RHB Small Cap Asean Research

Malaysia Trading Idea

Shariah Compliant

1 August 2025

Construction & Engineering | Construction

Kimlun Corp (KICB MK)

Ready To Fire On All Cylinders

Not Rated

Fair Value (Return):	MYR1.86 (49%)
Price:	MYR1.25
Market Cap:	USD104m
Avg Daily Turnover (MYR/USD)	0.50m/0.12m

- **MYR1.86 FV based on 11x FY26F earnings.** Kimlun Corp is poised to benefit from upcoming developments in Sarawak, Johor, and Singapore. The 11x target P/E ascribed is 1SD lower than the Bursa Malaysia Construction Index (KLCON), reflecting its smaller market capitalisation (c.MYR450m). This target is also within the 10-14x range we ascribed to its small- and mid-cap peers. Valuation is undemanding at 7.4x FY26F P/E, at a c.50% discount from the KLCON's 10-year mean. This report is a follow up to our earlier trading idea note on KICB.
- **Sarawak's higher allocation of MYR5.9bn** under the Government's Budget 2025 (Budget 2024: MYR5.8bn) could expedite the rollout of projects such as Phase 2 of the Sarawak-Sabah Link Road (SSLR) and the Northern Coastal Highway. As such, KICB is in a sweet spot to leverage on more Sarawak projects given its track record in the Pan Borneo Highway (PBH) Sarawak and its current involvement in Phase 1 of the SSLR.
- **Strong foothold in Johor.** KICB has secured almost MYR2bn worth of jobs in Johor with a sizeable presence in the Iskandar region. Recall that the Government has earmarked the Iskandar Malaysia region as one of the flagship zones under the Johor-Singapore Special Economic Zone (JS-SEZ). This may provide opportunities for KICB, not just in the form of industrial building jobs (for factories) and offices, but also residential ones, if the demand for property increases. KICB also has a property project, Arden Residence (GDV: MYR800m), which was launched in March and is located near the Johor Bahru-Singapore Rapid Transit System (RTS) Link station, which has achieved a 60% take-up rate to date.
- **Singapore to provide a boost.** The expansion of rail networks to c.360km (269.5km as of May 2025) in Singapore under the Singapore 2030 Land Transport Master Plan could provide continuous business opportunities for SPC Industries, KICB's subsidiary involved in precast concrete (under its manufacturing arm). Furthermore, the Mass Rapid Transit 3 (MRT3) project in Malaysia (which recently received the final railway scheme approval) may provide opportunities for KICB's manufacturing arm, which contributed 23% of the group's FY24 revenue.
- **We forecast a 3-year earnings CAGR of 34%,** in line with our sizeable construction job replenishment target of MYR1.5bn each for FY25-27. We have a sales order replenishment target of MYR300m for FY25-27F (FY24 actual sales order replenishment: MYR200m) for its manufacturing and trading segment, backed by Singapore's total construction demand reaching between SGD47-53bn pa from 2026-2029. Further upside may be supported by the rollout of the MRT3 project (base case in 2027). Key risks: Unexpected volatility in building material costs and a slowdown in job rollouts.

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (MYRm)	853	1,207	1,370	1,558	1,736
Recurring net profit (MYRm)	7	29	52	60	70
Recurring net profit growth (%)	(79.0)	311.2	79.4	14.7	16.6
Recurring P/E (x)	62.61	15.23	8.49	7.40	6.34
P/B (x)	0.6	0.6	0.6	0.5	0.5
P/CF (x)	4.95	na	23.03	13.72	12.24
Dividend Yield (%)	0.4	2.9	2.9	3.4	3.9
EV/EBITDA (x)	8.78	11.83	12.12	13.15	13.45
Return on average equity (%)	1.0	6.9	6.7	7.3	8.0
Net debt to equity (%)	47.3	79.1	61.5	56.5	50.6

Source: Company data, RHB

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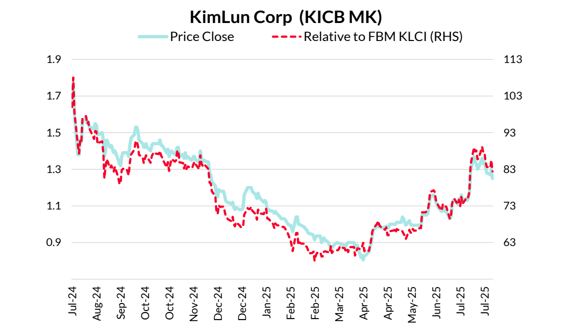
Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	4.2	12.6	27.6	21.4	(23.8)
Relative	11.4	13.2	28.6	23.2	(18.4)
52-wk Price low/high (MYR)					0.81 – 1.77



Source: Bloomberg

Note:
Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

Financial Exhibits

Asia
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Buy

Valuation basis

FY26F P/E multiple of 11x

Key drivers

i. Large scale infrastructural packages secured;
ii. Sizeable manufacturing orders.

Key risks

i. Unexpected volatility in building material costs;
ii. A slowdown in job rollouts.

Company Profile

KICB is a well-established building contractor in Johor. Its strong client base comprises virtually all key property developers in Johor. It also manufactures precast concrete products, comprising largely segments used in MRT projects (both in Malaysia and Singapore) and industrialised building systems (IBS) used in the mass housing market. In addition, it is engaged in property development in Malaysia.

Financial summary (MYR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Recurring EPS	0.02	0.08	0.15	0.17	0.20
DPS	0.00	0.04	0.04	0.04	0.05
BVPS	2.02	2.16	2.27	2.39	2.54
Return on average equity (%)	1.0	6.9	6.7	7.3	8.0

Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Recurring P/E (x)	62.61	15.23	8.49	7.40	6.34
P/B (x)	0.6	0.6	0.6	0.5	0.5
FCF Yield (%)	(19.8)	(37.9)	(2.4)	0.5	1.4
Dividend Yield (%)	0.4	2.9	2.9	3.4	3.9
EV/EBITDA (x)	8.78	11.83	12.12	13.15	13.45
EV/EBIT (x)	15.59	7.81	6.29	6.20	5.86

Income statement (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover	853	1,207	1,370	1,558	1,736
Gross profit	62	98	164	184	213
EBITDA	56	62	51	46	43
Depreciation and amortisation	(25)	32	47	51	55
Operating profit	32	93	98	97	98
Net interest	(16)	(25)	(33)	(26)	(18)
Pre-tax profit	13	68	67	75	86
Taxation	(6)	(18)	(15)	(17)	(20)
Reported net profit	7	51	52	60	70
Recurring net profit	7	29	52	60	70

Cash flow (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Change in working capital	77	(22)	(94)	(87)	(88)
Cash flow from operations	89	(29)	19	32	36
Capex	(177)	(138)	(30)	(30)	(30)
Cash flow from investing activities	(180)	(153)	(30)	(70)	(70)
Dividends paid	(4)	(4)	(13)	(15)	(17)
Cash flow from financing activities	86	182	125	53	73
Cash at beginning of period	72	63	70	183	198
Net change in cash	(5)	(0)	114	16	39
Ending balance cash	71	63	184	199	237

Balance sheet (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total cash and equivalents	63	70	183	198	222
Tangible fixed assets	160	269	99	100	97
Total investments	323	361	363	366	370
Total assets	1,533	2,066	2,021	2,137	2,255
Short-term debt	217	423	423	423	423
Total long-term debt	196	269	269	269	269
Total liabilities	792	1,278	1,193	1,263	1,325
Total equity	740	788	828	875	930
Total liabilities & equity	1,533	2,066	2,021	2,137	2,255

Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Revenue growth (%)	12.8	41.6	13.5	13.7	11.4
Recurrent EPS growth (%)	(79.0)	311.2	79.4	14.7	16.6
Gross margin (%)	7.2	8.2	12.0	11.8	12.3
Operating EBITDA margin (%)	6.6	5.1	3.7	2.9	2.5
Net profit margin (%)	0.8	4.2	3.8	3.8	4.0
Dividend payout ratio (%)	25.0	25.0	25.0	25.0	25.0
Capex/sales (%)	20.7	11.5	2.2	1.9	1.7
Interest cover (x)	2.04	3.69	2.94	3.76	5.56

Source: Company data, RHB

Investment Thesis

Upcoming opportunities in East Malaysia. KICB has been involved in several projects in Sarawak. Its 30%-owned JV company, Zecon-KICB Consortium S/B, was awarded a work package contract for the proposed development and upgrading of the PBH in Sarawak (Serian roundabout to Pantu Junction) for a contract sum of MYR1.46bn (KICB's effective share: MYR438m) in Mar 2016. Later in Nov 2021, the group secured a contract worth MYR780m for the construction and maintenance of Phase 1 of the SSLR (Lawas-Long Lopeng Junction) from Samling Resources. Aside from the infrastructure projects, the company is also exposed to building-related projects such as the Miri tower worth MYR86.7m. Therefore, KICB is no stranger to Sarawak.

Figure 1: List of projects in Sarawak

Projects	Value (MYRm)
Pan Borneo Highway Sarawak via Kimlun-Zecon JV: WPC03 – Serian roundabout to Pantu Junction	1,460
Phase 1 Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction)	780
Office tower in Miri	86.7

Source: Company

Stands a good chance in the bid for Phase 2 of SSLR. The progress of Phase 1 of SSLR currently stands at c.60%. With KICB already having a foothold in Phase 1, the group's interest in remaining packages of Phase 2 of the project (c.320km) cannot be ruled out. The Maltimur Aktif Unggul JV has been appointed as the main contractor by the Public Works Department Sarawak for c.MYR7bn. Meanwhile, contractors which have secured contracts under Phase 2 of SSLR include Pansar, the JV between Sunmow Construction and Kemena Holdings.

Figure 2: Work packages under Phase 2 of SSLR

Work Packages	Job scope
1	61km stretch between Mulu and Long Seridan
2	101km stretch from Long Seridan to Nanga Medamit
3	63km section between Long Lopeng and Long Komap
4	97km section from Rumah Aling to Long Merarap

Source: Dayak Daily

Figure 3: List of contractors (sub-contractors) awarded by the Maltimur Aktif Unggul JV (may not be exhaustive) for Phase 2 of the SSLR

Contractor	Package	Value (MYRm)
Pansar	Package 4A (Rumah Aling to Bukit Pagon)	777
JV between Sunmow Construction and Kemena Holding	Package 4B (Bukit Pagon to Long Luping)	1,020

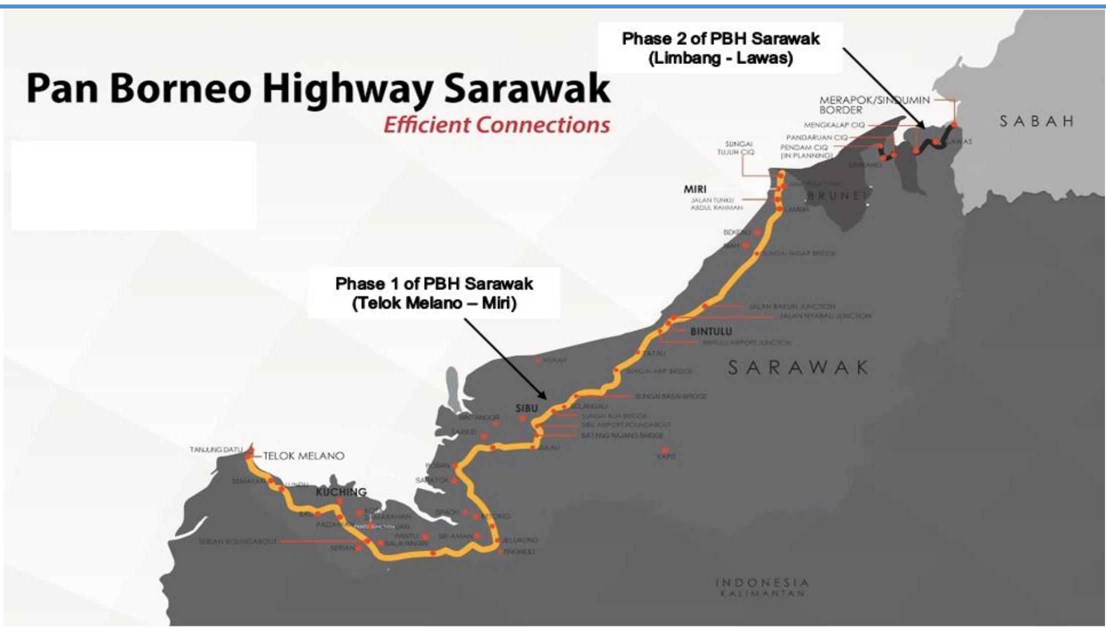
Source: Company

Figure 4: Phase 1 (red) and 2 (purple) of the SSLR

Source: Dayak Daily

Another potential opportunity that KICB may be eyeing is the c.88km Northern Coastal Highway (NCH) project (formerly known as Phase 2 of PBH Sarawak, and is expected to cost MYR6bn) which connects Limbang and Lawas to the border of Sabah. The NCH, with a JKR R5 standard dual carriageway, will provide the missing link from Miri, Limbang, and Lawas to Sabah through Brunei in the Tedungan and Pandaruan Customs, Immigration and Quarantine (CIQ) centres in Limbang and Mengkalap, as well as the Merapok CIQ in Lawas. The c.88km highway will serve as a potential link to future developments such as the Lawas airport, Integrated Petroleum Chemical Complex in Lawas, as well as the Miri-Marudi, Marudi-Mulu (Kuala Melinau), and Long Panai-Long Lama roads and also potential developments in Merapok, Sundar, and Bukit Sari.

Figure 5: PBH Sarawak



Source: Lebuh Raya Borneo Utara

Figure 6: NCH stretch from Limbang to Lawas (formerly known as Phase 2 PBH Sarawak)

Source: Maltimur Resources

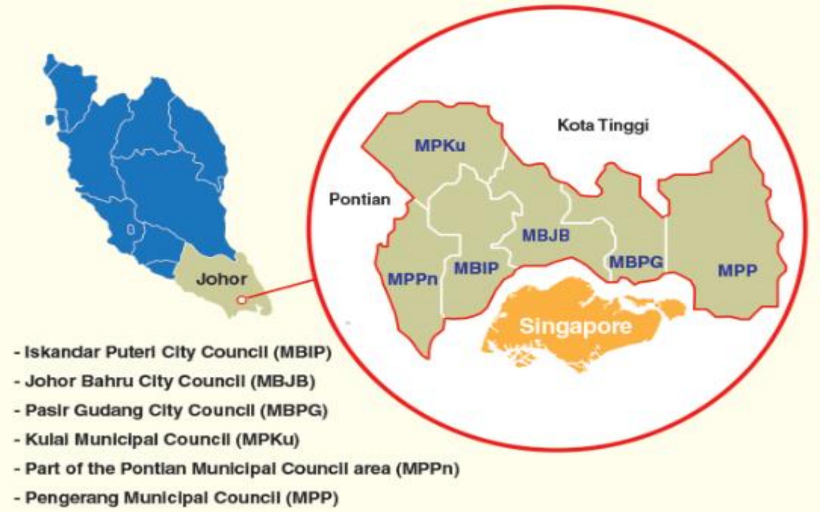
Figure 7: List of KICB's projects in Johor

Projects	Value (MYRm)
Construction of affordable apartments in Johor Bahru awarded by Nusajaya Heights S/B (a subsidiary of UEM Sunrise)	230.7
Construction of serviced apartments and offices in Puteri Harbour, Nusajaya, Johor Bahru awarded by Aston Star S/B (a subsidiary of UEM Sunrise)	210.0
Main building works for a commercial building and a block of apartments at Medini Iskandar, awarded by Sunway Iskandar S/B	164.0
Design and build roads and interchange in Johor Bahru	144.1
Design and build of one block of serviced apartments and amenities in Johor awarded by Eco World Development Group	140.2
Construction of 148 units of link houses and ancillary buildings awarded by Eco World Development Group	
Earthworks, piling works, and structure works for two blocks of commercial buildings in Johor Bahru	115.5
Gleneagles Medini Hospital in Iskandar Puteri, Johor	105.0
Building works for two blocks of apartments in Johor	92.5
166 units of link houses in Johor	62.0
Building works for a shopping centre in Horizon Hill, Johor	56.8
172 units of cluster houses in Johor	44.0
Infrastructure works for a housing development in Nusajaya, Johor	42.5
Construction of 212 units of houses and other ancillary works in Johor	41.5
Upgrading of Senai-Desaru Expressway from Jambatan Sg. Johor (KM49.3) to Sg. Semenchu (KM58.70)	128.5
Residential development in Johor Bahru from Tanah Sutera Development	128.1
Main building works for a serviced apartment in Johor Bahru awarded by Melia Spring	143.0
Main building works for houses, ancillary buildings and amenities in its development in Johor Bahru awarded by Sunway Parkview	133.6

Source: Company

Solid footprint in Johor. It is worth noting that KICB has a sizeable exposure in Johor with c.MYR2bn worth of projects (based on our compilation) secured in the state (Figure 7). On further scrutiny, c.50% of these c.MYR2bn worth of projects are from the Iskandar Malaysia region. Recall that the Government has earmarked this region as one of the flagship zones under the JS-SEZ. The integration of Iskandar Malaysia into JS-SEZ provides immediate strategic advantages, capitalising on its established reputation as a premier investment destination. Additionally, Iskandar Malaysia is home to over 100 industrial parks developed under the managed industrial park concept, driving industrial growth and economic expansion. Prominent parks include i-Park @ Indahpura, i-Park @ Senai Airport City, i-TechValley, Tanjung Langsat Industrial Complex, Sedenak Tech Park, and Nusajaya Tech Park. The potential proliferation of industrial parks could give rise to new job opportunities for KICB.

Figure 8: Flagship zones of JS-SEZ



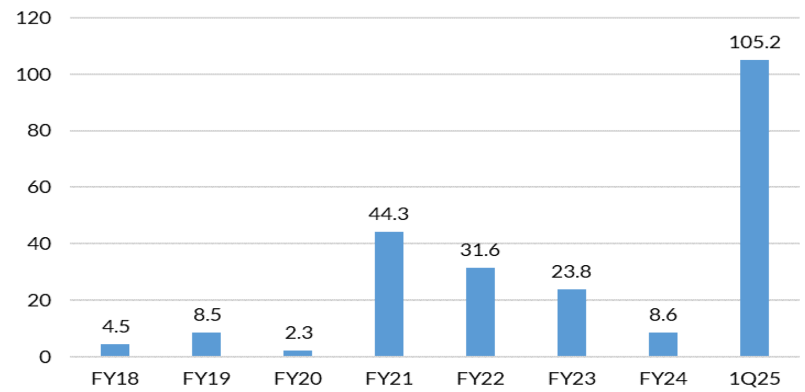
Source: Ministry of Economy, The Edge

Solid property outlook in Johor. With the upcoming RTS Link project set to commence operations in 2027, we envisage stronger demand for properties in the Johor Bahru area. According to the National Property Information Centre (NAPIC), the value of transactions for residential property (condominiums and apartments) has remained above MYR300m for seven straight quarters from 3Q23 to 1Q25. This bodes well not only for KICB's chances to clinch construction jobs for high-rise residential buildings in Johor Bahru, but also for its own property development business, with KICB having a landbank spanning 83.2 acres in Johor alone.

KICB, via a 49:51 JV with a subsidiary of SGX-listed Astaka Holdings, is currently developing the Arden Residence, a 68-storey serviced residence project with a GDV of MYR800m — situated just 600m from the Johor Bahru-Singapore RTS Link. Following the launch of the project in March, it has seen a take-up rate of 60% to date, with profit recognition likely to commence as early as 4Q25.

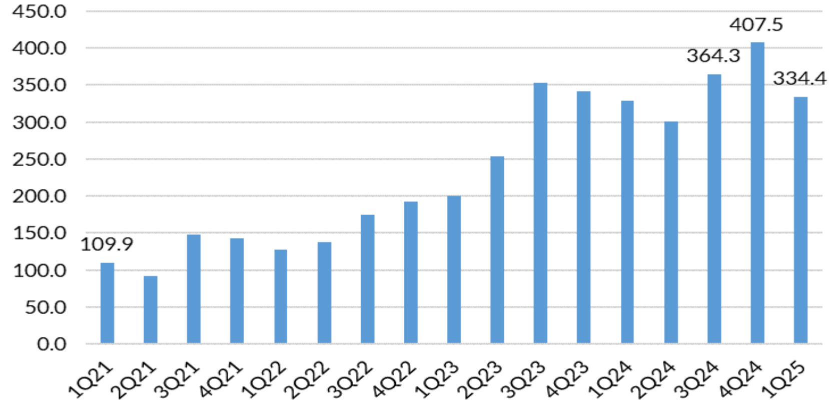
Other notable property development projects by KICB in Johor Bahru include Phase 1 of Pinegate Residency (GDV: MYR300m) – a serviced apartment in Masai (within the Johor Bahru district) which saw sales coming in from January, with 40% of units sold in 1Q25 alone. As such, the property development arm's revenue of MYR105.2m in 1Q25 was higher than the segment's FY24 revenue of MYR8.6m. Moving forward, the group is targeting a near-term launch for Phase 2 of the Pinegate Residency project, with an estimated GDV of MYR320m.

Figure 9: KICB's property development arm's revenue (MYRm)



Source: Company data

Figure 10: Value of residential property (condominiums and apartments) in Johor Bahru (MYRm)



Source: NAPIC

Singapore is a bright spot for its manufacturing and trading business. KICB's precast concrete business, via its subsidiary SPC, has a foothold in Singapore through supplying precast components – tunnel lining segments (TLS), concrete rail sleepers, and jacking pipes – to major public sector infrastructure projects, such as the MRT project. Note that SPC won all the TLS supply orders in relation to the extension of Circle Line and North East Line of Singapore's MRT. Overall, the expansion of the Singapore rail network under the Singapore 2030 Land Transport Masterplan should provide the company with additional business opportunities till 2030.

On a broader scale, prospects in Singapore appear bright as the country's Building and Construction Authority (BCA) expects total construction demand (the value of construction contracts to be awarded) to be SGD47-53bn per year from 2026-2029. With its strong track record in Singapore, SPC is well positioned to compete for further sales orders in the country. In total, KICB's manufacturing and trading segment business contributed 23% of revenue in FY24.

Figure 11: Singapore's 2030 Land Transport Master Plan

Stages	Jurong Region Line (new line)	Extension of Circle Line, Downtown Line and North East Line (existing lines)	Cross Island Line (new line)
Route lengths	20km	8km	50km
Expected completion date	2025	2025 - 2030	2030

Source: Singapore Land Transport Authority

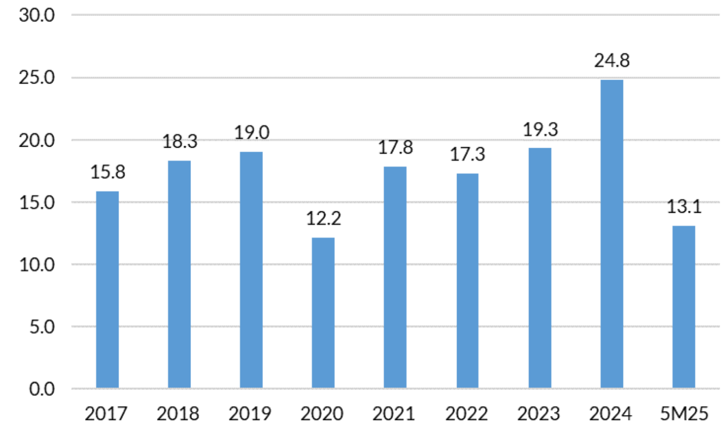
Figure 12: Some of KICB's outstanding manufacturing sales orders

Projects	Value (SGDm)
Precast concrete sleeper, segmental box girders (SBG), and other pre-cast components for Singapore's MRT project	45.0
Sales orders for the supply of TLS and jacking pipes for Deep Tunnel Sewerage System (DTSS) Phase 2	23.9
Various pre-cast concrete components for a sport hub and condominium project in Singapore	18.0
Pre-cast components for various public amenities and business parks in Singapore	18.1

Source: Company data

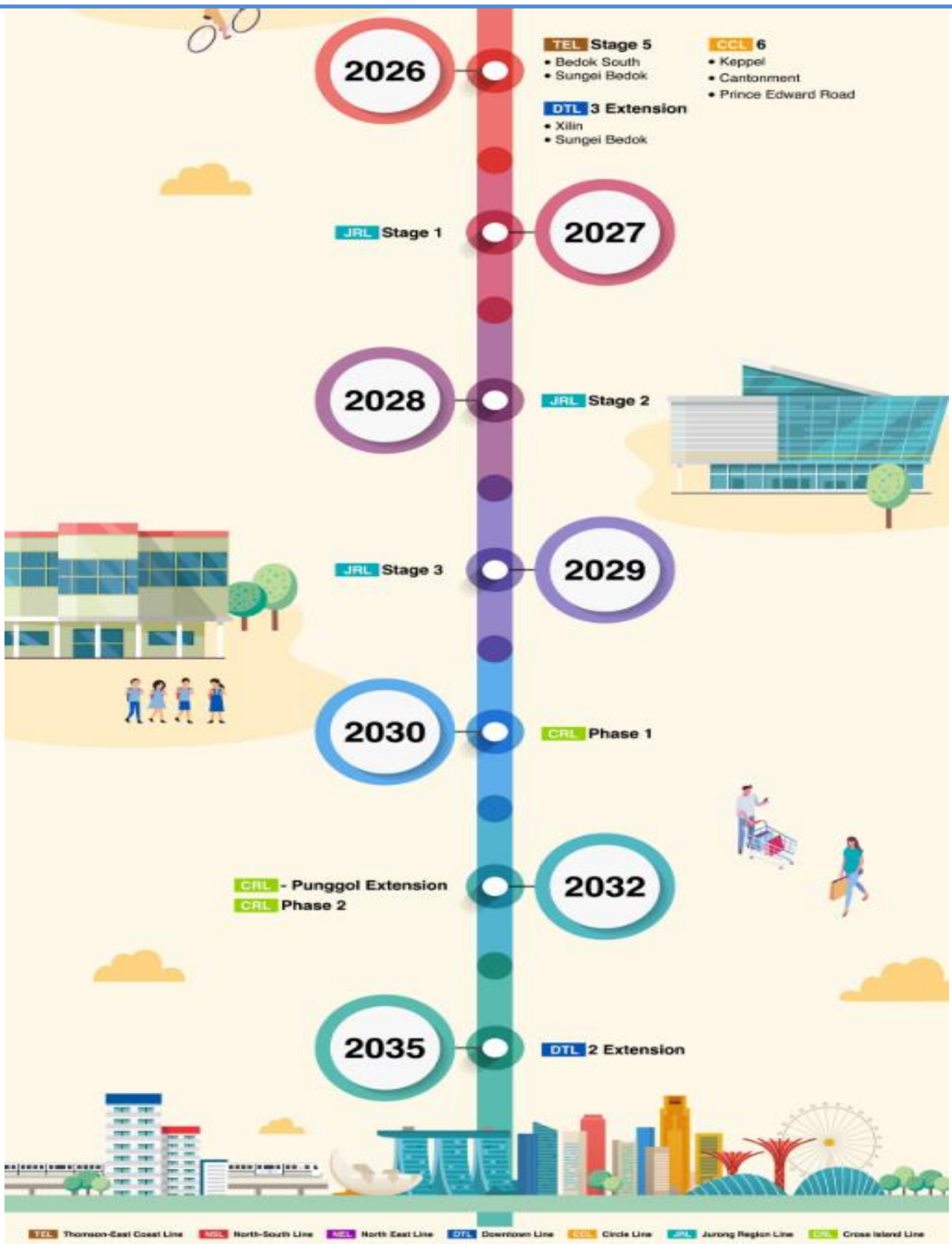
Based on data from the Singapore Department of Statistics, the contract awards related to the public sector have been commendable, with MYR13bn worth of jobs dished out in 5M25 – more than half of the full-year value of public sector contracts awarded in 2024 (MYR24.8bn). Such trends in contract awards augur well for KICB's precast concrete division, with its Johor Bahru plant running at full capacity (after completing its capacity expansion exercise in 4Q24) while the Senawang facility remains underutilised, bringing the combined capacity utilisation to c.80%.

Figure 13: Value of public sector-related contracts awarded in Singapore (SGDbn)



Source: Singapore Department of Statistics

Figure 14: Upcoming MRT lines in Singapore



Source: LTA

Further upside when MRT3 is rolled out. Aside from supplying precast products to Singapore, SPC has had domestic exposure in Malaysia's MRT1 and MRT2 – with total manufacturing sales orders amounting to over MYR500m. Currently, 99% of KICB's manufacturing sales come from Singapore, while the remainder is from Malaysia – the reason for the small percentage of jobs in Malaysia is that the MRT2 project has reached completion. However, when it was at the work-intensive stage, the portion of manufacturing sales from Malaysia was at 20-34% (from 2018 to 2020). Henceforth, the rollout of MRT3 (which recently received approvals for the final railway scheme) could be an impetus for the manufacturing and sales segment, which is already leveraging on Singapore's construction sector.

Figure 15: Manufacturing sales orders from MRT1 and MRT2 (Malaysia)

Year	Project	Products supplied	Sales order value (MYRm)
2012	MRT1	TLS	48.5
		SBG	223.2
2016	MRT2	TLS	52.8
		SBG	199.9
	Total		**524.4**

Source: Company data

Figure 16: Designated suppliers for precast components of MRT2

1	Package SBG201 : Supply and Delivery of Segmental Box Girders (SBG) (Packages V201 to V205).	25 March 2016	SPC Industries Sdn Bhd
2	Package SBG202 : Supply and Delivery of Segmental Box Girders (SBG) (Packages V206 to V210).	25 March 2016	Acre Works Sdn Bhd

Source: MRT Corp

Valuation

We derive a FV of MYR1.86, by ascribing an 11x FY26F P/E. The target P/E ascribed to our FY26F EPS is 1SD lower than the Bursa Malaysia Construction Index's 10-year mean P/E to reflect its smaller market capitalisation of c.MYR450m. For peer comparison purposes, we include construction players involved in building residential properties and infrastructure jobs such as Sunway Construction (SCGB MK, BUY, TP: MYR6.55), Kerjaya Prospek (KPG MK, BUY, TP: MYR2.80), MGB (MLG MK, BUY, TP: MYR1.02), Binastra Corp (BNASTRA MK, BUY, TP: MYR2.64), Inta Bina (INTA MK, NR) and KKB Engineering (KKB MK, BUY, TP: MYR1.74).

We believe that KICB should trade at a discount to the major residential and infrastructure contractors (SCGB, KPG, BNASTRA) not just based on market cap, but also due to KICB's smaller profit base of below MYR100m.

We believe this benchmark valuation of 11x is justifiable, as it is within the 10-14x range we ascribed to the majority of small- to mid-cap contractors under our coverage. This also takes into consideration its earnings growth potential of over 10% in FY25-27F backed by better job replenishment and property arm recognition prospects, particularly in East Malaysia and Johor.

Figure 18: Peer comparison

Company	FYE	Mkt Cap (USDm)	Price 29-Jul-2025 (Local Currency)	P/E (x) Actual	P/E (x) 1 Yr Fwd	P/E (x) 2 Yr Fwd	Div. Yld (%) 1 Yr Fwd	ROE (%) 1 Yr Fwd	EV/ EBITDA 1 Yr Fwd	NP Growth (%) 1 Yr Fwd	NP Growth (%) 2 Yr Fwd
Kimlun Corp	Dec	108.5	1.30	15.2	8.5	7.4	2.9	7.3	13.2	79.4	14.7
Peers											
Sunway Construction	Dec	1622.5	5.24	39.6	22.7	20.8	2.6	32.3	14.5	74.8	9.0
Kerjaya Prospek	Dec	597.5	2.01	17.0	12.7	11.3	6.0	17.5	7.8	33.9	12.8
Binastra	Jan	474.2	1.84	23.9	15.2	11.9	2.0	47.0	10.4	57.4	27.7
MGB	Dec	71.3	0.51	5.4	5.0	4.5	6.1	10.0	3.5	8.5	11.7
KKB Engineering	Dec	93.4	1.37	16.3	17.2	13.6	2.9	4.9	4.4	-5.3	26.1
Inta Bina	Dec	63.3	0.44	8.7	6.1	5.2	5.7	22.4	3.8	41.7	17.4
Mkt. Cap Weighted Avg.				30.2	18.5	16.4	3.4	30.0	11.6	58.7	13.6
Simple Avg.				18.5	13.1	11.2	4.2	22.4	7.4	35.2	17.5

Note: Data as at 29 Jul 2025
Source: Company data, RHB, Bloomberg

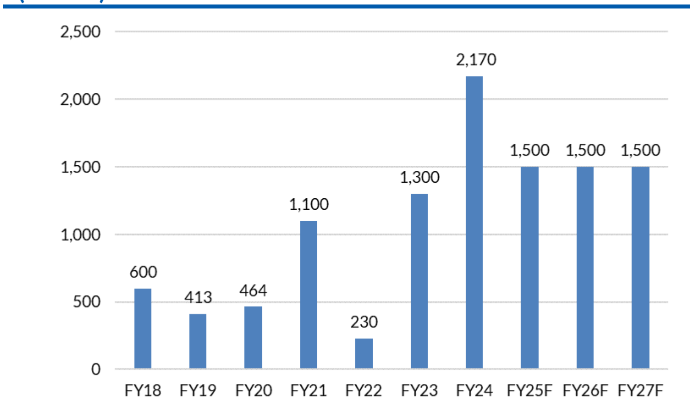
Financial Analysis And Overview

Key results highlights. KICB's 1Q25 revenue grew 124% YoY with a core net profit of MYR25.2m vs MYR0.5m in 1Q24 mainly backed by a stronger-than-expected performance in the group's property development arm. This is particularly in relation to Phase 1 of Pinegate Residence (GDV: MYR300m), which was launched in January with a booking rate of c.60%. The project was also c.60% completed (in terms of construction) at the time of launch, which enabled the revenue recognition of signed sales to be expedited. Meanwhile, the performance of the construction segment in 1Q25 was rather robust with an >100% YoY increase in gross profit. The manufacturing arm's gross profit grew at a slower pace of 32% YoY in the same quarter.

Earnings projection for FY25-27. We project a 3-year (FY24-27) earnings CAGR of 34% backed by steady construction job progress and commendable orderbook replenishment prospects. The growth in earnings is also estimated to be underpinned by the stronger contribution of its property development arm, with a MYR1.4bn property pipeline.

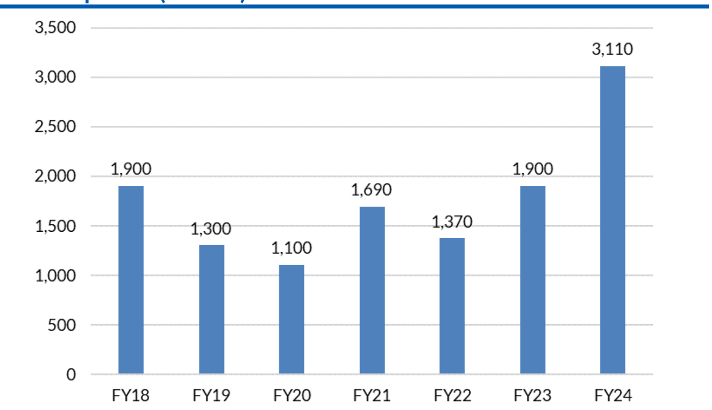
KICB's outstanding construction orderbook as of end-1Q25 is at c.MYR3bn, while the group's manufacturing arm has a balance orderbook of c.MYR320m – providing earnings visibility for the group over the next 2-3 years. Management aims to replenish MYR1.5-2bn worth of jobs with a tenderbook of MYR3-4bn comprising a mix of projects from residential (mainly in Johor) and infrastructure (in Sarawak and Johor). The completion of the RTS Link project in Johor by 2027 should support further property launches, which may not only benefit KICB's orderbook growth but also its property development arm via the Pinegate Residence and Arden Residence projects. The higher allocation for Sarawak at MYR5.9bn under Budget 2025 may pave the way for infrastructure projects (namely highways) to be rolled out.

Figure 19: KICB's construction orderbook replenishment trend (MYRm)



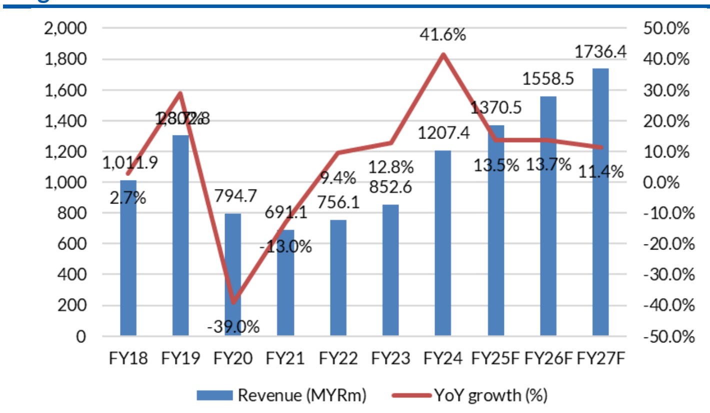
Source: Company data, RHB

Figure 20: KICB's outstanding construction orderbook at the end of each period (MYRm)



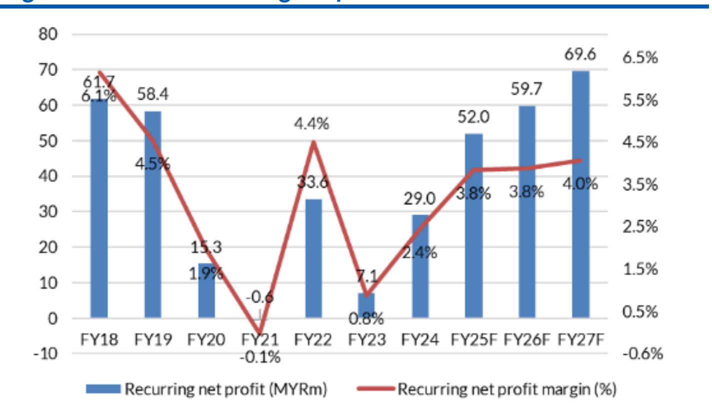
Source: Company data, RHB

Figure 21: KICB's revenue trend



Source: Company data, RHB

Figure 22: KICB's recurring net profit



Source: Company data, RHB

Key Risks

Labour shortage. The composition of KICB's manpower at worksites are mainly foreign workers, exposing the risk of labour shortage which was predominantly faced by the construction sector in 2022.

Supply chain disruption. If another round of geopolitical risks arise, ie the Russia-Ukraine conflict, or another pandemic breaks out, global supply chains could be disrupted. This, in turn, could cause difficulty for some suppliers to source materials, leading to a shortage of raw materials. This could impact the progress of the group's ongoing projects.

Increase in raw material prices. The company is also exposed to fluctuations in raw material prices. The key raw materials used include cement and steel. An increase in raw material prices would lead to higher cost of manufacturing. Nevertheless, KICB has taken measures such as placement of advance bulk purchase orders to lock in raw material supply at better bulk purchase prices. It also negotiates with suppliers for early payment discounts.

Political, economic, and regulatory risks. As the company conducts the majority of its business activities in Malaysia, it is subject to political, economic, and regulatory conditions of the country as well. Adverse changes in these conditions, ie changes in political leadership, changes in government policies on taxation, import duties, and tariffs or methods of taxation, and changes in economic conditions could affect its business operations and lead to an adverse and material impact on earnings and financial performance.

Loss of key senior management personnel. The success and achievements of the company can be attributed to the efforts of its directors and key management, who are directly involved in developing business strategies and managing operations. The loss of directors or key management personnel, without suitable or timely replacements, may affect business operations and KICB's ability to compete, hence affecting its financial performance.

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