

KIA LIM BERHAD

Reg. No. 199501013667 (342868-P)

ANNUAL REPORT 2021

**KIALIM**

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ANNUAL  
REPORT  
**2021**

**KIA LIM BERHAD**

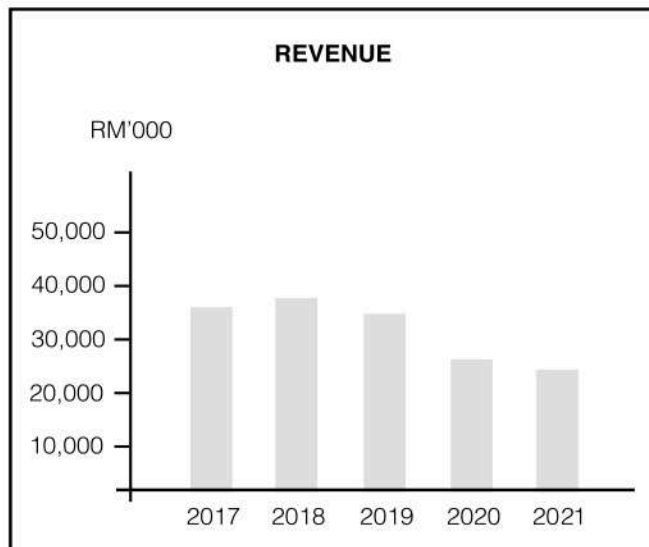
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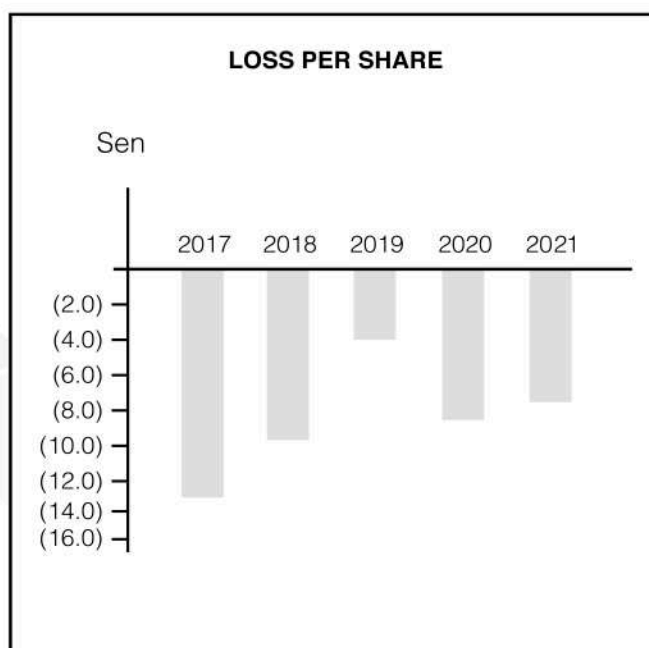
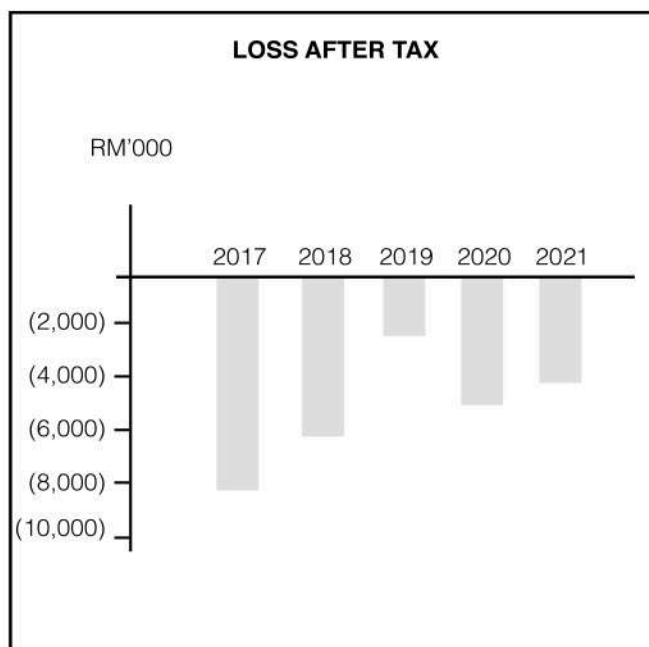
# Contents

	Page
Group Financial Highlights	1
Vision & Mission Statement	2
Notice Of Annual General Meeting	3
Corporate Information	6
Profile Of Board Of Directors	7
Profile Of Key Senior Management	9
Corporate Governance Overview Statement	11
Audit Committee Report	26
Sustainability Statement	28
Corporate Social Responsibility	30
Statement Of Directors' Responsibilities In Relation To Financial Statements	30
Statement On Risk Management And Internal Control	31
Chairman's Statement And Management Discussion & Analysis	34
Directors' Report	37
Statement By Directors	40
Statutory Declaration	40
Independent Auditors' Report	41
Statements Of Comprehensive Income	44
Statements Of Financial Position	45
Statements Of Changes In Equity	46
Statements Of Cash Flows	47
Notes To The Financial Statements	48
Statement Of Shareholdings	77
List Of Properties	79
Form Of Proxy	(Attached)

# GROUP FINANCIAL HIGHLIGHTS



Financial Year Ended 31 December	Revenue RM'000	Loss After Tax RM'000	Loss Per Share Sen
2017	38,699	(8,625)	(13.9)
2018	39,750	(6,121)	(9.9)
2019	37,987	(2,462)	(4.0)
2020	25,540	(5,222)	(8.4)
2021	22,329	(4,831)	(7.8)



# *Vision*

To be a leading clay brick manufacturer  
in Southeast Asia with a strong  
brand name and strong regional  
market penetration

# *Mission*

To provide a comprehensive range of  
quality products to meet customers' needs  
and create value for stakeholders

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 27<sup>th</sup> Annual General Meeting (“27<sup>th</sup> AGM”) of Kia Lim Berhad will be held at The Katerina Hotel, 8, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 24 May 2022 at 12.00 noon to transact the following businesses.

## Agenda

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Directors’ and Auditors’ Report thereon. *Refer to Note (a)*
2. To approve the payment of Directors’ fees amounting to RM35,000 per annum for the Non-Executive Chairman, RM20,000 per annum for each of the Non-Executive Directors (NEDs), and RM17,400 per annum for each of the Executive Directors (EDs) in respect of the financial year ending 31 December 2022. *RESOLUTION 1  
Refer to Note (b)*
3. To approve the proposed payment of Non-Executive Directors’ (NEDs) benefits of up to RM28,800 for the financial year ending 31 December 2022 and up to the date of the next Annual General Meeting of the Company. *RESOLUTION 2  
Refer to Note (b)*
4. To re-elect Mr Ng Chin Kang who retire in accordance with Article 90 of the Company’s Constitution and being eligible, offers himself for re-election. *RESOLUTION 3  
Refer to Note (c)*
5. To re-elect the following Directors who retire in accordance with Article 97 of the Company’s Constitution and being eligible, offer themselves for re-election:-
  - (a) Pn Haryanti Binti Othman *RESOLUTION 4  
Refer to Note (c)*
  - (b) Ms Sam Ming Chia *RESOLUTION 5  
Refer to Note (c)*
6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration. *RESOLUTION 6  
Refer to Note (d)*

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

7. **ORDINARY RESOLUTION 1  
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR** *RESOLUTION 7  
Refer to Note (e)*

“THAT authority be and is hereby given to Mr Loh Chee Kan to continue to serve as an Independent Director of the Company in accordance with Malaysian Code on Corporate Governance.”
8. **ORDINARY RESOLUTION 2  
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR** *RESOLUTION 8  
Refer to Note (e)*

“THAT authority be and is hereby given to Mr Chua Syer Cin to continue to serve as an Independent Director of the Company in accordance with Malaysian Code on Corporate Governance.”
9. To transact any other business appropriate to an AGM, due notice of which shall have been previously given in accordance with the Act and the Company’s Constitution.

### BY ORDER OF THE BOARD

LEONG SIEW FOONG  
(MAICSA No.: 7007572)  
(CCM PC No.: 202008001117)

Company Secretary

Johor Bahru  
27 April 2022

## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
2. A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

#### **Personal Data Privacy:**

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 27<sup>th</sup> AGM of the Company and any adjournment thereof.

### EXPLANATORY NOTES:

- (a) This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, it is not put forward for voting.
- (b) Directors' fees and benefits

#### Directors' remuneration

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at 27<sup>th</sup> AGM on the Directors' remuneration tabled in Resolution 1 and 2.

#### Directors' fees

The Board decided that the Directors' fees for financial year ("FY") ending 31 December 2022 be maintained as the previous FY subject to the performance of the Company and the current global economy. The detailed Directors' fees are contained in page 20 of Corporate Governance Overview Statement in the Annual Report.

#### Benefits payable to Directors

The benefits payable to Directors comprised the allowance and other emoluments payable to the Chairman and members of the Board of the Company and its subsidiaries.

The Directors' current and proposed remuneration structure is detailed as below:

Remuneration for Directors of the Company	2021 Amount (RM)	2022 Proposed Amount (RM)
Fee for Chairman	35,000	35,000
Fee for each Independent Non-Executive Director	20,000	20,000
Fee for each Executive Director	15,000	15,000
Fee for each Executive Director of subsidiary company <sup>^</sup>	1,200	1,200
Meeting Allowance per meeting *	800	800

<sup>^</sup> Only for Executive Directors.

\* Only for Non-Executive Directors.

Payment of benefits to the Directors will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company for the FY ending 31 December 2022, based on the proposed benefits, if the proposed Resolution 2 is passed at the 27<sup>th</sup> AGM.

- (c) Re-election of Directors who retire in accordance with Articles 90 and 97 of the Company's Constitution.

Article 90 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 27<sup>th</sup> AGM, the Nomination Committee ("NC") has considered the following:

- (1) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities; and
- (2) The level of independence demonstrated by each of the Non-Executive Directors ("NEDs"), and their ability to act in the best interests of the Company in decision-making, to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

(c) Re-election of Directors who retire in accordance with Articles 90 and 97 of the Company's Constitution (Cont'd)

In line with the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), the Board has conducted an assessment of independence of the NEDs, and also other criteria i.e. character, integrity, competence, experience and time commitment in effectively discharging their respective roles as Directors of the Company. The Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. Each of the NEDs has also provided his/her annual declaration/confirmation of independence bi-annually of 2021.

The Board accepted the NC's recommendation that the Directors who retire in accordance with Articles 90 and 97 of the Company's Constitution is eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

(d) Re-appointment of Auditors

Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs Ernst & Young PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs Ernst & Young PLT, have indicated their willingness to continue their service until the conclusion of next AGM. The re-appointment of Messrs Ernst & Young PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 6, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

(e) Continuation of terms of office as Independent Directors

The Company has complied with the minimum requirement of independent directors, ie one-third (1/3) of its board composition consists of independent directors. In the event of any vacancy in the board of directors, resulting in non-compliance of minimum independent director requirement, such vacancy must be filled within three (3) months.

Mr Loh Chee Kan and Mr Chua Syer Cin are Independent Directors of the Company who have served the Company for more than nine (9) years.

In line with the MCCG 2021, the NC has assessed their independence as defined in Bursa Securities Listing Requirements which have not been compromised all the while. In fact, they exercise their judgment in an independent and unfettered manner, discharge their duties with reasonable care, skill and diligent; bringing independent thought and experience to board deliberations and decision-making process all the while which is valuable to the Company. Hence, the Board recommended Mr Loh Chee Kan and Mr Chua Syer Cin to continue their office as Independent Directors according to the Resolutions 7 and 8 put forth at the 27<sup>th</sup> AGM.

Mr Loh Chee Kan and Mr Chua Syer Cin shall be subjected to two-tier voting in accordance with the MCCG 2021 as they have served the Company for more than twelve (12) years.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There are no individuals who are standing for election as Directors at the forthcoming 27<sup>th</sup> AGM of the Company other than the Directors standing for re-election.

The profiles of the Directors are stated on pages 7 and 8 of the Annual Report 2021.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Loh Chee Kan - Chairman  
*Independent Non-Executive Director*  
Datuk Ng Yeng Keng @ Ng Ka Hiatt - *Chief Executive Officer*  
*Executive Director*  
Mr Ng Chin Kang  
*Executive Director*  
Mr Chua Syer Cin  
*Independent Non-Executive Director*  
Ms Sam Ming Chia #  
*Independent Non-Executive Director*  
Pn Haryanti Binti Othman #  
*Independent Non-Executive Director*  
Mr Ng Cheng Woon \*  
*Alternate Director to Datuk Ng Yeng Keng*  
En Mohd Salleh Bin Jantan ^  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

Mr Chua Syer Cin (*Chairman*)  
Ms Sam Ming Chia  
Pn Haryanti Binti Othman

## RISK MANAGEMENT COMMITTEE

Pn Haryanti Binti Othman (*Chairman*)  
Mr Chua Syer Cin  
Mr Ng Chin Kang

## NOMINATION COMMITTEE

Ms Sam Ming Chia (*Chairman*)  
Pn Haryanti Binti Othman  
Mr Chua Syer Cin

## REMUNERATION COMMITTEE

Mr Chua Syer Cin (*Chairman*)  
Ms Sam Ming Chia  
Pn Haryanti Binti Othman

## AUDITORS

Ernst & Young PLT (Chartered Accountants)  
B-15, Medini 9  
Persiaran Medini Sentral 1  
Bandar Medini Iskandar  
79250 Iskandar Puteri  
Johor Darul Takzim

## COMPANY SECRETARY

Ms Leong Siew Foong  
(MAICSA No.: 7007572)  
(CCM PC No.: 202008001117)

## REGISTERED OFFICE

Boardroom Corporate Services Sdn Bhd  
Registration Number: 196001000110 (3775-X)  
Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim  
Tel : 07-224 1035  
Fax : 07-221 0891

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
Registration Number: 199601006647 (378993-D)  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Malaysia  
Tel : 03-7890 4700  
Fax : 03-7890 4670

## PRINCIPAL PLACE OF BUSINESS

Wisma Ng Hoo Tee  
79 Jalan Muar  
83500 Parit Sulong  
Batu Pahat  
Johor Darul Takzim  
Tel : 07-418 7100 / 418 6230  
Fax : 07-418 8600  
Website : [www.kialim.com.my](http://www.kialim.com.my)

## PRINCIPAL BANKERS

RHB Bank Berhad  
Hong Leong Bank Berhad

## STOCK EXCHANGE

Main Market of the Bursa Malaysia Securities Berhad  
Stock Code : 6211  
Stock Name : KIA LIM

## Notes:

\* (Appointed on 21 September 2021)  
# (Appointed on 31 December 2021)  
^ (Resigned on 31 December 2021)



## PROFILE OF BOARD OF DIRECTORS

**MR LOH CHEE KAN**, aged 67, male, Malaysian, was appointed as an Independent Non-Executive Director of Kia Lim Berhad ("KLB") on 5 March 1996 and redesignated as Chairman of the Company on 1 March 2011.

He obtained his Bachelor of Science (Honours) Degree in Management Sciences from the University of Warwick in the United Kingdom in 1978. His career experience includes a twelve-year attachment with an international audit and consultancy practice, and later with Juan Kuang (M) Industrial Bhd where he stayed for two (2) years. He is currently the Finance Director of JK Capital Sdn Bhd group of companies.

Mr Loh Chee Kan has no shareholding in the Company or in any of its subsidiaries; no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**DATUK NG YENG KENG @ NG KA HIAT**, aged 76, male, Malaysian, was appointed as Executive Director of KLB on 5 March 1996 and redesignated as Deputy Managing Director on 29 November 2006. Subsequently, on 8 October 2007, Datuk Ng Yeng Keng was redesignated as Chief Executive Officer of the Company.

He has over forty three (43) years of experience in the manufacturing of clay bricks, building and civil engineering works. He was an Executive Director of Syarikat Kayu Wangi Berhad from 1981 to 2005. He also sits on the Board of several other private limited companies.

Datuk Ng Yeng Keng is the uncle of Mr Ng Chin Kang, the Director and/or major shareholder of the Company. He has no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**MR NG CHIN KANG**, aged 51, male, Malaysian, was appointed as Executive Director of KLB on 26 November 2001. Presently, he is a member of the Risk Management Committee. He graduated with a Bachelor of Commerce with Honours degree from University of Western Australia and ASIA Graduate Diploma from Security Institute of Australia. He also holds a MBA from Sydney University and Master of Arts in Business Research from Macquarie University, Australia.

He worked with Medical Benefits Funds of Australia Limited in the senior executive management team from 1999 to March 2002. Prior to that, Mr Ng Chin Kang had served as senior officer in the investment banking arm of Commonwealth Bank of Australia for approximately five (5) years. He is also a Director of several other private limited companies.

Mr Ng Chin Kang is the nephew of Datuk Ng Yeng Keng, the Director and/or major shareholder of the Company and cousin of Mr Ng Cheng Woon. He has no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**MR CHUA SYER CIN**, aged 50, male, Malaysian, was appointed as an Independent Non-Executive Director of KLB on 1 November 2001. Presently, he is the Chairman of the Audit Committee and the Remuneration Committee and he is also a member of the Nomination Committee and the Risk Management Committee of the Company.

Upon graduation from the Charles Sturt University, Australia in 1994, he joined Ernst & Young, an international audit and consultancy practice as an Audit Senior. From 1998 to 2000, he was the Audit/Tax Manager of Teo & Associates, an accounting firm in Melaka. In February 2000, he set up his own accounting firm, Messrs SC Chua & Associates and has since been the sole proprietor of the firm.

He is presently a member of Malaysian Institute of Accountants and CPA Australia. He is also the Board member of Poh Huat Resources Holdings Berhad as well as several private limited companies.

Mr Chua Syer Cin has no shareholding in the Company or in any of its subsidiaries; no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## PROFILE OF BOARD OF DIRECTORS

**EN MOHD SALLEH BIN JANTAN**, aged 79, male, Malaysian, was appointed as an Independent Non-Executive Director of KLB on 15 November 2014. He has over fifty (50) years of experience in the manufacturing of clay bricks and building and civil engineering works. Presently, he is the member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He was the Board member of Syarikat Kayu Wangi Berhad and resigned in 2005. He is also the Director of several other private limited companies.

En Mohd Salleh has no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**MR NG CHENG WOON**, aged 39, male, Malaysian, was appointed as Alternate Director to Datuk Ng Yeng Keng on 21 September 2021. He graduated with a Bachelor of Science with First Class Honours Degree in the field of Economics from Landon School of Economics and Political Science, UK. He is a businessman and entrepreneur with more than fifteen (15) years of experience.

Mr Ng Cheng Woon is the son of Datuk Ng Yeng Keng, and cousin of Mr Ng Chin Kang, the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**MS SAM MING CHIA**, aged 49, female, Malaysian, was appointed as an Independent Non-Executive Director of KLB on 31 December 2021. Presently, she is the Chairman of Nomination Committee, and also a member of the Audit Committee and Remuneration Committee of the Company. Ms Sam graduated in 1997 with a Bachelor of Commerce with Majoring in Accounting from Curtin University of Technology, Perth, Western Australia. She is presently a member of Malaysian Institute of Accountants and CPA Australia.

Upon graduation, she joined the Ernst & Young PLT, as an Assistant Manager, and later from year 2004 to 2008, she was the Group Accountant of Yick Hoe Metal Industries Sdn Bhd. Currently, she is an Audit Director of BP Associates (formerly known as Moore Stephens Associates & Co.).

Ms Sam Ming Chia has no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

**PN HARYANTI BINTI OTHMAN**, aged 45, female, Malaysian, was appointed as an Independent Non-Executive Director of KLB on 31 December 2021. Presently, she is the Chairman of Risk Management Committee, and also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

She obtained her Bachelor of Law (Honours) Degree from Universiti Kebangsaan Malaysia (UKM) in 2000. Since graduation, she has been practicing as a legal assistant in several law firms before setting up her own legal firm Messrs Haryanti Othman Associates in 2013. She has been the sole proprietor of the firm since then.

Pn Haryanti Binti Othman has no family relationship with any Director and/or major shareholder of the Company; no conflict of interest with the Company; has no conviction for any offence within the past five (5) years other than traffic offences, if any and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Note:

Please refer to page 78 of this Annual Report for Directors' shareholdings.

## PROFILE OF KEY SENIOR MANAGEMENT

The Management team is headed by the Chief Executive Officer, Datuk Ng Yeng Keng @ Ng Ka Hiat, Datuk Ng is assisted by the Executive Director, Mr Ng Chin Kang; and the following key senior management team:

### MR ONG YU HOCK

*General Manager*

**Nationality :** Malaysian

**Age / Gender :** 50 / Male

**Date of appointment :** 10 November 2003

**Qualification(s) :**

1. Fellow of the Association of Chartered Certified Accountants, United Kingdom
2. Chartered Accountant of the Malaysian Institute of Accountants.

**Experience :**

Mr Ong started his career with Ernst & Young in Assurance and Advisory Business Services in year 1998. In year 2002, he joined the glass containers division of a public listed company before joining KLB as Group Accountant in year 2003. In year 2006, he was promoted to the position of Assistant General Manager and subsequently promoted to the position of General Manager in year 2013 and he holds this position until present. He was formerly a member of the Board of Governors of an International School.

Mr Ong has no family relationship with any Director and/or Substantial Shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offences, if any.

### MR NG CHENG YEW

*General Manager (Operations)*

**Nationality:** Malaysian

**Age / Gender :** 43 / Male

**Date of appointment :** 11 July 2001

**Qualification(s) :**

Bachelor of Computer Science with Honours Degree from the University of Coventry in the United Kingdom.

**Experience :**

Mr Ng joined KLB in 2001 and worked as I.T. Officer. He managed to convert the existing manual operations into computerized environment to speed up Group work flows. He was then promoted and joined Management as Business Development Assistant Manager in 2004. He was entrusted to analyze, resolve and improve operational matters during this time. In Year 2008, he was then promoted as Manufacturing Manager and appointed to be in charge of Production Department. This included changing the existing production management model into functional cross-management model. Performance based evaluation was implemented. In Year 2013, he was then promoted as General Manager (Operations) to be in charge of all operational matters in KLB.

Mr Ng is the son of Datuk Ng and cousin of Mr Ng Chin Kang, the Directors and/or Substantial Shareholders of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offences, if any.

## PROFILE OF KEY SENIOR MANAGEMENT

### MR NG AH CHAI

*Senior Sales Manager*

**Nationality :** Malaysian

**Age / Gender :** 60 / Male

**Date of appointment :** 18 December 1999

**Qualification(s) :**

Bachelor of Science with Honours Degree (Housing, Building and Planning) from the University Sains Malaysia.

**Experience :**

Mr Ng joined the Group in year 1999 and is responsible for both local and overseas sales and marketing and he holds this position until present. He has vast experience, more than 29 years in building materials trading and throughout the years, he has established close relationship with many contractors, nationwide distributors and hardware dealers.

Mr Ng has no family relationship with any Director and/or Substantial Shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offences, if any.

### MADAM ER LAY HONG

*Accounts and Finance Manager*

**Nationality:** Malaysian

**Age / Gender :** 63 / Female

**Date of appointment :** 1 November 1989

**Qualification(s) :**

Bachelor of Commerce Degree (International Trade) from the National Chengchi University, Taiwan.

**Experience :**

Madam Er joined Syarikat Kia Lim Kilang Batu Bata Sdn Bhd, the wholly owned subsidiary of KLB in year 1989 as Accounts Officer and was subsequently be promoted to various other positions before her promotion to current position of the Group in year 2011. She is responsible for the accounting and finance related matters of the Group, including financial control and accounting function.

Madam Er has no family relationship with any Director and/or Substantial Shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offences, if any.

### MR TEO LAI HEYONG

*Factory Manager*

**Nationality :** Malaysian

**Age / Gender :** 64 / Male

**Date of appointment :** 1 July 1992

**Qualification(s) :**

Bachelor of Commerce Degree from the Soochow University, Taiwan.

**Experience :**

Mr Teo joined Syarikat Kia Lim Kilang Batu Bata Sdn Bhd, the wholly owned subsidiary of KLB in year 1992 and is responsible for the production, planning and control as well as maintenance aspect of the factory and he holds this position until present.

Mr Teo has no family relationship with any Director and/or Substantial Shareholder of the Company. He has no conflict of interest with the Company and has not been convicted of any offence within the past five (5) years other than traffic offences, if any.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Kia Lim Berhad fully supports the Malaysian Code on Corporate Governance (“MCCG” or “the Code”), and is committed to ensure that the Principle and Recommended Practices are observed and practised throughout the Group so that the affairs of the Group are conducted with professionalism, accountability and integrity with the objective of safeguarding and enhancing shareholders’ value and financial performance of the Group.

The Corporate Governance Overview Statement (“Statement”) is made pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guidance was drawn from the Key CG principles as set out in the MCCG.

This Statement is prepared in compliance with MMLR and it is to be read together with the Corporate Governance Report 2021 of the Company (“CG Report”) which is available on the Company’s website, [www.kialim.com.my](http://www.kialim.com.my) as well as via an announcement on the website of the Bursa Securities.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### Part I – Board’s Responsibilities

#### 1. Board Leadership on Objectives and Goals

##### 1.1 Strategic Aim, Value and Standards

The Company is led and managed by experienced Board comprising members with a wide range of experience and expertise in relevant fields. The Board has overall responsibility for corporate governance, strategic direction, overseeing the conduct of the Group’s business and its management, reviewing the adequacy and the integrity of the Group’s internal control systems. It is the ultimate body in decision making for outlining and implementation of corporate objectives and directions.

All decisions of the Board are based on decision of the majority and no single Board member can make any decision on behalf of the Board, unless duly authorised by the Board. As such, no individual or a group of individuals dominate the decision making process. This enables the Board to effectively discharge its principal responsibilities as set out in the Code.

Having recognised the importance of an effective and dynamic Board, the Board has established and adopted a Board Charter to ensure that all Board members are aware of the Board’s fiduciary and leadership functions. The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees (“Committees”):

- Audit Committee
- Risk Management Committee
- Nomination Committee
- Remuneration Committee

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committee as approved by the Board and are available on the Company’s website.

##### 1.2 The Chairman

The appointment of a capable chairman to lead the board is crucial for the creation of a good governance culture and fostering trust which supplement the board structure and formal governance regulations vis-à-vis embedding high standards of governance in the Company.

The Board is headed by Mr Loh Chee Kan, the Independent Non-Executive Chairman. As Chairman, he plays a vital role in leading and guiding the Board, and also serves as the communication point between the Board and the Chief Executive Officer.

##### 1.3 Chairman and Chief Executive Officer (“CEO”)

There is a clear and distinct division of responsibility between the Chairman and the CEO to ensure a proper balance of power and authority. The CEO, Datuk Ng has the executive responsibility to manage the business. He is assisted in the management of the business on a day-to-day basis by the Executive Directors and an experienced management team. He has extensive knowledge and experience in the manufacturing of clay bricks, building and civil engineering works, sawmilling, logging and manufacturing of wood-based products and has the caliber to ensure that strategies and policies approved by the Board are effectively implemented.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board's Responsibilities (Cont'd)

#### 1. Board Leadership on Objectives and Goals (Cont'd)

##### 1.4 The Chairman of the Board Must Not Chair Any of the Board Committees

Board Chairman should not be a member of the audit committee, nomination committee or remuneration committee.

Having the same person assumed the positions of Chairman of the Board, and Chairman of the Audit Committee, Nomination Committee or Remuneration Committee gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the Board is not involving in these committees to ensure there is check and balance as well as objective review by the Board.

##### 1.5 Qualified and Competent Company Secretaries

The Company is supported by a suitably qualified and competent company secretary. The Company Secretary is a qualified Chartered Secretary under Section 235(2)(a) of the Companies Act, 2016 and is a member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary is an external company secretary from Boardroom Corporate Services Sdn Bhd with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretary supports the Board to ensure its effective functioning, and in managing the corporate governance framework of the Group. The Company Secretary is also responsible to advise the Directors on their fiduciary and statutory duties, ensure compliances with Company law, the MMLR, the Company's Constitution, the MCCG, Board adopted policies, and other pertinent regulations governing the Company, and guide the Board towards the necessary compliances, as and when is necessary.

The Company Secretary attended the 2021 Annual General Meeting ("AGM") held on 27 September 2021 and all Board and Board committees meetings during the financial year ended 31 December 2021. The Company Secretary ensures that all deliberations at the AGM and all Board and Board committee meetings are properly minuted for the Board's reference and for action plans to be communicated to the Management to work on and to report back to the Board.

The Company Secretary also updates the Board on the Directors' Resolutions in Writing passed, Directors' dealings pursuant to Chapter 14 of the MMLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Securities, at every scheduled Board meetings during the year, as well as the changes in the regulatory requirements.

The Company Secretary had and will continue to constantly keep herself abreast on matters concerning company law, the capital markets, corporate governance, and other pertinent matters through continuous training and industry updates.

The Board is satisfied with the performance and support rendered by the Company Secretary who plays a vital role to the Board in discharging its function and duties.

##### 1.6 Access to Information and Advice

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed in a timely manner. Relevant Directors will provide explanation on pertinent issues. All proceedings and the conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 343(3) of the Companies Act, 2016.

The Board is kept updated on the Company's financial performance activities and operations as well as other performance factors on a regular basis. The Chairman of the Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are followed.

Senior Management staff as well as advisers and professionals appointed to act for the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director. Minutes of the Board meetings are also maintained by the Company Secretary.

In addition, the Board has put in place a procedure for Directors, whether as a full board or in their individual capacity, to have access to all information within the Company and to take independent advice where necessary, in the furtherance of their duties and at the Company's expense.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board's Responsibilities (Cont'd)

#### 2. Demarcation of Responsibilities

##### 2.1 Board Charter

The Board has established clear functions reserved for the Board and those delegated to the Management and this is documented in the Board Charter, which is published on the Company's website. The Board Charter adopted by the Board sets out the Board's strategic intent and outlines the Board's roles and responsibilities, providing insights and guidance to the Board and the Management concerning their roles and division of responsibilities.

The Board has established the following Board Committees to assist and advise the Board in fulfilling its duties and responsibilities:

- Audit Committee
- Risk Management Committee
- Nominating Committee
- Remuneration Committee

Each Committee's role has been spelt out in its own specific terms of reference as approved by the Board. The powers and authority delegated to these Committees are also set out in the terms of reference of each of the Committees.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. The Board had performed a review on 29 March 2022 of the Board Charter to ensure its consistency with the MMLR and its relevance.

#### 3. Good Business Conduct and Corporate Culture

##### 3.1 Directors' and Employees' Code of Conduct & Ethics ("CCE")

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board understands that it has the responsibility to set the tone and standards of the Company through a CCE for the Company and has established the CCE for the charters to articulate acceptable practices and guides the behavior of Directors. The Board is clear on what is considered acceptable behavior and practice in the Company through the CCE's policy.

In addition to the Directors' CCE, an Employees' CCE was also established by the Board on 27 November 2018. The Employees' CCE helps the Company to achieve the right things in right manner at all times, in areas such as managing conflicts of interest, abuse of power, corruption, insider trading and money laundering.

All employees are required to strictly adhere to the CCE. Any non-compliance with the CCE is to be reported to the Heads of Department or Human Resources and Administration Department for further deliberation and decision.

The Directors' and Employees' CCE are published on the Company's website.

##### 3.2 Whistleblowing Policy

The Board has developed a Whistleblowing Policy which is in line with the Board's effort to encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Board ensures that the Whistleblowing Policy sets out avenues where legitimate concerns can be objectively investigated and addressed. Individuals should be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

The Whistleblowing Policy is published on the Company's website. There was no whistleblowing case reported during the financial year ended 31 December 2021.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I – Board's Responsibilities (Cont'd)

#### 4. Sustainability Leadership

##### 4.1 Setting Company's Sustainability Strategies, Priorities and Targets

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates. The Company strives to achieve a sustainable long-term balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Company's efforts in this regard have been set out in the Sustainability Statement in this Annual Report.

##### 4.2 Sustainability Strategies, Priorities and Targets are Communicated to Internal and External Stakeholders

Kia Lim's Annual Report includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities and targets as well as commitment and it serves as the main communication tool of Kia Lim's Sustainability matters to the internal and external stakeholders. The Annual Report is available on the website at [www.kialim.com.my](http://www.kialim.com.my).

##### 4.3 Action Taken to Ensure Sustainability Targets

In view to gain a better understanding of the sustainability issues relevant to Kia Lim and its business, the Board members have attended training on sustainability issues, e.g., Bursa Sustainability Reporting Workshop.

##### 4.4 Review Performance of Sustainability Targets

A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities. The performance evaluation would be conducted in the future to promote accountability and identify issues that may require intervention by the Board and/or Senior Management. Outcomes from the evaluations and next steps would also be shared with the Company's shareholders.

##### 4.5 Designated Person to Manage Sustainability Target

The Company has established a Sustainability Working Group ("SWG") comprising key members of Management from the Group.

The roles of the SWG include:

- a) To observe and comply with all relevant legislation, regulations and code of practice;
- b) To consider sustainability issues and integrate these considerations into Kim Lim's business decisions;
- c) To promote and ensure all employees are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's strategy, taking into consideration economic, environment and social aspects; and
- d) To improve Kia Lim's sustainability performance.

### Part II – Board Composition

#### 5. Board's Objectivity

##### 5.1 Periodic Refreshment of the Board

The Nomination Committee ("NC") has taken action to ensure that the composition of the Board is reviewed periodically. In appointing or reappointing a board member, the Board will consider the current composition of the Board and to ensure that the Board provides a required mix of responsibilities, skills, experience, independence and diversity (including gender, ethnicity and age). The tenure of each director will be reviewed by the NC and annual re-election of a director would be contingent on satisfactory evaluation of the Director's performance and contribution to the Board. The Board Charter has reviewed and approved by the Board on 29 March 2022.

##### 5.2 Composition of the Board

The Board currently has six (6) members, comprising the Chairman, who is an Independent Non-Executive Director, the CEO, one (1) other Executive Director and three (3) Independent Non-Executive Directors. With the above appointments, the Company has thus complied with the practice of the MCCG which requires the Board must comprise at least half (1/2) of Independent Directors.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 5. Board's Objectivity (Cont'd)

##### 5.2 Composition of the Board (Cont'd)

Current status of Kia Lim Berhad Board composition:-

Designation	No. of Director	Percentage (%)
Executive Director	2	33.33
Independent Non-Executive Director	4	66.67
<b>Total</b>	<b>6</b>	<b>100.00</b>

##### 5.3 Tenure of Independent Director

Currently Mr Loh Chee Kan and Mr Chua Syer Cin have served the Board for accumulated terms of more than nine (9) years. In line with the MCCG 2021, the NC has assessed the independence of Mr Loh and Mr Chua as defined in MMLR of Bursa Securities which has not been compromised all this while. In fact, their experience gained in this industry all this while benefited the Company. Independent Directors always probe the Management and Executive Directors on all issues to their satisfaction. In addition, they always offer their insights and experience to Management and Executive Directors in their decision making process. Hence, the Board recommends Mr Loh and Mr Chua to continue their office as Independent Directors according to the respective resolutions put forth in the forthcoming AGM and a two-tier voting process will be conducted during the forthcoming AGM to re-elect Independent Directors who have served the Board for more than twelve (12) years.

##### 5.4 Policy of Independent Director's Tenure

The Independent Directors are able to provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. In line with the MCCG 2021, the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. Having said this, the Board recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time alone.

The Board also believes that continued tenure may bring considerable stability to the Board and acknowledges the fact that it has benefited greatly from the presence of Independent Directors who have over time gained valuable insight into the Group and its markets. Hence, the Board may in certain circumstances and subject to the NC's assessment, decide to maintain a member as an Independent Non-Executive Director beyond the requisite nine (9) years period, if the Board is satisfied (upon the review by the NC) that the said Director can remain independent in character and judgment, and would continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board. Under such circumstances, the Board may allow the shareholders to decide whether the said Director should continue to be designated as an Independent Non-Executive Director (notwithstanding the fact his tenure has exceeded the nine (9) years period), with strong justifications provided by the Board to support the proposal.

However, the Company does not have a policy for the time being which is to limit the tenure of its independent director to nine (9) years.

##### 5.5 Diverse Board and Senior Management Team

In the process of selecting and evaluating candidates for the Board and Senior Management team, the NC takes into consideration suitability for the role, board balance and composition, mix of skills, experience, knowledge and other qualities as well as diversity in terms of gender, age, ethnicity and cultural background.

NC is responsible to recommend to the Board for the appointment of new directors to ensure multiple facets of diversity will be taken into consideration in nominating quality candidates to be appointed to the Board. The Directors appointed are expected to conform that they are able to devote the required time to serve the Board effectively. The Board would consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company would be avoided.

Selection of Senior Management is also based on objective criteria and merit, with due regard to diversity in skills, experience, age and background.

A formal policy for diversity on Board and Senior Management was established on 26 February 2020 to drive the benefits of diverse workforce across the business.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## Part II – Board Composition (Cont'd)

## 5. Board's Objectivity (Cont'd)

## 5.6 New Candidates for Board Appointment

In respect of the appointment of Directors, the Company practises a clear and transparent nomination process. The Company will source from unrelated third parties. The shortlisted candidates, unknown to existing Board members, will be interviewed by the NC prior to presentation to the Board for approval.

The appointment of candidates as directors involves the following steps:

- Step 1: Needs Analysis and Profile Development
- Step 2: Search from potential sources
- Step 3: Selection from the short list
- Step 4: Final deliberation by the Nomination Committee
- Step 5: Board approval and issue of Letter of Appointment

The Company Secretary will ensure that all appointments are properly made, that all necessary information is obtained, as well as all legal and regulatory obligations are met.

All new appointees to the Board are given an introduction to familiarise themselves with the Group's operations so as to assist them in discharging their duties and responsibilities. They are required to attend the Mandatory Accreditation Programme ("MAP") required by MMLR of Bursa Securities and thereafter to continually upgrade their knowledge and exposure through training programmes as well as seminars.

## 5.7 Information on the Appointment and Re-appointment of a Director

The Board will ensure shareholders have the information they require to make an informed decision on the appointment and re-appointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole.

The appointment and re-appointment of directors is a critical aspect of Corporate Governance, which has an impact on the leadership of the Company. As such, the Board will provide a statement as to whether it supports the appointment or reappointment of the Director and the reason why, and the statement will be included in the notes accompanying the notice of general meeting. Additionally, appointed Directors should be political neutral without having any executive powers in politics.

Article 97 of the Company's Constitution provides that the Board shall have power at any time, and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. Any director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are retire by rotation at the meeting. Pn Haryanti and Ms Sam are appointed on 31 December 2021 and are due for re-election under the Article 97 at the forthcoming AGM.

## 5.8 Nomination Committee

The NC is chaired by an Independent Director or the Senior Independent Director.

The duties and responsibilities of the NC are as follows:

- Lead the procedures for the selection and appointment of directors, ensuring that the most suitable candidates for board position are selected;
- Lead the annual board effectiveness evaluation, ensuring that the performance of each individual director and Chairman of the Board are independently assessed; and
- Lead the succession planning for Directors, and other Senior Management Executive, ensuring the continued ability of the organisation to compete effectively in the marketplace.

The members of the Committee are as follows:

Mr Loh Chee Kan	(Resigned on 31 December 2021)	Chairman
Ms Sam Ming Chia	(Appointed on 31 December 2021)	Chairman
Mr Chua Syer Cin		Member
En Mohd Salleh Bin Jantan	(Resigned on 31 December 2021)	Member
Pn Haryanti Binti Othman	(Appointed on 31 December 2021)	Member

The NC met twice during the financial year ended 31 December 2021.

The Terms of Reference of the NC is available on the Company's website at [www.kialim.com.my](http://www.kialim.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II – Board Composition (Cont'd)

#### 5. Board's Objectivity (Cont'd)

##### 5.9 Gender Diversity

The Board appreciates the benefits of having gender diversity in the boardroom as well as at the workforce, as a mix-gendered boardroom and workforce would offer different viewpoints, ideas and market insights which enable better decision making and competitive advantages.

Currently, Kia Lim has two (2) women among the six (6) Directors. This is in line with the MCCG 2021's aspiration that all boards should comprise at least 30% women directors, and the Group is also actively reviewed the participation of women in Senior Management.

##### 5.10 Gender Diversity Policy

Kia Lim recognizes the benefit of diversity in its broadest sense in the boardroom as well as throughout the business. Diversity on the Board and in the Senior Management enables wider perspectives which encourage more effective discussions and better decision-making. Diversity encompasses not only gender and ethnicity but diversity of skills, cultural background, knowledge, international and industry experience and other qualities.

Kia Lim appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enable better problem solving than the boardroom that dominated by one gender.

Kia Lim believes that, the participation of women in decision-making positions should not be focused on board positions alone but should be broadened to include Senior Management as the same benefits will apply. Thus, the Board has established gender diversity policies to support the participation of women on the board as well as Senior Management.

#### 6. Overall Board Effectiveness

##### 6.1 Board Effectiveness Evaluation (BEE)

During the financial year, the NC had carried out an annual BEE as an effort to determine and monitor the level of effectiveness of the Board, the Audit Committee ("AC") as well as the Board members. The evaluation process also involved a peer assessment, where Directors will assess the performance of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board meeting held thereafter. The assessment enables the Board to ensure that each of the Board members has the character, experience, integrity, competence and time to effectively discharge their respective roles.

The Board meets at least five (5) times a year, with additional meetings for particular matters convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly.

There were five (5) Board Meetings held during the financial year ended 31 December 2021. All directors attended all the Board Meetings held during their tenure. Details of attendance are as follows:

Directors	Status	Number of Meeting Attended
Mr Loh Chee Kan	Chairman & Independent Non-Executive Director	5/5
Datuk Ng Yeng Keng @ Ng Ka Hiatt	Chief Executive Officer	5/5
Mr Ng Chin Kang	Executive Director	5/5
En Mohd Salleh Bin Jantan ^	Independent Non-Executive Director	5/5
Mr Chua Syer Cin	Independent Non-Executive Director	5/5
Ms Sam Ming Chia *	Independent Non-Executive Director	0/0
Pn Haryanti Binti Othman *	Independent Non-Executive Director	0/0

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part II – Board Composition (Cont'd)

#### 6. Overall Board Effectiveness (Cont'd)

##### 6.1 Board Effectiveness Evaluation (BEE) (Cont'd)

The following are the records of attendance for Board Committees' Meeting held during the financial year ended 31 December 2021:

##### Audit Committee

Directors	Status	Number of Meeting Attended
Mr Chua Syer Cin	Chairman	5/5
Mr Loh Chee Kan ^	Member	5/5
En Mohd Salleh Bin Jantan ^	Member	5/5
Ms Sam Ming Chia *	Member	0/0
Pn Haryanti Binti Othman *	Member	0/0

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

##### Risk Management Committee

Directors	Status	Number of Meeting Attended
Mr Loh Chee Kan ^	Chairman	1/1
Pn Haryanti Binti Othman *	Chairman	0/0
Mr Chua Syer Cin	Member	1/1
Mr Ng Chin Kang	Member	1/1

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

##### Nomination Committee

Directors	Status	Number of Meeting Attended
Mr Loh Chee Kan ^	Chairman	2/2
Ms Sam Ming Chia *	Chairman	0/0
Mr Chua Syer Cin	Member	2/2
En Mohd Salleh Bin Jantan ^	Member	2/2
Pn Haryanti Binti Othman *	Member	0/0

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

##### Remuneration Committee

Directors	Status	Number of Meeting Attended
Mr Chua Syer Cin	Chairman	2/2
Mr Loh Chee Kan ^	Member	2/2
En Mohd Salleh Bin Jantan ^	Member	2/2
Ms Sam Ming Chia *	Member	0/0
Pn Haryanti Binti Othman *	Member	0/0

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships as stated under Paragraph 15.06 of the MMLR. Any Independent Director of the Company is, while holding office, at liberty to accept other Board appointments as long as the appointment is not in conflict with the business and does not affect his performance as an Independent Director. Independent Directors are expected to advise the Chairman immediately if they believe that they may no longer be independent.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part II – Board Composition (Cont'd)

#### 6. Overall Board Effectiveness (Cont'd)

##### 6.1 Board Effectiveness Evaluation (BEE) (Cont'd)

All existing Directors have attended MAP prescribed by the MMLR of Bursa Securities. The training programmes or seminars attended by all of the Directors for the financial year ended 31 December 2021 are as follows:

NAME OF DIRECTOR	TRAINING PROGRAMMES ATTENDED	DATE ATTENDED
Datuk Ng Yeng Keng @ Ng Ka Hiat	<ul style="list-style-type: none"><li>• Webinar: Baker Tilly Malaysia Transfer Pricing</li><li>• Webinar: Capital Market Conference 2021 – Evolution of Capital Market</li><li>• Webinar: Bursa Sustainability Reporting Workshop: Scope &amp; Materiality in Sustainability Reporting</li></ul>	05.04.2021 17.06.2021 28.06.2021
Mr Ng Chin Kang	<ul style="list-style-type: none"><li>• Webinar: Capital Market Conference 2021 – Evolution of Capital Market</li></ul>	17.06.2021
Mr Loh Chee Kan	<ul style="list-style-type: none"><li>• Webinar Series: “Securities Commission (SC) Guidelines on Conduct of Directors and Implications to Both Directors and Management”</li></ul>	23.09.2021
En Mohd Salleh Bin Jantan	<ul style="list-style-type: none"><li>• Webinar Series: “Securities Commission (SC) Guidelines on Conduct of Directors and Implications to Both Directors and Management”</li></ul>	23.09.2021
Mr Chua Syer Cin	<ul style="list-style-type: none"><li>• Transfer Pricing Issues Surrounding Intra-Group Financing Arrangements</li><li>• Property Developer’s Problem : Income Tax Vs RPGT</li><li>• Audit Documentation and Preparation of Audit Working Paper</li><li>• ISA 240 : The Auditor’s Responsibilities Relating to Fraud In An Audit of Financial Statements</li><li>• Latest Tax Implications and Audit Issues on Cross Border Transactions in 2020</li><li>• Latest Updates on Practical Tax Issues</li><li>• Half yearly Tax Updates</li><li>• Seminar Percukaian Kebangsaan 2022</li></ul>	16.03.2021 31.03.2021 22.04.2021 05.05.2021 24.05.2021 10.06.2021 15.06.2021 16.11.2021

The Directors will continue to attend trainings and seminars to enhance their skills and knowledge and keep them abreast with relevant developments in the business and regulatory environment on a continuous basis in compliance with Paragraph 15.08 of MMLR of Bursa Securities.

#### Part III – Remuneration

#### 7. Level and Composition of Remuneration

##### 7.1 Remuneration Policy

The Board has adopted a Remuneration Policy for the Directors and Senior Management to support and drive business strategy and long term objectives of the Company and its subsidiaries (“the Group”).

In this regard, the Remuneration Committee (“RC”) is responsible to implement the policies and procedures on the remuneration for the Executive Directors, Non-Executive Directors and Senior Management whilst the Board is responsible for approving the policies and procedures which govern the remuneration of the employees including Executive Directors, Non-Executive Directors and Senior Management of the Company to ensure the same remain competitive, appropriate and in alignment with the prevalent market practices and that the Company attracts, retains and motivates the Directors and Senior Management who are with strong credentials, high caliber and astute insights to run the business successfully.

The Board had performed a review on 25 February 2022 of the Remuneration Policy. The Remuneration Policy is published on the Company’s website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III – Remuneration (Cont'd)

#### 7. Level and Composition of Remuneration (Cont'd)

##### 7.2 Remuneration Committee

The RC is responsible to assist the Board in assessing the remuneration packages of the Directors of the Group. The Board will decide on the remuneration packages after considering the recommendations made by the Committee.

The members of the Committee are as follows:

Mr Chua Syer Cin		Chairman
Mr Loh Chee Kan	(Resigned on 31 December 2021)	Member
En Mohd Salleh Bin Jantan	(Resigned on 31 December 2021)	Member
Ms Sam Ming Chia	(Appointed on 31 December 2021)	Member
Pn Haryanti Binti Othman	(Appointed on 31 December 2021)	Member

The RC met twice during the financial year ended 31 December 2021.

The RC has written Terms of Reference which deals with its authority and duties, and the Terms of Reference is available on the Company's website at [www.kialim.com.my](http://www.kialim.com.my).

#### 8. Remuneration of Directors and Senior Management

##### 8.1 Detail of Directors' Remuneration

The remuneration payable in respect of Directors' fees and benefits for year 2021 and 2022 are categorised as follows:

Directors' Fees and Benefits of the Company	2021 Amount RM	2022 Proposed Amount RM
Fee for Chairman	35,000	35,000
Fee for each Independent Non-Executive Director	20,000	20,000
Fee for each Executive Director	15,000	15,000
Fee for each Executive Director of subsidiary company ^	1,200	1,200
Meeting Allowance per meeting *	800	800

^ Only for Executive Directors

\* Only for Non-Executive Directors and a total of six (6) meetings are scheduled for year 2022.

The Directors' fees and benefits are subject to the approval of shareholders of the Company.

The remuneration of the Directors of the Group for year 2021 is as follows:

	Fees RM	Salaries RM	Meeting Allowance RM	Benefits-in -kind RM	Others Emoluments RM	Total RM
<b>Independent</b>						
<b>Non-Executive Director</b>						
Mr Loh Chee Kan	35,000	-	4,800	-	-	39,800
Mr Chua Syer Cin	20,000	-	4,800	-	-	24,800
En Mohd Salleh Bin Jantan	20,000	-	4,800	-	-	24,800
<b>Subtotal</b>	<b>75,000</b>	<b>-</b>	<b>14,400</b>	<b>-</b>	<b>-</b>	<b>89,400</b>
<b>Executive Director</b>						
Datuk Ng Yeng Keng @ Ng Ka Hiat	17,400	307,500	-	45,772	58,648	429,320
Mr Ng Chin Kang	17,400	82,571	-	4,300	10,775	115,046
<b>Subtotal</b>	<b>34,800</b>	<b>390,071</b>	<b>-</b>	<b>50,072</b>	<b>69,423</b>	<b>544,366</b>
<b>Total</b>	<b>109,800</b>	<b>390,071</b>	<b>14,400</b>	<b>50,072</b>	<b>69,423</b>	<b>633,766</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Part III – Remuneration (Cont'd)

#### 8. Remuneration of Directors and Senior Management (Cont'd)

##### 8.2 Remuneration of the Top Five Senior Management

The Board is of the opinion that the disclosure of the Senior Management's remuneration on a named basis and the various remuneration components (salary, bonus, benefits-in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns, and would likely to have adverse effect on the Group's talent retention. In fact, the Senior Management has indicated their concern over their safety and confidentiality pertaining to the disclosure.

However, the disclosure of the compensation of Senior Management has been made in note 23(b) of the financial statements for year ended 31 December 2021.

The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Group, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Part I – Audit Committee

#### 9. Effective and Independent Audit Committee

##### 9.1 The Chairman of the Audit Committee is not the Chairman of the Board

The AC is established by the Board and comprises three Independent Non-Executive Directors. The Chairman of the AC is appointed by the Board and is an Independent Non-Executive Director and also not the Chairman of the Board. The members of the AC have the relevant accounting or related experience and expertise in the financial services industry.

The main roles of AC are to review the integrity of the financial reporting and to oversee the independence of external auditors.

The Board aims to present a balanced and understandable assessment of the Group's position and prospect. Thus, the Board has undertaken the responsibilities to ensure that the financial statements prepared are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

The quarterly financial results and Annual Report were reviewed by the AC and approved by the Board before releasing to the Bursa Securities.

The duties and responsibilities of the AC are outlined in the Term of Reference of the AC which is available on the Company's website at [www.kialim.com.my](http://www.kialim.com.my).

##### 9.2 Cooling-off Period

The AC has a policy that requires a former key audit partner of existing external auditor to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The cooling off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former partner of the external audit firm is in a position to exert significant influence over the audit and preparation of the Company's financial statements. At present, none of the AC members were former key audit partners of the Company's external auditors.

##### 9.3 Policies and Procedures for External Auditor

The AC has established policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statement.

The external auditors, Messrs Ernst & Young PLT have continued to report to members of the Board on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. The Board has established a formal and transparent arrangement for the achievement of objectives and maintenance of professional relationship with the external auditors. The external auditors have access to the books and records of the Group at all times and highlight to the AC and Board on matters that require the Board's attention.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Part I – Audit Committee (Cont'd)

#### 9. Effective and Independent Audit Committee (Cont'd)

##### 9.3 Policies and Procedures for External Auditor (Cont'd)

The Board has private sessions and dialogues through the AC with the external auditors, in the absence of the Executive Directors and the management. For the year under review, there were two (2) separate dialogue sessions with the external auditors where there was an exchange of views in relation to the financial reporting of the Group and other issues needing attention.

In terms of appointing the external auditor for non-audit services, due care is taken to ensure that the appointment does not impede on the independence, quality and conduct of the statutory audit. The AC has to be satisfied that the nature and extent of the non-audit services rendered by the external auditor are reasonable for them to maintain objectivity, and that the level of non-audit fees is appropriate as not to impede the external auditor's independence, before recommending the proposed engagement to the Board for approval.

The AC reviewed the independence of its external auditors. It noted the independence policy of external auditors which includes its own rotation of audit partners once every five (5) years. The external auditors have confirmed via its report to the AC at an AC meeting that, they are and have been independent throughout the conduct of audit engagement in according with terms of relevant professional and regulatory requirements.

Annual assessment on the performance of the external auditor will be performed through the External Auditor evaluation form and the result of the assessment and recommendation by the AC will be presented to the Board for consideration. Upon due consideration, re-appointment of the external auditors and the authority to fix their remuneration would be recommended by the Board for seeking shareholders' approval in the AGM.

##### 9.4 Audit Committee Members are Independent Directors

The AC consists of three (3) members of which all are Independent Non-Executive Directors.

The members of the Committee are as follows:

Mr Chua Syer Cin		Chairman
Mr Loh Chee Kan	(Resigned on 31 December 2021)	Member
En Mohd Salleh Bin Jantan	(Resigned on 31 December 2021)	Member
Ms Sam Ming Chia	(Appointed on 31 December 2021)	Member
Pn Haryanti Binti Othman	(Appointed on 31 December 2021)	Member

##### 9.5 Audit Committee Members should be Financially Literate, Competent and Undertake Continuous Professional Development

The AC member possesses a wide range of necessary skills to discharge their duties. Most of the members of the AC are financially literate, whilst the Chairman of the AC is a member of MIA, and thus, fulfilling paragraph 15.09(1) (c) of MMLR, which calls for one member of the AC to be a member of a professional accountancy body.

All members, except for the newly appointed members of the AC have attended relevant training programmes to assist in discharging their duties effectively and the detail of which are as disclosed in the Corporate Governance Overview Statement on page 19 of this Annual Report.

### Part II – Risk Management and Internal Control Framework

#### 10. Risk Management and Internal Control Framework

##### 10.1 Effective Risk Management and Internal Control Framework

Relevant risk management and internal control systems are implemented for the day-to-day operations of the Group. The internal auditors are authorised to conduct independent audits of all the departments and offices within the Group and report the findings to the AC.

The risk management and internal control systems are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objectives and safeguarding the Company's assets as well as investors' interests.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Part II – Risk Management and Internal Control Framework (Cont'd)

#### 10. Risk Management and Internal Control Framework (Cont'd)

##### 10.2 Disclosure of Risk Management and Control Framework

The Board has put in place a policy to ensure disclosure of information is in accordance with the disclosure requirements under the Listing Requirements and other applicable laws.

The Board exercises close monitoring of all price sensitive information potentially required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner as required. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through the website of Bursa Securities, the media and the Company's website.

Price sensitive information is defined as any information that on becoming generally available would tend to have a material effect on the market price of the Company's listed securities. The Company Secretary is responsible to compile such information for the approval of the Board soonest possible and release such information to the market as stipulated in MMLR of Bursa Securities.

Apart from the provisions relating to the "closed period" for dealing in the Company's shares, the Directors and senior management privy to price sensitive information are prohibited from dealing in the shares of the Company until such information is publicly available. The AC reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organization.

The AC has access to the internal auditors and is able to discuss internal audit matters in private, if required.

The information on the Company's internal control is presented in the Statement on Risk Management and Internal Control on pages 31 to 33 of this Annual Report.

##### 10.3 Establish of Risk Management Committee

Risk Management Committee ("RMC") comprises a majority of Independent directors and plays the role to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted.

The members of the Committee are as follows:

Mr Loh Chee Kan	(Resigned on 31 December 2021)	Chairman
Pn Haryanti Binti Othman	(Appointed on 31 December 2021)	Chairman
Mr Chua Syer Cin		Member
Mr Ng Chin Kang		Member

#### 11. Effective Governance, Risk Management and Internal Control Framework

##### 11.1 Ensure Effectiveness and independence of Internal Audit Function

Reviewing the internal audit function's effectiveness and independence is part of AC's oversight responsibilities.

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. Thus, the Board has outsourced its internal audit function to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd ("Wensen").

The internal audit function is free from any relationship or conflicts of interest which could impair their objectivity and independence. Wensen has no relationship with the Group and is independent from Management, employees, Directors and substantial shareholders. The AC is of the opinion that Wensen is independent and objective in carrying out its role as an internal audit function.

Annual assessment on internal auditors' performance had been conducted in financial year ended 31 December 2021 to ensure that the internal audit function is effective.

##### 11.2 Disclosure of Information

During the financial year under review, internal auditor had conducted audit on key activities of the Group and the details of which are as disclosed in the Audit Committee Report on page 26 and 27 of this Annual Report.

### PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Part I – Engagement with Stakeholders

#### 12. Effective, Transparent and Regular Communication between Company and Stakeholders

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that they are well informed of major developments of the Company. The information is communicated to them through the issuance of Annual Report, Circular to Shareholders and announcements made to the Bursa Securities including quarterly results. Shareholders and other stakeholders could also obtain general information of the Company through the website of Bursa Securities and the Company. Our website, [www.kialim.com.my](http://www.kialim.com.my) is available for access of information by shareholders and the public. Information posted on the website is updated periodically.

For any feedbacks or enquiries, shareholders can direct them to the Company's designated email address [ir-enquiries@kialim.com.my](mailto:ir-enquiries@kialim.com.my) or directly to the Senior Independent Non-Executive Director, Mr Loh Chee Kan at his designated email address [sined@kialim.com.my](mailto:sined@kialim.com.my).

In view of the size of the Company, Mr Ong is entrusted to assist Mr Loh with investor relation functions of the Company for the time being.

#### Part II – Conduct of General Meetings

#### 13. Encourage Shareholder's Participation at General Meetings

##### 13.1 Notice of General Meeting

Given the significance of general meetings, the notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting.

In this respect, the Notice of AGM for year 2020 held on 27 September 2021 was served on 28 August 2021.

Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

##### 13.2 Attendance of Directors at General Meeting

The AGM is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. To encourage participation of shareholders at general meetings, the Chairman invites questions from shareholders for every agenda items of the meeting.

Board Members and Senior Management Team are available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders.

All Directors attended the AGM held on 27 September 2021.

##### 13.3 Deployment of Technology to Facilitate the Conduct of General Meeting

The Company has a relatively small base of shareholders and hence the feasibility of leveraging technology to facilitate voting in absentia and remote shareholders' participation at General Meetings is relatively more costly to the Company than physical meetings. Nevertheless, the Company held its first virtual AGM in 2021.

In line with the MMLR of Bursa Securities under Paragraph 8.29A(1), the Company has implemented poll voting for all the resolutions set out in the notices of general meetings instead of by a show of hands at the AGM of the Company held on 27 September 2021.

The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all the shareholders. Proceedings of the AGM are properly minuted and published on the Company's website after the conclusion of the AGM.

Shareholders are given sufficient time of 28 days from the date of Notice of AGM to make their arrangements to attend the AGM. Shareholders who are unable to attend the AGM in person are entitled to appoint representative of proxy/chairman to vote on their behalf in their absence.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### Part II – Conduct of General Meetings (Cont'd)

#### 13. Encourage Shareholder's Participation at General Meetings (Cont'd)

##### 13.4 Ensure Meaningful Engagement of General Meeting

The Chairman of the Board would ensure that its first virtual AGM supports meaningful engagement between the Board, Senior Management and shareholders. The engagement should be interactive and include robust discussion on among others the Company's financial and non-financial performance as well as the Company's long-term strategies. Shareholders would also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the meeting and interactive participation by shareholders. Questions posed by shareholders were also made visible to all meeting participants during the meeting itself.

##### 13.5 Circulation of Minutes of General Meetings

Minutes of the general meeting was uploaded onto the Company's website no later than 30 business days after the general meeting.

## OTHER INFORMATION

### a) Conflict of Interest

None of the Directors and/or major shareholders of Kia Lim Berhad have any personal interest in any business arrangement involving the Company.

### b) Audit and Non-Audit Fees

During the financial year ended 31 December 2021, the amount of audit and non-audit fees paid/payable to the external auditors by the Group and the Company respectively were as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Statutory audit fees paid/payable to: - Ernst & Young PLT ("EY") Malaysia	120,000	113,000	34,000	32,000
Non-audit fees paid/payable to: - Ernst & Young PLT ("EY") Malaysia	5,000	5,000	5,000	5,000

### c) Material Contracts

None of the Directors and/or major shareholders have any material contracts with the Company and/or its subsidiaries during the financial year.

### d) Contracts Relating to Loan

There were no contracts relating to a loan by the Company and/or its subsidiaries in respect of the preceding item.

### e) Related Party Transaction

A list of significant related party transaction between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the 12-month financial period ended 31 December 2021 is set out on page 71 of this Annual Report.

The Board shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the CG Report.

The Board has reviewed and approved this statement on 29 March 2022.

# AUDIT COMMITTEE REPORT

## MEMBERS

### Mr Chua Syer Cin

- Chairman, Independent Non-Executive Director

### Mr Loh Chee Kan ^

- Member, Independent Non-Executive Director

### En Mohd Salleh Bin Jantan ^

- Member, Independent Non-Executive Director

### Ms Sam Ming Chia \*

- Member, Independent Non-Executive Director

### Pn Haryanti Binti Othman \*

- Member, Independent Non-Executive Director

#### Note:

\* Appointed on 31 December 2021

^ Resigned on 31 December 2021

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee has conducted its activities in accordance with its existing Terms of Reference. The activities are as follows:

- Reviewed and recommended for the Board's approval the quarterly financial results for public announcement;
- Reviewed with the external auditors their audit plan prior to the commencement of the audit activities;
- Discussed the annual audited financial statements with the external auditors and ensured that the financial reporting and disclosure requirements are complied with the relevant authorities, as well as their findings and recommendations;
- Discussed with the external auditors to ensure that internal control system is adequate and functioning and any weaknesses identified are properly remedied;
- Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services and corresponding fees;
- Reviewed and recommended the re-appointment of external auditors and the audit fees to the Board for its approval;
- Reviewed related party transactions entered into by the Group in its ordinary course of business;
- Discussed and reviewed the updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
- Received and reviewed the internal audit reports;
- Reviewed the Whistleblowing Policy of the Company; and
- Reviewed the Corporate Governance Overview Statement, the Audit Committee Report and the Statement on Risk Management and Internal Control to be published in the Annual Report.

## ATTENDANCE OF AUDIT COMMITTEE MEETINGS

Details of attendance at Audit Committee Meetings held in the financial year ended 31 December 2021 as follows:

No.	Name of Audit Committee Members	Number of Meetings Attended
1	Mr Chua Syer Cin	5/5
2	Mr Loh Chee Kan	5/5
3	En Mohd Salleh Bin Jantan	5/5
4	Ms Sam Ming Chia	0/0
5	Pn Haryanti Binti Othman	0/0

The Terms of Reference of the Audit Committee are available for reference on the Company's website [www.kialim.com.my](http://www.kialim.com.my).

The Group has an internal audit function which reports directly to the Committee.

The Group's internal and external auditors and certain members of the management team were invited to attend the Committee meetings. All participations in the Committee's meetings were strictly upon invitation.

The Committee also held two (2) separate dialogue sessions during the year under review with external auditors without the presence of the Management. The internal and external auditors have unfettered access to members of the Audit Committee including the Chairman anytime during the year.

Deliberations during the Committee meetings were minuted. The Chairman of the Committee reports the proceedings of the Committee to the Board after every Committee Meeting. Minutes of the meetings were circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

## AUDIT COMMITTEE REPORT

### INTERNAL AUDIT FUNCTIONS

The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. The Board has outsourced its internal audit function to an independent professional consulting firm.

The outsourced internal auditors had met with the Audit Committee to present their reports and to discuss their findings and the adequacy of the internal control system of the Group.

During the financial year under review, based on the risk-based audit programme drawn up, the Internal Audit function had conducted audit on key activities of the Group, including the areas of:

- i) Human Resource and Payroll (Local and Foreign Worker) Management;
- ii) Maintenance Management (Mechanical, Electrical and Electronic and Transport);
- iii) Sales Ordering, Invoicing and Collection Management;
- iv) Credit Assessment and Control Management; and
- v) Anti-Bribery and Anti-Corruption Policy Review.

The internal audit function also performed the status of follow-up audits on the Management's implementation of audit recommendations made for reporting to the Audit Committee.

In the course of auditing, the internal auditors have identified some internal control weaknesses which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The cost incurred in maintaining the internal audit function for the financial year ended 31 December 2021 amounted to RM35,589.

## INTRODUCTION

The Board of Directors (“the Board”) perceive corporate sustainability as its commitment to create long term value for the shareholders, environment and society through innovation and overall operational excellence.

This Sustainability Statement (“the Statement”) will outline our efforts at embedding sustainability throughout the Group in the environmental, social and governance issues of our operations, including our efforts at improving our practices.

We have identified issues that are material to our business from a sustainability perspective, and our best efforts and strategies to address them. Qualitative and quantitative data is provided wherever possible. We will strive to improve our disclosure in future reports and are committed to monitoring and measuring our progress in implementing sustainability throughout the Group.

## SCOPE OF COVERAGE

The Statement was prepared in accordance with Amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports. Our reporting period is from 1 January to 31 December 2021, unless otherwise stated. The information disclosed in our 2021 Sustainability Statement covers the Company and its subsidiaries’ current manufacturing of clay bricks and related products.

## SUSTAINABILITY GOVERNANCE

The responsibility to promote and embed sustainability in the Group’s business strategy lies with the Board of Directors. A Sustainability Working Group (“SWG”) was set up to oversee the incorporation of sustainability in the Group’s businesses, as well as to prepare the Group for its inaugural sustainability disclosure. The SWG is chaired by the Chief Executive Officer and assisted by the General Manager(s).

## SUSTAINABILITY MATTERS

We identified sustainability matters across the Group by convening the response from key Executives and members of Management who are deeply involved in our operations. The sustainability matters identified and how they are being managed by the Group are as follows:

### 1. Environmental Awareness

In line with the daily operations for majority of our plants, occurrence of the following possibilities is inevitable:

- (a) spillage of chemicals or hazardous materials;
- (b) emission of smoke and dust; and
- (c) generation of scheduled waste from processes.

Further to that, lack of good environmental practices and enforcement may and can lead to incidences of penalisation and shut down by authorities, operating license being revoked due to non-compliances and operational inefficiencies that will lead to damage in reputation and creating an adverse impact to the profitability of the Group.

As such, managing the environmental pollution with proper maintenance and installation of pneumatic indicators/ controllers in our machineries together with proper enforcement and monitoring on adherence to policies and procedures are particularly important. The Group has in place a complete environment policy and procedures that clearly highlight our commitment in ensuring that environmentally hazardous substances, pollutants or wastes are treated before discharging to the surroundings as well as to ensure compliance with laws and regulations in relation to Environmental Regulations.

To ensure compliance and to create an environmental friendly culture for all our employees and the surrounding community, the Group has established a Safety, Environmental and Security Committee (“SESC”) to manage environmental conditions at workplace. SESC will conduct regular audits to check on the condition of drainage system for fuel oil/ diesel/ petroleum coke sludge, condition of diesel/ fuel oil tanks and functionality of air compressors. The Group’s SESC also continuous reviews the system that is in place, and where necessary, new measures are introduced to minimise pollution.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY MATTERS (CONT'D)

### 2. Workplace Safety and Health

The Group's operating plants comprise of different range of machineries, whereby certain machineries are automated and certain machineries are semi-automated or even manual. For the automated machines, workers will only be required to monitor that the machines are functioning smoothly whereas for the semi-automated and the manual machines, constant attention is required at all times. Possibility of accidents occurring is considered high due to reasons of negligence by workers or safety measures or safe practices are not in place.

Further to that, lack of good safety and health practices and enforcement may lead to occurrences of industrial accidents and stop orders on machine operations. Based on regulations, the Group is susceptible to penalisation or Directors being brought to court by authorities and this will cause unwanted operational stoppage and eventually an adverse effect to the Group's profits. Managing and enforcing the Safety and Health practices at all operating plants is essential and being constantly emphasised and enforced.

The Group has in place a complete occupational safety and health policy that highlights its commitment to prevent injury, ensure compliance to laws and regulations in relation to occupational safety and health and promote a culture whereby all employees share the commitment to prevent injury at all cost.

To ensure compliance and a safe working environment, the Group has established a Safety, Environmental and Security Committee ("SESC") to manage safety and health related issues at the operating plants. SESC will conduct regular audits to check on the functionality of fire extinguishers, condition of the air compressors, first aid kits and also on the compliance of wearing PPEs at the operating plants. SESC also continuously reviews the system that is in place, and where necessary, new measures are introduced to improve the safety and hygienic working conditions and/ or minimise workplace accidents.

### 3. Social Awareness

We are committed to provide continuous support to various activities carried out by local charities and organisations. The Group always encourages its Management and employees to be involved in welfare work and charity activities. Disclosures on corporate activities carried out by the Group in Year 2021 are presented under "Corporate Social Responsibility" of this Annual Report and also published on the Company's website at [www.kialim.com.my](http://www.kialim.com.my).

## OUR COMMITMENT

As socially responsible citizens of the business community, the Group shall continue to adopt and apply effective economic approach, environmentally responsible practices, sound social policies and good corporate governance framework with the objective of enhancing transparency in its corporate disclosure, strengthening its risk management framework and achieving long-term sustainable goals.

The Board has reviewed and approved this statement on 29 March 2022.

## CORPORATE SOCIAL RESPONSIBILITY

As a corporate entity, the Group has continued to fulfil its share of social obligations and responsibility owed to the public.

We always strive to give something back to the neighbouring communities in which we operate. The spirit of caring and sharing has been amply demonstrated by the Management of the Group.

We also strive to maintain high standards of recruitment, development and retention of employees. We have several initiatives in the workplace. These include the followings:

- i) Environment, health and safety;
- ii) Employee communication channels;
- iii) Sports and wellness programs; and
- iv) Employee training and development.

The Corporate Social Responsibility ("CSR") activities undertaken in year 2021 were as follows:

- During the year, the Group has given financial assistance and in-kind contribution for various charitable causes and to certain needy bodies, such as schools, orphanage house, etc.
- Since the Covid-19 outbreak in Malaysia, we have been working hard to safeguard the health of our employees, their families, and surrounding communities. Free Covid-19 self-test kits and free masks have been provided to all the employees to maintain the well-being of our employees and their families.

Going forward, the Group will continue to help the community by undertaking CSR programmes that will benefit the under privileged and less fortunate people.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the income statement and cash flows of the Group and of the Company for the financial year. The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is stated on page 40 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Group and of the Company for the year ended 31 December 2021, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016.

The Directors have ensured timely release of quarterly and annual financial results of the Group and of the Company to Bursa Securities so that public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably available to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual reports on the state of their risk management and internal controls framework. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

## BOARD RESPONSIBILITY

The Board of Directors is responsible for the adequacy and effectiveness of the Group's Risk Management and Internal Control System. The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal control and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the year.

The Board of Directors has set up a separate board committee, Risk Management Committee, to be responsible for the risk management function, the details of which can be found in Corporate Governance Overview Statement.

The system of risk management and internal control covers risk management, finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures.

Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any systems of internal control and risk management, such systems being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

The Group's risk management and internal control framework is an ongoing process, and is in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group throughout the financial year. The process is regularly reviewed by the Board.

The implementation of the risk management and internal control system within the Group inclusive of design, operation, identification, assessment, mitigation and control of risks, are operated with the assistance of the Management throughout the period. The Board has received assurance from the Chief Executive Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group. The Group's internal audit and risk management function has been outsourced to an independent professional consulting firm, who reports directly to the Audit Committee and Risk Management Committee. The internal auditors carried out periodic internal audits on the system of internal controls based on the key risk areas identified and defined in the scope of the 3-Years Internal Audit Plan reviewed and approved by the Audit Committee.

### Risk Management Framework

The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group. The Audit Committee, Risk Management Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the period under review, the Board of Directors is assisted by the internal auditors and the management to effectively embed risk management and controls into the corporate culture, processes and structures within the Group. The yearly risk assessment from the business units are consolidated and updated into the Group Risk Register, highlighting the major risks and the existing key controls. They are then compiled into Group Risk Profile based on the impact and likelihood of occurring, for the Board attention in managing and monitoring these risks.

The framework is continually monitored to ensure it is responsive to the changes in the business environment and clearly communicated to all levels.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### BOARD RESPONSIBILITY (CONT'D)

#### Risk Management Framework (Cont'd)

Exceptions and improvement opportunities have been reported to the Audit Committee to enhance the effectiveness of the governance, risk management and internal control processes of the Group. The Board, with the assistance of the Audit Committee and the Risk Management Committee, reviews the key risks identified and determines the nature and extent of risks that will be undertaken in achieving the Group's strategic, operational and compliance objectives.

The development and documentation of risk management processes will continue to be enhanced and the Board will report on the status of the said development in due course.

#### Key Elements of Internal Control

The following key elements of a system of internal control are present in the Group:

##### (i) Strategic business direction and risk management

The Group's business objectives are communicated through its business plan and regular interactions between the Executive Directors with management and other employees. Throughout the financial year under review, the Board has evaluated and managed the key principal risks faced by the Group through the monitoring of the Group's operations, performance and profitability at its Board meetings. The Board enlists the assistance of the internal audit function to further review and improve the existing risk management processes within the Group. These processes further sensitise all key employees and management on their responsibilities towards internal controls in managing and controlling risks.

##### (ii) Organisational structure and corporate culture

The Chief Executive Officer plays the role as the channel of communication between the Board and the Management. The Chief Executive Officer, Executive Directors and senior management team are actively involved in managing the day-to-day affairs of the Group. They attend meetings, which are held at both management and operational levels to deliberate and resolve business and operational matters. The authority of the Directors is required for key treasury matters including changes to equity and loan financing, interest rates, cheque signatories, opening of the bank accounts and foreign operations.

##### (iii) Definition of employees' roles and responsibilities

The roles and responsibilities of key positions are clearly defined and specified in the job description manuals.

##### (iv) Reporting and review

Adequate financial and operational information systems are in place to capture pertinent internal business information. Financial and operational reports are periodically prepared and presented to the Management and the Audit Committee/ the Board for discussion and review on a timely basis.

##### (v) Procedures and control environment

Established control activities for day-to-day financial and operating activities are in place covering preventive controls, detective controls, corrective controls, manual controls, computer controls and management controls. These include top-level reviews of financial and operating performance, authorisations, verifications, reconciliation, physical controls over assets, segregation of duties and controls over information systems.

The Directors have ensured that safety and health regulations have been considered and complied with. Quality is always given prominence in all products manufactured. The subsidiary companies have obtained ISO 9001 certificate for their operational processes. Internal procedures and standard operating procedures have been properly documented and surveillance audits are conducted yearly by assessors of the ISO certification body to ensure that the system is implemented as per ISO 9001:2015 requirements.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### BOARD RESPONSIBILITY (CONT'D)

#### Key Elements of Internal Control (Cont'd)

##### (vi) Audit Committee

The Audit Committee analyses the Group's current quarter and year-to-date performance compared to previous quarter, previous corresponding quarter and year-to-date and then reports to the Board. The Report of the Audit Committee is set out on pages 26 and 27 of the Annual Report.

##### (vii) Internal audit function

The Board has outsourced its internal audit function to an independent professional consulting firm to assist the Group in achieving its objectives, systematically evaluating and improving the risk management, internal controls and corporate governance within the Group. The internal auditor provides periodic reports to the Audit Committee, reporting on issues relating to internal controls and the associated risks together with recommendations for appropriate actions to the Audit Committee. The internal auditors' responsibilities include planning and performing its internal audit activities to obtain assurance that controls implemented are adequate, relevant and in operation to manage key financial, operational and compliance risks. A summary of findings and recommendations are discussed at the Audit Committee meetings and the status of implementation of the actions agreed by Management is tracked and reported to the Audit Committee.

##### (viii) Review of the statement by external auditors

The external auditors have reviewed this statement for inclusion in the Annual Report of the Company for the financial year ended 31 December 2021 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the systems of internal controls and risk management.

#### The Board's Statement on Risk Management and Internal Control

The Directors have reviewed the adequacy, integrity and effectiveness of the systems of risk management and internal control in operation during the financial year through the monitoring processes set out above. Internal control weaknesses were identified during the year under review but none have resulted in any material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. The Board remains committed towards operating a sound system of risk management and internal control and therefore recognises that the system must continuously evolve to support the growth and dynamics of the Group.

# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Kia Lim Berhad Group for the financial year ended 31 December 2021 together with the Management Discussion & Analysis ("MD&A").

The following MD&A of the financial condition and operating performance of the Group for the twelve (12) months ended 31 December 2021 should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and related notes thereto.

## FINANCIAL REVIEW

For the year to date ended 31 December 2021, the Group recorded lower revenue of RM22.33 million as compared to RM25.54 million for the preceding year. This was mainly due to the lower sales volume registered by the Group on the back of the lackluster demand for brick products. The property construction sector continued to face numerous challenges, including scarcity of launches of new residential projects, labour shortages and other pandemic-induced disruption. The impact of the lower sales volume on revenue was however partly negated by higher average selling prices for the Group's brick products for the year under review.

Despite lower revenue, the Group recorded a marginally better result of loss before taxation of RM4.83 million for the year as compared to RM5.20 million for the preceding year, primarily due to lower selling & distribution expenses and administrative expenses even though additional cost was incurred to keep warm the tunnel kiln during operation shutdown following the nationwide full lockdown in the months of June to August, to contain the spread of Covid-19 pandemic. In addition, the lower loss before taxation for the current year was also partly due to the recognition of net finance income of approximately RM0.3 million under MFRS 9.

## CAPITAL RESOURCES AND LIQUIDITY

The Group's net assets of RM46.80 million in this financial year was lower than the previous year's RM51.63 million. Correspondingly, the Group's net asset value per share dropped to RM0.76 as at 31 December 2021 from RM0.83 last year. This was primarily due to the business loss as reported in the current financial year.

The Group generated positive cash flow from operating activities for the year, as compared to a slightly below breakeven last year. The Group has continued to exercise tight control over its cash outlay on capital expenditures and had deferred certain upgrading projects. Net cash outlay on the purchase of property, plant and equipment was at a low of RM0.20 million which is slightly below the already frugal level of RM0.35 million last year. The Group registered a net decrease of RM0.59 million in its cash and cash equivalents, resulting in an increased net overdraft position of RM3.0 million as at 31 December 2021 as compared to RM2.41 million as at 31 December 2020.

With the decrease in total capital plus net debt to RM67.02 million from RM71.92 million while the net debt stays almost the same at RM20.22 million as at 31 December 2021 as compared to RM20.28 million as at 31 December 2020, the Group's gearing ratio (calculated as net debt divided by total capital plus net debt) has increased to 30% from the preceding year's 28% as a result.

The Group's revenue, profit after tax and earnings per share for the past 5 years up to 31 December 2021, are disclosed in this Annual Report under the Group Financial Highlights in page 1.

# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

## OPERATIONAL AND BUSINESS REVIEW

The principal activity of the Company is investment holding, while the principal activities of the subsidiaries are manufacturing of clay bricks and related products. The sales of the Group's products are predominantly to the Malaysia and Singapore market. There have been no changes to the nature of these activities during the year under review.

The Group operates in a very competitive business environment, and being the market leader, it is crucial that we continue to serve our customers well particularly in terms of product quality as well as timely deliveries. At the same time, amidst the numerous challenges posed by the Covid-19 containment measures, not only its adverse impact on the demand of the Group's products but also how it affected the manufacturing and distribution operation of the Group, the Management was mindful of the need to keep costs down so as to enhance our capacity to respond to any evolving circumstances. In this regard, the Group has continued to proactively work on improving its operational efficiencies and reducing structural costs with higher yield and less wastage, higher combustion efficiency, maintaining an optimum number of headcounts, etc. The Group has also continued to restrict its spending on capital expenditure, except for routine and regular preventive maintenance works for plant and machineries in order to keep them in proper and good working conditions at all times.

It is the Group's strategy to, over time, reduce its reliance on foreign labour. However, the plan faces a setback with the deferment of certain automation projects planned for earlier as a result of the slowdown in the business operation following the outbreak of Covid-19 pandemic. The Group's hiring of foreign workers is only confined to its 3D (dirty, dangerous and difficult) workplaces, where recruitment of local workers is a great challenge. It is the Group's ongoing process to review and upgrade its employees' knowledge and skills, apply multi-tasking practices and consolidate divisions / sections wherever possible to further improve operational efficiency by maintaining adequate number of headcounts with the aim to further reduce labour costs.

The Management was acutely aware of the risk and its detrimental effect on the operation of the Group should there be an outbreak of the Covid-19 virus at its workplace. The Group has continued to implement strict procedures with enforcement actions to ensure all employees comply with the Covid-19 Standard Operating Procedures issued by the relevant authorities as the consequences of non compliance could have a severe impact on the business operations as well as the well being of the Group's employees. The Management will continue to carry out risk assessments and improve work procedures to mitigate the risk of exposure to the virus.

The Group is aware of the inherent risks in managing the operations in the current uncertain and competitive business environment. Any known risks are treated with strategies and mitigating measures to minimise the impact of uncertainties. As part of the forward plans and strategies, the Group will continue to enhance the internal control systems and the ISO procedures as part of the operational processes, and ensure proper implementation to mitigate the constraints that the Group encounters.

## OUTLOOK AND PROSPECT

Bank Negara Malaysia reported that Malaysia's gross domestic product (GDP), grew 3.6% in the fourth quarter of 2021 from a year earlier as economic activities resumed with the easing of Covid-19 pandemic- driven containment measures. Malaysian economy is expected to remain on its recovery path, supported by continued expansion in global demand and higher private-sector expenditure given improving labour market conditions and ongoing policy support, as well as Covid-19 vaccination progress. The continuation of major investment projects in both the private and public sectors will also support the growth. The transitioning of Malaysia into the endemic phase for Covid-19 and the reopening of the country border with effect from 1<sup>st</sup> April 2022 would certainly improve further the business sentiments as a whole as well as accelerating the path of the economic recovery of our country. However, the balance of risks remains tilted to the downside, mainly from the developments surrounding Covid-19, both globally and domestically.

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

### OUTLOOK AND PROSPECT (CONT'D)

The current low interest rate environment and the abolishment of real property gains tax on disposal of houses on the sixth (6th) year onwards could possibly serve to cushion the adverse impact on the demand for houses as a result of the ravage on the economy caused by the Covid-19 pandemic. The lingering issues of supply overhang and price affordability will nonetheless hamper enthusiasm in new project launches. Besides, the property construction sector continues to face challenges of labour shortage and other pandemic-induced disruption. However, these issues could likely be eased in the near term following the transitioning of Malaysia into the endemic phase and the reopening of the country border.

Against this backdrop, although there are early signs of a recovery in new housing project launches to meet pent-up demands, uptick in housing project construction activities, and hence the demand for clay bricks is likely to be gradual. With the uptick in demand, albeit gradual, the Group is hopeful for a recovery in selling prices and that the pressure on our margin would ease a little in the face of challenges from rising energy costs as well as the impending implementation of the new minimum wage level of RM1,500.

Given the aforementioned scenario, the Group will continue to focus on its strategy and effort to contain the production costs, optimise its operational efficiency and product quality in order to stay competitive in the industry.

### DIRECTORATE

During the year, En Mohd Salleh Bin Jantan, the Company's Independent Non-Executive director stepped down from the Board. On behalf of the Board, I would like to record our appreciation for his invaluable contributions rendered during his tenure on the Board.

I wish also to extend a warm welcome to the two newly appointed Independent Non-Executive directors, namely Ms Sam Ming Chia and Pn Haryanti Binti Othman to the Board. I look forward to working closely with them and have full confidence that they will contribute positively to the Group.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to express my gratitude to our customers, suppliers, and business associates, as well as the regulatory authorities, bankers and advisors for their part in the well-being of the Group.

To our shareholders, I thank you for your patience and continuing confidence in the Group. I wish also to express my appreciation to the management and all our employees for their effort and sacrifices in ensuring the continue well-being of the Group.

Lastly, I would like to extend my personal thanks to my fellow members of the Board for their dedication and counsel throughout the year.

Loh Chee Kan  
Chairman

# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associate are as disclosed in Notes 14 and 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	Group RM	Company RM
Loss net of tax	4,830,614	3,188,704
Attributable to: Equity holders of the Company	4,830,614	3,188,704

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

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

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

## 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:

Loh Chee Kan	
Datuk Ng Yeng Keng @ Ng Ka Hiatt**	
Chua Syer Cin	
Haryanti Binti Othman	(Appointed on 31 December 2021)
Ng Chin Kang**	
Ng Cheng Woon	
(Alternate Director to Datuk Ng Yeng Keng @ Ng Ka Hiatt)	(Appointed on 21 September 2021)
Mohd Salleh Bin Jantan	(Resigned on 31 December 2021)
Sam Ming Chia	(Appointed on 31 December 2021)

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

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

Goh May Lee  
Ponnirah Binti Parion  
Datuk Ariss Bin Samsudin

## 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 the 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 or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) 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 23 to the financial statements.

**DIRECTORS AND OFFICERS INDEMNITY AND INSURANCE COST**

During the financial year, the total maximum amount of indemnity coverage and insurance premium paid for directors and officers of the Company are RM3,000,000 and RM8,490 respectively.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

The Company	1 January 2021	Number of ordinary shares		31 December 2021
		Acquired	Sold	
<b>Direct interest</b>				
Datuk Ng Yeng Keng @ Ng Ka Hiat	1,542,255	-	-	1,542,255
Mohd Salleh Bin Jantan	42,816	-	-	42,816
Ng Cheng Woon (Alternate Director to Datuk Ng Yeng Keng @ Ng Ka Hiat)	6,100	-	-	6,100
<b>Indirect interest *</b>				
Datuk Ng Yeng Keng @ Ng Ka Hiat	170,998	-	(5,100)	165,898
<b>Deemed interest</b>				
Datuk Ng Yeng Keng @ Ng Ka Hiat **	28,972,200	-	(1,143,400)	27,828,800
Ng Chin Kang ***	13,445,134	-	(1,033,400)	12,411,734

\* Indirect interest represents the interest of spouse and child of the director of the Company in the shares of the Company under Section 59(11)(c) of the Companies Act 2016.

\*\* Deemed interest through his shareholding in Kia Lim Realty Sdn Bhd, Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Mersing Village Sdn Bhd and Ng Hoo Tee Holdings Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.

\*\*\* Deemed to have indirect interest through his shareholding in Kia Lim Timber Trading Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Mersing Village Sdn Bhd and Sersen Tiles Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016.

Datuk Ng Yeng Keng @ Ng Ka Hiat and Ng Chin Kang by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

**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 there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any 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 attributable to the 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 would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONT'D)

- (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 or 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 its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### AUDITORS

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

Auditors' remuneration are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2022.

Datuk Ng Yeng Keng @ Ng Ka Hiat

Ng Chin Kang

**STATEMENT BY DIRECTORS**  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Ng Yeng Keng @ Ng Ka Hiat and Ng Chin Kang, being two of the directors of Kia Lim Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 44 to 76 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 April 2022.

Datuk Ng Yeng Keng @ Ng Ka Hiat

Ng Chin Kang

**STATUTORY DECLARATION**  
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Datuk Ng Yeng Keng @ Ng Ka Hiat, being the director primarily responsible for the financial management of Kia Lim Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 76 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 Datuk Ng Yeng Keng @ Ng Ka )  
Hiat at Batu Pahat in the State of Johor )  
Darul Ta'zim on 14 April 2022 ) Datuk Ng Yeng Keng @ Ng Ka Hiat

Before me,

Chiang Ee Chin  
No. J 247  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIA LIM BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Kia Lim Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 76.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

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

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.

### *Key audit matters*

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

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

### **Impairment assessment of property, plant and equipment**

(Refer to Note 12 to the financial statements)

In accordance with MFRS136: Impairment of Assets, the Group is required to perform an impairment test of a cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount.

The Group recorded continuous losses for the past financial years and as at the end of the financial year, the carrying amount of the net assets of the Group exceeded its market capitalisation indicating that the carrying amount of the Group's property, plant and equipment ("PPE") amounting to RM50,160,118 as at 31 December 2021 may be impaired. The Group had engaged an independent valuer to determine the fair value of its land, buildings and plant & machinery, which represent 96% of the said PPE. When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of PPE in an orderly transaction between market participants at the reporting date under current market conditions.

We considered this as an area of audit focus because the assessment process is based on assumptions that are judgmental. Further, the carrying amount of the PPE represents 75% of total assets of the Group.

Our audit procedures in assessing impairment of PPE where fair values were obtained from an independent valuer appointed by management comprise amongst others the following:

- (i) Considered the independence, reputation and expertise of the valuer;
- (ii) Obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value and assessed whether such methodology is consistent with those used in the industry; and
- (iii) As part of our evaluations of the fair values, we discussed the valuation with the independent valuer to obtain an understanding of the data used as input to the valuation models.

***Information other than the financial statements and auditors' report thereon***

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

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

***Responsibilities of the directors for the financial statements***

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

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

***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 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 skepticism throughout the planning and performance of 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 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 KIA LIM BERHAD

(INCORPORATED IN MALAYSIA)

## *Auditors' responsibilities for the audit of the financial statements (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, related safeguards.

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 of the current 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.

## **Other matters**

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

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

Tan Jin Xiang  
03348/01/2024/J  
Chartered Accountant

Johor Bahru, Malaysia  
Date: 14 April 2022

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	22,329,249	25,540,059	-	-
Cost of sales		(21,626,851)	(24,527,673)	-	-
<b>Gross profit</b>		<b>702,398</b>	<b>1,012,386</b>	<b>-</b>	<b>-</b>
<b>Other items of income</b>					
Rental income		55,600	12,400	47,200	4,000
Other income	5	883,001	465,327	-	-
<b>Other items of expense</b>					
Administrative expenses		(3,205,215)	(3,316,045)	(3,235,904)	(2,888,545)
Selling and distribution expenses		(2,793,841)	(2,984,772)	-	-
Finance costs	6	(473,165)	(393,165)	-	-
Share of results of associate	15	608	106	-	-
<b>Loss before tax</b>	7	<b>(4,830,614)</b>	<b>(5,203,763)</b>	<b>(3,188,704)</b>	<b>(2,884,545)</b>
Income tax expense	10	-	(18,144)	-	-
<b>Loss net of tax, representing total comprehensive loss for the year</b>		<b>(4,830,614)</b>	<b>(5,221,907)</b>	<b>(3,188,704)</b>	<b>(2,884,545)</b>
Attributable to:					
Equity holders of the Company		(4,830,614)	(5,221,907)	(3,188,704)	(2,884,545)
Loss per share attributable to equity holders of the Company (sen):					
Basic and diluted	11	(7.8)	(8.4)		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	50,160,118	52,462,170	-	-
Investment property	13	362,730	390,392	362,730	390,392
Investment in subsidiaries	14	-	-	60,548,411	63,365,411
Investment in an associate	15	75,940	75,332	-	-
Investment in securities	16	5,037	5,037	-	-
Other receivables	18	-	-	1,038,004	1,363,004
		50,603,825	52,932,931	61,949,145	65,118,807
<b>Current assets</b>					
Inventories	17	10,588,522	11,919,960	-	-
Trade and other receivables	18	5,254,381	6,949,056	25,130	15,130
Prepayments		54,896	73,414	-	-
Tax recoverable		58,750	40,500	-	-
Cash and bank balances	19	473,437	195,587	6,014	21,724
		16,429,986	19,178,517	31,144	36,854
<b>Total assets</b>		<b>67,033,811</b>	<b>72,111,448</b>	<b>61,980,289</b>	<b>65,155,661</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	20	12,904,652	14,647,438	688,635	675,303
Loans and borrowings	21	4,237,773	5,263,620	-	-
		17,142,425	19,911,058	688,635	675,303
<b>Net current liabilities</b>		<b>(712,439)</b>	<b>(732,541)</b>	<b>(657,491)</b>	<b>(638,449)</b>
<b>Non-current liabilities</b>					
Trade and other payables	20	2,708,376	-	-	-
Loans and borrowings	21	380,001	566,767	-	-
		3,088,377	566,767	-	-
<b>Total liabilities</b>		<b>20,230,802</b>	<b>20,477,825</b>	<b>688,635</b>	<b>675,303</b>
<b>Net assets</b>		<b>46,803,009</b>	<b>51,633,623</b>	<b>61,291,654</b>	<b>64,480,358</b>
<b>Equity attributable to equity holders of the Company</b>					
Share capital	22	69,220,681	69,220,681	69,220,681	69,220,681
Accumulated losses		(22,417,672)	(17,587,058)	(7,929,027)	(4,740,323)
<b>Total equity</b>		<b>46,803,009</b>	<b>51,633,623</b>	<b>61,291,654</b>	<b>64,480,358</b>
<b>Total equity and liabilities</b>		<b>67,033,811</b>	<b>72,111,448</b>	<b>61,980,289</b>	<b>65,155,661</b>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Non-distributable Share capital RM (Note 22)	Accumulated losses RM	Total RM
<b>Group</b>			
At 1 January 2020	69,220,681	(12,365,151)	56,855,530
Total comprehensive loss for the year	-	(5,221,907)	(5,221,907)
<b>At 31 December 2020</b>	<b>69,220,681</b>	<b>(17,587,058)</b>	<b>51,633,623</b>
Total comprehensive loss for the year	-	(4,830,614)	(4,830,614)
<b>At 31 December 2021</b>	<b>69,220,681</b>	<b>(22,417,672)</b>	<b>46,803,009</b>
<b>Company</b>			
At 1 January 2020	69,220,681	(1,855,778)	67,364,903
Total comprehensive loss for the year	-	(2,884,545)	(2,884,545)
<b>At 31 December 2020</b>	<b>69,220,681</b>	<b>(4,740,323)</b>	<b>64,480,358</b>
Total comprehensive loss for the year	-	(3,188,704)	(3,188,704)
<b>At 31 December 2021</b>	<b>69,220,681</b>	<b>(7,929,027)</b>	<b>61,291,654</b>

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



# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Cash flows from operating activities</b>				
Loss before tax	(4,830,614)	(5,203,763)	(3,188,704)	(2,884,545)
<u>Adjustments for:</u>				
Allowance for diminution in value of investment in subsidiary	-	-	2,817,000	2,516,000
Depreciation of investment property	27,662	27,662	27,662	27,662
Depreciation of property, plant and equipment	2,503,621	2,669,532	-	-
Gain on deferment of amount due to corporate shareholder	(427,983)	-	-	-
Gain on disposal of property, plant and equipment	(84,960)	(78,794)	-	-
Impairment loss on trade receivables	-	101,771	-	-
Interest expense	473,165	393,165	-	-
Interest income	(2,215)	-	-	-
Inventories written down	-	21,635	-	-
Property, plant and equipment written off	-	1,599	-	-
Share of profit loss of an associate	(608)	(106)	-	-
Slow moving inventories written back	(3,436)	(4,236)	-	-
Unrealised foreign exchange loss	37,098	40,348	-	-
Total adjustments	2,522,344	3,172,576	2,844,662	2,543,662
<b>Operating cash flows before changes in working capital</b>	(2,308,270)	(2,031,187)	(344,042)	(340,883)
<u>Changes in working capital</u>				
Inventories	1,334,874	496,264	-	-
Receivables	1,698,372	156,857	(10,000)	2,661
Prepayment	18,518	5,949	-	-
Payables	1,218,634	1,792,605	13,332	102,300
Total changes in working capital	4,270,398	2,451,675	3,332	104,961
<b>Cash generated from/(used in) operations</b>	1,962,128	420,488	(340,710)	(235,922)
Interest paid	(336,806)	(393,165)	-	-
Income tax paid	(18,250)	(37,394)	-	-
<b>Net cash generated from/(used in) operating activities</b>	1,607,072	(10,071)	(340,710)	(235,922)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	86,500	82,302	-	-
Purchase of property, plant and equipment	(203,109)	(354,538)	-	-
Repayment from subsidiaries	-	-	325,000	253,000
<b>Net cash (used in)/generated from investing activities</b>	(116,609)	(272,236)	325,000	253,000
<b>Cash flows from financing activities</b>				
Drawdown of bankers' acceptances	4,584,000	6,003,000	-	-
Placement of pledged deposit	(460,000)	-	-	-
Repayment of bankers' acceptances	(6,025,000)	(5,788,000)	-	-
Repayment of obligations under hire purchase	(174,482)	(161,600)	-	-
<b>Net cash (used in)/generated from financing activities</b>	(2,075,482)	53,400	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	(585,019)	(228,907)	(15,710)	17,078
Cash and cash equivalents at 1 January	(2,414,551)	(2,185,644)	21,724	4,646
<b>Cash and cash equivalents at 31 December (Note 19)</b>	(2,999,570)	(2,414,551)	6,014	21,724

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at 79, Jalan Muar, 83500 Parit Sulong, Batu Pahat, Johor Darul Ta'zim.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associate are as disclosed in Notes 14 and 15 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The consolidated financial statements are presented in Ringgit Malaysia ("RM").

During the financial year ended 31 December 2021, the Group and Company reported net losses of RM4,830,614 and RM3,188,704 respectively. In addition, net current liabilities of the Group and the Company amounted to RM712,439 and RM657,491 respectively.

Notwithstanding the above, the directors are of the view that it is appropriate to prepare these financial statements on a going concern basis in view of the following:

- A corporate shareholder has agreed to provide financial support to enable the Group and the Company to meet their obligations as and when they arise, and not to recall the amounts due to the corporate shareholder if such recall would adversely affect the ability of the Group and the Company to continue as going concerns. During the financial year ended 31 December 2021, the Group received an advance of RM2,500,000 from the corporate shareholder.
- As at 31 December 2021, the Group has undrawn overdraft and trade line facilities amounting to RM3,356,000, on which it can draw upon to finance its operations.

The appropriateness of the going concern basis is dependent on the Group attaining profitable operations in the future, its ability to generate sufficient cash from these operations and the continuing support of its shareholders and bankers.

### 2.2 Basis of consolidation

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

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16: Covid-19 Related Rent Concession beyond 30 June 2021	1 April 2021

The adoption of these standards did not have any material effect on the financial performance or position of the Group and of the Company.

#### 2.4 Standards and interpretations issued but not yet effective

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

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 3: Business Combinations (Reference to the conceptual Framework)	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets (Cost of Fulfilling a Contract)	1 January 2022
Annual Improvement to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of accounting policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Change in Accounting Estimates and Error (Definition of accounting estimates)	1 January 2023
Amendments to MFRS 112: Deferred tax related to Asset and Liabilities arising from a Single Transaction	1 January 2023

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

#### 2.5 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Foreign currency

The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency 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 end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and 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 has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings	10 - 50 years
- Plant and machinery	5 - 25 years
- Motor vehicles	5 years
- Other assets	5 - 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.8 Investment properties

Investment properties are properties that are held either to earn rental income or for capital appreciation or both, rather than for use in the production or supply goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

#### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing 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 or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 2.10 Financial instruments

##### (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 not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

#### (a) Financial assets (Cont'd)

##### Subsequent measurement

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

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

The Group and of the Company does not have any financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) or financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

##### Financial assets at amortised cost (debt instruments)

The Group and of the Company measures 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 of the Company's financial assets at amortised cost comprises of its trade and other receivables balances and cash and bank balances.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes unquoted and quoted equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on quoted equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

##### 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 statement 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.10 Financial instruments (Cont'd)

##### (a) Financial assets (Cont'd)

###### Derecognition (Cont'd)

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 of the Company continues to recognise the transferred asset to the extent of the Group's and the Company's 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 has retained.

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

###### 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 contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects 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. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance 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 180 days past due. 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.

##### (b) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Financial instruments (Cont'd)

#### (b) Financial liabilities (Cont'd)

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### *Loans and borrowings*

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 statement of profit or loss.

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 statement of comprehensive income.

### 2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.12 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.13 Cash and bank balances

Cash and bank balances comprise short-term placement in fixed deposit, cash at banks and on hand.

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

#### 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 weighted average basis.
- Indirect materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted-average basis.

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

#### 2.15 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 resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period 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.

#### 2.16 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 expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.17 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) Post-employment benefits

The Group and of the Company make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### 2.18 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.

##### 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Leases (Cont'd)

#### Group as a lessee (Cont'd)

##### (a) 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.

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9 Impairment of non-financial assets.

##### (b) Lease liabilities

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

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

##### (c) 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.

#### 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 statement of profit or loss 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.19 Revenue

Revenue is measured based on the consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

##### (a) Sale of bricks

The Group supplies brick and roofing tiles for consumers.

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the discounts.

The Group recognises the expected discounts payable to customer where consideration have been received from customers. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

##### (b) Rental income

Rental income is recognised on accrual basis.

##### (c) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (d) Interest income

Interest income is recognised using the effective interest method.

#### 2.20 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 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)

### 2.20 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 items in relation to the underlying transaction that do not affect profit or loss are recognised either in other comprehensive income or directly in equity.

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")

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

- Where the amount of SST incurred in 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 asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

The amount of SST payable to the taxation authority is included as part of payables in the statement of financial position.

### 2.21 Share capital and share issuance expenses

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

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

### 2.22 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.22 Fair value measurement (Cont'd)

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

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.

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines 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.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### 3.1 Critical Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, there is no judgement which has a significant effect on the amounts recognised in the consolidated financial statements.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### (a) Impairment assessment of property, plant and equipment

An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. Due to the existence of indicators of impairment as a result of continuous losses recorded by the Group and the carrying amount of the net assets of the Group exceeding its market capitalisation, the Group has performed an impairment assessment of property, plant and equipment. The Group estimated the recoverable amount of the property, plant and equipment based on a valuation undertaken by an independent valuer. Based on the results of the impairment test, no impairment was required for the current financial year.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

**3.2 Key sources of estimation uncertainty (Cont'd)**

**(b) Deferred tax assets**

Deferred tax assets are recognised for unabsorbed capital allowances, unutilised reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profits will be available against which the losses 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.

**(c) Impairment of investment in subsidiaries**

In previous financial years, the Company recognized impairment losses of RM35,931,298 in respect of its investment in a subsidiary, Kangkar Raya Batu Bata Sdn. Bhd. ("KRBB"). At the reporting date, due to the existence of impairment indicators mentioned in Note 3.2(a) above, the directors performed an impairment assessment of the investment in KRBB based on the adjusted net assets of KRBB. Based on the impairment assessment, an additional impairment loss of RM2,817,000 was recognized during the financial year.

**4. REVENUE**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sales of bricks	22,329,249	25,540,059	-	-

Revenue of the Group and Company is recognised at a point in time.

**5. OTHER INCOME**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Finance income from fixed deposit with a licensed bank	2,215	-	-	-
Gain on deferment of amount due to corporate shareholder	427,983	-	-	-
Gain on disposal of property, plant and equipment	84,960	78,794	-	-
Government grant on Prihatin Wage Subsidy	218,400	316,800	-	-
Insurance received	98,514	-	-	-
Miscellaneous income	1,391	38,330	-	-
Vehicle rental income	49,538	31,403	-	-
	883,001	465,327	-	-

**6. FINANCE COSTS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
- Bankers' acceptances and bank overdrafts	294,821	354,267	-	-
- Obligations under hire purchase	41,985	38,898	-	-
- Unwinding of discount on amount due to corporate shareholder	136,359	-	-	-
	473,165	393,165	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 7. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax from continuing operations:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Allowance for diminution in value of investment in subsidiary	-	-	2,817,000	2,516,000
Auditors' remuneration				
- Statutory audit	120,000	113,000	34,000	32,000
- Other audit services	5,000	5,000	5,000	5,000
Depreciation of investment property (Note 13)	27,662	27,662	27,662	27,662
Depreciation of property, plant and equipment (Note 12)	2,503,621	2,669,532	-	-
Employee benefits expense (Note 8)	6,707,049	6,706,814	119,400	117,000
Impairment loss on trade receivables (Note 18)	-	101,771	-	-
Inventories written down	-	21,635	-	-
Property, plant and equipment written off	-	1,599	-	-
Non-executive directors' remuneration (Note 9)	89,400	87,000	89,400	87,000
Realised foreign exchange gain	(29,982)	(22,069)	-	-
Rental of premises	132,050	128,991	-	-
Slow moving inventories written back	(3,436)	(4,236)	-	-
Unrealised foreign exchange loss	37,098	40,348	-	-

### 8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Employee benefits expenses (including directors):</b>				
Wages and salaries	6,044,733	6,023,250	119,400	117,000
Defined contribution plan	578,586	596,661	-	-
Social security contributions	83,730	86,903	-	-
	6,707,049	6,706,814	119,400	117,000

### 9. DIRECTORS' REMUNERATION

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive:				
- Fees	34,800	34,800	30,000	30,000
- Other emoluments	470,194	441,559	-	-
- Benefits in kind	54,372	48,564	-	-
	559,366	524,923	30,000	30,000
Non-executive:				
- Fees	75,000	75,000	75,000	75,000
- Other emoluments	14,400	12,000	14,400	12,000
	89,400	87,000	89,400	87,000
Total directors' remuneration	648,766	611,923	119,400	117,000

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as follows:

	Number of Directors	
	2021	2020
Executive directors:		
RM100,001 - RM150,000	1	1
RM400,001 - RM450,000	1	1
Non-executive directors:		
<RM50,000	3	3

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

**10. INCOME TAX**

Major components of income tax

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Statement of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	-	-	-	-
Underprovision in prior years	-	18,144	-	-
Income tax expense recognised in profit or loss	-	18,144	-	-

Reconciliation between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before tax	(4,830,614)	(5,203,763)	(3,188,704)	(2,884,545)
Taxation at Malaysian statutory tax rate of 24% (2020 : 24%)	(1,159,347)	(1,248,903)	(765,289)	(692,291)
Expenses not deductible for tax purposes	198,596	162,876	765,289	692,291
Deferred tax assets not recognised on unutilised business losses, capital allowances and reinvestment allowances	960,897	1,086,052	-	-
Share of profit of an associate	(146)	(25)	-	-
Underprovision of income tax expenses in prior years	-	18,144	-	-
Income tax recognised in profit or loss	-	18,144	-	-

Deferred tax assets have not been recognised on the following amounts due to uncertainty over their eventual realisation:

	Group	
	2021 RM	2020 RM
Unutilised tax losses	13,887,000	11,706,000
Unabsorbed capital allowances	32,772,000	32,480,000
Unutilised reinvestment allowances	20,969,000	19,438,262

**11. LOSS PER SHARE**

Basic loss per share amount is calculated by dividing loss net of tax attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

	Group	
	2021 RM	2020 RM
Loss attributable to ordinary equity holders of the Company	(4,830,614)	(5,221,907)
Weighted average number of ordinary shares in issue	61,937,451	61,937,451
	2021 Sen	2020 Sen
Basic and diluted loss per share	(7.8)	(8.4)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Other assets RM	Total RM
<b>Group Cost</b>					
At 1 January 2020	44,281,587	137,918,843	10,023,520	3,945,992	196,169,942
Additions	90,000	389,965	455,314	6,259	941,538
Disposals	-	(169,608)	(289,110)	(14,482)	(473,200)
Written off	-	-	-	(4,920)	(4,920)
<b>At 31 December 2020</b>	<b>44,371,587</b>	<b>138,139,200</b>	<b>10,189,724</b>	<b>3,932,849</b>	<b>196,633,360</b>
Additions	-	75,100	128,009	-	203,109
Disposals	-	(263,466)	(41,990)	-	(305,456)
Written off	-	(122,955)	-	-	(122,955)
<b>At 31 December 2021</b>	<b>44,371,587</b>	<b>137,827,879</b>	<b>10,275,743</b>	<b>3,932,849</b>	<b>196,408,058</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	8,325,457	121,803,074	9,360,394	2,485,746	141,974,671
Depreciation charge for the year (Note 7)	661,583	1,722,555	237,530	47,864	2,669,532
Disposals	-	(166,100)	(289,110)	(14,482)	(469,692)
Written off	-	-	-	(3,321)	(3,321)
<b>At 31 December 2020</b>	<b>8,987,040</b>	<b>123,359,529</b>	<b>9,308,814</b>	<b>2,515,807</b>	<b>144,171,190</b>
Depreciation charge for the year (Note 7)	662,834	1,603,243	200,478	37,066	2,503,621
Disposals	-	(263,466)	(40,450)	-	(303,916)
Written off	-	(122,955)	-	-	(122,955)
<b>At 31 December 2021</b>	<b>9,649,874</b>	<b>124,576,351</b>	<b>9,468,842</b>	<b>2,552,873</b>	<b>146,247,940</b>
<b>Net carrying amount</b>					
At 31 December 2021	34,721,713	13,251,528	806,901	1,379,976	50,160,118
At 31 December 2020	35,384,547	14,779,671	880,910	1,417,042	52,462,170

	Other asset	
	2021 RM	2020 RM
<b>Company Cost</b>		
At 1 January/31 December	10,287	10,287
<b>Accumulated depreciation</b>		
At 1 January/31 December	10,287	10,287
<b>Net carrying amount</b>		
At 31 December	-	-

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

**(a) Assets held under hire purchase**

During the financial year, the Group acquired property, plant and equipment at an aggregate cost of RM203,109 (2020: RM941,538) of which Nil (2020: RM587,000) was acquired by means of hire purchase arrangement. Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group 2021 RM	2020 RM
Motor vehicles	493,505	660,512

Leased assets are pledged as security for the related hire purchase liabilities.

**(b) Assets pledged as security**

Net carrying amounts of property, plant and equipment pledged to secure the Group's bank borrowings as disclosed in Note 21 are as follows:

	Group 2021 RM	2020 RM
Plant and machinery	14,944,900	16,417,111
Land and building	34,721,713	35,384,547
	49,666,613	51,801,658

**13. INVESTMENT PROPERTY**

	Group and Company 2021 RM	2020 RM
<b>Balance sheet:</b>		
<b>Cost</b>		
At 1 January/31 December	750,000	750,000
<b>Accumulated depreciation</b>		
At 1 January	359,608	331,946
Depreciation charge for the year (Note 7)	27,662	27,662
At 31 December	387,270	359,608
<b>Net carrying amount</b>		
At 31 December	362,730	390,392
Fair value of investment property	925,000	856,000
<b>Income statement:</b>		
Rental income from investment properties		
- Minimum lease payments	47,200	4,000
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	43,589	44,279

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 14. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted redeemable convertible preference shares, at cost	51,680,000	51,680,000
Unquoted shares, at cost	47,616,709	47,616,709
	99,296,709	99,296,709
Impairment losses	(38,748,298)	(35,931,298)
	60,548,411	63,365,411

Details of the subsidiaries are as follows:

Name	Principal Place of Business	Principal Activities	Proportion (%) of Ownership Interest	
			2021	2020
Kangkar Raya Batu Bata Sdn Bhd ("KRBB")	Malaysia	Manufacturing of bricks and roofing tiles	100	100
Syarikat Kia Lim Kilang Batu Bata Sdn Bhd ("SKL")	Malaysia	Manufacturing of bricks	100	100

Both subsidiaries are audited by Ernst & Young PLT, Malaysia.

#### Impairment review of KRBB

In previous financial years, the Company recognized impairment losses of RM35,931,298 in respect of its investment in KRBB. At the reporting date, due to the existence of impairment indicators mentioned in Note 3.2(a), the directors performed an impairment assessment of the investment in KRBB based on the adjusted net assets of KRBB. Based on the impairment assessment, an additional impairment loss of RM2,817,000 was recognized during the financial year.

### 15. INVESTMENT IN AN ASSOCIATE

	Group	
	2021 RM	2020 RM
Unquoted shares at cost	54,000	54,000
Share of post-acquisition reserves	21,940	21,332
	75,940	75,332

Details of the associate which has a financial year end of 31 August, are as follows:

Name of Associate	Country of Incorporation	Principal Activity	Proportion (%) of Ownership Interest	
			2021	2020
Sersen Tiles Sdn Bhd	Malaysia	Property owner	27	27

The results of associate is based on the audited financial statements for the financial year ended 31 August 2021.

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

**15. INVESTMENT IN AN ASSOCIATE (CONT'D)**

The Group's share of summarised financial information of the associate is as follows:

	2021 RM	2020 RM
Current assets	4,401	1,742
Non-current assets	325,472	318,452
Current liabilities	(66,032)	(58,606)
<b>Equity attributable to shareholders</b>	<b>263,841</b>	<b>261,588</b>
Equity attributable to the Group	71,236	70,628
Goodwill on acquisition	4,704	4,704
	<b>75,940</b>	<b>75,332</b>
Net profit for the year	2,253	393
Group's share of profit for the year	608	106

**16. INVESTMENT IN SECURITIES**

	Group 2021 RM	2020 RM
<b>At fair value through profit or loss</b>		
Equity security in Malaysia		
- Quoted	5,036	5,036
- Unquoted	1	1
	<b>5,037</b>	<b>5,037</b>

**17. INVENTORIES**

	Group 2021 RM	2020 RM
<b>Statement of financial position:</b>		
<b>At cost</b>		
- Raw materials	1,079,128	1,551,891
- Consumables	8,079,680	7,787,689
- Work-in-progress	363,994	431,587
- Finished products	868,503	1,951,576
	<b>10,391,305</b>	<b>11,722,743</b>
<b>At net realisable value</b>		
- Finished products	197,217	197,217
<b>Total inventories</b>	<b>10,588,522</b>	<b>11,919,960</b>
<b>Statement of comprehensive income:</b>		
Cost of inventories recognised as an expense in cost of sales	21,626,851	24,527,673

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	5,386,577	7,049,656	-	-
Less: Allowance for expected loss	(288,864)	(288,864)	-	-
	5,097,713	6,760,792	-	-
<b>Other receivables</b>				
Deposits	102,677	102,677	15,130	15,130
Related parties	1,615	-	-	-
Sundry receivables	71,025	104,236	10,000	-
	175,317	206,913	25,130	15,130
Less: Allowance for expected loss	(18,649)	(18,649)	-	-
	156,668	188,264	25,130	15,130
Total trade and other receivables (current)	5,254,381	6,949,056	25,130	15,130
<b>Non-current</b>				
<b>Other receivables</b>				
Amount due from subsidiaries - Non-interest bearing	-	-	1,038,004	1,363,004
Total trade and other receivables (current and non-current)	5,254,381	6,949,056	1,063,134	1,378,134
Add: Cash and bank balances (Note 19)	473,437	195,587	6,014	21,724
Total financial assets carried at amortised cost	5,727,818	7,144,643	1,069,148	1,399,858

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

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

	Group	
	2021 RM	2020 RM
Neither past due nor impaired	3,677,444	4,454,235
1 to 30 days past due not impaired	1,295,040	1,790,410
31 to 60 days past due not impaired	68,559	463,461
More than 91 days past due not impaired	56,670	52,686
	1,420,269	2,306,557
Impaired	288,864	288,864
	5,386,577	7,049,656

#### 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.

**18. TRADE AND OTHER RECEIVABLES (CONT'D)**

**(a) Trade receivables (Cont'd)**

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,420,269 (2020: RM2,306,557) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long term relationship with the Group.

Receivables that are impaired

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

	Group	
	2021 RM	2020 RM
At 1 January	288,864	187,093
Charge for the year (Note 7)	-	101,771
At 31 December	288,864	288,864

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

**(b) Other receivables - current**

These receivables are generally unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

**(c) Other receivables - non-current**

These amounts due from subsidiaries are unsecured, non-trade in nature, non-interest bearing and not expected to be repaid within the next 12 months.

**19. CASH AND BANK BALANCES**

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances (Note 18)	13,437	195,587	6,014	21,724
Fixed deposit	460,000	-	-	-
	473,437	195,587	6,014	21,724
Bank overdrafts (Note 21)	(3,013,007)	(2,610,138)	-	-
Less: Pledged deposit	(460,000)	-	-	-
Cash and cash equivalents	(2,999,570)	(2,414,551)	6,014	21,724

Fixed deposit bears interest of 1.85% per annum and mature in 12 months. It is pledged as security for banking facilities granted to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	4,274,510	5,918,663	-	-
Related parties	375,447	378,572	-	-
A corporate shareholder	1,376,623	3,578,483	-	-
	6,026,580	9,875,718	-	-
<b>Other payables</b>				
Third parties	1,077,936	1,302,865	680,635	667,303
Related parties	1,320,000	1,335,000	-	-
A corporate shareholder	3,617,802	994,672	-	-
Accruals	862,334	1,139,183	8,000	8,000
	6,878,072	4,771,720	688,635	675,303
<b>Total trade and other payables (current)</b>	<b>12,904,652</b>	<b>14,647,438</b>	<b>688,635</b>	<b>675,303</b>
<b>Non-current</b>				
<b>Trade payables</b>				
A corporate shareholder	2,708,376	-	-	-
<b>Total trade and other payables (current and non-current)</b>	<b>15,613,028</b>	<b>14,647,438</b>	<b>688,635</b>	<b>675,303</b>
Add: Loan and borrowings (Note 21)	4,617,774	5,830,387	-	-
<b>Total financial liabilities at amortised cost</b>	<b>20,230,802</b>	<b>20,477,825</b>	<b>688,635</b>	<b>675,303</b>

#### (a) Trade payables - current

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2020: 30 days to 90 days).

#### (b) Other payables

Other payables are generally unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

#### (c) Trade payables - non-current

The amount due to a corporate shareholder bears implicit interest of 8% per annum and is due to be repaid in April 2023.

### 21. LOANS AND BORROWINGS

	Group	
	2021 RM	2020 RM
<b>Current:</b>		
Secured:		
Bank overdrafts (Note 19)	3,013,007	2,610,138
Bankers' acceptances	1,038,000	2,479,000
Obligations under hire purchase (Note 24)	186,766	174,482
	4,237,773	5,263,620
<b>Non-current:</b>		
Secured:		
Obligations under hire purchase (Note 24)	380,001	566,767
<b>Total loans and borrowings</b>	<b>4,617,774</b>	<b>5,830,387</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 21. LOANS AND BORROWINGS (CONT'D)

	Group 2021 RM	2020 RM
<b>Maturity of borrowings</b>		
On demand or within one year	4,237,773	5,263,620
More than 1 year and less than 2 years	177,547	186,766
More than 2 years and less than 5 years	202,454	380,001
	4,617,774	5,830,387

The loans and borrowings bear interest at the following rates:

	2021 %	2020 %
Bank overdrafts	7.95 - 8.95	7.95 - 8.95
Bankers' acceptances	4.21 - 4.68	4.21 - 6.13
Obligations under hire purchase	2.65 - 3.75	2.65 - 3.75

The loans and borrowings are secured by a fixed charge on certain property, plant and equipment of the Group as disclosed in Note 12.

Movements in the borrowings were as follows:

	Group 2021 RM	2020 RM
As 1 January	5,830,387	4,941,649
Drawdown:		
- Bankers' acceptance	4,584,000	6,003,000
- Hire purchase	-	587,000
Repayments:		
- Bankers' acceptance	(6,025,000)	(5,788,000)
- Hire purchase	(174,482)	(161,600)
Changes in bank overdraft balance	402,869	248,338
	4,617,774	5,830,387

### 22. SHARE CAPITAL

#### (a) Ordinary share capital

	Group and Company Number of ordinary shares		Group and Company Amount	
	2021	2020	2021 RM	2020 RM
<b>Issued and fully paid:</b>				
At 1 January/31 December	61,937,451	61,937,451	69,220,681	69,220,681



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 23. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### (a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group 2021 RM	2020 RM
Other charges payable to: Kia Lim Timber Trading Sdn Bhd (note ii)	-	2,044
Purchase of spare parts and upkeep of tools payable to: Kia Lim Timber Trading Sdn Bhd (note ii)	-	170
Original Clay Industries Sdn Bhd (note iii)	-	480
Rental payable to: Sri Senanggar Batu Bata Sdn Bhd (note i)	24,150	24,150
Kia Lim Timber Trading Sdn Bhd (note ii)	132,050	140,191
Sales of spare parts and upkeep of tools to: Kia Lim Timber Trading Sdn Bhd (note ii)	82	-
Transport charges receivable from: Original Clay Industries Sdn Bhd (note iii)	2,467	946

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

Related parties are those enterprises which are subject to the same source of influence as the Company through common directors and shareholders.

Notes:

- (i) A director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiatt and his family members are substantial shareholders of that company. A family member of Datuk Ng Yeng Keng @ Ng Ka Hiatt is the director of that company.
- (ii) Certain directors of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiatt and Ng Chin Kang are substantial shareholders of that company. Datuk Ng Yeng Keng @ Ng Ka Hiatt is also director of that company.
- (iii) A director of the Company, namely Datuk Ng Yeng Keng @ Ng Ka Hiatt and his family members are substantial shareholders of that company.

#### (b) Compensation of key management personnel

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and other emoluments	940,920	895,717	30,000	30,000
Bonus	21,784	36,892	-	-
Defined contribution plan	139,253	134,715	-	-
Benefits-in-kind	74,912	74,900	-	-
	1,176,869	1,142,224	30,000	30,000
Included in compensation of key management personnel are directors' remuneration	544,365	524,923	30,000	30,000

**24. COMMITMENTS**

**(a) Capital commitments**

	Group 2021 RM	2020 RM
Approved but not contracted for: Property, plant and equipment	-	3,482,865

**(b) Hire purchase commitments**

The Group has hire purchase arrangements for certain motor vehicles. Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group 2021 RM	2020 RM
<b>Future minimum lease payments:</b>		
Not later than 1 year	216,468	216,468
Later than 1 year and not later than 2 years	195,458	216,468
Later than 2 years and not later than 5 years	210,807	406,265
<b>Total future minimum lease payments</b>	<b>622,733</b>	<b>839,201</b>
Less: Future finance charges	(55,966)	(97,952)
<b>Present value of hire purchase liabilities</b>	<b>566,767</b>	<b>741,249</b>
<b>Analysis of present value of hire purchase liabilities:</b>		
Not later than 1 year	186,766	174,482
Later than 1 year and not later than 2 years	177,547	186,766
Later than 2 years and not later than 5 years	202,454	380,001
<b>Less: Amount due within 12 months (Note 21)</b>	<b>566,767</b> <b>(186,766)</b>	<b>741,249</b> <b>(174,482)</b>
<b>Amount due after 12 months (Note 21)</b>	<b>380,001</b>	<b>566,767</b>

**(c) Operating lease commitments - as lessor**

The Company has entered into a commercial property lease on its investment property. This non-cancellable lease has a remaining lease term of 2 years.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	2021 RM	2020 RM
Not later than 1 year	44,000	48,000
Later than 1 year and not later than 2 years	-	44,000
	<b>44,000</b>	<b>92,000</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 25. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
<b>Group and Company</b>				
<b>At 31 December 2021</b>				
<b>Assets measured at fair value</b>				
Investment securities				
- Quoted investment	5,036	-	-	5,036
- Unquoted investment	-	-	1	1
	5,036	-	1	5,037
<b>Assets for which fair values are disclosed</b>				
Investment properties	-	-	925,000	925,000
<b>At 31 December 2020</b>				
<b>Assets measured at fair value</b>				
Investment securities				
- Quoted investment	5,036	-	-	5,036
- Unquoted investment	-	-	1	1
	5,036	-	1	5,037
<b>Assets for which fair values are disclosed</b>				
Investment properties	-	-	856,000	856,000

There were no transfers during 2021.

### (b) Information about significant unobservable inputs used in Level 3 fair value measurements

For unquoted equity securities, a significant increase/(decrease) in the expected dividend yield would result in a significantly higher/(lower) fair value measurement. A significant increase/(decrease) in discount for lack of marketability would result in a significantly lower/(higher) fair value measurement.

For commercial investment properties, a significant increase/(decrease) in comparable prices would result in a significantly higher/(lower) fair value measurement.

### (c) Fair value of financial instruments by classes that are carried at fair value and whose carrying amounts are reasonable approximations of fair value

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

	Note
Trade and other receivables (current)	18
Trade and other payables (current)	20
Loans and borrowings (current and non-current)	21

The fair values of borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, and interest rate risk.

The directors review and agree on policies and procedures for the management of these risks, which are executed by the management team.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

#### Exposure to credit risk

At the reporting date, the Group'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.

#### Credit risk concentration profile

The Group does not have any significant concentration of credit risk in the form of receivables due from a single debtor or from group of debtors.

#### Financial assets that are neither past due nor impaired

Information on trade and other receivables that are neither past due nor impaired is disclosed in Note 18.

#### Financial assets that are either past due or impaired

Information on trade and other receivables that are either past due or impaired is disclosed in Note 18.

#### Financial guarantees

	Company 2021 RM	2020 RM
<b>Unsecured:</b>		
Corporate guarantees to banks for credit facilities granted to subsidiaries	4,051,007	5,089,138

The Company is also exposed to credit risk arising from the financial guarantees it has given to certain banks for credit facilities granted to the subsidiaries. The fair value of the financial guarantees is determined by reference to the interest rate difference that would have been charged by the banks had these guarantees not been available. The directors have determined that the fair values of these guarantees are not significant to the Company's financial position and results.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or 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 and bank overdrafts.

At the reporting date, approximately 91% (2020: 89%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk (Cont'd)

	On demand or within one year RM	One to five years RM	Total RM
<b>31 December 2021</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	12,904,652	3,000,000	15,904,652
Loans and borrowings	4,267,475	406,265	4,673,740
	<u>17,172,127</u>	<u>3,406,265</u>	<u>20,578,392</u>
<b>Financial liabilities</b>			
<b>Company</b>			
Trade and other payables	688,635	-	688,635
	<u>688,635</u>	<u>-</u>	<u>688,635</u>
<b>31 December 2020</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	14,647,438	-	14,647,438
Loans and borrowings	5,305,606	622,733	5,928,339
	<u>19,953,044</u>	<u>622,733</u>	<u>20,575,777</u>
<b>Financial liabilities</b>			
<b>Company</b>			
Trade and other payables	675,303	-	675,303
	<u>675,303</u>	<u>-</u>	<u>675,303</u>

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its borrowings.

#### Sensitivity analysis for interest rate risk

During the financial year, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's net loss net of tax would have been approximately RM22,000 lower/higher (2020: RM26,000 lower/higher), arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

### 27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group.

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

**27. CAPITAL MANAGEMENT (CONT'D)**

	Note	Group 2021 RM	2020 RM
Loans and borrowings	21	4,617,774	5,830,387
Trade and other payables	20	15,613,028	14,647,438
Less: Cash and bank balances	19	(13,437)	(195,587)
Net debt		20,217,365	20,282,238
Equity attributable to the equity holders of the Group, representing total capital		46,803,009	51,633,623
Capital and net debt		67,020,374	71,915,861
Gearing ratio		30%	28%

**28. SEGMENT INFORMATION**

Segmental disclosures are not applicable as the Group operates principally within one industry and one country.

**29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO YEAR END**

**COVID-19 PANDEMIC**

The COVID-19 was initially reported in December 2019 and has since spread globally. On 11 March 2020, the World Health Organization declared COVID-19 a worldwide pandemic. This pandemic has resulted in countries around the world including Malaysia implementing immediate preventive measures to control and minimize the spread of the virus. Some of the measures taken include temporary closure of businesses, issuance of movement control order within the country, prohibition of crowd gathering and travel bans. This has led to operational disruptions to businesses.

The Group has activated its business continuity plan to ensure minimal disruption to its daily operations during this period and the Group has also implemented additional precautionary measures to control and contain the spread of the virus. The impact of COVID-19 has been considered in the impairment assessment of financial assets and non-financial assets.

The Group will continue to actively monitor and manage their funds and operations to minimise any impact arising from the COVID-19 pandemic.

**30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 14 April 2022.

# STATEMENT OF SHAREHOLDINGS

AS AT 31 MARCH 2022

Total Number of Issued Shares : 61,937,451 ordinary shares

Voting rights : One vote for one ordinary share

## ANALYSIS OF SHAREHOLDINGS

Number of Holders	Holdings	Total Holdings	Percentage of Holdings
7	Less than 100	164	0.00
584	100 - 1,000	544,927	0.88
736	1,001 - 10,000	3,523,287	5.69
283	10,001 to 100,000	9,483,302	15.31
66	100,001 to less than 5% of issued shares	31,497,583	50.85
3	5% and above of issued shares	16,888,188	27.27
1,679		61,937,451	100.00

## THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	Number of Shares	Percentage of Shares
1. Kia Lim Realty Sdn Bhd	7,312,393	11.81
2. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kia Lim Timber Trading Sdn Bhd	6,440,270	10.40
3. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Hoo Tee Holdings Sdn Bhd	3,135,525	5.06
4. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kia Lim Realty Sdn Bhd	2,931,600	4.73
5. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kia Lim Timber Trading Sdn Bhd	2,764,800	4.46
6. Kia Lim Timber Trading Sdn Bhd	2,284,064	3.69
7. Ng Hoo Tee Holdings Sdn Bhd	2,037,548	3.29
8. Sutera Istimewa Sdn Bhd	1,885,000	3.04
9. Datuk Ng Yeng Keng @ Ng Ka Hiatt	1,542,255	2.49
10. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sii Toh Ping	1,001,000	1.62
11. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh May Lee	717,000	1.16
12. Ng Yan Kian	706,196	1.14
13. Mersing Village Sdn Bhd	666,000	1.08
14. Bijak Tulus Sdn Bhd	664,600	1.07
15. Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kian Tak	654,100	1.06
16. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Kim Hau	650,400	1.05
17. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kim Hew	644,000	1.04
18. Ng Khea Chuan	636,400	1.03
19. Quah Chew Hah	616,000	0.99
20. Tan See Chip	549,935	0.89
21. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah	500,000	0.81
22. Wong Gar Leng	495,000	0.80
23. Chan Yew Fee	455,000	0.73
24. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Hwang	450,000	0.73
25. Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sak Kam Wah	349,400	0.56
26. Maybank Nominees (Tempatan) Sdn Bhd Chua Eng Ho Wa'a @ Chua Eng Wah	330,600	0.53
27. Ng Yam Puan @ Ng Ah Bah	320,143	0.52
28. Naruda Pramhatakul A/P Tong Nam	315,000	0.51
29. Nam Heng Oil Mill Company Sdn Berhad	308,888	0.50
30. Datuk Ariss Bin Samsudin	303,000	0.49

## SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

No.	Shareholder	Direct Interest		Deemed Interest		Note
		Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	
1	Kour Siok Leen	401,054	0.65	10,297,993	16.63	A
2	Kia Lim Realty Sdn Bhd	10,243,993	16.54	54,000	0.09	B
3	Kia Lim Timber Trading Sdn Bhd	11,516,734	18.59	895,000	1.45	C
4	Ng Hoo Tee Holdings Sdn Bhd	5,173,073	8.35	175,000	0.28	D
5	Goh May Lee	796,100	1.29	27,828,800	44.93	E
6	Datuk Ng Yeng Keng @ Ng Ka Hiatt	1,542,255	2.49	27,994,698	45.20	F
7	Ng Chin Kang	-	-	12,411,734	20.04	G
8	Ng Yeng Keng Holdings Sdn Bhd	-	-	10,297,993	16.63	A

Notes:

- A Deemed interest through her or its shareholdings in Kia Lim Realty Sdn Bhd and Sersen Tiles Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
- B Deemed interest through its shareholdings in Sersen Tiles Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
- C Deemed interest through its shareholdings in Sersen Tiles Sdn Bhd, Mersing Village Sdn Bhd and Ban Dung Palm Oil Industries Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
- D Deemed interest through its shareholding in Ban Dung Palm Oil Industries Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
- E Deemed interest through her shareholding in Kia Lim Realty Sdn Bhd, Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Mersing Village Sdn Bhd and Ng Hoo Tee Holdings Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.
- F Deemed interest through his shareholding in Kia Lim Realty Sdn Bhd, Kia Lim Timber Trading Sdn Bhd, Sersen Tiles Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Mersing Village Sdn Bhd and Ng Hoo Tee Holdings Sdn Bhd by virtue of Section 8 and pursuant to Section 59 (11) (C) of the Companies Act, 2016.
- G Deemed interest through his shareholding in Kia Lim Timber Trading Sdn Bhd, Ban Dung Palm Oil Industries Sdn Bhd, Mersing Village Sdn Bhd and Sersen Tiles Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

## LIST OF DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 59 of the Companies Act, 2016, the following are the shareholdings of the Directors of the Company:

No.	Directors	Direct Interest		Deemed Interest		Note
		Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	
1	Mr Loh Chee Kan	-	-	-	-	
2	Datuk Ng Yeng Keng @ Ng Ka Hiatt	1,542,255	2.49	27,994,698	45.20	*
3	Mr Ng Chin Kang	-	-	12,411,734	20.04	*
4	Mr Chua Syer Cin	-	-	-	-	
5	Pn Haryanti Binti Othman	-	-	-	-	
6	Ms Sam Ming Chia	-	-	-	-	
7	Mr Ng Cheng Woon	6,100	0.01	-	-	

Notes:

- \* Deemed interest in ordinary shares of the Directors are of the same as disclosed under notes to the substantial shareholding.



# LIST OF PROPERTIES

31 December 2021

Location of Properties	Description	Tenure / Age of Buildings	Approximately Land Area / (Built-up Area)	Net Book Value RM'000	Date of Acquisition/ Valuation
5 plots of land comprising Lot Nos : PT 5032, 5033 5034, 5035 and 5036 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with factory for brick making plant, office, store and workshop)	Freehold (Between 28 - 35 years)	23.2923 acres (68,988 sq.ft)	7,420	31.12.2007
2 plots of land Lot Nos : 25 and 26 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 1 open-sided factory buildings for paver plants)	Freehold (Between 22 years)	5.8686 acres (159,375 sq.ft)	9,766	31.12.2007
2 plots of land comprising Lot Nos : PTD 6922 and 1186 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	24.3376 acres (N/A)	1,220	31.12.2007
4 plots of land comprising Lot Nos : 1187, 27, 24 and 20 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	18.3562 acres (N/A)	730	31.12.2007
Lot No : 1617 Mukim Simpang Kiri 4, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	5.0812 acres (N/A)	180	31.12.2007
HS(M) 2918 MLO1699 Mukim Sri Medan, Batu Pahat, Johor Darul Takzim	Agricultural land (reserve for clay extraction)	Freehold	2.4875 acres	240	23.05.2014
HS(M) 641 MLO 1698 Mukim Sri Medan, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	2.4875 acres	230	13.03.2015
Lot No : PTD 6920 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with 2 open-sided factory buildings for brick making plants)	Freehold (Between 35 years)	7.0000 acres (111,705 sq.ft)	4,208	31.12.2007
Lot Nos : PTD 6988 and PTD 6989 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Industrial land (with open-sided factory buildings for roofing tiles plants, office building cum store and laboratory)	Freehold (Between 24 years)	8.7810 acres (224,772 sq.ft)	8,529	31.12.2007
Lot No : PTD 6921 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Extraction of clay	Freehold	20.5597 acres (N/A)	1,030	31.12.2007
3 plots of land comprising Lot Nos : PTD 8029, 6642, and 809 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	22.9330 acres (N/A)	1,050	31.12.2007
EMR 3460 Lot 6641 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	1.6311 acres (N/A)	90	31.12.2007
EMR 3134 Lot 6625 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim.	Agricultural land (reserve for clay extraction)	Freehold	4.0747 acres (N/A)	120	31.12.2007
Suite No 1604 Tower A Menara Atlas Plaza Pantai Kuala Lumpur.	Office building	Freehold (26 years)	2,360 sq.ft	363	31.12.2007

**FORM OF PROXY**

ANNUAL REPORT 2021

CDS ACCOUNT NO.	
NO. OF SHARES HELD	

I/We \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ (Email Address: \_\_\_\_\_) being a member/members  
 of **Kia Lim Berhad**, hereby appoint (1) Mr/Ms \_\_\_\_\_  
 (NRIC No. \_\_\_\_\_) (Email Address: \_\_\_\_\_) of \_\_\_\_\_  
 or failing whom, \_\_\_\_\_ (NRIC No. \_\_\_\_\_)  
 (Email Address: \_\_\_\_\_) of \_\_\_\_\_

as my/our proxy to vote for \*me/us and on \*my/our behalf at the 27<sup>th</sup> Annual General Meeting ("27<sup>th</sup> AGM") of the Company which will be held at The Katerina Hotel, 8, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 24 May 2022 at 12.00 noon and, at every adjournment thereof \*for/against the resolutions to be proposed thereat.

\*My/Our proxy is to vote as indicated below: -

Resolutions	Agenda	For	Against
1.	To approve the payment of Directors' fees amounting to RM35,000 per annum for Non-Executive Chairman, RM20,000 per annum for each of the Non-Executive Directors (NEDs), and RM17,400 per annum for each of the Executive Directors (EDs) in respect of the financial year ending 31 December 2022.		
2.	To approve the proposed payment of Non-Executive Directors' (NEDS) benefits of up to RM28,800 for the financial year ending 31 December 2022 and up to the date of the next Annual General Meeting of the Company.		
3.	To re-elect Mr Ng Chin Kang who retires in accordance with Article 90 of the Company's Constitution and being eligible, offers himself for re-election.		
4.	To re-elect the following Directors who retire in accordance with Article 97 of the Company's Constitution and being eligible, offers themselves for re-election:- Pn Haryanti Binti Othman		
5.	Ms Sam Ming Chia		
6.	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration.		
7.	To approve the continuing terms of office of Mr Loh Chee Kan as an Independent Director.		
8.	To approve the continuing terms of office of Mr Chua Syer Cin as an Independent Director.		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

As witness my hand this ..... day of .....2022 .....  
 Signature of Member(s)

## NOTES:

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
- A member shall be entitled to appoint more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
- The instrument appointing a proxy must be deposited at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

**Personal Data Privacy:**

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 27<sup>th</sup> AGM of the Company and any adjournment thereof.

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**STAMP**

The Company Secretary  
**KIA LIM BERHAD**  
Reg. No. 199501013667 (342868-P)

Suite 9D, Level 9,  
Menara Ansar,  
65, Jalan Trus, 80000 Johor Bahru,  
Johor Darul Ta'zim.

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