 31/12/2020 RM'000	Preceding Year To Date 31/12/2019 RM'000
Operating activities		
Profit before tax	15,524	79,687
Adjustment for :		
Allowance for impairment on trade receivables	3,287	631
Reversal of allowance for impairment on trade receivables	(821)	(209)
Bad Debts written off	857	-
Bad Debts recovered	(238)	-
Unrealised foreign exchange loss	2,576	3,699
Depreciation	39,890	50,563
Depreciation of right-of-use assets	3,468	3,578
Depreciation of investment properties	53	129
Impairment loss on investment properties	-	532
Impairment loss on Land Held for Property Development	7,316	-
Provision for obsolete inventories	34	237
Provision for defect liabilities costs	1,031	3,749
(Gain)/Loss on disposal of investment properties	(110)	139
Loss on disposal of properties held for sale	167	140
Gain on disposal of property, plant and equipment	(1,724)	(311)
Gain on derecognition of right-of-use assets	(93)	(61)
Fixed asset written off	195	249
Interest expenses	18,456	16,731
Interest income	(3,445)	(4,286)
Share of loss of joint ventures	627	373
Operating cash flows before changes in working capital	<u>87,050</u>	<u>155,570</u>
Changes in working capital		
Development property	56,465	(23,144)
Inventories	(50,741)	42,005
Receivables	(1,525)	(23,582)
Other current assets	11,506	(51,615)
Payables	(27,902)	(30,297)
Other current liabilities	(13,176)	(18,777)
Cash flows generated from operations	<u>61,677</u>	<u>50,160</u>
Interest paid	(19,316)	(19,981)
Tax paid	(16,015)	(21,089)
Interest received	958	1,457
Net cash flows generated from operating activities	<u>27,304</u>	<u>10,547</u>
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(15,035)	(85,883)
Purchase of property, plant and equipment	(5,813)	(11,767)
Proceeds from disposal of property, plant & equipment	4,069	1,611
Proceeds from disposal of investment properties	3,275	2,885
Proceeds from disposal of properties held for sale	330	1,300
Incidental expenses on investment properties	(23)	(7)
Net cashoutflow on acquisition of subsidiary	(3,818)	-
Net cash flows used in investing activities	<u>(17,015)</u>	<u>(91,861)</u>
Financing activities		
Proceeds from issuance of shares	8,745	9,912
Share issuance expenses	(79)	(85)
Dividend paid	(11,213)	(12,279)
Drawdown of loans and borrowings	38,814	142,637
Repayment to joint venture	(3,191)	(3,180)
Repayment to hire purchase creditors	(25,770)	(29,561)
Repayment of lease liabilities	(3,442)	(3,451)
Pledge of fixed deposit with licensed bank	377	49
Net cash flows generated from financing activities	<u>4,241</u>	<u>104,042</u>
Net increase in cash and cash equivalents	14,530	22,728
Effects of exchange rate changes on cash and cash equivalents	(1,087)	865
Cash and cash equivalents at beginning of financial period	<u>18,734</u>	<u>(4,859)</u>
Cash and cash equivalents at end of financial period	<u>32,177</u>	<u>18,734</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	57,358	64,940
Less: Pledge of fixed deposit with licensed banks	(21,751)	(22,128)
Bank overdrafts (included within short term borrowings)	(3,430)	(24,078)
	<u>32,177</u>	<u>18,734</u>

Notes:

(1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to the interim financial statements

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 (“FY2019 AFS”).

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2020:

Amendments to references to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 Business Combinations - Definition of a Business
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

A3. Auditor’s report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of Unusual Nature

The Group’s short term growth, financial results, cash flow and financial condition are significantly impacted by the outbreak of the Coronavirus (“COVID-19”) which has adversely affected economies worldwide.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

For the Group, the impact on business operations has not been a direct consequence of the COVID-19 pandemic, but a result of the measures taken by the Malaysia Government and Singapore Government to contain it.

The Malaysia Government implemented the Movement Control Order (“MCO”) effective from 18 March 2020. The Malaysia Government gradually relaxed restrictions on business sectors and activities during the Conditional MCO period (from 4 May 2020 to 9 June 2020) (“CMCO”) and Recovery MCO period (from 10 June 2020 to 31 December 2020). Due to the third wave of the COVID-19 pandemic, certain states in Malaysia are put under CMCO commencing 14 October 2020, followed by MCO commencing 11 January 2021.

The Singapore Government implemented the Circuit Breaker Order effective from 7 April 2020 to 1 June 2020. From 2 June 2020, Singapore has gradually re-opened economic activities that do not pose high risks of transmission.

As the pandemic continues to evolve, it is not possible to predict the the full impact of the pandemic’s short-term and longer-term effects or the Malaysia and Singapore Governments’ varying efforts to combat the pandemic and stimulus to support businesses.

Further details on the impact of the COVID-19, the MCO and the Circuit Breaker Order on the Group’s results and operations are detailed in Note B1 and Note B3.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date save for the issuance of 13,557,773 new ordinary shares in the Company pursuant to the DRP, as detailed in Note B7(c).

A8. Dividend Paid

The final single-tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2019 was paid on 4 December 2020.

A9. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A10. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 December 2020 are as follows:

	RM’000
Approved and contracted for	<u>110,268</u>

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

The capital commitment is mainly for the purchase of the KA Land (as defined in Note B7(a)) and the BD Land (as defined in Note B7(e)).

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM12.34 million during the financial period-to-date, mainly incurred for the purchase of a unit of premix plant, formworks and moulds.

A12. Material events subsequent to the end of period reported

The Company's subsidiary, Kii Melodia Sdn Bhd ("KIMSB"), had on 4 January 2021, entered into a sale and purchase agreement with Seri Alam Properties Sdn. Bhd to purchase 2 plots of commercial land in the Mukim of Plentong, District of Johor Bahru, Negeri Johor with total land area of approximately 11.12 acres for a total cash consideration of RM40.5 million.

The acquisition has yet to be completed.

A13. Changes in composition of the group

There were no changes in the composition of the Group during the current financial year up to 19 March 2021, being the latest practicable date ("LPD"), which is not earlier than 7 days from the date of issuance of this quarterly report, save for the following:

- (i) The incorporation of a wholly owned subsidiary, Kii Amber Sdn Bhd ("KIASB"), on 5 August 2020;
- (ii) The incorporation of KIMSB by KIASB on 11 November 2020. KIASB's equity interest in KIMSB is 69.5%; and
- (iii) Bayu Damai Sdn Bhd ("BDSB") became a subsidiary of KIASB on 28 October 2020, as detailed in Note B7(d).

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. Significant Related Party Transactions

The Group had the following significant transaction during the financial year-to-date with related party in which certain directors of the Company have substantial financial interest:-

Nature of Transactions	Transaction Value Based on Billings (RM'000)	Balance outstanding as at 31 December 2020 (RM'000)
Provision of construction services to a company in which the Company's director, Pang Tin @ Pang Yon Tin has substantial financial interest	2,296	Nil

The credit terms granted to related parties are within the credit terms generally granted to non-related parties.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

A16. Segmental Information

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing and trading of building materials;
- c) Property development; and
- d) Investment

The segment revenue and results for the financial period ended 31 December 2020:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	623,797	168,598	2,306	8	0	794,709
Inter-segment sales	2,059	81,661	0	17,958	(101,678)	0
Total revenue	<u>625,856</u>	<u>250,259</u>	<u>2,306</u>	<u>17,966</u>	<u>(101,678)</u>	<u>794,709</u>
RESULTS						
Profit from operations	41,946	31,762	487	17,966	(17,625)	74,536
Other operating income						7,962
Selling and administrative expenses						(47,891)
Finance costs						(18,456)
Share of profit of a joint venture						(627)
Profit before tax						<u>15,524</u>
Income tax expense						<u>(7,580)</u>
Profit net of tax						<u>7,944</u>
Segment Assets	885,459	320,953	362,822	308,851	(372,288)	1,505,797
Segment Liabilities	490,856	151,255	190,033	471	(78,105)	754,510

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

The segment revenue and results for the financial period ended 31 December 2019:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	1,022,168	272,095	8,523	33	0	1,302,819
Inter-segment sales	8,938	100,945	0	25,147	(135,030)	0
Total revenue	<u>1,031,106</u>	<u>373,040</u>	<u>8,523</u>	<u>25,180</u>	<u>(135,030)</u>	<u>1,302,819</u>
RESULTS						
Profit from operations	80,920	51,299	1,701	25,180	(24,983)	134,117
Other operating income						7,762
Selling and administrative expenses						(45,088)
Finance costs						(16,731)
Share of profit of a joint venture						(373)
Profit before tax						<u>79,687</u>
Income tax expense						<u>(21,318)</u>
Profit net of tax						<u>58,369</u>
Segment Assets	947,238	333,815	318,484	294,324	(347,696)	1,546,165
Segment Liabilities	557,552	165,642	177,133	450	(75,141)	825,636

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

	Individual Quarter (4th Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/9/2020 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Amount RM'000	%	Current Year To Date 31/12/2020 RM'000	Preceding Year To Date 31/12/2019 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	188,486	259,566	(71,080)	-27.4%	625,856	1,031,106	(405,250)	-39.3%	182,127	6,359	3.5%
Manufacturing & Trading	82,155	98,714	(16,559)	-16.8%	250,259	373,040	(122,781)	-32.9%	52,428	29,727	56.7%
Property Development	569	4,717	(4,148)	-87.9%	2,306	8,523	(6,217)	-72.9%	-	569	N/A
Investment	11,579	12,418	(839)	-6.8%	17,966	25,180	(7,214)	-28.6%	161	11,418	7091.9%
Elimination	(39,224)	(52,443)	13,219	-25.2%	(101,678)	(135,030)	33,352	-24.7%	(22,908)	(16,316)	71.2%
Consolidated revenue	243,565	322,972	(79,407)	-24.6%	794,709	1,302,819	(508,110)	-39.0%	211,808	31,757	15.0%
Gross profit ("GP")											
Construction	14,057	24,540	(10,483)	-42.7%	41,946	80,920	(38,974)	-48.2%	15,505	(1,448)	-9.3%
Manufacturing & Trading	14,815	13,280	1,535	11.6%	31,762	51,299	(19,537)	-38.1%	6,287	8,528	135.6%
Property Development	143	904	(761)	-84.2%	487	1,701	(1,214)	-71.4%	-	143	N/A
Investment	11,579	12,418	(839)	-6.8%	17,966	25,180	(7,214)	-28.6%	161	11,418	7091.9%
Elimination	(11,371)	(12,252)	881	-7.2%	(17,625)	(24,983)	7,358	-29.5%	(97)	(11,274)	11623%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

	Individual Quarter (4th Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/9/2020 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Quarter 31/12/2019 RM'000	Amount RM'000	%	Current Year To Date 31/12/2020 RM'000	Preceding Year To Date 31/12/2019 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	29,223	38,890	(9,667)	-24.9%	74,536	134,117	(59,581)	-44.4%	21,856	7,367	33.7%
GP margin											
Construction	7.5%	9.5%			6.7%	7.8%			8.5%		
Manufacturing & Trading	18.0%	13.5%			12.7%	13.8%			12.0%		
Property Development	25.1%	19.2%			21.1%	20.0%			N/A		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	12.0%	12.0%			9.4%	10.3%			10.3%		
Other income	2,409	2,030	379	18.7%	7,962	7,762	200	2.6%	1,412	997	70.6%
Selling & administrative expenses	(17,652)	(12,205)	(5,447)	44.6%	(47,891)	(45,088)	(2,803)	6.2%	(10,199)	(7,453)	73.1%
Finance costs	(4,800)	(4,222)	(578)	13.7%	(18,456)	(16,731)	(1,725)	10.3%	(4,096)	(704)	17.2%
Share of loss of joint ventures	(221)	(968)	747	-77.2%	(627)	(373)	(254)	68.1%	(116)	(105)	90.5%
Profit before tax	8,959	23,525	(14,566)	-61.9%	15,524	79,687	(64,163)	-80.5%	8,857	102	1.2%
Profit net of tax	4,770	16,686	(11,916)	-71.4%	7,944	58,369	(50,425)	-86.4%	6,343	(1,573)	-24.8%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

B1. Operating Segments Review

(a) 4th Quarter (“Q4”) financial year ended 31 December (“FY”) 2020 compared to Q4 FY2019, year to date FY2020 (“YTD 2020”) compared to year to date FY2019 (“YTD 2019”)

The Group recorded revenue of RM243.56 million and gross profit (“GP”) of RM29.39 million during Q4 FY2020, which were RM79.41 million or 24.6%, and RM9.67 million or 24.9% lower compared to Q4 FY2019 respectively.

The Group recorded revenue of RM794.71 million and gross profit of RM74.54 million during YTD 2020, which were RM508.11 million or 39.0%, and RM59.58 million or 44.4% lower compared to YTD 2019 respectively.

The decline in revenue in Q4 FY2020 and YTD 2020 was attributable to lower revenue achieved by all the business divisions.

Construction revenue decreased by RM71.08 million or 27.4%, and RM405.25 million or 39.3% in Q4 FY2020 and YTD 2020 respectively, while manufacturing and trading (“M&T”) revenue decreased by RM16.56 million or 16.8%, and RM122.78 million or 32.9% in Q4 FY2020 and YTD 2020 respectively due to the following:

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

The property development division recorded a lower revenue during Q4 FY2020 and YTD 2020 due to lower sales concluded during the Q4 FY2020 and YTD2020 amidst the soft market sentiment.

Revenue of the investment division during YTD 2020 was derived from dividend income and interest income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group recorded a gross profit margin (“GP Margin”) of 12.0% in Q4 FY2020, which was same as Q4 FY2019. During Q4 FY2020, construction division recorded a lower GP margin, the impact of which was offset by a higher GP margin achieved by the M&T and property development divisions.

The decline in GP margin of the construction division from 9.5% in Q4 2019 to 7.5% in Q42020 was mainly due to lower productivity in Q4 FY2020 whilst it continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses.

The improvement in GP margin of M&T division (from 13.5% in Q4 FY2019 to 18.0% in Q4 FY2020) and property development division (from 19.2% in Q4 FY2019 to 25.1% in Q4 FY2020) were mainly due to the fulfillment of better margin sales orders during Q4 FY2020.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

The Group recorded a lower GP margin of 9.4% during YTD 2020, compared to 10.3% recorded in YTD 2019, as all business divisions recorded lower GP margin. This was mainly due to the Group's revenue streams had been severely reduced during the MCO and part of CMCO period whilst the Group continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses.

In line with the lower revenue achieved, gross profit of RM29.22 million recorded in Q4 FY2020 and RM74.54 million recorded in YTD 2020 were RM9.67 million or 24.9% and RM59.58 million or 44.4% lower respectively compared to last year's corresponding period.

The Group recorded other income of RM2.41 million and RM7.96 million during Q4 FY2020 and YTD 2020 respectively, which were RM0.38 million and RM0.20 million higher than the amount recorded in the corresponding period of FY 2019.

The Group recorded selling and administrative expenses ("S&M") of RM17.65 million in Q4 FY2020 and RM47.89 million in YTD 2020, which were RM5.45 million and RM2.81 million higher than the amount recorded in the corresponding period of FY 2019. This was mainly due to the recognition of impairment loss of RM7.32 million in relation to land held for property development. The impact of the impairment was partly mitigated by the following:

- (i) decline in foreign exchange loss by RM0.15 million and RM1.01 million in Q4 FY2020 and YTD 2020 respectively; and
- (ii) cost saving arose from cost cutting measures implemented.

Finance costs of RM4.80 million in Q4 FY2020 and RM18.46 million in YTD 2020 were higher compared to last year's corresponding period. This was mainly due to the Group ceased to capitalise certain loan interest during the period under review as development activities on certain of the Group's land bank are expected to be delayed in view of the soft property market sentiment.

There was a slight decrease in share of loss of joint ventures in the quarter under review.

Consequently, the Group recorded profit after tax of RM4.77 million and RM7.94 million in Q4 FY2020 and YTD 2020 respectively, compared to profit after tax of RM16.69 million in Q4 FY2019 and RM58.37 million in YTD 2019.

(b) Group Cash Flow Review

For YTD 2020, the Group registered net cash generated from operating activities of RM27.30 million. Net cash used in investing activities of RM17.02 million was mainly due to the completion of the purchase of the KV Land (as defined in Note B7(b)), which is held for development. Net cash generated from financing activities of RM4.24 million was mainly attributable to the proceeds from issuance of shares and net cash flow from loans and borrowings, partly offset by payment of dividend, hire purchase and lease liabilities instalments, and repayment of advances due to a joint venture company.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter (Q3 FY2020)

Revenue recorded in Q4 FY2020 of RM243.56 million was RM31.76 million or 15.0% higher compared to Q3 FY2020. Higher revenue was recorded in Q4 FY2020 mainly due to higher sales achieved by the M&T division, as the delivery of its products to Singapore picked up momentum as its customers' construction activities were back to track after the COVID 19 pandemic was under control in Singapore.

Gross profit of RM29.22 million recorded in Q4 FY2020 was RM7.37 million higher compared to RM21.86 million recorded in Q3 FY2020, in line with higher revenue generated in Q4 FY2020 and better GP margin achieved by the M&T division in Q4 FY2020 as better margin sales orders were fulfilled during Q4 FY2020.

S&M expenses were RM7.45 million higher compared to Q3 FY2020, mainly attributable to the recognition of impairment loss of RM7.32 million in relation to land held for property development.

Finance costs in Q4 FY2020 was higher compared to Q3 FY2020, mainly due to higher utilization of banking facilities to finance the higher business operation in Q4 FY2020.

Consequently, the Group recorded profit after tax of RM4.77 million in Q4 FY2020, compared to profit after tax of RM6.34 million in Q3 FY2020.

B3. Prospects For 2021

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

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

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

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

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

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

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

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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

Breaker Order period which began on 7 April 2020 and ended on 1 June 2020, and few months after the Circuit Breaker Order period.

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

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

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

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

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

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

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

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

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

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

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

- (i) Phase 2 of Pan Borneo Highway Sarawak;
- (ii) Autonomous Rapid Transit (ART) Sarawak;
- (iii) Johor-Singapore Rapid Transit System;

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

- (iv) Iskandar Malaysia Bus Rapid Transit;
- (v) Central Spine Road;
- (vi) Some hospitals projects; and
- (vii) 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.

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

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

Singapore Construction Sector

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

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

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

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

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

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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

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

Property Development Division

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

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

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

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit Before Tax

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

	Current Quarter 3 months ended 31.12.2020 RM'000	Cumulative Quarter 12 months ended 31.12.2020 RM'000
(a) interest income	193	958
(b) other income including investment Income	1,994	6,624
(c) interest expense	4,200	16,030
(d) depreciation and amortization	11,265	43,411
(e) provision for and write off of receivables	1,275	4,144
(f) provision for and write off of inventories	34	34
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(354)	(1,667)
(h) impairment of assets	7,264	7,316
(i) foreign exchange (gain) or loss	123	687
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

B6. Taxation

	Current Quarter 3 months ended 31.12.2020 RM'000	Cumulative Quarter 12 months ended 31.12.2020 RM'000
In respect of the current period		
- Income tax	4,992	9,341
- Deferred tax	<u>(644)</u>	<u>(1,564)</u>
	4,348	7,777
In respect of prior year		
- Income tax	(179)	(217)
- Deferred tax	<u>20</u>	<u>20</u>
	<u>4,189</u>	<u>7,580</u>

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

B7. Status of Corporate Proposals

- (a) On 28 December 2017, the Company's wholly-owned subsidiary, Kii Ashbury Sdn Bhd entered into a sale and purchase agreement with Meridin East Sdn Bhd to purchase 17.90 acres of land forming part of the freehold agriculture land held under HSD 566044 PTD 224535, in the Mukim of Plentong, Daerah Johor Bahru, Johor ("KA Land") for a total cash consideration of RM21,829,301.

The acquisition has yet to be completed.

- (b) On 28 December 2017, the Company's wholly-owned subsidiary, Kiville Sdn Bhd entered into a sale and purchase agreement with Mah Sing Properties Sdn Bhd to purchase all that piece of freehold commercial land held under HS(D) 508921 PTD 185266, Mukim Pulai, Daerah Johor Bahru, Negeri Johor with land area of approximately 20,836.30 square meters ("KV Land") for a total cash consideration of RM14,245,867.

The acquisition was completed on 16 January 2020.

- (c) Application of dividend reinvestment plan that provides the shareholders of the Company ("Shareholders") with an option to elect to reinvest their cash dividend in new ordinary shares in Kimlun ("DRP")

At the Annual General Meeting held on 15 September 2020 ("11th AGM"), the Shareholders approved the declaration of a final single tier dividend of RM0.033 per ordinary share in Kimlun ("Kimlun Share(s)") in respect of the financial year ended 31 December 2019 ("FYE 2019 Final Dividend"), and the issuance of new Kimlun Shares ("New Shares") pursuant to the application of DRP thereto.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

Bursa Malaysia Securities Berhad (“Bursa Securities”) had, vide its letter dated 29 September 2020, approved the listing and quotation of up to 20,000,000 new Kimlun Shares to be issued pursuant to the DRP on the Main Market of Bursa Securities, subject to the following conditions (“Conditions”):-

- Kimlun and its adviser to the DRP, RHB Investment Bank Bhd (“RHBIB”) must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the DRP;
- Kimlun and RHBIB to inform Bursa Securities upon the completion of the DRP; and
- Kimlun to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the DRP is completed.

The issue price of the new Kimlun Shares to be issued pursuant to the DRP was fixed at RM0.645 per new Kimlun Share, and the book closure date for the FYE 2019 Final Dividend was 10 November 2020.

A total of 13,557,773 New Shares were issued and allotted at RM0.645 per New Share on 4 December 2020 pursuant to the DRP. The electable portion of the FYE 2019 Final Dividend which was not reinvested in New Shares was paid on 4 December 2020. Kimlun and RHBIB had complied with the Conditions.

- (d) KIASB had on 10 August 2020, entered into a conditional shares subscription agreement (“SSA”) to subscribe for 9,800,000 new ordinary shares in BDSB (“Subscription”) for RM40,000,000. The Subscription was completed on 28 October 2020, and BDSB became 49% owned by KIASB.
- (e) On 10 October 2017, BDSB entered into a sale and purchase agreement with Amanahraya Development Sdn Bhd to purchase the following 9 pieces of freehold agriculture lands all in the Mukim of Petaling, District of Kuala Lumpur, State of Federal Territory of Kuala Lumpur (collectively “BD Land”) for a total cash consideration of RM95,000,000:

No.	Lot No.	Net Land Size (Acres)
1	Geran 18738, Lot 7582	5.17
2	Geran 18793, Lot 7583	5.08
3	Geran 18794, Lot 7584	5.34
4	Geran 18832, Lot 7601	4.44
5	Geran 18833, Lot 7602	4.92
6	Geran 18834, Lot 7603	5.14
7	Geran 18835, Lot 7604	5.22
8	Geran 18836, Lot 7605	4.14
9	Geran 18845, Lot 7606	4.01
	Total	43.46

The acquisition has yet to be completed.

KIMLUN CORPORATION BERHAD (867077-X)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities are as follows:

	Interest rate per annum YTD 2020	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	24,193	39,570
Term loans	4.30% to 5.92%	107,993	114,654
		132,186	154,224
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	3.72% to 7.62%	3,430	24,078
Hire purchase creditors	1.68% to 4.06%	22,735	24,302
Bankers' acceptance	2.49% to 4.81%	54,070	57,649
Invoices financing	1.67% to 6.44%	154,701	114,076
Term loans and revolving credits	3.29% to 5.92%	40,736	32,280
		275,672	252,385

The borrowings are denominated in the following currencies

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Long term borrowings		
Ringgit Malaysia	132,186	154,224
Short term borrowings		
Ringgit Malaysia	274,217	252,385
Singapore Dollar	303	-
United States Dollar	1,152	-
	275,672	252,385

All borrowings, other than hire purchase financing which is based on fixed interest rate, are based on floating interest rate.

B9. Material Litigation

There was no material litigation as at the LPD.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

B10. Dividends

- (a) The FYE 2019 Final Dividend was approved by the Shareholders at the 11th AGM, as detailed in Note B7(c).
- (b) The Board of Directors recommend the payment of a final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2020 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting (“AGM”).
- (c) Dividend declared during the previous year’s corresponding period:

A final single-tier dividend of 3.7 sen per share in respect of the financial year ended 31 December 2018.

B11. Earnings/(Loss) Per Share (“ELPS”)

	Current Quarter Ended		Year to-Date Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to owners of the Company (RM'000)	4,780	16,705	7,986	58,391
Weighted average number of ordinary shares in issue ('000)	343,927	339,801	340,838	335,217
Assumed shares issued from the exercise of warrants ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares in issue ('000)	343,927	339,801	340,838	335,217
Basic earnings per share (Sen)	1.39	4.92	2.34	17.42
Diluted earnings per share (Sen)	1.39	4.92	2.34	17.42

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

Diluted EPS is calculated by dividing the profit attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue.