FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

YOUR HOME IN A LIVABLE ENVIRONMENT

ANNUAL REPORT **2022**

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting of the Company will be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 22 June 2023 at 10.00 a.m. for the following purposes:-

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2022 and the Reports of the Directors and the Auditors thereon. *Please refer to Explanatory Note A*

2. To approve the payment of Directors' Fees of RM136,800.00 and benefits totaling RM450,000.00 for the period from 1 July 2023 until the conclusion of the Forty-Second Annual General Meeting. *(Please refer to Explanatory Note B)* **ORDINARY RESOLUTION 1**

3. To re-elect the following Directors who retire pursuant to Clause 90 of the Company's Constitution:-

   3.1 Mr Yong Yew Wei **ORDINARY RESOLUTION 2**

   3.2 Mr Wong Hon Weng **ORDINARY RESOLUTION 3**

   (Please refer to Explanatory Note C)

4. To re-elect the following Directors who retire pursuant to Clause 106 of the Company's Constitution:-

   4.1 Mr Koay Say Loke Andrew **ORDINARY RESOLUTION 4**

   4.2 Miss Adlina Hasni Binti Zainol Abidin **ORDINARY RESOLUTION 5**

   (Please refer to Explanatory Note C)

5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 6**

Special Business

6. To consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:- **ORDINARY RESOLUTION 7**

   "**THAT**, subject always to the Companies Act 2016, the Constitution of the Company, and approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given for the Directors to exercise, pursuant to Sections 75 and 76 of the Companies Act 2016, the power to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed ten per centum (10%) of the total issued capital of the Company; **AND THAT** such approval shall continue in force until the conclusion of the next Annual General Meeting of the Company.

   AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 52 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016; **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."
   (Please refer to Explanatory Note D)

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:- **ORDINARY RESOLUTION 8**

   "**THAT** Encik Khairilanuar Bin Abdul Rahman who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years from 18 August 2011 be and is hereby retained as an Independent Non-Executive Director of the Company."
   (Please refer to Explanatory Note E)

Other business

8. To transact any other business of which due notice or requisition shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

Wong Youn Kim
(MAICSA 7018778)
(SSM PC No. 201908000410)
Company Secretary

26 April 2023

Notes :

A member of the Company shall be entitled to appoint any person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

A member of the Company may appoint one (1) proxy or more proxies in relation to the Meeting and where a member appoints more than one (1) proxy as aforesaid, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

Where a member of the Company is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

If the member is a corporation, the proxy form must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

The form of proxy or instrument appointing a proxy duly completed and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

For the purposes of determining whether a depositor shall be regarded as a member entitled to attend, speak and vote at this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue pursuant to Paragraph 7.16(2) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") a Record of Depositors as at 16 June 2023 and a depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the said Record of Depositors.

Details and instructions in addition to the above on participation at the Meeting are set out in the Administrative Guide.

Explanatory Notes :

A This item of the Agenda is meant for discussion only and is not to be put as a motion for voting as the provision of Section 340(1)(a) of the Companies Act 2016 does not require approval of the shareholders for the Audited Financial Statements.

B Ordinary Resolution 1 – Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, 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.

The Directors' Fees of RM136,800.00 and benefits totaling RM450,000.00 to the Directors for the period from 1 July 2023 until the conclusion of the Forty-Second Annual General Meeting are arrived at basing on that approved by the shareholders at the Fortieth Annual General Meeting.

C *Ordinary Resolutions 2 to 5 – Re-election of Directors pursuant to Clauses 90 and 106 of the Company's Constitution*

Clause 90 of the Company's Constitution states that the Directors shall have the 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 additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with the Company's Constitution. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. But he shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Whereas, Clause 106 of the Company's Constitution states that an election of Directors shall take place each year at the Annual General Meeting of the Company where one-third (1/3) of the Directors for the time being or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum of one (1), shall retire from office, provided always that all Directors shall retire from office once at least in each three (3) years. Any such Directors retiring shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting, whether adjourned or not.

Mr Yong Yew Wei and Mr Wong Hon Weng who were appointed to the Board on 23 June 2022 and 13 March 2023 respectively are retiring in accordance with Clause 90 of the Company's Constitution together with Mr Koay Say Loke Andrew and Miss Adlina Hasni Binti Zainol Abidin who are retiring in accordance with Clause 106 of the Company's Constitution (collectively referred to as "retiring Directors"), all of whom being eligible, are standing for re-appointment and re-election at the Forty-First Annual General Meeting of the Company.

For the purpose of determining the eligibility of the retiring Directors to stand for re-appointment and re-election at the Forty-First Annual General Meeting of the Company and in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021, the Nomination Committee ("NC") had reviewed and assessed each of the retiring Directors during the annual assessment and evaluated the Board, Board Committees, Independent Directors and individual Directors based on the fit and proper criteria as set out in the Fit and Proper Policy.

D *Ordinary Resolution 7 – Resolution pursuant to Sections 75 and 76 of the Companies Act 2016*

The Ordinary Resolution 7 proposed under item 6 of the agenda is a renewal of the general mandate given to the Directors of the Company by the shareholders at the Fortieth Annual General Meeting to allot shares. As at the date of this Notice, the previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom and will lapse at the conclusion of the forthcoming Forty-First Annual General Meeting.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 52 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 52 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

The said proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the best interest of the Company. This approval will, unless revoked or varied by the Company at a General Meeting, expire at the next Annual General Meeting.

The general mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

E *Ordinary Resolution 8 – Retention of Independent Director*

Encik Khairilanuar Bin Abdul Rahman who was appointed as an Independent Non-Executive Director on 18 August 2011 has served the Company for more than nine (9) years.

The NC (save for the interested Director) had assessed the independence of Encik Khairilanuar Bin Abdul Rahman, and upon its recommendation, the Board of Directors had recommended the retention for him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

i. He fulfills the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities, and thus, he would able to provide an element of objectivity, independent judgment and balance to the Board;
ii. His vast experiences in the financial and other relevant sections enable him to provide the Board and Board Committees with pertinent expertise, skills and competence;
iii. He has been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable him to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings; and
iv. He has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

The Proposed Resolution 8, if passed, will enable Encik Khairilanuar Bin Abdul Rahman to continue in office as Independent Non-Executive Director of the Company until 17 August 2023 [the expiry of twelve (12) years] pursuant to MMLR of Bursa Securities and the Company would be seeking the shareholders' approval through a two-tier voting process, pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021. Upon the resignation/re-designation of Encik Khairilanuar Bin Abdul Rahman, the Company will source the replacement for compliance with Paragraph 15.09(1) of the MMLR of Bursa Securities within three (3) months from the date of change.

ADMINISTRATIVE GUIDE FOR THE FORTY-FIRST ANNUAL GENERAL MEETING ("41ST AGM")

Day and Date : Thursday, 22 June 2023
Time : 10.00a.m.
Venue : Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan.

Dear Shareholders,

A. Safety Measures in light of the Covid-19 Endemic

In transition to the endemic phase of Covid-19 and to safeguard the health and safety of all participants who may be attending the 41st AGM physically, you are highly encouraged to adhere to the following:-

- Perform self-test for Covid-19 a day before the Meeting;
- Not to attend the Meeting if you have symptoms of being unwell; and
- Wear a face mask and sanitise your hands throughout the Meeting.

B. Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 June 2023 (General Meeting Record of Depositors) shall be eligible to participate in the Meeting or appoint proxy(ies) to participate on his/her behalf.

C. Form(s) of Proxy

Members who are unable to attend the AGM are encouraged to appoint a proxy or the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the form of proxy in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan or at the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the said Meeting or any adjournment thereof.

D. Revocation of Proxy

If you have submitted your form of proxy and subsequently decide to appoint another person or wish to participate in the 41st AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the Meeting.

E. Registration

The Registration will commence at 9.00a.m. at the entrance of meeting room of Dorsett Grand Subang and will end at a time as directed by the Chairman of the Meeting.

Please read the signage to ascertain the correct registration counter. Please present your original National Registration Identity Card (NRIC) or Passport at the registration counter for verification purposes. Kindly ensure the original NRIC or Passport is returned to you thereafter. No person will be allowed to register on behalf of another person with the NRIC or Passport of other person.

Upon verification, attendees are required to write their names and sign on the Attendance List placed on the registration table. An identification wristband will be provided to shareholders/proxy(ies) upon successful registration. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband in the event that it is lost or misplaced.

ADMINISTRATIVE GUIDE FOR THE FORTY-FIRST ANNUAL GENERAL MEETING ("41ST AGM") (CONT'D)

F. Voting Procedure

All the resolutions set out in the Notice of the 41st AGM will be put to vote by poll pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Boardroom Share Registrars Sdn. Bhd. has been appointed as the Poll Administrator to conduct the polling process. U Search Management Services has been appointed as Independent Scrutineers to verify the poll results.

G. Food/Gift Vouchers

There will be no distribution of food/gift vouchers for shareholders/proxies who attend the 41st AGM.

H. No Recording or Photography

No recording or photography of the meeting proceedings is allowed without the prior written permission of the Company.

I. Issuance of Documents by Electronic Means

The following documents which are available for downloading from the Company's website at http://farlim.com.my/notification-shareholders/:-

1. Annual Report 2022;
2. Corporate Governance Report 2022;
3. Notice of the 41st AGM;
4. Form of Proxy;
5. Administrative Guide; and
6. Requisition Form for printed copy of Annual Report 2022.

You may request for a printed copy of the Annual Report 2022 by completing and submitting the Requisition Form provided by us. We will send it to you by ordinary post as soon as possible upon receipt of your request.

J. Enquiry

If you have any enquiries prior to the 41st AGM, you may contact the following during office hours from Monday to Friday (8.30a.m. to 5.30p.m.):-

Boardroom Share Registrars Sdn. Bhd.

Address	:	11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Malaysia
General Line	:	603-7890 4700
Fax Number	:	603-7890 4670
Email	:	BSR.Helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the Meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents), and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the shareholder's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF THE FORTY-FIRST ANNUAL GENERAL MEETING

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

1.0 Directors who retire pursuant to Clause 90 of the Company's Constitution at the Forty-First Annual General Meeting are Mr Yong Yew Wei and Mr Wong Hon Weng.

Further details of the above Directors who are standing for re-election are set out on Pages 18 and 17 of this Annual Report.

2.0 Directors who retire pursuant to Clause 106 of the Company's Constitution at the Forty-First Annual General Meeting are Mr Koay Say Loke Andrew and Miss Adlina Hasni Binti Zainol Abidin.

Further details of the above Directors who are standing for re-election are set out on Pages 19 and 21 of this Annual Report.

3.0 Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2022:-

Names of Directors	No. of Meetings	
	Held	Attended/Meetings applicable
1. Tan Sri Dato' Seri Lim Gait Tong	7	7/7
2. Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	7	7/7
3. Mr Lim Chu Dick (Retired on 23 June 2022)	4	1/4
4. Mr Yong Yew Wei (Appointed on 23 June 2022)	2	2/2
5. Mr Koay Say Loke Andrew	7	7/7
6. Encik Khairilanuar Bin Abdul Rahman	7	4/7
7. Miss Adlina Hasni Binti Zainol Abidin	7	7/7

4.0 The details of the Forty-First Annual General Meeting are as follows:-

Date of Meeting	Time of Meeting	Place of Meeting
Thursday, 22 June 2023	10.00am	Melati 1, 2 & 3 Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

5.0 The Company will seek shareholders' approval on the general mandate for issue of securities and the information required for disclosure pursuant to Paragraph 6.03(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in the Explanatory Notes to the relevant proposed Resolution stated in the Notice of the Forty-First Annual General Meeting of the Company. Such mandate to be sought is a renewal of the general mandate and the previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Designation
Tan Sri Dato' Seri Lim Gait Tong	Chairman & Chief Executive Non-Independent Executive Director
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	Deputy Chairman & Group Executive Director Non-Independent Executive Director
Wong Hon Weng	Non-Independent Executive Director
Yong Yew Wei	Non-Independent Non-Executive Director
Koay Say Loke Andrew	Independent Non-Executive Director
Khairilanuar Bin Abdul Rahman	Independent Non-Executive Director
Adlina Hasni Binti Zainol Abidin	Independent Non-Executive Director

AUDIT COMMITTEE

Koay Say Loke Andrew (Chairman)
Khairilanuar Bin Abdul Rahman
Adlina Hasni Binti Zainol Abidin

NOMINATION COMMITTEE

Khairilanuar Bin Abdul Rahman (Chairman)
Koay Say Loke Andrew
Adlina Hasni Binti Zainol Abidin

REMUNERATION COMMITTEE

Adlina Hasni Binti Zainol Abidin (Chairperson)
Koay Say Loke Andrew
Khairilanuar Bin Abdul Rahman

RISK MANAGEMENT COMMITTEE

Koay Say Loke Andrew (Chairman)
Khairilanuar Bin Abdul Rahman
Adlina Hasni Binti Zainol Abidin
Wong Hon Weng
Yong Yew Wei

SECRETARY

Wong Youn Kim (MAICSA 7018778)
(SSM PC No. 201908000410)

REGISTERED OFFICE

No. 2-8, Bangunan Farlim
Jalan PJS 10/32
Taman Sri Subang
46150 Petaling Jaya
Selangor Darul Ehsan
T : (03) 5635 5533
F : (03) 5635 0301

SHARE REGISTRARS

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 Darul Ehsan
T : (03) 7890 4700
F : (03) 7890 4670

AUDITORS

Baker Tilly Monteiro Heng PLT
(Registration Number: 201906000600)
(LLP 0019411-LCA & AF0117)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
T : (03) 2297 1000
F : (03) 2282 9980

PRINCIPAL BANKERS

Public Bank Berhad
RHB Bank Berhad
Bank of China (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name: FARLIM
Stock code: 6041

WEBSITE

www.farlim.com.my

CORPORATE STRUCTURE

as at 24 March 2023

FARLIM GROUP (MALAYSIA) BHD.
Registration No: 198201002529 (82275-A)
發林集團(馬)有限公司

- 100% Bandar Subang Sdn. Bhd.
  - 100% Kertih-Paka Country & Golf Resorts Sdn. Bhd.
  - 100% Angkatan Wawasan Sdn. Bhd.
    - 100% Saga Realty & Development Sdn. Bhd.
- 100% Kanchil Jaya Sdn. Bhd.
  - 100% Kaplands Sdn. Bhd.
  - 100% LJ Harta Sdn. Bhd.
- 100% Farlim Jaya Sdn. Bhd.
- 100% Farlim (Perak) Sdn. Bhd.
- 70% Farlim Maju Sdn. Bhd.
- 51% Farlim Marketing Sdn. Bhd.

FINANCIAL HIGHLIGHTS

REVENUE

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue :					
- Continuing Operations	**16,789**	19,848	28,240	10,838	10,133
- Discontinued Operations	**-**	5,060	–	–	–
(Loss)/Profit Before Tax :					
- Continuing Operations	**(10,741)**	(5,983)	(4,987)	(6,522)	(730)
- Discontinued Operations	**5,100**	(13,158)	–	–	–
(Loss)/Profit After Tax	**(5,682)**	(19,185)	(5,032)	(6,621)	(744)
Weighted Average Number of Shares In Issue ('000 shares)	**153,026**	153,026	153,206	166,893	168,391
Gross (Loss)/Earnings Per Share:					
- Continuing Operations (sen)	**(7.02)**	(3.91)	(3.26)	(3.91)	(0.43)
- Discontinued Operations (sen)	**3.33**	(8.60)	–	–	–
Net (Loss)/Earnings After MI Per Share					
- Continuing Operations (sen)	**(7.05)**	(3.94)	(3.30)	(3.98)	(0.41)
- Discontinued Operations (sen)	**3.33**	(8.60)	–	–	–

BALANCE SHEETS

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Paid-up Capital	**169,042**	169,042	169,042	169,042	169,042
Shareholders' Funds	**130,464**	136,828	155,401	161,531	171,189
Net Tangible Assets	**127,494**	133,858	152,431	158,561	168,219
Net Tangible Assets Per Share (RM)	**0.83**	0.87	1.00	1.01	1.00
Net Assets Per Share (RM)	**0.85**	0.89	1.02	1.03	1.02

BOARD OF DIRECTORS

Seated From Left:
Tan Sri Dato' Seri Lim Gait Tong (Chairman & Chief Executive), Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther (Deputy Chairman & Group Executive Director)

Standing From Left:
Encik Khairilanuar Bin Abdul Rahman, Mr. Yong Yew Wei, Mr. Wong Hon Weng, Mr. Koay Say Loke Andrew, Miss Adlina Hasni Binti Zainol Abidin

EXECUTIVE COMMITTEE

Mr. Wong Hon Weng

Tan Sri Dato' Seri Lim Gait Tong (Chairman)

Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther

AUDIT COMMITTEE

MANAGEMENT COMMITTEE

Mr. Gan Wee Keat

Mr. Lim Hock Eng

Mr. Foo Yeok Kheong
(Chairman)

Mr. Cheng Cheang Teck

PROFILE OF DIRECTORS

TAN SRI DATO' SERI LIM GAIT TONG
Aged 80, Malaysian, Male
Executive and Non-Independent,
Also as Chairman & Chief Executive and a person of the Key Senior Management

He started his business career as a contractor with his father's construction business at the age of 15 and subsequently commenced his own construction company, Lim Gait Tong Construction, as a sole proprietorship in 1959. In 1962, he was awarded the Society Anonyme Des Etains De Kinta ("SEK") Mining Relocation Contract for 200 units of houses, the Kampar railway station and the Kampar market. In 1964, following a massive landslide, he rebuilt a sizable portion of the Ringlet and Brinchang townships in Cameron Highlands. In the same year, he obtained his JKR Class C Status which permitted him to tender for jobs throughout the Federation.

From 1964 to 1968, he undertook various projects under Lim Gait Tong Construction and his family's development company. He was involved extensively in meeting the construction requirements of Island and Peninsular Group of Companies in Penang. He was the main contractor for the Island Park and Jesselton Heights housing projects, which were then among the biggest private sector efforts in Penang.

Thereafter, from 1969 to 1975, he completed the Taman Evergreen and Taman Goodwood projects in Old Klang Road, Kuala Lumpur. He was instrumental to the development of Taman Cheras Utama project in Cheras, Kuala Lumpur and Taman KKB Utama project in Kuala Kubu Bahru through an affiliated company, Perumahan Farlim Sdn. Bhd. He initiated the development of Bandar Baru Ayer Itam, which is the biggest private sector development in Penang. In recognition of his achievement in the construction/property sectors and contribution to the society, he was conferred the Grand Fellowship Award by the British Graduates Association Malaysia. Currently, he is the Chairman, Chief Executive and Managing Director of Farlim Group (Malaysia) Bhd.

He joined Farlim Group (Malaysia) Bhd. as a first Director on 12 March 1982. He is the Chairman of the Executive Committee comprising Members of the Board. He holds 12,000 shares and has deemed interest in 69,358,480 shares through Farlim Holding Sdn. Bhd., in Farlim Group (Malaysia) Bhd. He does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. except Farlim Marketing Sdn. Bhd. in which he is holding 245,000 shares.

He does not hold any Directorship in other public companies.

He is the father-in-law of Mr. Wong Hon Weng, Executive Director of Farlim Group (Malaysia) Bhd. and Director of Farlim Holding Sdn. Bhd., spouse of Puan Sri Datin Seri Chin Chew Lin, Director and Shareholder of Farlim Holding Sdn. Bhd. and father of Miss Judy Lim Chu Dee, Director of Farlim Holding Sdn. Bhd. Save as above, he has no family relationship with the Directors and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2022. He is not among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)

DATUK SERI HAJI MOHAMED IQBAL BIN KUPPA PITCHAI RAWTHER
Aged 79, Malaysian, Male
Executive and Non-Independent
Deputy Chairman & Group Executive Director

He obtained a Certificate in Education from the University of Birmingham in 1964. Subsequently, he obtained his Bachelor of Economics Degree (Honours) and a Masters Degree in Business Administration in 1971 and 1973 respectively, both from the University of Malaya. He then furthered his studies and obtained the International Management Teacher's Programme certificate from the joint programme organised by the Harvard Graduate School of Business Administration and the Centre D' Enseignment Superior Des Affairs, Paris, France in 1978.

Currently, he is a Fellow of the Chartered Institute of Bankers, London, and a Fellow Executive of the Malaysian Institute of Management.

He started his career with the Ministry of Education from 1965 to 1969. During this period, he also served as the National Education Officer of the National Union of Teaching Professionals. In 1971, he joined Malaysian International Merchant Bank Berhad as Corporate Finance Officer during which he pioneered leasing and produced a research volume on "Leasing in Malaysia" before leaving in 1974. In 1974 when the University of Malaya implemented the policy of using Bahasa Malaysia for tertiary education, he responded to a call from the University and joined the Faculty of Economics and Administration as a lecturer. Among his many achievements include being awarded the Sir Frederick Gallahan Memorial Award by the Australian-Malaysian Association of Australia in 1976 in recognition of his entrepreneurial management in Malaysia. Also, a team led by him to promote entrepreneurial management in Malaysia won the Malaysian Young Managers Competition in 1997 and subsequently, the Asian Young Managers Competition in the same year. When Bank Negara Malaysia set up the Institute of Bankers in 1979, he took up the appointment as Executive Director. He relinquished the position in 1985 and has since been involved in the private sector, including his current commitments to Farlim Group (Malaysia) Bhd. He also served on the Council of the Malaysian Institute of Management ("MIM") from 1984 to 1991 and concurrently held the positions of MIM's Vice-Chairman and Chairman of its Management Committee from 1989 to 1991. He has also served as an Adviser to the Peace and Happiness through Prosperity Institute in Japan from 1984 to 1990 and Japan's Foundation for Asian Management Development from 1989 to 1992. Currently, he is the Deputy Chairman and Group Executive Director of Farlim Group (Malaysia) Bhd.

He joined Farlim Group (Malaysia) Bhd. as a Director on 4 May 1982. He sits on the Executive Committee comprising Members of the Board and is the Chairman of Employees' Share Option Scheme Committee of the Company. He holds 12,000 shares in Farlim Group (Malaysia) Bhd. He does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. He does not hold any Directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2022. He is not among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)

WONG HON WENG
Aged 41, Malaysian, Male
Executive and Non-Independent

He is a corporate lawyer by training and has extensive experience in corporate finance transactions. He has worked on the structuring and execution of complex cross-border M&A deals, corporate joint ventures, capital markets transactions, financings and securitisation programmes.

He graduated with a first class law degree from King's College London in 2003 (where he topped his class during his second year and was awarded various academic prizes). He qualified as a solicitor of England and Wales in 2006. He trained and qualified as a lawyer in London with Slaughter and May, one of the UK's best-known corporate law firms. After spending 8 years with Slaughter and May, he moved to Clifford Chance LLP, one of the largest law firms in the world.

Whilst in private practice in London, he worked on M&A/corporate finance transactions for a wide-range of clients in diverse industries (including, real estate, mining and natural resources, and financial institutions). He was seconded to HM Treasury (the United Kingdom's finance and economics ministry) during the 2008-2009 global financial crisis, where he was part of the legal team advising the UK government on the bail-out and stabilisation of the UK's banking and financial sector. He left private practice and moved into the corporate sector in 2015 when he joined the in-house legal team of Trafigura (one of the world's largest independent commodities traders) based in Geneva, Switzerland.

After nearly 20 years abroad, he returned to Malaysia in 2019. He was appointed as an Executive Director of Farlim Holding Sdn. Bhd. on 4 March 2019. He was also appointed as a Director of Shandong Farlim Tourism Development Co. Ltd. on 9 April 2019. From late 2019 to early 2023, he was overseeing Shandong Farlim's real estate operations in China and remains a key member of its senior management team.

He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 13 March 2023. He is an Executive Director and a Member of its Executive Committee and Risk Management Committee since the date of appointment. He does not hold any Directorship in other public companies. He does not hold any shares in Farlim Group (Malaysia) Bhd. and the subsidiaries of Farlim Group (Malaysia) Bhd. He was a consultant to Farlim Group (Malaysia) Bhd. from July 2021 to March 2023.

He is the son-in-law of Tan Sri Dato' Seri Lim Gait Tong, Chairman, Chief Executive and Managing Director of Farlim Group (Malaysia) Bhd. who is also a Director and Shareholder of Farlim Holding Sdn. Bhd., son-in-law of Puan Sri Datin Seri Chin Chew Lin, Director and Shareholder of Farlim Holding Sdn. Bhd. and spouse of Miss Judy Lim Chu Dee, Director and Shareholder of Farlim Holding Sdn. Bhd. Save as above, he has no family relationship with the Directors and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended a Board Meeting held after his appointment as a Director in March 2023. He is not among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)

IR. YONG YEW WEI
Aged 70, Malaysian, Male
Non-Executive and Non-Independent

Ir. Yong is a Professional Engineer in his career since 1984. He obtained a New Zealand Certificate in Mechanical Engineering from Wellington Polytechnics in 1974, and a New Zealand Certificate in Production (Industrial) Engineering in 1975. In 1978, he graduated from The University of Auckland, New Zealand, with a Bachelor Degree in Mechanical Engineering. In 1999, he completed the course requirements of a local MBA programme.

Upon graduation, he worked in Auckland as a design engineer in the field of Air-Conditioning and Refrigeration for about 2 years, before his return to Malaysia in late 1979. Having qualified with adequate working experience and compliance with the requirements of The Board of Engineers Malaysia (BEM, Lembaga Jurutera Malaysia), he became a member of BEM and corporate member of The Institution of Engineers Malaysia (MIEM) in 1984.

Ir. Yong founded Ismail Dan Rakan-Rakan, an engineering consultancy firm in Kuala Lumpur with his partner in 1985. Since then, he has been in practice as a consulting engineer for 36 years. As the principal partner, he was active in the design and management of building services installation for numerous modern highrise commercial and government buildings in Malaysia. He specialized in the installation of facilities of advanced technology, and of intensive information technology facilities for various manufacturing industries and for smart office buildings. He has been involved in many prestigious buildings such as the RHB Headquarters building in 1996, the Bunga Raya Reception Building for VVIP in KLIA, the Flight Crew Briefing and Management Control Centre in KLIA in 1998.

Ir. Yong was responsible for the design of advanced building internal services installation for a number of new government office buildings in Putrajaya. The new buildings were completed for several Ministries in Putrajaya. The ministerial buildings that Ir. Yong rendered engineering consultancy services include smart office premises for The Ministry of Domestic Trade and Consumer Affairs, The Ministry of Entrepreneur Development & Immigration, The Ministry of Higher Education, The Ministry of Tourism, The Ministry of Women, Family and Community Development. These prestigious projects developed in Putrajaya were completed respectively before 2010.

Ir. Yong has also served as consulting engineer in the development of new township in urban and rural areas. Those developments comprised of highrise residential apartments and condominiums. Besides his involvement in commercial and residential building construction, Ir. Yong also rendered engineering service specifically to the development of high-tech industrial factory facilities such as for high quality clean rooms, comprehensive data centers and semiconductor production industries. Recently, Ir. Yong also participated in housing developments as joint-venture partners.

He is one of the founding committee members of the newly established (formed in August 2015) China-ASEAN Business Association (CABA) Malaysia, an organisation that promotes multilateral trades, culture, healthcare and tourism industries among ASEAN countries and with China.

He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. and a member of Risk Management Committee on 23 June 2022. He was a Member of Executive Committee since the date of his appointment as Executive Director until 23 March 2023. He does not hold any Directorship in other public companies. He does not hold any shares in Farlim Group (Malaysia) Bhd. and the subsidiaries of Farlim Group (Malaysia) Bhd. He does not have any family relationship with any Director and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended two of the Board Meetings held after his appointment as a Director during the financial year ended 31 December 2022. He is not among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)

KOAY SAY LOKE ANDREW
Aged 57, Malaysian, Male
Non-Executive and Independent

He is an advocate and solicitor by profession. He graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting and a Bachelor of Law Degree in 1987.

He subsequently obtained a Master in Law Degree from Monash University in 1994. Upon obtaining his Bachelor Degree, he worked with an accounting firm, Nelson Parkhill BDO in Australia and became an Associate Member of the Institute of Chartered Accountants, Australia in 1991.

He advanced to become a Fellow Member of the Institute of Chartered Accountants, Australia in 2002. He was enrolled as a Barrister and Solicitor of the Supreme Court of Victoria, Australia and the Federal Court of Australia in 1988 and has been a member of the Law Institute of Victoria, Australia since 1991.

Upon his return to Malaysia, he was enrolled as an Advocate and Solicitor of the High Court of Malaya in 1995. He is now practicing as a partner of Koay & Co. in Penang.

He was appointed as a Director of Penang Commercial & Industrial Development Berhad, a public company, on 16 August 2000. He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 22 June 2010. He is the Chairman of Audit Committee and Risk Management Committee. He sits on the Nomination Committee, Remuneration Committee and Employees' Share Option Scheme Committee of the Company. He holds 2,400 shares in Farlim Group (Malaysia) Bhd. He does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. and does not hold any Directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2022. He is among the Independent Directors who make up one-third of the total number of Directors.

KHAIRILANUAR BIN ABDUL RAHMAN

Aged 57, Malaysian, Male
Non-Executive and Independent

He graduated from the Institute of Technology Mara in 1988. He started his career by managing a petrol kiosk from 1989 to 1993.

He has been an Executive Chairman of Infinity Prospect Sdn. Bhd. since 1993 and was also an Independent and Non-Executive Director of Pensonic Holdings Berhad from February 2002 to 19 September 2011.

He has been appointed as an Independent and Non-Executive Director of Unimech Group Berhad since 1 October 2013. He is the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and Risk Management Committee of Unimech Group Berhad.

He served as an Independent and Non-Executive Director of UDS Capital Bhd. from 30 November 2003 to 16 February 2009. He also served as an Independent and Non-Executive Director of Denko Industrial Corp. Bhd. from 11 June 2004 to 1 October 2005.

He was a Committee Member of UMNO Youth, Kepala Batas Division since 2001 to 2008.

He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 18 August 2011. He is the Chairman of Nomination Committee. He sits on the Audit Committee, Remuneration Committee, Risk Management Committee and Employees' Share Option Scheme Committee of the Company. He does not hold any shares in Farlim Group (Malaysia) Bhd. and its subsidiaries. He does not hold any Directorship in other public companies other than that disclosed above. He does not have any family relationship with any Director and/or major shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended four out of seven of the Board Meetings held during the financial year ended 31 December 2022. He is among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)

ADLINA HASNI BINTI ZAINOL ABIDIN
Aged 57, Malaysian, Female
Non-Executive and Independent

She is an Advocate and Solicitor. She obtained her Bachelor of Science in Business Administration degree in 1987 from the University of Denver, Colorado, United States of America. She started her career as a Corporate Banking Officer in 1988 with Ban Hin Lee Bank, (now known as CIMB Bank Berhad), Penang. Thereafter, in 1991 she pursued her law degree at the University of Wales, Aberystwyth, United Kingdom and obtained her LLB (Hons) in 1993. She was subsequently admitted as a Barrister-at-Law of the Honourable Society of Gray's Inn, London in 1994.

Upon being admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1995, she served as a Legal Assistant with Messrs Chin Eng & Co. She has been a Partner with the legal firm of Messrs Chin Eng Adlina since 1997 until present. She is currently registered with the Malaysia Mediation Centre as one of the Panel of Mediators.

She is also a member of the Institute of Corporate Directors Malaysia which is a professional institution dedicated to enhancing the professionalism and effectiveness of corporate directors in Malaysia.

She was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 23 April 2015. She is the Chairperson of Remuneration Committee, members of the Audit Committee, Nomination Committee, Risk Management Committee and Employees' Share Option Scheme Committee of the Company. She holds 38,000 shares in Farlim Group (Malaysia) Bhd. She does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. She does not hold any Directorship in other public companies. She does not have any family relationship with any Director and/or major shareholder of Farlim Group (Malaysia) Bhd.

She does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2022. She has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended all of the seven Board Meetings held during the financial year ended 31 December 2022. She is among the Independent Directors who make up one-third of the total number of Directors.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Farlim Group (Malaysia) Bhd., I am pleased to present herewith the Annual Report and Financial Statements of the Company and its group of companies for the financial year ended 31 December 2022.

The continued deployment of Covid-19 safe operating processes and procedures has enabled the Group to return to the normal level of operations with relative ease following the transition of Covid-19 into the endemic phase.

The global economy's continued growth is uncertain as measures to tame inflationary pressures have resulted in rising interest rates, thus hampering growth. However, Malaysia's gross domestic product (GDP) has registered a strong growth of 8.7% in the year 2022 underpinned by continued expansion in domestic demand. With the recovery in consumer, business and investor confidence in the national economy, we are positive on our business outlook in achieving further growth for the Company.

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Group had, in the year under review, registered a loss before tax of RM5.641 million against the loss before tax of RM19.141 million for the previous year. The turnover for the year 2022 was RM16.789 million against RM24.908 million in the previous year.

Dividend

The Board of Directors does not recommend payment of any dividend in respect of the financial year ended 31 December 2022.

Overview of the Group's Operations

In the year under review, the Group continued working towards the development of affordable and quality homes in new projects with the aim of catering for the needs of the lower/middle income group. At the same time, the Group also provides amenities and commercial or other products in its development projects for the purpose of better serving the needs of homeowners and residents who choose to make a home within a Farlim development.

The Group continued its ongoing initiatives to strive for new land banks and source new projects as a strategy for growing the Group's operations and improving its profitability.

Prospects

In view of the momentum of the property market's recovery, the Group anticipates to be in a better position in the 2023 financial year and is on track to launch new housing projects that are in the pipeline. The projects will continue to showcase the Group's hallmarks of quality housing delivered at competitive prices.

We trust with the launching of the new projects, the Group's ongoing project in Bidor, Perak will contribute to an improvement in the Group's financial performance. In view of this and given the positive recovery in Malaysia's overall economy, The Board of Directors together with the management and staff are optimistic about the Group's performance for the upcoming financial year.

Board and Management Composition

The Board welcomes Mr. Wong Hon Weng, the newly appointed Executive Director of the Company who has extensive experience in corporate finance matters.

The Board also welcomes Mr. Foo Yeok Kheong and Mr. Gan Wee Keat, two new members of the Management Committee.

Mr. Foo Yeok Kheong joined us in November 2022 as General Manager of the Group and has over 31 years of experience in the real estate development industry (with experience gained from working in Malaysia, China and the wider South East Asia region). Mr. Gan Wee Keat has recently been appointed Deputy General Manager with oversight for the Group's Finance Department. He has had prior experience working for an associated company of Farlim Holding Sdn. Bhd.

Acknowledgements

I would like to, on behalf of the Board of Directors, accord my appreciation to the management and staff of Farlim Group (Malaysia) Bhd. and its group of companies for their hard work and contribution to the Group in the year under review.

I wish also to express my gratitude to my fellow Directors for their commitment during the year towards achievement of our corporate objectives.

Last but not least, on behalf of the Group, I would like to thank our valued shareholders, customers, business associates and the authorities for their support rendered to the Group during the year 2022.

Tan Sri Dato' Seri Lim Gait Tong
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah Farlim Group (Malaysia) Bhd., saya dengan sukacita mempersembahkan Laporan Tahunan dan Penyata Kewangan Syarikat serta kumpulan syarikat-syarikat bagi tahun kewangan berakhir 31 Disember 2022.

Penerapan proses dan prosedur keselamatan Covid-19 yang berterusan telah memudahkan perjalanan Kumpulan kembali ke tahap operasi biasa berikutan peralihan Covid-19 ke fasa endemik.

Kesinambungan perkembangan ekonomi antarabangsa masih tidak menentu kerana langkah-langkah yang dilaksanakan untuk mengurangkan tekanan inflasi telah mengakibatkan peningkatan kadar faedah, dan dengan demikian menjejaskan pertumbuhan. Namun begitu, Malaysia mencatatkan pertumbuhan keluaran dalam negara kasar (KDNK) kukuh sebanyak 8.7% pada tahun 2022 ditunjangi oleh pengembangan permintaan domestik yang berterusan. Dengan pemulihan keyakinan pengguna, perniagaan dan pelabur dalam ekonomi nasional, kami turut positif dengan prospek perniagaan kami untuk mencapai pertumbuhan selanjut bagi Syarikat.

Prestasi Kewangan

Pada tahun yang ditinjau, Kumpulan telah merakamkan kerugian sebelum cukai sebanyak RM5.641 juta berbanding dengan kerugian sebelum cukai sebanyak RM19.141 juta pada tahun sebelumnya. Perolehan bagi tahun 2022 adalah RM16.789 juta berbanding dengan RM24.908 juta pada tahun sebelumnya.

Dividen

Lembaga Pengarah tidak mengesyorkan sebarang bayaran dividen bagi tahun sebelumnya.

Tinjauan Operasi Kumpulan

Semasa tahun yang ditinjau, Kumpulan telah meneruskan usaha-usaha projek pembangunan kediaman mampu-milik dan berkualiti baru untuk memenuhi keperluan golongan berpendapatan rendah/sederhana. Pada masa yang sama, Kumpuluan juga menawarkan kemudahan dan komersial atau produk lain dalam projek-projek pembangunannya supaya dapat melayani keperluan pemilik rumah dan penghuni yang memilih pembangunan Farlim untuk kediaman mereka.

Kumpulan telah meneruskan initiatif untuk memperolehi sumber tanah yang baru dan memperkenalkan projek-projek baru sebagai strategi untuk pertumbuhan operasi serta penambahbaikan keuntungan Kumpulan.

Prospek-Prospek

Memandangkan momentum pemulihan pasaran hartanah, Kumpulan menjangka akan berada dalam kedudukan yang lebih baik pada tahun kewangan 2023, dan kini di landasan untuk melancarkan projek perumahan baru yang sedang dalam perancangan. Projek-projek tersebut akan terus mempamerkan ciri-ciri khas Kumpulan dalam menyampaikan perumahan berkualiti pada harga yang kompetitif.

Kami percaya dengan pelancaran projek-projek baru, projek Kumpulan di Bidor, Perak yang sedang berlangsung akan menyumbang kepada peningkatan dalam prestasi kewangan Kumpulan. Berikutan ini dan memandangkan pemulihan positif dalam ekonomi Malaysia, Lembaga Pengarah bersama pengurusan dan kakitangan berasa optimistik tentang prestasi Kumpulan bagi tahun kewangan akan datang.

Komposisi Lembaga dan Pengurusan

Pihak Lembaga mengalu-alukan En. Wong Hon Weng, Pengarah Eksekutif Syarikat yang baru dilantik. Beliau mempunyai pengalaman yang luas dalam hal kewangan korporat.

Lembaga Pengarah turut mengalu-alukan En. Foo Yeok Kheong dan En. Gan Wee Keat, dua ahli baru Jawatankuasa Pengurusan.

En. Foo Yeok Kheong menyertai kami pada November 2022 sebagai Pengurus Besar Kumpulan. Beliau mempunyai lebih daripada 31 tahun pengalaman dalam industri pembangunan hartanah (dengan pengalaman bekerja di Malaysia, China dan rantau Asia Tenggara). En. Gan Wee Keat baru dilantik sebagai Timbalan Pengurus Besar dan bertanggungjawab menyelia Jabatan Kewangan Kumpulan. Beliau mempunyai pengalaman bekerja di syarikat bersekutu Farlim Holding Sdn. Bhd.

Penghargaan

Saya, bagi pihak Lembaga Pengarah, ingin mengucapkan terima kasih kepada pihak pengurusan dan kakitangan Farlim Group (Malaysia) Bhd. serta kumpulan syarikat-syarikat atas kerja keras dan sumbangan mereka pada tahun yang ditinjau.

Saya juga ingin melafazkan penghargaan kepada para Pengarah atas komitmen mereka sepanjang tahun ke arah mencapai objektif-objektif korporat.

Akhir sekali, saya, bagi pihak Kumpulan, turut berterima kasih kepada para pemegang saham, pelanggan dan rakan perniagaan serta pihak-pihak berkuasa berkenaan atas sokongan mereka pada tahun 2022.

Tan Sri Dato' Seri Lim Gait Tong
Pengerusi

主席献词

我谨代表董事会，提呈发林集团(马)有限公司及其属下公司截至2022年12月31日的常年报告和财务结册。

经过持续的安全流程和程序部署后，新冠病毒终于进入了地方性阶段，使本集团能够相对轻松地恢复正常运营。

全球经济持续增长的不稳定性，主要源于抑制通货膨胀压力的措施，这些措施导致利率上升，进而阻碍经济增长。然而，马来西亚的国民生产总值在2022年以8.7%的强劲增长率达到新高，支持了国内持续扩大的需求。随着消费者、企业和投资者对国家经济恢复信心，我们对公司未来的增长前景持有正面态度。

财务表现

本集团在过去一年的税前亏损为五百六十四万一千令吉，而前一年的税前亏损为一千九百一十四万一千令吉。2022年的营业额为一千六百七十八万九千令吉，而去年的营业额为两千四百九十万零八千令吉。

股息

董事会建议就截至 2022 年 12 月 31 日的财政年度不派发股息。

集团营运总观

在过去一年，本集团继续致力于发展可负担及优质住宅的新项目，以迎合中低收入群的需求。同时，集团亦在其发展项目中提供便利设施和商业或其他建设，以便为选择在发林发展项目中置业的屋主和居民提供更好的服务需求。

本集团继续以争取新土地储备及寻觅新项目为主要策略，作为发展本集团业务及提高盈利能力的目标。

前景

基于产业市场的复苏趋势，本集团在2023财政年度预计将处于更有利的位置，并位于筹备新房屋发展项目的轨道上。这些项目将显示本集团以具有竞争力的价格提供优质房屋的特质。

我们相信，随着新项目的推出，集团在位于霹雳美罗的发展中项目将有助于提升集团的财务表现。鉴于马来西亚的整体经济在积极复苏中，因此，董事会连同管理层以及员工对集团在即将来临的财政年度表现持有乐观的态度。

董事会和管理层结构

董事会欢迎新委任的执行董事黄汉荣先生。黄先生在企业融资事务方面，拥有非常丰富的相关经验。

同时，董事会亦对两名管理委员会新成员胡育强先生和颜伟杰先生表示欢迎。

胡育强先生于2022年11月加入本公司，担任集团总经理。他在房地产行业拥有超过31年的工作经验（其经验累积自马来西亚、中国及更广泛的东南亚地区）。颜伟杰先生则最近被委任为副总经理，负责监督集团的财务部。他曾经在发林控股有限公司的联营公司拥有相关工作经验。

鸣谢

本人谨代表董事会感激发林集团(马)有限公司及其属下公司的管理层和员工在过去一年的勤奋工作和对集团所作出的贡献。

我亦感谢公司董事在这一年里为实现我们的企业目标作出的承担。

最后，本人代表集团对我们的股东、客户、商业伙伴以及有关当局在2022年对集团的支持表示谢意。

丹斯里拿督斯里林玉唐
主席

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

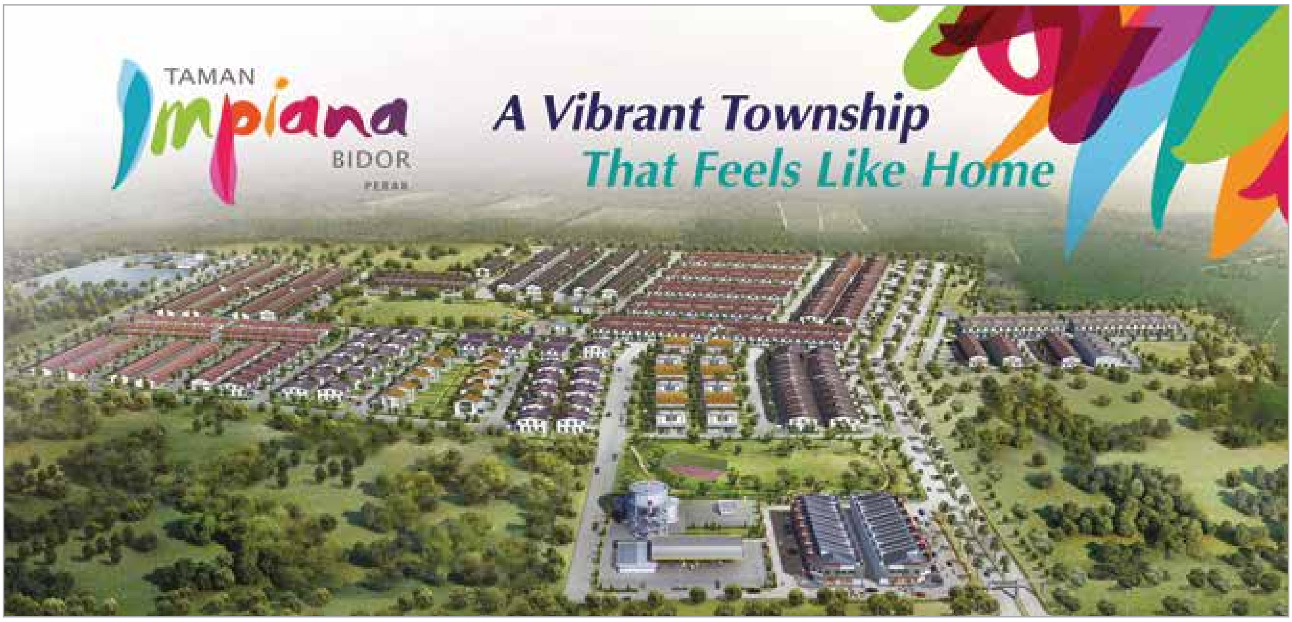
Company Profile

- The Group is principally involved in property development, investment holding, marketing and distribution of building materials. Besides the property development in Penang, our Group also has development projects in Selangor and Perak.

- The main thrust of the Group's activities is the development of a new township known as Bandar Baru Ayer Itam in Penang island. The township is located in a targeted growth area, 4.8 km from Georgetown. It represents the single largest development undertaken by a private sector developer in Penang island, covering 356 acres and comprising more than 13,000 residential and commercial units. Bandar Baru Ayer Itam has been transformed into a fully integrated township which comprises a commercial centre offering various services like hypermarket, banks, pharmacies, clinics, restaurants, post office, petrol kiosks, kindergartens, police station and many others. The development in the Bandar Baru Ayer Itam township is expected to be fully completed by 2026.

- The acquisition of 92.74 acres of land in Bidor, Perak marked the Group's maiden venture into the state of Perak. We pride ourselves in our endeavor to provide quality and affordable housing in Perak.

  The Group's current township development, known as Taman Impiana Bidor, is a seven-phased mixed development project and it is a well-connected township in Bidor, Perak. The development of Taman Impiana Bidor will be a sustainable long term project for the Group.



Artist impression of Taman Impiana Bidor, Perak.

- Over the years, the Group has been conferred three awards i.e. the Prime Minister's 1990 Quality Award, the 1992 Malaysian Institute of Planners "Excellence in Urban Planning" Award and Champion for the 2011 Jabatan Kerja Raya Contractors Excellence Award.

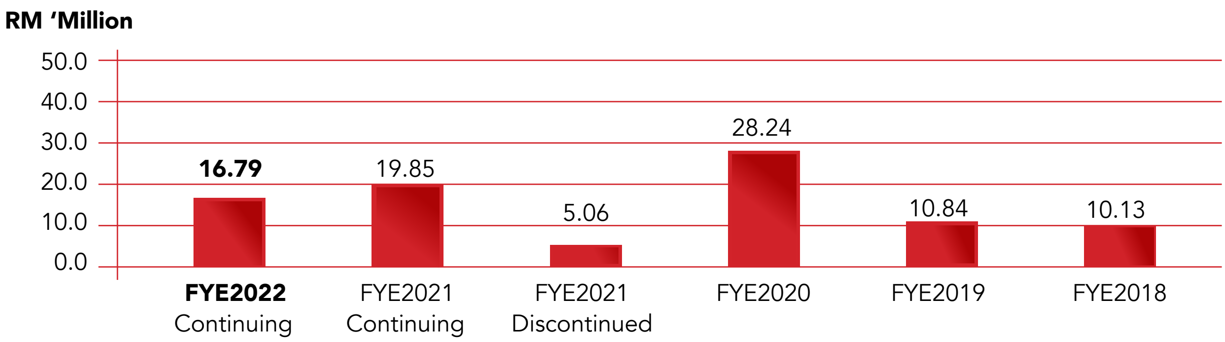
MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Highlights of Group Financial Information

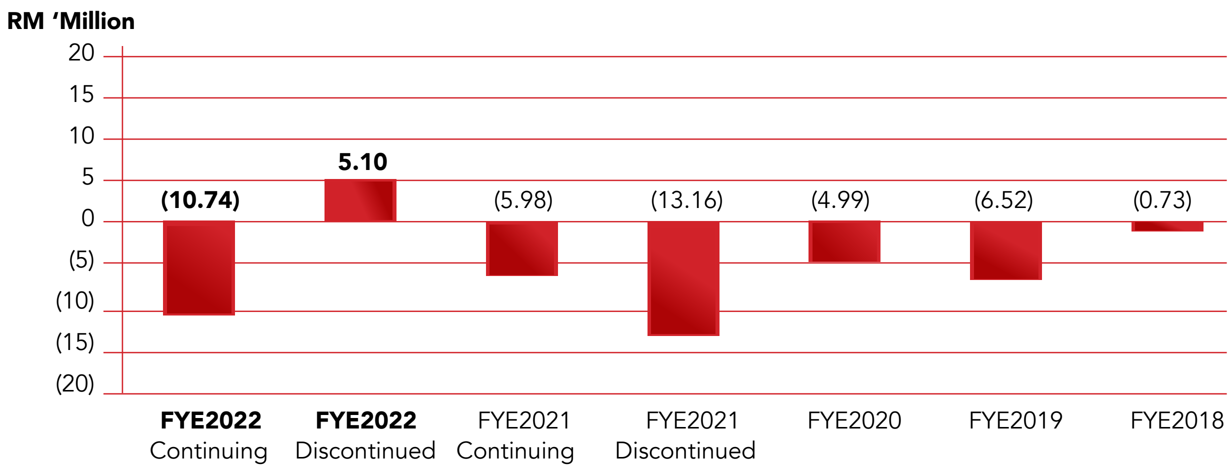
Financial

Particulars	Year 2022	Year 2021	Year 2020	Year 2019	Year 2018
Revenue :					
- Continuing operation (RM'000)	**16,789**	19,848	28,240	10,838	10,133
- Discontinued operation (RM'000)	**–**	5,060	–	–	–
(Loss)/Profit before tax:					
- Continuing operation (RM'000)	**(10,741)**	(5,983)	(4,987)	(6,522)	(730)
- Discontinued operation (RM'000)	**5,100**	(13,158)	–	–	–
Finance costs (RM'000)	**–**	–	–	2	38
Net (Loss)/Profit (RM'000)	**(5,682)**	(19,185)	(5,032)	(6,621)	(744)
Shareholders' equity (RM'000)	**130,464**	136,828	155,401	161,531	171,189
Total assets (RM'000)	**152,330**	148,623	167,860	172,974	184,587
Borrowings (RM'000)	**–**	–	–	–	83
Total Liabilities (RM'000)	**21,607**	11,545	11,765	10,770	11,578
Debt/Equity (%)	**16.56**	8.44	7.57	6.67	6.76
(Loss)/Earnings per share:					
- Continuing operation (RM'000)	**(7.05)**	(3.94)	(3.30)	(3.98)	(0.41)
- Discontinued operation (RM'000)	**3.33**	(8.60)	–	–	–
Net assets per share (RM)	**0.85**	0.89	1.02	1.03	1.02

Revenue

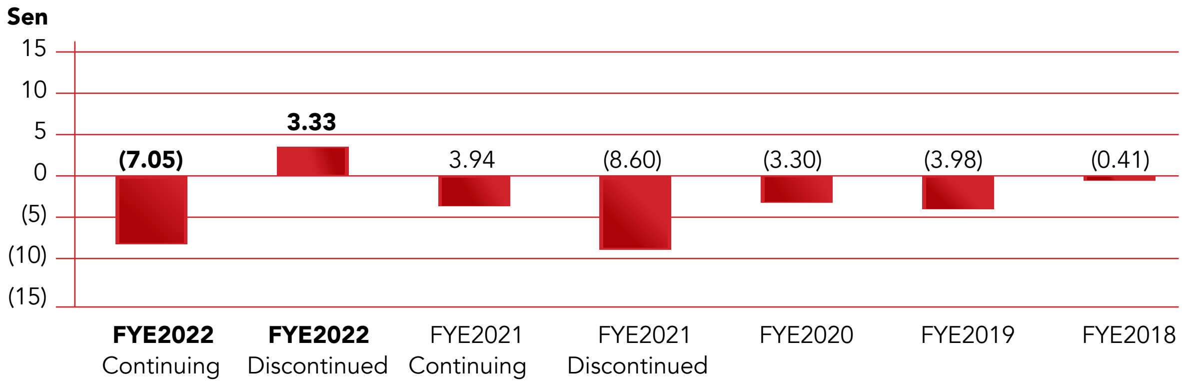


(Loss)/Profit Before Tax



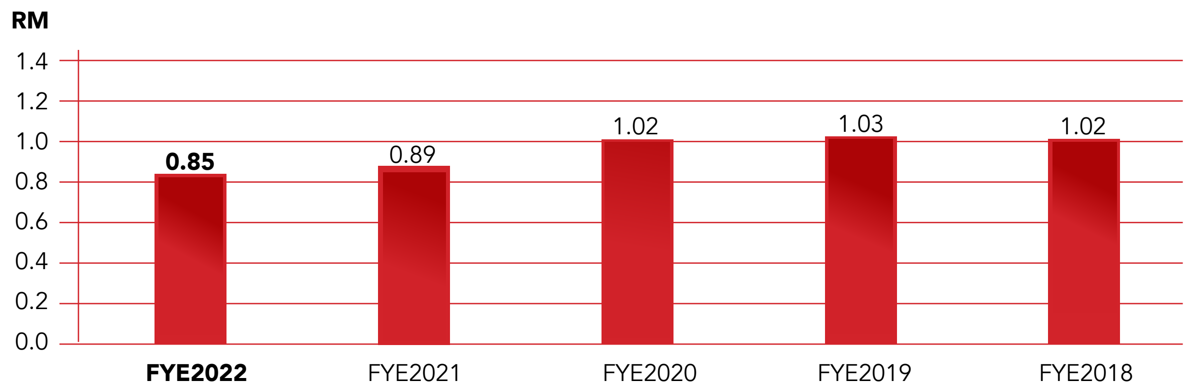
MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(Loss)/Earnings Per Share



Earnings per share for the financial year 2022 is calculated based on weighted average number of ordinary shares of 153,025,613 after deducting of treasury shares.

Net Assets Per Share



Share performance

	Year 2022	Year 2021	Year 2020	Year 2019	Year 2018
Year High (RM)	**0.300**	0.375	0.360	0.400	0.520
Year Low (RM)	**0.215**	0.215	0.165	0.320	0.340
Year close (RM)	**0.235**	0.250	0.295	0.335	0.375
Market capitalization (RM'000) (as at financial year end)	**35,961**	38,256	45,143	52,450	63,147

(Source : klse.i3investor.com)

The net assets per share and market capitalisation for the financial year 2022 is computed based on the ordinary shares of 153,025,613 after deducting 15,365,700 treasury shares of the Company.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

2. REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

a. Significant changes in performance, financial position and liquidity

(i) Revenue

The Group's revenue for the financial year 2022 of RM16.789 million was mainly attributable to its core business in property development.

The Group's property segment registered a revenue of RM16.108 million, representing 95.94% of the total revenue of RM16.789 million. The Company's ongoing affordable price housing projects in Bidor, Perak contributed substantially to this property segment revenue. The balance of the revenue was attributable to the trading segment from the supply of building materials to contractors.

The Group's revenue from the continuing operations in the financial year 2022 of RM16.789 million decreased by RM3.059 million, equivalent to 15.41% as compared to the revenue of RM19.848 million for the financial year 2021. The higher revenue in the financial year 2021 was mainly attributable to the sale of the Company's completed commercial stocks at Farlim Square, Bandar Baru Ayer Itam Penang.

(ii) (Loss)/Profit Before Tax

The loss before taxation of the Group from the continuing operations for the financial year 2022 of RM10.741 million represented an increase of 79.53% from the loss before tax of RM5.983 million for the previous financial year. This was mainly due to the provision of compensation of RM10.0 million to Ayer Itam Properties Sdn. Bhd. ("AIPSB") in respect of the judgement sum of RM8.456 million together with interest at 5% on the judgement sum from 24 April 2019 to 31 December 2022 on the material litigation between FGMB and AIPSB where the judge had ruled in favour of AIPSB. Included in the loss before taxation, there was the Group's gain on the disposal of a wholly-owned subsidiary company in the People Republic of China (PRC) amounting to RM7.445 million.

Profit before taxation for the Group from the discontinued operation for the financial year 2022 of RM5.100 million was mainly attributable to the write-back of the impairment loss of trade receivables no longer required of RM5.755 million by the wholly-owned subsidiary company in the PRC.

The Group's administrative expenses increased by RM2.271 million to RM12.406 million during the year as compared to the administrative expenses of RM10.135 million in the previous financial year. The increase was mainly due to the increase in human resources cost of RM1.172 million as a result of additional provision of retirement benefits for a director and payment of staff retirement benefits as appreciation for their contributions to the Company upon their retirement as well as the higher administrative cost resulting from the Group's resumption of full physical business operations (and the consequent end of "work from home" measures).

(iii) Assets

Investment in subsidiary

In the financial year 2022, the Company has subscribed for a total of 350,000 redeemable preference shares in a wholly-owned subsidiary for a total consideration of RM350,000.

Inventories

The Group's non-current inventories of RM49.582 million was entirely attributable to the land held for development and development expenditure incurred for the development projects which are in the pipeline.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Included in the Group's current inventories of RM23.860 million were land held under development and development expenditure incurred of RM15.670 million for projects that have already commenced construction works and are planned or expected to be launched in 2023. The balance of RM8.190 million comprises unsold completed properties.

Trade Receivables

Trade receivables decreased by RM1.160 million to RM2.988 million during the financial year, representing a 27.96% decrease as compared to trade receivables of RM4.148 million in the previous financial year. This was primarily due to the weaker performance and lower progress billings of the Company's ongoing housing projects of single storey affordable terrace houses in Phase 3B and Phase 3C in Taman Impiana Bidor, Perak and double storey semi-detached houses in Bandar Baru Ayer Itam (BBAI), Penang.

Trade receivables were substantially made up of receivables pending disbursement from end-financiers and stakeholder funds retained by solicitors.

Other Investments

The Group's other investment comprises mainly of investment in cash management fund with investment management companies. During the financial year, the Group's other investments increased by RM5.572 million to RM47.028 million, representing a 13.44% increase as compared to other investments of RM41.456 million in the previous financial year. The increase was primarily from the repayment of advances from a wholly-owned subsidiary.

Cash & Bank Balances

The Group's cash and bank balances increased by RM2.085 million to RM7.563 million in the current financial year, representing a 38.06% increase as compared to cash and bank balances of RM5.478 million in the previous financial year. The Group's cash and bank balances comprises substantially of cash held under the Housing Development Accounts of the residential project in Bidor, Perak and the residential project in Bukit Cherakah, Shah Alam, Selangor.

The Group has always maintained sufficient cash and bank balances to cater for current and future financial commitments.

(iv) Liabilities

Trade and Other Payables

The Group's trade and other payables decreased by 19.12% from RM5.313 million in the previous financial year to RM4.297 million in the current financial year. The trade and other payables comprises mainly of construction works payable of RM1.208 million and retention sum payable of RM1.247 million for the Group's existing residential project in Bidor, Perak, BBAI, Penang, Bukit Cherakah, Shah Alam and Kajang, Selangor. In addition, there were also other payables of RM0.678 million and some accrual of administrative expenses amounting to RM0.987 million incurred for the financial year 2022.

(v) Capital Structure and Capital Resources

The Group has no borrowings as at the end of the financial year 2022. The Group has sufficient internal working capital to maintain a sound financial position that will enable the execution of the Group's strategic objective in creating value over the coming years.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

3. REVIEW OF OPERATING ACTIVITIES

Taman Impiana Bidor, Perak

- Despite weak property market sentiments as a result of the prolonged Covid-19 pandemic, the Group managed to achieve the following :

  (i) Completion and 100% sales of Phase 2A and Phase 3A project comprising a total of 80 units of single storey medium cost terrace houses with Certificate of Completion and Compliance (CCC) issued on 10 January 2022.

Phase 2A and 3A, Single Storey Medium Cost Terrace Houses, Taman Impiana Bidor, Perak. (CCC issued on 10 January 2022).

  (ii) The construction works for Phase 3B has achieved the stage of 72.50% and sales of the single storey affordable terrace houses has achieved 92% representing 47 units out of 51 units and the CCC is expected to be obtained in the second quarter of 2023.

Phase 3B, Single Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak. (Road works completed and CCC is expected to be obtained in the second quarter of 2023)

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(iii) Phase 3C comprising 48 units of single storey affordable terrace houses was launched in the 1st quarter of 2022 and has achieved 71% sales (that is 34 units sold out of 48 units). The construction stage at 72.50% and the CCC is expected to be obtained in the second quarter of 2023.

Phase 3C, Single Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak. (Roads works completed and CCC is expected to be obtained in the second quarter of 2023)

Bandar Baru Air Itam (BBAI), Penang

- Construction stage for 2 units of 2-storey semi-detached houses at BBAI, Penang which was launched in the 4th quarter 2021 has achieved 70%. CCC is expected to be obtained in the second quarter of 2023.

2-storey semi-detached houses at BBAI, Penang (Construction stage at 70% and CCC is expected to be obtained in the second quarter of 2023)

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Saujana Impian, Kajang, Selangor

In the third quarter of 2022, a residential project in Saujana Impian Kajang, Selangor offering a total of 23 units of 2-storey terrace houses was launched. To-date, 6 units have been booked and loan approvals have been obtained subject to the usual terms and conditions. Sales has been rather slow as some prospective buyers lack strong credit history to support their loan applications. Construction works in respect of 16 units in Saujana Impian have already reached the structural framework stage.

2-storey terrace houses, Saujana Impian, Kajang, Selangor. (Construction works in progress)

Trading Activities – Farlim Trading (Shandong) Co.Ltd

On 23 June 2022, the Group had disposed its investment in the entire 100% registered capital of Farlim Trading (Shandong) Co Ltd ("FTSCL") for a total consideration of RM11.500 million (the "Disposal"). The Disposal had been completed on 7 September 2022 in accordance with the provision of the Share Sale Agreement and its has generated a gain on disposal of RM13.200 million.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Property Developments In The Pipeline

-

- The Advertising Permit for Phase 4A of the Taman Impiana Bidor project had been obtained at the end of December 2022. Phase 4A comprises a total of 78 units single storey terrace houses and a launch date sometime in March 2023 is targeted. The construction works have commenced and have reached the stage of piling, pile caps and ground beams of the building.

Phase 4A, Single Storey Terrace Houses, Taman Impiana Bidor, Perak. (Construction works in progress)

- Within the Group's existing Bandar Baru Air Itam ("BBAI") township in Penang, there are several pockets of development land where planning permission had been obtained in 2019 for the development of landed properties. In the 4th quarter of 2021, building plan for several 2-storey semi-detached houses had been obtained and to-date 2 units have been launched and construction stage has reached 70.0%. Our well-developed and matured township at BBAI would help to sustain the demand for landed properties.

  Meanwhile, the revised planning permission for the proposed development of 48 units condominium in BBAI Penang had been obtained at end of December 2022 but building plan approval has yet to be obtained.

- A wholly-owned subsidiary of the Group has recently submitted a re-phasing plan to the authorities for the proposed development of the 96.8 acres of development land in Mukim Teja, Daerah Kampar, Perak. The main objective of the re-phasing plan is to minimize the outlay for the construction of major infrastructure works as well as to mitigate marketing risks since the first phase is located near the existing main access road. To-date, approval on the re-phasing plan has yet to be obtained. However, barring any unforeseen circumstances and upon approval of the re-phasing plan and all other relevant plans from the authorities, the Group planned to embark on a new township development in Gopeng, Perak with initial development of Phase 1A comprising 104 units of single storey terrace houses with a gross development value of RM20.2 million in the second quarter of 2023. Thereafter, Phase 1B (comprising 67 units of single storey terrace houses with a gross development value of RM13.0 million) is expected to be launched in the fourth quarter of 2023. The balance of approximately 1,000 units of mixed development will be launched in subsequent phases.

- Another wholly-owned subsidiary of the Group has also submitted proposed amendment plans modifying the original development plan of 82 units of low-cost terrace houses to 437 units of Selangorku Harapan apartments and shoplots in Saujana Impian, Kajang, Selangor. Approval was obtained from the Lembaga Perumahan Dan Hartanah Selangor on 27 September 2022. Planning Permission application to the Majlis Perbandaran Kajang has been submitted.

4. ANTICIPATED OR KNOWN RISKS

Our Group anticipated that the year ahead will continue to be challenging for the local property market due to the continued softening of economic momentum resulted by the Covid-19 pandemic. As such, the Group recognized that risk management forms an important part of the Group's integral process of achieving our business objectives.

Key risks for the Group and the Group's risk management approach are provided in the Statement of Risk Management and Internal Control in this annual report.

5. FORWARD LOOKING STATEMENT

The Group is of the view that the relatively strong rebound in consumer spending sentiment in 2022 following the relaxation of Covid-19 related movement restrictions will probably slow down in 2023 as consumer focus will likely shift to offsetting the effects of inflation, the possibility of further increase in the Overnight Policy Rate (OPR) by Bank Negara Malaysia and other cost of living pressures.

Nevertheless, despite the high levels of uncertainties continuing to characterise the economic conditions in 2023 which will flow through to some extent to the property sector, the Group remains prudent but resilient and focused on delivering affordably priced homes and commercial property at its existing land banks in Taman Impiana Bidor, Perak.

With the continuous economic expansion of state of Perak, the Group is optimistic that the value of the existing Taman Impiana Bidor township will enjoy a boost and that the value of the Group's land bank in the 96.80 acres of development land in Mukim Teja, Daerah Kampar, Perak will be unlocked.

In order to sustain the Group's operations in the years ahead, the Group will continue to focus on its property development activities. The Group has been aggressively looking for compelling land bank opportunities in Selangor, Perak and Penang by way of outright acquisitions and/or joint-venture arrangements with state authorities and/or private land owners. Public announcements would be made once these acquisitions and/or joint-venture arrangements have been formalized.

Moving forward, efforts to improve efficiency and effectiveness in the operation and management of the Group and to take the appropriate measures to scale down expenses, reallocate resources and maximize value creation are top priorities for the Group.

6. DIVIDEND POLICY

No dividend was paid in the year 2022 as the Board of Directors did not recommend the payment of any dividends in respect of the financial year ended 31 December 2021. The Board of Directors does not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

The Group does not have a specific dividend payout policy. However, the Board of Directors may decide to declare dividend in the future after taking into consideration of the following factors:

- the Group's financial performance for the year in which the dividend is to be paid
- the Group's cash flow and gearing position
- the Group's capital expenditure and other investment plans
- restriction of payment of dividends that may be imposed on the Group by any of its financing arrangements and current and prospective debt service requirements; and
- such factors as the Board of Directors deems appropriate.

AUDIT COMMITTEE REPORT

1. THE AUDIT COMMITTEE

The Audit Committee comprises three members of the Board, all of whom are Non-Executive Independent Directors.

The members during the financial year ended 31 December 2022 and as at the date of this Annual Report are as follows:-

Mr. Koay Say Loke Andrew - Chairman
Non-Executive Independent Director

Encik Khairilanuar Bin Abdul Rahman
Non-Executive Independent Director

Miss Adlina Hasni Binti Zainol Abidin
Non-Executive Independent Director

The Secretary to the Audit Committee is as follows:-

Mr Kwong Yook Faan (Retired on January 1, 2023)
Miss Wong Youn Kim (Appointed on January 1, 2023)
Company Secretary

2. MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its terms of reference. The Audit Committee held a total of six meetings during the financial year ended 31 December 2022, with details of attendance at each meeting as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Mr. Koay Say Loke Andrew	6	6/6
Encik Khairilanuar Bin Abdul Rahman	6	3/6
Miss Adlina Hasni Binti Zainol Abidin	6	6/6

* On 24 February 2022, 24 March 2022, 25 April 2022, 27 May 2022, 25 August 2022 and 11 November 2022

3. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE AND HOW IT HAS MET ITS RESPONSIBILITIES

For the financial year ended 31 December 2022, the Audit Committee discharged its functions and duties accordingly. The main areas of work undertaken by the Audit Committee were as follows:-

a) The Internal Auditors' appointment, termination, scope, functions, competency, adequacy of resources, authority, effectiveness, and audit findings, and the appropriateness of action taken by the Management to address the audit findings;

b) Review the quarterly results, annual financial statements and the disclosures, reports, statements and notes presented in the Annual Report of the Company before recommending these statements and annual report for the Board's approval;

c) Review any related party transaction and conflict of interests situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

d) Review the effectiveness of the Group's internal control systems and procedures;

AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF THE WORK OF THE AUDIT COMMITTEE AND HOW IT HAS MET ITS RESPONSIBILITIES (cont'd)

e) Establish a nomination and evaluation policy and procedures on the suitability, objectivity and independence of the External Auditors, and assess their effectiveness, appointment, nature of non-audit services, and the appropriateness of the audit and non-audit fees against this policy;

f) Review and obtain assurance from the Management that Group's risk management framework is adequate and effective;

g) Ensure that an Audit Committee Report is disclosed in the Annual Report based on the listing disclosure requirements; and

h) Consider other issues assigned by the Board of Directors.

When the Audit Committee is of the view that a matter reported by it to the Board has yet to be satisfactorily resolved, resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

The Audit Committee in the discharge of its functions and duties as set out above for the financial year ended 31 December 2022 has met its responsibilities.

4. SUMMARY OF THE WORK OF INTERNAL AUDIT FUNCTION

The Audit Committee was assisted by the Internal Auditors who undertook the audit and compliance functions of the Group in line with the Internal Audit Plan.

Internal Audit focused on determining whether the controls provided reasonable assurance of effective and efficient operations as to reliability and integrity of financial data and reports, and compliance with laws, regulations and contracts.

The Internal Audit Plan covered the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance with the internal control systems which comprised key components of control environment, risk management and assessment process, operational control activities, information and communication systems and monitoring practices.

During the financial year, the outsourced internal audit firm IA Essential Sdn. Bhd. had conducted and reported to the Audit Committee its work carried out on the following:-

i. Human Resource and Information Technology General Control;

ii. Handover of Vacant Possession in relation to Taman Impiana Bidor Project;

iii. Review of Internal Audit Plan for the years 2022-2024;

iv. Review of Risk Management Function; and

v. Project Management on Taman Impiana Bidor Project and Bandar Baru Ayer Itam Project.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company, in provision of a summary of the corporate governance practices of the Company during the financial year ended 31 December 2022 with reference to the following three Principles pursuant to Practice Note 9 Part 1 Paragraph 3.1A of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), is pleased to furnish herewith the relevant information in relation thereto:-

1. Board leadership and effectiveness;

2. Effective audit and risk management; and

3. Integrity in corporate reporting and meaningful relationship with stakeholders.

Set out hereunder are, inter alia, details of Board Policies approved by the Board for implementation.

The key focus areas and future priorities, if any, in relation to corporate governance practices will be highlighted through the Corporate Governance Overview Statement pursuant to Practice Note 9 Part 1 Paragraph 3.1B of MMLR of Bursa Securities.

As to the three Principles referred to above, appropriate action has been taken accordingly for adherence thereto as follows:

Principle 1 - Board leadership and effectiveness

The Board of Directors is guided by its Board Charter and primarily responsible for proper and good corporate governance of the Company and as such, leadership and effectiveness of the Board are critical and crucial in discharge of its duties and responsibilities in relation thereto. The Board Charter is accessible on the Company's website at www.farlim.com.my.

1. Size, composition, gender and nomination

   The Board is responsible for determining an appropriate size for its function subject to the maximum number of directors provided in the Company's Constitution and the prevailing requirements of the laws and regulations concerning the minimum number of independent non-executive directors and women directors to be appointed.

   Vacancies of independent and non-executive and women directors must be filled out within three months when they fall below the minimum requirement under the law or the listing requirements.

   The Board Chairman shall not be the chairman or a member of any board committees.

   The Board shall define a fit and proper policy for its members and senior management appointment based on objective criteria, merit, and due regard for diversity in skills, experience, gender, age, and cultural background.

   In identifying the candidates for the Board and senior management, the Board will consider the recommendations from its members, management, or major shareholders, as well as independent sources, to identify suitably qualified candidates for the appointment of directors and senior management positions. The Nomination Committee shall evaluate the candidates for new directors and key senior management before recommending them to the Board for an appointment. All new directors and key senior management shall undertake a formal induction program coordinated by the Nomination Committee.

   Director retirement and re-election shall be carried out in accordance with the Company's Constitution and the prevailing law requirements. The tenure of an Independent Director must not exceed a cumulative term of twelve (12) years or the such period provided under the listing requirement. Re-election of the independent director who has served for a cumulative term of nine (9) years shall be carried out through a two-tier voting process at the Annual General Meeting by ordinary resolution and supported with justification.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

No director shall be appointed, re-appointed, elected or re-elected or continue to serve as a director if they become an active politician. A person is considered an "active politician" if they are a member of parliament, state assemblyman, local councilor, or holds a position at the supreme council or division level in any political party.

The re-election of a director should be contingent on a satisfactory evaluation of the director's performance and contribution to the Board under the fit and proper policy.

2. Roles and responsibilities of the Board

The Board should objectively discharge its responsibilities at all times in the interests of the Company. It should keep abreast of its responsibilities, and the business activities, development, and sustainability issues of the Group.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:

- Promote sound corporate governance culture within the Group, which reinforces ethical, prudent, and professional behavior;
- Review, challenge, and decide on management's proposals for the Group, and monitor their implementation;
- Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability;
- Supervise and assess management's performance to determine whether the Group's business is being properly managed;
- Ensure that there is a sound framework for internal controls and risk management, including anti-corruption compliance and whistleblowing policies and frameworks;
- Understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;
- Assess and set the risk appetite within which management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks as well as the corruption risk exposures;
- Ensure that senior management has the necessary skills and experience and that there are measures in place to provide for the orderly succession of Board and senior management;
- Ensure that the Group has in place procedures to enable effective communication with stakeholders on governance, corporate, business and sustainability strategies, performance and targets;
- Ensure the integrity of the Group's financial and non-financial reporting by studying the financial statement of the Group and Company and carefully considering whether the information in the financial statements is consistent with its knowledge of the Group and Company's affairs; and
- Review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstaining from deliberation).

3. Position descriptions of the Board Members

3.1 Chairman and Deputy Chairman

The primary roles of the Chairman and Deputy Chairman are:

- To provide leadership to the Board and effective communication of the Group's vision, philosophy, and business strategy to stakeholders;
- To ensure a balanced composition of skills, knowledge, and experience within the Board and an effective working, reporting, and communication mode is present;
- To develop and recommend to the Board the long-term strategy and vision of the Group and the critical performance targets;

Principle 1 - Board leadership and effectiveness (Cont'd)

- To develop and recommend to the Board the annual business plans and budgets that support the Group's long-term strategy;
- Ensure that the Group has an effective Management team and structure, management development program, and succession plan;
- To set the Board meeting's agenda and ensure that Board members receive complete and accurate information promptly;
- To lead Board meetings and discussions;
- To encourage active participation of all Board members and to allow dissenting views to be freely expressed;
- To liaise with the Company Secretary on the agenda for Board meetings;
- To promote constructive and respectful relations between Board members and management and manage the interface between them;
- To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board;
- To lead the Board in establishing and monitoring good corporate governance practices in the Group;
- To chair general meetings of shareholders and serve as a focal point for stakeholders' communication and engagement on Group's performance issues; and
- To ensure the Board committee meetings are not combined with the main Board meeting.

3.2 Chief Executive and Executive Directors

The key responsibilities of the Chief Executive and Executive Directors are:

- To ensure that Board decisions and strategic directions are implemented and responded to;
- To provide directions to management in the implementation of short and long-term business plans approved by the Board;
- To develop, maintain and recommend to the Board the risk management action plans that support the Group's long-term strategy;
- To keep Board fully informed of all critical aspects of the Group's operations and to ensure that sufficient information is distributed to Board members;
- To ensure that the day-to-day business affairs of the Group are effectively managed; and
- To facilitate the stakeholders' communication and engagement on Group's performance issues.

3.3 Independent Directors

The primary responsibility of Independent Directors is to ensure adequate and effective checks and balances in the Board by:

- Providing independent and objective judgment and oversight to the Group;
- Mitigating the risks of any possible conflict of interest and undue influence in the Board; and
- Constructively challenging and contributing to the development of business strategy and direction of the Group.

Accordingly, all Independent Directors shall ensure that they fulfill the definition and criteria of an independent director under the listing requirement at all times.

4. The Company Secretary plays a vital role in good governance by helping the Board and its committees function effectively and following their terms of reference and corporate governance best practices.

   The roles and responsibilities of the Company Secretary to the Board and the Board Committees include, but are not limited to the following:

   - Manage all Board's and Board Committees' meeting logistics;

Principle 1 - Board leadership and effectiveness (Cont'd)

- Attend and record minutes of all Board's and Board Committees' meetings and facilitate Board communications;
- Advise the Board and Board Committees on their roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;
- Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements, and corporate laws;
- Manage processes of the general meetings; and
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations.

Company Secretary should possess the knowledge and experience covering the knowledge in company and securities law, finance, governance, company secretaryship, listing requirements and undertake continuous professional development.

5. The Board Charter also set out a list of matters and decisions reserved for the Board's decision as follows:-

   - Corporate exercises;
   - Business strategy and sustainability issues;
   - Contract, transaction, investment, and divestment exceeding 5% of the Group's total net assets;
   - Performance review, remuneration, succession, and appointment of directors and key senior executives;
   - Shareholders' communication and matters;
   - Related party transactions;
   - Declaration of dividend; and
   - Board policies and governance matters.

   The above reserved matters shall be communicated to all directors, company secretary, internal auditors, external auditors, and senior executives. Management shall familiarise and observe the matters reserved for the Board. Management shall not decide on those matters and must provide adequate, timely, and quality information to the Board for making its decision.

6. Meetings and minutes

   Board meetings are held at least once every three (3) months. The agenda for each meeting is dictated by the needs of the Board and will be communicated in the notice of the meeting.

   Additional Board meetings can be convened at the request of any Director by giving all members seven days' notice in writing. With the consent of all Board members, a meeting may be convened with shorter notice.

   Board members shall attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the listing requirements. Heads of the respective division units and relevant management personnel may be invited to attend the Board meetings. Independent and non-executive directors may hold private meetings without executive directors and management present.

   Board and Board Committees may hold meetings at two or more venues using technology that gives all members or Board committees a reasonable opportunity to participate in the discussions. Board may also pass its resolution by way of a circular.

   The Company Secretary should ensure that directors have sufficient information and time to prepare for Board meetings. The meeting materials should be circulated five (5) business days before the Board meeting. If the subject matter or agenda is price sensitive, confidential, or in a state of flux, the meeting materials will not be circulated. They will only be presented at the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

All Board members should ensure that the meeting minutes accurately reflect the Board's deliberations and decisions, including whether any members abstained from voting or deliberating on a particular agenda.

7. Access of information and resources

   All Board Members shall have full and unrestricted access to the following:

   - Complete, adequate, and timely information about the Group;
   - The resources required to perform their duties; and
   - Subject to Board's approval, engage independent professionals or obtain advice at the expense of the Group.

   Management is responsible for providing the Board with the required information promptly. If the information management provides is insufficient, the Board may make further enquiries, which the management shall respond to accordingly.

8. Relationship between Board and Management

   Except for matters relating to the Board Committees or duties of the Company Secretary, the communications between the Independent and Non-executive Directors and the Senior Management is communicated through the Chairman and Chief Executive, Deputy Chairman, or Executive Directors.

9. Performance appraisal

   Directors' effectiveness and performance assessments are essential for Board improvement. The Board shall review and evaluate its performance and the performance of the Board Committee and the individual director at least once a year.

   When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in the Board Charter, including the performance of the Board in addressing the Group's material sustainability risks and opportunities.

   All performance assessments of the Board, Board Committees, and individual Directors should be administered and conducted by the Nomination Committee in accordance with its terms of reference. Based on the results of the assessments, the Nomination Committee shall recommend the training needs of the Directors to the Board.

10. Remuneration

    The Remuneration Committee is delegated with the responsibility by the Board to implement its remuneration policies and procedures, including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.

    The Board shall define the terms of reference of the Remuneration Committee, outlining its authority and duties, and periodically review the remuneration policy and procedures.

11. Code of Conduct and Ethics

    The Board shall establish a Code of Conduct and Ethics for the Company and, together with management, review and implement its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading, and money laundering.

    The Board shall also implement a whistleblowing policy setting out avenues where legitimate concerns can be objectively reported, investigated, and addressed without the risk and fear of reprisal.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

Current status of Board composition and meetings

The Board of Directors of the Company currently comprises seven members, of whom three are Executive, a Non-Executive and Non Independent Director and three Non-Executive and Independent Directors including a female director.

The Board composition has taken into account adequate mix of skills, experience, independence and diversity which includes the diversity of gender, ethnicity and age of the Members who are well-equipped with relevant knowledge and/or experience for contribution towards the achievement of objectives of the Company, details of which are set out in the Board Diversity Policy approved by the Board for publication on the Company's website at www.farlim.com.my.

The Board is headed by the Chairman who is also the Chief Executive. The Chairman of the Board is not a member of the Audit Committee, Risk Management Committee, Nomination Committee or Remuneration Committee. To alleviate the risk where the roles of Chairman and Chief Executive are combined, adequate number of Independent Directors have been appointed to the Board. The Board comprising three (3) Independent Directors with at least 2 directors or one third on the Board which is compliance to the requirements of Bursa Malaysia Securities Berhad.

The Board comprises Members with strong background on the basis of, in addition to the mix referred to above, their character, integrity and time which bring value to Board deliberations.

Seven Board Meetings were held during the financial year ended 31 December 2022. Details of attendance of each Director in respect of the meetings held are set out in the "Statement accompanying notice of annual general meeting" of this Annual Report. Additional Board Meetings will, as and when the need arises, be convened to consider and deliberate on issues requiring attention and/or decision of the Board. As revealed in the said Statement accompanying notice of annual general meeting, all except one of the Directors had attended all Board Meetings and all of the Directors had complied with the minimum of 50% attendance requirement in respect of Board Meetings pursuant to Paragraph 15.05(3)(c) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Training and Professional Development of Directors

Orientation and relevant induction programmes are arranged where applicable for new recruits to the Board as an integral element of the process of appointing new Directors.

The Board views continual learning and training as an integral part of the Directors' development. The Board encourages where necessary its Directors to attend the relevant seminars, workshops and conferences for update and enhancement of their skills and knowledge to enable them to carry out their roles as Directors effectively in discharging their responsibilities and duties.

The Directors who attended the seminars or programmes during the financial year ended 31 December 2022 and/or thereafter, and the relevant details are as follows:-

Date	Seminar/Programme	Attended By
2 March 2022	Invitation to TCFD Climate Disclosure Training Programme	Mr Koay Say Loke Andrew
19 May 2022	Talent Uprising - How Boards Should Rethink Their Talent Strategy in this Era of Opportunity	Miss Adlina Hasni Binti Zainol Abidin
15 June 2022 to 16 June 2022	FCD Series Module D: Financial Essentials for Non-Finance Directors	Miss Adlina Hasni Binti Zainol Abidin

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

Date	Seminar/Programme	Attended By
26 July 2022 to 27 July 2022	Suruhanjaya Syarikat Malaysia (SSM) National Conference 2022	Mr Koay Say Loke Andrew
27 July 2022	PowerTalk ESG Series #4 - ESG Disclosure At A Glance : Key Developments and Future Trends	Miss Adlina Hasni Binti Zainol Abidin
18 August 2022	Embracing Change and Accelerating Growth: The Way Forward for Self-Insurance	Encik Khairilanuar Bin Abdul Rahman
26 September 2022	International Directors Summit (IDS) 2022 - The Bold Factor (Bold + Brave) Boards	Miss Adlina Hasni Binti Zainol Abidin
17 October 2022	Session With Bursa Malaysia Title: An Afternoon with Bursa Malaysia: ESG - Perspective of a PLC and Regulator	Miss Adlina Hasni Binti Zainol Abidin
18 October 2022	Companies Legislation and Companies Commission of Malaysia Title: Company Law and Practice – Perspectives	Miss Adlina Hasni Binti Zainol Abidin
19 October 2022	Environmental Social and Governance ["ESG"] Title: Emergent Themes Around ESG	Miss Adlina Hasni Binti Zainol Abidin
20 October 2022	Securities Legislation and Regulatory Considerations Title: Financial Fraud and Enforcement Trends	Miss Adlina Hasni Binti Zainol Abidin
21 October 2022	Bank Negara Malaysia Title: A Conversation with Our Regulator – Bank Negara Malaysia	Miss Adlina Hasni Binti Zainol Abidin
6 December 2022	Conversation With Audit Committees – Audit Oversight Board	Miss Adlina Hasni Binti Zainol Abidin

12. Board Committees

The Board may, from time to time, establish appropriate Board Committees to assist them in discharging their responsibilities. Board committees shall only review matters under its purview and make recommendations to the Board for its consideration and decision-making.

The Board shall establish the following committees and define the terms of reference for these respective committees:

- Executive Committee;
- Audit Committee;
- Risk Management Committee;
- Nomination Committee; and
- Remuneration Committee.

Each committee's role, function, performance, and membership will be reviewed annually as part of the Board's appraisal process. The Board may require the members of committees to be rotated on and off, taking into account the needs of the committees, legislative requirements, skill sets, and the experience of the individual directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

Details of existing Board Committees:

Executive Committee

The prime function of the Executive Committee is to assist the Board in, inter alia, developing strategic direction of the Group for Board's consideration, ensuring the implementation of Board decisions and provision of directions to management in the implementation of short and long-term business plans.

The Executive Committee currently comprises three Members as follows:-

Tan Sri Dato' Seri Lim Gait Tong - Chairman
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther
Mr. Yong Yew Wei (appointed on June 23, 2022 and resigned on March 23, 2023)
Mr. Wong Hon Weng (appointed on March 13, 2023)

The matters delegated by the Board to the Executive Committee for execution are the following:-

1. Deliberation on draft quarterly financial results and draft annual financial statements prior to submission to the Audit Committee for review and presentation to the Board of Directors for approval;
2. Review of periodic statements of profit and loss;
3. Approval of donations and social contributions;
4. Review of status of plan approval for project implementation and follow-up actions;
5. Deliberation on project work progress for adherence to schedule to ensure achievement of projections;
6. Periodic review of projections and achievements for appropriate action, if the need arises;
7. Sourcing of new land and/or projects;
8. Deliberation on the draft terms and conditions for acquisition of new land and/or projects;
9. Submission of draft sale and purchase agreements on acquisition of land and/or projects to the Board of Directors for approval and execution;
10. Deliberation on feasibility study and project economics of new projects;
11. Decision-making on projects and products to be launched and timing;
12. Approval of selling price of products for launching;
13. Formulation of marketing strategy and plans for projects and products to be launched;
14. Review of sale status of products launched and revision, if need be, of marketing strategy;
15. Deliberation and approval of award to contractors for projects launched;
16. Deliberation on proposed construction and sales budget and review;
17. Deliberation on budgeted cash flow;
18. Discussion on estimated tax payable for the year of assessment;
19. Recommendation to the Board of Directors for approval on the proposal for investments in fund with financial institutions;
20. Receiving reports from Management Committee on status update on, inter alia, project plan approval and progress at site, profit & loss, sale of products, budgeted cash flow and matters, if any, requiring decision; and
21. Any other matters not listed above requiring the deliberation and decision-making delegated by the Board of Directors.

The Executive Committee had held six meetings during the financial year ended 31 December 2022, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Tan Sri Dato' Seri Lim Gait Tong	6	6/6
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	6	6/6
Mr. Yong Yew Wei *(appointed on June 23, 2022 and resigned on March 23, 2023)*	2	2/2

* *On 16 February 2022, 17 March 2022, 19 May 2022, 16 June 2022, 19 August 2022 and 11 November 2022*

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

Audit Committee

Details of composition, meetings and summary of work of the Audit Committee and related matters are set out separately in Audit Committee Report of this Annual Report.

Risk Management Committee

The principal objective of the Committee is to assist the Board in ensuring effective functioning of the risk management framework within the Group and to provide oversight, direction and counsel to the risk management process and to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for the Board's approval.

The Risk Management Committee was set-up on May 25, 2017 currently comprising five Members, three of whom are Non-Executive and Independent Directors, as follows:-

Mr. Koay Say Loke Andrew - Chairman
- Non-Executive and Independent Director

Encik Khairilanuar Bin Abdul Rahman
- Non-Executive and Independent Director

Miss Adlina Hasni Binti Zainol Abidin
- Non-Executive and Independent Director

Mr. Yong Yew Wei (appointed on June 23, 2022)
- Non-Executive and Non-Independent Director

Mr. Wong Hon Weng (appointed on March 13, 2023)
- Executive Director

The duties, responsibilities and functions of the Risk Management Committee are as appended hereunder:-

(a) Risk Management :

1. Reviews and recommends appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for approval of the Board;

2. Ensures the implementation of the risk management framework and reviews the adequacy and integrity thereof in identifying, assessing and managing risk and in establishing the Group's risk appetite;

3. Discusses with management on action taken to improve the risk management framework based on the risk identified in the risk management reports;

4. Reviews the adequacy of the scope, functions, competency and resources of risk management of the Group and ensures that it has the necessary authority to carry out its work;

5. Considers and evaluates other matters as deemed appropriate by the Committee and/or as authorised by the Board; and

6. All recommendations and findings of the Committee shall be submitted to the Board for approval and notation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

(b) Sustainability Reporting

1. Oversees the management of principal business risks and significant or material economic, environmental and social factors;
2. Ensures resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
3. Reviews disclosure statements relating to management of sustainability matters of the Group in Annual Report.

The Risk Management Committee had held four meetings during the financial year ended 31 December 2022, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Mr. Koay Say Loke Andrew	4	4/4
Encik Khairilanuar Bin Abdul Rahman	4	4/4
Miss Adlina Hasni Binti Zainol Abidin	4	4/4
Mr. Yong Yew Wei (appointed on June 23, 2022)	2	2/2

* *On 23 February 2022, 27 May 2022, 25 August 2022 and 11 November 2022*

Nomination Committee

The Nomination Committee ("NC") should comprise exclusively Non-executive Directors, a majority of whom must be Independent Directors. An Independent Director or the Senior Independent Director should chair the NC. The Chairman of the Board should not be a member of the NC.

A vacancy that causes the members of the Committee to be less than the above requirement shall be filled out within three months.

The NC of the Company which was set-up on May 18, 2002 comprising three Members, all of whom are Non-Executive and Independent Directors, is responsible for, inter alia, carrying out review and making recommendations on appropriate and adequate mix of skills, independence and diversity including diversity of gender, ethnicity and age of the Members of the Board with the required expertise and experience as well as appropriate balance of Executive and Non-Executive Directors.

The composition of the NC as of the date of this Annual Report is as follows:

Encik Khairilanuar Bin Abdul Rahman - Chairman
- Non-Executive and Independent Director

Mr. Koay Say Loke Andrew
- Non-Executive and Independent Director

Miss Adlina Hasni Binti Zainol Abidin
- Non-Executive and Independent Director

The majority of the members who are the Independent Directors present in a meeting shall constitute a quorum.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

The NC shall carry out the following functions and report to the Board:

(a) Consider, evaluate, and recommend candidates for directorships based on criteria set under the Company's Fit and Proper Policy;

(b) Review and recommend a board composition comprising members with appropriate skillsets, diversity, expertise, and experience that meet the needs of the Company, the regulatory requirement, and the governance best practices;

(c) Oversee the Board and key management succession and the development of these succession plans;

(d) Assess the board composition and its effectiveness and compliance with the regulatory requirements ;

(e) Review and evaluate the performance and effectiveness of the Board and the Board Committees annually;

(f) Assess and ensure that the Board members and key senior management have the character, experiences, integrity, competency, and time to effectively discharge their roles and responsibilities and contribute to the Board annually;

(g) Recommend the retention of Independent Non-Executive Directors whose terms have exceeded nine (9) years tenure for continuance in the office with justification and through a two-tier shareholder voting process;

(h) Ensure annual re-election of a director is subject to satisfactory evaluation of their performance and contribution to the Board;

(i) Review the term of office and performance of all Board Committees and its members annually to assess whether the Committees and their members have carried out their duties in accordance with their terms of reference; and

(j) Ensure a statement regarding the activities of the NC in the financial year, and the reason for not using other external sources for sourcing new directors are disclosed in the Annual Report based on the listing disclosure requirements.

The NC shall meet at least annually. On the request of any member, the Secretary shall summon a meeting at any time by giving all members seven days' notice in writing. With the consent of the majority of the NC members, a meeting may be convened with shorter notice.

Non-NC members, such as other Board members, employees, and auditors, may attend meetings at NC's invitation.

The NC had held two meetings during the financial year ended 31 December 2022, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Encik Khairilanuar Bin Abdul Rahman	2	2/2
Mr. Koay Say Loke Andrew	2	2/2
Miss Adlina Hasni Binti Zainol Abidin	2	2/2

* *On 23 February 2022 and 22 June 2022*

Principle 1 - Board leadership and effectiveness (Cont'd)

The Board Charter, Board Diversity Policy and Fit and Proper Policy of the Company sets out the criteria and approach on identifying and evaluating the potential candidates for appointment as Directors.

The criteria to be used in the nomination and election process on recommending the potential candidate(s) for appointment as Directors prior recommendation to the Board for consideration, annual assessment of the Board, Board Committees, individual Directors, establishment of Board Diversity Policy which includes the gender diversity and measures are among the issues dealt with by the NC as set out in the statement about its activities below:-

STATEMENT ABOUT THE ACTIVITIES OF THE NOMINATION COMMITTEE IN THE DISCHARGE OF ITS DUTIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Pursuant to Paragraph 15.08A(3) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Nomination Committee ("NC") is required to report in its statement the activities conducted during the financial year.

The NC carried out the following works in discharging its duties during the financial year ended 31 December 2022:-

Fit and Proper Policy

The Board has defined and adopted a fit and proper policy in the Group. This policy outlines the criteria and approach for evaluating the Directors' and Key Senior Management's performance. Broadly, the criteria covered in this policy are:

(i) Integrity in maintaining good personal character, ethics, honesty, independence of mind, fairness, and high morals;

(ii) Competency and capability in possessing the relevant knowledge, experience, qualification and understanding of the regulatory requirements, businesses, and risks; and

(iii) Commitment to devoting adequate time to the Group's business activities and developing, keeping abreast and acquiring the knowledge needed to discharge their duties professionally.

The NC used these criteria to review, assess and evaluate the annual performance of all Directors, including the Executive Chairman and Chief Executive and other Executive Directors who are primarily responsible for the business and financial matters of the Group.

All Directors devoted their time to discharge their roles effectively and had attended most of the Board and Board Committees meetings held during the year.

As part of the assessment, all Directors had declared and confirmed that they have the character, experience, integrity, competence, and time to discharge their roles continuously and responsibilities effectively.

The profiles of the Directors are set out in this Annual Report and it is also available on Farlim's corporate website at http://farlim.com.my, evidencing their good personal character, integrity and competence.

Board Composition

In accordance with the Board Charter, the Board is responsible for determining an appropriate size for its function, subject to the maximum number of directors stated in the Company's Constitution and the prevailing requirements of the laws and regulations concerning the minimum number of Independent Non-Executive Directors and women directors to be appointed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

In determining the size of the Board, the NC and the Board have considered the mix of skills, independence and diversity of gender, ethnicity and age of the Members of the Board required to effectively serve the needs and meet the culture of the Board.

The Board comprises individuals with a balanced mix of skills who are professionals, entrepreneurs and former bankers. The members of the Board provide adequate checks and balances to the management and also addressed the diversity of gender, ethnicity and age in its composition.

Nomination and Election

Nomination and election of Members of the Board shall undergo a process of identification and evaluation of the candidates conducted by the NC.

The process of nomination and election are summarised as follows:-

i. Identification of skills and other requisite qualities required to meet the needs of Board composition;
ii. Sourcing of candidates from internal and external sources when appropriate;
iii. Shortlisting and evaluation of candidates based on the criteria set out in the Company's Constitution, Fit and Proper Policy, Board Diversity Policy, and the MMLR;
iv. Selection of suitable candidates; and
v. Recommendation of candidates to the Board for an appointment.

Annual Performance Assessment

During the financial year, the NC conducted the following:

a. The annual performance assessment on the Board, Board Committees, and individual Directors.

   The results of all assessments revealed that the performance of the Board of Directors, the respective Committees of the Board, and individual Directors were satisfactory.

b. The review of the terms of office and performance of the Audit Committee and its members under Paragraph 15.20 of MMLR.

   In view of the members of the Audit Committee are also NC members, this review was done via self-assessment. It was shown that the performance of the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference under Paragraph 15.20 of MMLR and the result revealed that it was satisfactory.

c. The assessment and evaluation on the retiring directors who eligible to stand for re-election at the forthcoming Annual General Meeting ("AGM") pursuant to Clauses 90 and 106 of the Company's Constitution.

   Based on the assessments, NC was satisfied with the performance and contribution of the retiring Directors. NC resolved and recommended the re-appointment and re-election of the retiring directors to the Board of Directors to seek for shareholders' approval at the forthcoming AGM of the Company. Valid justification was provided by NC for retaining an Independent Director who has served beyond nine (9) years tenure and shareholders' approval through a two-tier voting process is required.

As to review of succession plans of the Board and training programmes for the Board, the matter will be dealt with the Nomination Committee accordingly.

Principle 1 - Board leadership and effectiveness (Cont'd)

Remuneration Committee

The Remuneration Committee ("RC") should consist of at least three members comprising non-executive and Independent Directors. The Chairman of the Board should not be a member of RC.

A vacancy in the Committee shall be filled out within three months.

The RC was appointed on May 18, 2002 comprising three Members, all of whom are Non-Executive and Independent Directors.

The composition of the RC as of the date of this Annual Report is as follows:

Miss Adlina Hasni Binti Zainol Abidin - Chairperson
- Non-Executive and Independent Director

Mr. Koay Say Loke Andrew
- Non-Executive and Independent Director

Encik Khairilanuar Bin Abdul Rahman
- Non-Executive and Independent Director

A majority of the members present shall form the quorum of the meeting.

The RC is responsible for:-

(a) Determining, developing, and recommending to the Board a fair and transparent remuneration policy and procedures for Board and Senior Management;

(b) Recommending to the Board for remuneration and benefit in kind of Executive Directors and Senior Management in all its forms, drawing from external professional advice as necessary;

(c) Assessing the remunerations of Executive Directors and Senior Management and ensuring that they are reflective of the Group's demands, complexities, and performance as a whole, as well as skills and experience required in line with the strategic objectives of the Group and compensation offered by comparable companies in the employment market;

(d) Reviewing the disclosure of remuneration of the Board and Senior Management in the annual report and ensuring the disclosure is in the best interests of the Company taking into account diverse perspectives;

(e) Reviewing and recommending to the Board regarding the Independent and Non-Executive Directors' remuneration (including directors' fees and other benefits payable), based on their respective contribution, expertise, commitment, and responsibilities undertaken without conflicting with their objectivity and independent judgment on matters discussed; and

(f) Recommending the engagement of external professionals to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.

The Committee shall meet at least annually. On the request of any member, the Secretary shall summon a meeting at any time by giving all members seven days' notice in writing. With the consent of the majority of the RC members, a meeting may be convened with shorter notice.

Non-RC members may attend meetings at RC's invitation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 1 - Board leadership and effectiveness (Cont'd)

The RC had held one meeting during the financial year ended 31 December 2022, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Miss Adlina Hasni Binti Zainol Abidin	1	1/1
Mr. Koay Say Loke Andrew	1	1/1
Encik Khairilanuar Bin Abdul Rahman	1	1/1

* *On 23 February 2022*

Principle 2 - Effective audit and risk management

To preserve and enhance the effectiveness of audit on the financial affairs and results of financial performance of the Group, the Board of Directors has taken appropriate action to enable proper evaluation of the External Auditors in the discharge of their duties.

An External Auditor Evaluation Policy has been adopted by the Company as one of the Corporate Policies, details as follows :

1. Objective

   This policy defines the considerations and procedures to evaluate the suitability, objectivity, and independence of the external auditor in order to safeguard the quality and reliability of audited financial statements.

2. Assessment Criteria of External Auditors

   Before selecting an external audit firm for the Company and the Group, or recommending the appointment of the external auditor to the Board for shareholders' approval, the Audit Committee shall evaluate the external audit firm and the audit team or by considering the following criteria:

   i. The registration with the Audit Oversight Board;
   ii. The experience in auditing the financial statements of public listed companies in the similar industries;
   iii. The network firms in supporting audits in overseas entities;
   iv. The past or ongoing legal cases against the firms including reprimand records, if any by authorities and their findings on the firms;
   v. The independence and confidentiality philosophy, policies and procedures of the firms;
   vi. The present engagement with the Group for non-audit services, if any;
   vii. The quality, resource capacity and competency of the audit team assigned to perform the audit;
   viii. The reputation and integrity of the audit partner-in-charge or the new partner-in-charge under the regulatory requirement on audit partner rotation;
   ix. The performance of the current audit team in meeting deadlines, their communication skills, clarity of presentations and the quality of the reports; and
   x. The appropriateness of the audit fee charged and its impact on their audit work quality and independence.

   As part of the assessment, the Audit Committee shall also consider the information presented in the Annual Transparency Report about the firm's governance and leadership structure and the measures undertaken by the firm to uphold audit quality and manage risks.

   In addition, the Audit Committee shall obtain a written assurance from the external auditor and the audit team members confirming that they are, and have been, independent throughout the conduct of the audit engagement, including any non-audit services provided to the Company and the Group that they have maintained its independence under the relevant legislation and professional standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 2 - Effective audit and risk management (Cont'd)

3. Appointment of External Auditors for Non-Audit Work

   External auditors' independence can be impaired by providing non-audit services (i.e., services not related to the statutory audit) to the Group.

   Therefore, before recommending any non-audit service engagements to the Board for approval, the Audit Committee shall evaluate potential circumstances that may erode the auditor's objectivity and independence due to the provision of non-audit services and their fee. The Audit Committee shall also obtain confirmation from the external auditor that the provision of non-audit services will not impair their independence.

   When the non-audit fees constitute 50% or more of the total audit fees paid to the external auditors, such non-audit fees shall be disclosed in the Annual Report, stating the nature of services and the amount incurred on a Group.

In addition, the Company is concerned on the risk which the Group may be exposed in its operations and has therefore, formulated a risk management policy as set out in the Board Policies for implementation and the details of which is appended hereunder:-

Risk Management Policy :

1. Objective

   The risk management objective of the Group is to promote greater appreciation and awareness of risks; and proactive identification and management of risks among the staff members in order to continuously strengthen the Group's risk management competency.

2. Board's Responsibilities

   The primary responsibility of the Board in risk management is to assess and set the risk appetite within which Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

3. Risk Appetite

   Risk appetite is defined as the amount of risk that the Group is willing to accept in pursuit of its value creation process. When determining the risk appetite of the Group, the Board would consider its business priority and timing as well as the financial position and resources of the Group.

4. Risk Management Committee ("RMC")

   The Board established a RMC to assist them in assessing and overseeing the adequacy and effectiveness of risk management framework and policies in the Group. The composition of the RMC shall comprise majority of Independent Directors.

5. Management's Responsibilities

   The responsibilities of Management with respect to risk management are:

   i. To implement effective risk management framework;
   ii. To monitor and manage risk in accordance with the Group's overall risk appetite;
   iii. To identify changes in material or emerging risks and promptly bring these risks to the attention of the Board;
   iv. To promote risk awareness among the employees of the Group;
   v. To educate the heads of departments and line managers of their collective assurance responsibilities to the Board;
   vi. To present and brief the Board and RMC of the Group's risk profile and register;
   vii. To assess, update and present the risk status, Management action and result of the risk profile to the Board;
   viii. To integrate risk management process to standard operating procedures and performance appraisal; and
   ix. To assure the Board and RMC that the Group's risk management and internal control systems are operating adequately and effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 2 - Effective audit and risk management (Cont'd)

6. Risk Assurance

   Executive Directors and key senior executives should provide assurance to the Board that risk management processes of the Group are working effectively and all key risks are being managed to an acceptable level.

   In order to supplement the consideration of the Board on the assurance provided by Executive Directors and key senior executives, the Internal Auditors shall evaluate and provide its objective and independent views on the state of risk management and internal controls to the Board periodically.

7. Disclosure

   The annual report and financial statements of the Group shall include such meaningful information necessary to assist shareholders' understanding of the main features of the Group's risk management processes and systems of internal control.

   The Board shall, in its disclosure include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place to mitigate or manage those risks. In addition, the Board shall state if the risk management framework adopted by the Group is based on an internationally recognised risk management framework.

   The Board shall also disclose whether it has conducted an annual review and periodic testing of the Group's internal control and risk management framework and the insights it has gained from the review as well as changes made to its internal control and risk management framework arising from the review.

   Where information is commercially sensitive and may give rise to competitive risk, it is acceptable for the Board to disclose its risk information in general term.

Further details of the Risk Management Committee which include its duties, responsibilities and functions are set out in Principle 1 above.

Principle 3 - Integrity in corporate reporting and meaningful relationship with stakeholders

Corporate reporting integrity is another issue which deserves attention and appropriate action by the Board of Directors.

The Board has in this aspect arrived at a corporate code of conduct and ethics as set out in the Board Policies for adherence thereto which covers the following information:-

Corporate Code of Conduct and Ethics :

Objective and Application

1. The Corporate Code of Conduct and Ethics aims to articulate the Group's specific principles against insider trading, money laundering, bribery and corruption, conflicts of interest, abuse of power and anti-competition only. Therefore, all directors, officers, senior management, and employees shall continue to familiarise themselves and observe the provisions in the existing employee handbook, the Company's policies and regulations for other aspects of proper conduct, self-discipline and compliance.

   In addition, it shall be noted that this Code shall apply to and be observed by our contractors, sub-contractors, consultants, agents, business associates, representatives and others performing work or services for or on behalf of Farlim Group of companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 3 - Integrity in corporate reporting and meaningful relationship with stakeholders (Cont'd)

2. Principles

   At Farlim, all directors, officers, senior management, and employees shall not:

   (a) Enter into any transaction in the securities of the Company while in possess of non-public information about that Company or recommend others to transact in the securities of the Company based on insider information;
   (b) Participate and assist in money laundering activities which may include accepting an unusual amount of payment or making payments to third parties or in currencies that are not in the ordinary course of business and contract;
   (c) Solicit or accept bribes;
   (d) Provide or promise to offer gratifications to obtain or retain business or secure an unfair advantage in any business transaction;
   (e) Take part in deciding transaction, contract or proposed contract or arrangement in which they are interested, directly or indirectly;
   (f) Abuse power conferred to their position for personal gain and benefits; and
   (g) Arrange or enter into an anti-competitive scheme in price-fixing, bid-rigging, sharing market, and abuse of dominant position in any market, creating unhealthy and unfair competition.

3. Board's Responsibilities

   The Board shall ensure that the objectives of this Code are met by:

   - Setting a role model in practising the provisions of this Code;
   - Committing and ensuring the implementation of appropriate system and framework to support, promote and strengthen awareness and compliance with this Code;
   - Implementing a whistleblowing reporting channel to facilitate communication and feedback;
   - Integrating the philosophy of this Code into the Group's decisions, practices and procedures; and
   - Monitoring the management performance against the principles of this Code.

4. Management's Responsibilities

   Management shall:

   - Observe and promote the principles of this Code;
   - Ensure that their decision, judgment, actions and interaction with all stakeholders are consistent and not conflicting with this Code;
   - Ensure that all staff reporting to them understand and comply with this Code; and
   - Communicate this Code to other stakeholders and gain their acknowledgement and compliance with it.

5. Reporting of Non-Observance

   Stakeholders who know of or suspect a violation of this Code are encouraged to report the incident according to the Group's whistleblowing policy and procedure.

6. Publication of Corporate Code of Conducts and Ethics

   This Corporate Code of Conduct and Ethics is approved by the Board for publication on the Company's website which is accessible at www.farlim.com.my.

As to engagement and communication with stakeholders, it involves a vital relationship which the Board of Directors would wish to be meaningful.

The Board of Directors has included the relevant matter as set out hereunder for implementation and forming part of the Board Charter as a policy:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 3 - Integrity in corporate reporting and meaningful relationship with stakeholders (Cont'd)

Communication with Stakeholders

Stakeholders engagement and communication build trust and understanding between the Group and its stakeholders and provide stakeholders with a better appreciation of the Group's objectives and management quality. On the other hand, such communication also provides invaluable feedback to the Board for understanding the stakeholders' expectations and developing business strategies.

The principles governing the Board's stakeholders' communication are as follows:

- The Chairman and Chief Executive, Deputy Chairman or, in their absence, any other Board members authorised by the Board will be the spokesperson of the Board;
- The Board shall leverage its corporate website to report its financial results and material developments in an open, timely, and comprehensive manner;
- Shareholders shall be provided with the opportunity to seek clarification from the Board during the question-and-answer session at the general meetings;
- Chairmen of the Board Committees shall respond to questions on their oversight areas during the general meetings;
- The Board shall address reports and rumours appropriately and promptly to avoid unnecessary speculation in its securities; and
- The Board shall give reasonable access to analysts and media but will not seek to influence their opinions nor provide information that is not available to the general public.

Appended below are the modes and opportunities of direct and physical interaction between the Board of Directors and shareholders of the Company currently adopted by the Company in communication and maintenance of continual vital relationship with shareholders:-

Shareholder participation at general meetings and other communications

The Board has taken reasonable steps whenever possible to encourage the shareholders' participation at general meetings including but not restricting to the provision of good facilities at a hotel as the venue of general meetings where the attendees are served with refreshments in addition to the provision of additional hard copies of Annual Reports at the said meetings.

Issuance of notice of general meetings and Annual Reports to shareholders which has been effected earlier than the minimum notice period required serving as an another link between the Company and shareholders where the shareholders have access to all relevant information to enable them to exercise their rights and interact with the Board of Directors.

Ease of communication between the shareholders and the Company via the Company's website is also available.

The above summary sets out how the three Principles pursuant to Practice Note 9 Part 1 Paragraph 3.1A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad are adhered to via adoption of the relevant Board Policies and implementation of appropriate measures.

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure that they are kept contemporaneous and be relevant to the Company's needs. The Board will further look into the enhancements or developments of corporate governance policies and procedures, as the case may be. In pursuit of safeguarding the interest of the shareholders and stakeholders, the Board is committed and will continue to strengthen its application of the best practices in the corporate governance.

This statement was approved by the Board of Directors on 23 March 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Farlim Group (Malaysia) Bhd. is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2022. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

Under the Malaysian Code of Corporate Governance, the Board should:

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks; and
- set the risk appetite within which the Board expects Management to operate and ensure an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

The Board implemented the following processes to derive comfort on the state of internal control and risk management of the Group:

- The establishment of a risk management policy and Risk Management Committee ("RMC") to oversee the risk management of the Group;
- Periodic briefing by the RMC and Management Committee, which reviews the identified risks and status of the management action plan;
- Interim review of financial performance and quarterly financial results with the Management Committee;
- Reviews of the integrity of the financial results and audited financial statements in consultation with the Audit Committee and external auditors; and
- Reviews of the internal controls system and the status of Management's implementation for improvement as reported by the Internal Auditors.

It shall be noted that due to the limitation inherent in any systems of internal control and risk management, such systems are designed to manage and mitigate the risk within tolerable levels rather than eliminating every possible risk faced by the Group. Therefore, these systems can only reduce and provide reasonable but not absolute assurance against the possibility of material error, misstatement, fraud, or loss.

Risk Management

The Board defined its risk management policy and established a Risk Management Committee ("RMC") to oversee the risk management processes in the Group. The performance of the risk management processes covering risk identification, impact assessment, risk profiling, and documentation are guided under the principles of the international risk management framework.

Presently, the RMC comprises three Independent Non-Executive Directors. one Non-Independent Non-Executive Director and one Executive Director. Under its Term of Reference, RMC assists the Board in ensuring the effective functioning of the risk management framework within the Group and provides oversight, direction, and counsel to Management on the risk management processes, and advises the Board on risk-related issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

During the financial year 2022, the RMC conducted four meetings. In these meetings, RMC deliberated the significant and high-risk factors identified, the mitigation plan, and the management implementation status reported by the Management Committee.

The Management is accountable to the Board for the following:

- Identifying risks relevant to the Group's business objectives and ensuring the achievement of its objectives;
- Designing, implementing, and monitoring the risk management actions and achieving the Group's objectives within its risk appetite;
- Assuring the effectiveness and adequacy of the risk management and internal control systems; and
- Reporting to the Board on significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objectives.

Various operational and financial review meetings at the management level were organised to discuss, monitor and ensure that risks are adequately managed. The followings are the meetings conducted and their review areas:

(i) Consultants and Contractors Meeting

The Management Committee and Project Committee conduct fortnightly meetings with the Group's consultants and contractors to monitor the site progress and identify significant matters encountered during the construction of the Group's projects. Key issues, risks identified, and actions taken to ensure the achievement of the various project schedules are summarised and reported to the Executive Committee ("EXCO"), which comprises all Executive Board members, for further deliberation and decision.

(ii) Marketing & Credit Meeting

Fortnightly Marketing and Credit meetings are conducted to monitor property sales and collection progress, market prospects, marketing strategies, and end-financing arrangements for the Group's development projects. Additional meetings will be held with representatives from selected departments to brainstorm mitigation measures, if needed.

(iii) Accounts & Finance Meeting

Fortnightly Accounts & Finance meetings are conducted to review the accounting compliance issues, budgeted versus actual profit and cash flow for the various projects. At the same time, they will ensure that proper accounting practices are established and enforced to comply with statutory requirements, accounting standards, and the latest applicable rules and regulations. Potential compliance issues will be evaluated, and appropriate advice will be sought from professional consultants, if necessary, to mitigate the compliance issue.

(iv) Management Meeting

Before meeting the EXCO, the Management Committee conducts monthly management meetings with the Head of Departments. The review subjects of the Management Committee were operational matters covering the personnel and administration, legal cases, the financial performance, updates on the property market prospects, the status and progress of various projects, and the action plans designed and implemented to address project risks.

(v) EXCO Meeting

The Management Committee briefs and updates the EXCO on financial performance and critical business operations of the Group. All significant matters deliberated at the Management, Consultants, and Contractors Meetings are summarised and reported at the EXCO meetings. During these meetings, project performance status is scrutinised, and the EXCO will decide on any additional measures, actions, and directions to manage any possible and potential risks effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

During the current financial year, the Internal Auditor has reviewed the Group's risk management framework and practices. The areas of improvement in the risk assessment process and documentation of the risk report noted are highlighted to the RMC and Management respectively.

The Risk Landscape

The property development industry remained challenging throughout the financial year 2022. These challenges include the significant increase in building material prices, labour shortages, interest rate hikes imposed by Bank Negara Malaysia, and other costs of living pressures, have impacted the property demands and development costs.

The Group focuses on developing affordable housing projects, which aligns with the Group's vision and objective of providing quality homes to a broader segment of Malaysian homeowners. Nonetheless, due to the low-profit margin nature of the affordable housing project, the Group needs to maintain adequate land banks at a competitive cost for immediate and mid-term developments and continuously generate adequate monthly sales to sustain the operating cash flows.

In this respect, the Group manages these strategic risks by working closely with the relevant local authorities to expedite the development approval for its existing land banks in Perak, Selangor, and Penang. In mitigating the escalating development cost, the Group continuously rationalise its cost, and performs value engineering exercises.

At the same time, the Group has also been actively looking for land bank opportunities in Selangor, Perak, Penang, and other states. This acquisition will be made through direct investments or by leveraging the land resources of the state authorities or private land owners through a joint venture.

Operationally, the Management is conscious of ensuring efficiency and effectiveness, scaling down expenses, optimising resources, and generating continuous sales with appropriate promotion and new offers based on the market conditions and responses.

INTERNAL CONTROLS

In addition to the risk management process, the Group implemented the following internal control procedures, review mechanisms and information systems:

i) The organisational structure with the defined lines of responsibility, hierarchical reporting and delegation of authorities at the Senior Management and the Heads of Departments level;

ii) Financial and operation authority approval limits for the business units;

iii) Standard operating guidelines and procedures for operation functions. These guidelines and procedures are subject to periodic reviews and updates;

iv) Job descriptions are established for employees to understand their responsibilities;

v) External legal reviews are sought when needed to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;

vi) Use of financial forecasts as a benchmark for periodic monitoring;

vii) An internal audit function to assist the Audit Committee and the Board in conducting an independent assessment of the governance practices, risk management and internal control systems;

viii) The Audit Committee's reviews with the Management on the Group's financial results and internal control observations and the follow-up audit reviews to ensure that appropriate corrective action plans are implemented accordingly by Management;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

ix) Insurance program covering public liability insurance, fire and flood insurance, burglary insurance, group hospitalisation and surgical coverage insurance, money policy insurance, fidelity guarantee insurance, and group personal accident to protect the assets and interests of the Group;

x) Internal and external physical security controls are installed on the premises to prevent unauthorised access to the building and purchasers' details and information;

xi) Continuation of the Covid-19 health and safety preventive and detective standard operating procedures. These include social distancing, sanitisation, compulsory wearing of face masks in the workplace and public areas, and vaccination; and

xii) Implementation of Corruption Prevention Policy and Framework ("CPPF") in the Group. In addition, Anti-Bribery Guideline and Whistleblowing Policy are defined to guide staff members, employees, and business associates in taking appropriate measures and steps to prevent association with bribery activities.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Under Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control by the Audit and Assurance Practice Guide 3 ("AAPG3"): Guidance for Auditors on Engagements to Report on the Statements on Risk Management and Internal Control included in the Annual Report.

The External Auditors have reviewed this Statement and reported that nothing has come to their attention that is inconsistent with their understanding of the process adopted by the Board and the Management in reviewing the adequacy and integrity of the risk management and effectiveness of the internal control systems of the Group.

CONCLUSION

Overall, the Board believes that the current risk management and internal control system is adequately and satisfactorily. There were no significant weaknesses in the systems of risk management and internal controls that had a material impact on the operations of the Group for the financial year under review. At the same time, the Board has also received assurance from the Chairman and Chief Executive that the Group's risk management and internal control systems are adequate and effective in all material respects to the best of his knowledge.

This statement was approved by the Board of Directors on 23 March 2023.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION

AS AT 24 MARCH 2023

1.0 Directors' Remuneration for the financial year ended 31 December 2022

The details of remuneration of Directors for the year ended 31 December 2022 are as follows:-

Directors	Company (RM)						Total (RM)
Executive Directors	**Salaries**	**Bonuses**	**EPF**	**Benefit-in-kind**	**Allowance**	**Other Emoluments**	
Tan Sri Dato' Seri Lim Gait Tong	525,000	–	31,500	15,500	–	–	572,000
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	420,000	105,000	–	–	–	–	525,000
Lim Chu Dick (Retired on 23 June 2022)	115,333	–	13,848	8,700	–	–	137,881
Yong Yew Wei	125,333	–	6,894	8,153	24,989	–	165,369
Total	**1,185,666**	**105,000**	**52,242**	**32,353**	**24,989**	**–**	**1,400,250**

Directors	Group (RM)						Total (RM)
Executive Directors	**Salaries**	**Bonuses**	**EPF**	**Benefit-in-kind**	**Allowance**	**Other Emoluments**	
Tan Sri Dato' Seri Lim Gait Tong	525,000	–	31,500	15,500	–	–	572,000
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	420,000	105,000	–	15,500	–	–	540,500
Lim Chu Dick (Retired on 23 June 2022)	115,333	–	13,848	8,700	–	–	137,881
Yong Yew Wei	125,333	–	6,894	8,153	24,989	–	165,369
Total	**1,185,666**	**105,000***	**52,242**	**47,853***	**24,989***	**–**	**1,415,750**

* Benefits comprising bonuses, benefit-in-kind and allowance totaling RM177,842

Directors	Company (RM)				Total (RM)
Non-Executive Directors	**Fees**	**Benefit-in-kind**	**Meeting Allowance**	**Other Emoluments**	
Koay Say Loke Andrew	45,600	–	–	–	45,600
Khairilanuar Bin Abdul Rahman	45,600	–	–	–	45,600
Adlina Hasni Binti Zainol Abidin	45,600	–	–	–	45,600
Total	**136,800**	**–**	**–**	**–**	**136,800**

2.0 Utilisation of Proceeds

There are no proceeds raised/utilized by the Company from corporate proposals during the financial year.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION (CONT'D)
AS AT 24 MARCH 2023

3.0 The amount of audit and non-audit fees incurred for services rendered to the Company and the Group for the financial year by the Company's auditors, or a firm or company affiliated to the auditors' firm:-

	Audit Fees (RM)	Non-Audit Fees (RM)*
Company	99,500	27,000
Group	173,600	55,150

* Non-audit fees were mainly in respect of taxation fees, review of Statement on Risk Management and Internal Control and review of other information presented with the financial report.

4.0 Material Contracts

There are no material contracts subsisting since the end of the previous financial year ended 31 December 2021 and as at the end of current financial year on 31 December 2022 involving Directors and Major Shareholders' interests.

5.0 Recurrent Related Party Transactions

	Company (RM)
Interest income received from :	
- Bandar Subang Sdn. Bhd.	147,441
Rental of premises received from :	
- Farlim Marketing Sdn. Bhd.	3,000
Accounting fees received from :	
- Farlim Jaya Sdn. Bhd.	9,000
Investment of RPS in :	
- Farlim (Perak) Sdn. Bhd.	350,000

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This statement discloses the sustainability initiatives and commitments of Farlim Group (Malaysia) Bhd. ("Farlim" or "the Group") across the Economic, Environment and Social ("EES") spectrum for the financial year 2022 ("FY 2022"). Through this statement, we aim to provide a cohesive and balanced assessment of our strategies, performance and progress towards generating long-term, sustainable value for our business, our stakeholders and the planet.

Our Reporting Approach

This statement has been prepared in accordance with the sustainability reporting requirements of Bursa Malaysia Securities Berhad ("Bursa") as well as the Global Reporting Initiative ("GRI") Standards.

The content of the statement is based on the reporting principles defined by the GRI Standards, which includes:

- Stakeholder Inclusiveness: Taking into account the expectations and concerns of our stakeholders;
- Sustainability Context: Presenting our performance within the wider context of sustainability;
- Materiality: Identifying and prioritising key sustainability issues that the Group faces; and
- Completeness : Including all sustainability topics that are relevant to the Group and which may influence our stakeholders.

This statement is prepared with reference to the GRI Standards Core Option and contains disclosures on the following material topics, which provide holistic coverage of our EES impacts.

- GRI 201: Economic Performance 2016
- GRI 204: Procurement Practices 2016
- GRI 205: Anti-corruption 2016
- GRI 302: Energy 2016
- GRI 303: Water and Effluents 2018
- GRI 305: Emissions 2016
- GRI 306: Waste 2020
- GRI 2-27: Compliance with laws and regulations (Environmental Compliance)
- GRI 401: Employment 2016
- GRI 403: Occupational Health and Safety 2018
- GRI 404: Training and Education 2016
- GRI 405: Diversity and Equal Opportunity 2016
- GRI 406: Non-discrimination 2016
- GRI 413: Local Communities 2016
- GRI 418: Customer Privacy 2016

Reporting Period

This statement covers our sustainability actions, initiatives and performance from January 1, 2022 to December 31, 2022, unless otherwise stated. In consideration of our progress, the Group has established 2020 as the baseline year to track and compare our sustainability performance.

Scope and Boundaries

The scope of this statement encompasses all business operations and entities owned by Farlim, unless otherwise stated.

Sustainability across Supply Chain

As a Group, we continually aim to improve our sustainability practices and performance, including within our supply chain. We are committed to promoting best practices amongst our suppliers and actively engage our supply chain to strive for excellence in relation to sustainability.

Membership and Association

- Real Estate and Housing Developers' Association Malaysia
- Federation of Public Listed Companies Berhad
- Malaysia-Japan Economic Association

Feedback

All feedback and queries can be directed to:
farlimsustain@farlim.com.my

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT COMMITTEE CHAIRMAN'S STATEMENT

"Recognising the importance of sustainability, Farlim continues to build upon its strengths to deliver results in relation to its sustainability agenda. As we continue upon our journey, we are confident that we can continue to adapt to the prevailing economic, environmental and social landscape to ensure the resilience of our business whilst generating value for our stakeholders."

The importance of sustainability has been made clear by various stakeholders, presenting both risks and opportunities for our business. As the sustainability movement rapidly evolves across the world and in Malaysia, Farlim remains steadfast in its commitment to sustainability. This commitment has been reflected in our various sustainability initiatives which we have continued to maintain and expand upon in the current reporting year.

Within this context, we are pleased to present Farlim's fifth sustainability report, which provides an overview of our sustainability performance. This notably includes insights into our actions, targets and outcomes in relation to sustainability for the current reporting year. Moving forward, we are committed to adapting our approach to sustainability to reflect the needs of our stakeholders and the wider sustainability landscape. As such, we will continue to monitor, assess and improve our approach to sustainability when and where necessary.

Our Sustainability Governance

At Farlim, our sustainability governance is shaped by best practices, including guidance established by the Malaysian Code on Corporate Governance.

Our Risk Management Committee ("RMC") oversees all matters in relation to sustainability. The RMC is supported by our management committee, which operates as an intermediary with a working group comprising department heads. The working group focuses on implementing and compiling information in relation to sustainability strategies, as well as monitoring Farlim's sustainability performance against established targets.

Economic

As a Group, we consistently aim to generate positive economic results through the highest level of integrity. To achieve this, we target to ensure compliance with all applicable laws and regulations. We also seek to produce positive outcomes for our local communities and generate opportunities for the local economy. As such, we have continued our initiative of building affordable housing in the year 2022. Farlim is aware of our stakeholders' expectations to achieve economic results whilst conducting ourselves responsibly, and we will continue to adopt practices aligned with such expectations in order to improve our performance in relation to economic sustainability.

Environment

Farlim is deeply committed to responsibly managing and where possible minimising our environmental impact. In the year 2022, we have continued existing measures to manage our environmental footprint and have monitored our progress to ensure compliance with existing regulations whilst optimising our performance. Moving forward, we are open to adapting our approach to reflect the shifting expectations of the market in relation to environmental sustainability and aim to ensure efficiency and reduce our impact.

Social

As a Group, we recognise the importance of cultivating a motivated and effective workforce. The success of our business relies on our people, and as such we are committed to providing opportunities in creating an inclusive and nurturing environment for our employees to flourish. Beyond our employees, we are also dedicated to the local communities where we operate and in the year 2022 we continued our efforts to develop initiatives intended on producing positive outcomes for our local communities.

To Our Future

As we continue upon our sustainability journey, we are confident in our ability to continuously improve our sustainability practice in pursuit of building a more resilient and sustainable business. In accordance with our previous efforts, we will continue with our focus on refining our initiatives and actions to maximise our impact and safeguard our values.

In view of our commitments to sustainability, we hope that this Sustainability Report will provide our stakeholders with information on our progress in relation to sustainability for the current reporting year. We also welcome any feedback in relation to how Farlim is able to advance in our sustainability agenda.

Koay Say Loke Andrew

Chairman of Risk Management Committee

STAKEHOLDER ENGAGEMENT

The perspective of our stakeholders forms a fundamental aspect of setting our sustainability agenda and objectives. Every year, we actively engage relevant stakeholders through varied communication channels in order to understand their needs, identify material sustainability issues and address any feedback. For the current reporting year, we have continued to engage our stakeholders to gain insights into their perspectives in relation to sustainability, as summarised in the table below.

Table 1: Stakeholder Engagement Table for FY 2022

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Concerns
Shareholders / Investors	• Annual General Meeting • Annual Report and Audited Accounts • Quarterly Financial Report • Extraordinary General Meeting • Announcements to Bursa Malaysia and Farlim Corporate Website	• Annually • Annually • Quarterly • As and when needed • As and when needed	• Economic and Financial Performance • Changes in directors and shareholdings • Anti-corruption measures • Corporate governance
Employees	• Departmental and Management Meetings • Annual Performance Appraisal • Events and Birthdays / Festive Celebrations • Briefing and Training	• Weekly, Bi-monthly, Monthly • Annually • Periodically • As and when needed	• Occupational Health and Safety • Training and Education • Employment • Remuneration Practices
Customers	• Feedback Channels such as Emails, Phone Calls and Walk-Ins • Corporate Website and Social Media • Product Launches and Roadshows • Sales Gallery	• As and when needed • As and when needed • As and when needed • As and when needed	• Customer Privacy • Marketing and Labelling • Product Delivery
Government / Regulators	• Income Tax Filing • Annual Return • Progress Report to Ministry of Local Government Development • Bursa Announcements	• Annually • Annually • Quarterly • Quarterly and as and when needed	• Socioeconomic Compliance • Anti-corruption measures • Listing Requirements
Suppliers / Contractors	• Site Visits and Site Meeting • Workmanship, Progress and Quality Assessment Meetings	• Daily, Bi-monthly, and as and when needed • Bi-monthly	• Sustainable Supply Chain • Occupational Health and Safety
Local Communities	• Charitable Contributions • Corporate Website and Social Media	• As and when needed • As and when needed	• Social Impact • Socioeconomic Compliance • Employment Opportunities

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT

Every year, we review our materiality matters to ensure that they remain reflective of our business and its potential or actual sustainability impacts.

As part of our review, we analyse and consider our evolving operating environment, considering factors such as sustainability trends and issues relevant to our industry, the geopolitical landscape and domestic trends. We also canvass input from both internal and external stakeholders through various engagement channels, as outlined in the "Stakeholder Engagement" section above.

Following our materiality assessment exercise for FY 2022, we decided to expand our sustainability agenda to cover 13 topics. These topics and the GRI disclosures they aligned to are detailed below.

Materiality Matrix
Our materiality matrix plots the significance of each topic's actual or potential impact on the Group's operations against its influence on stakeholder assessments of the Group. In doing so, it illustrates how sustainability topics are prioritised and selected for inclusion in this statement.

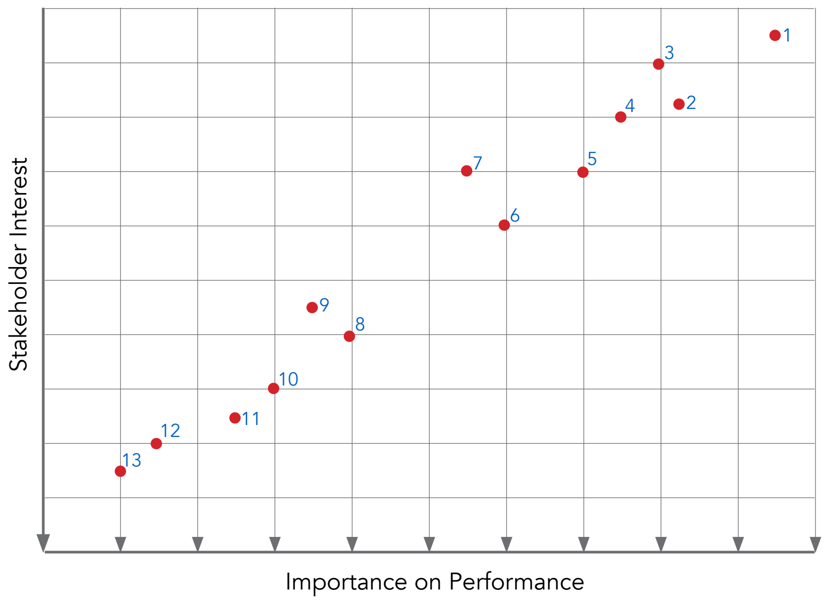


Figure 1: Farlim's Materiality Matrix

SUSTAINABILITY STATEMENT (CONT'D)

Table 2: Farlim's Material Sustainability Matters and GRI Disclosures for FY 2022

Ranking	Aspect	Index	Specific Disclosure
1	Economic Performance/ Financial Stability	201-1	Direct economic value generated and distributed
		201-3	Defined benefit plan obligations and other retirement plans
2	Anti-Corruption	205-1	Operations assessed for risks related to corruption
		205-2	Communication and training about anti-corruption policies and procedures
		205-3	Confirmed incidents of corruption and actions taken
3	Health and Safety	403-1	Occupational health and safety management system
		403-2	Hazard identification, risk assessment, and incident investigation
		403-3	Occupational health services
		403-4	Worker participation, consultation, and communication on occupational health and safety
		403-5	Worker training on occupational health and safety
		403-6	Promotion of worker health
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
		403-9	Work-related injuries
4	Data Privacy and Security	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data
5	Labour Practices and Standards	401-1	New employee hires and employee turnover
		401-2	Benefits provided to full-time employees that are not provided to company or part-time employee
		404-1	Average hours of training per year per employee
6	Supply Chain Management	204-1	Proportion of spending on local suppliers
7	Environmental Compliance	2-27	Compliance with laws and regulations
8	Energy Management	302-1	Energy consumption within the organisation
9	Emissions Management	305-1	Direct (Scope 1) GHG emissions
		305-2	Energy Indirect (Scope 2) GHG emissions
10	Effluents and Waste Management	306-1	Waste generation and significant waste-related impacts
		306-2	Management of significant waste-related impacts
11	Diversity & Equal Opportunities; Non-Discrimination	405-1	Diversity of governance bodies and employees
		406-1	Incidents of discrimination and corrective actions taken
12	Water Management	303-1	Interactions with water as a shared resource
		303-2	Management of water discharge-related impacts
13	Community/ Society Contribution	413-1	Operations with local community engagement, impact assessments, and development programs

The subsequent sections of this statement will provide information on our current initiatives and performance across the material sustainability topics above, each of which have been both reviewed and approved by Farlim's Board of Directors ("the Board").

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

ECONOMIC PERFORMANCE

Why It Matters

We prioritise the delivery of high-quality, affordable and medium cost housing across our land banks with the aim of enabling a broader cross-section of Malaysians to be homeowners and driving long-term uplift in the socioeconomic status of local communities.

Beyond our properties, we strive to operate in ways that maximise shared values through the jobs we create, suppliers we engage, taxes we pay and infrastructural developments we contribute to. This includes our workforce, whose well-being and work satisfaction is always a top priority.

These objectives are underpinned by our rigorous approach to corporate governance, which drives accountability and enforces a sense of purpose across the Group.

How We Approach It

Maintaining Excellence in Corporate Governance

We consistently maintain high standards of corporate governance to ensure the sustainability of the Group's business and performance, safeguard stakeholders' interests and maximise long-term shareholder values. In doing so, we have put in place internal control systems and processes to monitor our compliance with relevant laws and regulations, with these systems and processes reviewed on a quarterly basis by appointed auditors. In addition to this, results from any operational and financial-related reviews and recommendations for improvement are sent to our Audit Committee and Board for their evaluation and approval. We also immediately address any weaknesses and concerns highlighted by external and internal reviews through follow-up actions.

We further ascertain that all engagements with suppliers are governed through internal control procedures to ensure a transparent, fair and efficient means of procurement. Accordingly, all contracts that are awarded go through a fair and transparent tender process.

Empowering Home Ownership

We strive to be a leading player in enabling the nation to achieve its affordable housing goals. Our contributions include our key affordable housing project in Bidor, Perak as well as potential developments in the Group's pipeline that encompass apartments, landed properties, medium-cost housing and other affordable housing developments in Penang, Perak and Selangor.

Supporting Local Suppliers

We want to ensure a sustainable supply chain that creates long-term goodwill amongst the local community and sustains the economic ecosystem. Accordingly, we engage local suppliers and generate employment opportunities for those in surrounding communities, with the aim of driving the growth of the property development sector to become an engine for economic development.

Taking Care of Our Employees

Recognising the crucial role that our workforce plays in the success of our business, we provide our employees with fair and comprehensive benefits packages. These defined benefit plans are in line with national requirements and include employer and employee contributions to the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS").

To ensure oversight of our benefits and other retirement plans, our Executive Directors and Senior Management oversee and lead our overall approach and direction. We also review our employee retirement benefits on a case-by-case basis and subject to the employee's performance.

Our Performance

We delivered a fair economic performance during FY 2022 amidst continuing limitations and challenges brought about by the Covid-19 pandemic. Full details of our direct economic value generated and distributed can be found in the financial statements of this year's Annual Report.

In terms of employee benefits and plans, all liabilities are met by our general resources. An estimated value of the resources required for the execution of these plans can be found in our audited accounts for FY 2022.

PROCUREMENT PRACTICES

Why It Matters

Our procurement practices offer us the opportunity to support local vendors, circulate value within the local economy and maintain strong community relations. As such, we aim to source for suppliers locally wherever practicable for our business.

This approach has benefits beyond the economic value it circulates. In the current unstable geopolitical landscape, sourcing locally enables us to mitigate against the escalating costs of building materials, the fluctuating performance of the ringgit and disruptions to shipping and the global supply chain efficiency.

How We Approach

While we do not currently have policies in place regarding the origin of our suppliers, we continually aim to align our approach to procurement with best practices. As such, our commitment to managing this aspect of our business is clear. Wherever possible, we will prioritise working with local suppliers defined as a local vendor whose business and production operations are based in Malaysia with the aim of achieving 100% local vendors as a proportion of all our suppliers.

Our engagements with suppliers are managed through well-established control procedures, guaranteeing a transparent, fair and efficient procurement process. Our Project and Implementation Department oversees the implementation of related initiatives.

Our Performance

In line with our Group's objective to pivot procurement towards local sources, we are proud to announce that in FY 2022 100% of our spending on suppliers went to local vendors.

ANTI-CORRUPTION

Why It Matters

Our reputation as a responsible and ethical organisation has a direct impact on our ability to forge trust-based relationships, develop partnerships and creating value. To this end, we uphold high standards of business ethics and integrity, complemented by our vigilant Group-wide commitment to anti-corruption and anti-bribery.

Looking forward, we aim to fully adopt and further strengthen our anti-corruption commitment and practices with the aim of being better equipped to manage and mitigate related issues and further amplifying our stakeholders' confidence in the way we manage our business.

How We Approach It

Maintaining a Zero-Tolerance Policy

We continue to strictly maintain our zero-tolerance policy on bribery and corruption across the Group's various departments, projects and interactions with third parties in line with relevant laws and regulations including Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

To prevent corruption and other unethical behaviour, we have implemented a Corruption Prevention Policy and Framework ("CPPF") which is available on our corporate website as well as anti-bribery guidelines. The guidelines detailed best practices across the accepting and offering of gifts, hospitality, entertainment, sponsorship and donation and referral and facilitation payments, requiring employees to fill out forms and receive approval in accordance with prescribed limits in each of these areas.

We also perform internal risk assessment exercise quarterly to assess the Group's bribery and corruption risks as well as the relevant internal controls. The findings are subsequently presented to our Risk Management Committee ("RMC") for further discussion and action.

Driving Ethical Practices Amongst External Stakeholders

In driving ethical business practices amongst our suppliers, a contractual safeguard form is incorporated into all agreements or contracts with a value of more than RM50,000 and a duration of engagement of longer than six months, such as construction contract awards. In addition, a compulsory on-board screening form is to be declared and signed by the supplier. The same is applied with regards to service contracts entered into with other consultants and suppliers.

Additionally, in the event of a contract or agreement renewal, our external stakeholders must resubmit the mandatory declaration forms for evaluation.

Providing Anti-Corruption Training

To promote awareness and understanding of our anti-corruption and anti-bribery policies, we continue to regularly conduct briefing sessions for employees and external stakeholders. Further to this, department heads are continually reminded during every monthly management meeting to ensure that staff are made aware of and comply with these policies at all times.

In addition, new employees are briefed on our anti-corruption policy and best practices as part of their induction.

Providing An Avenue for Whistleblowing

In FY 2022, we adopted a Group-wide whistleblowing policy which is shared on our corporate website. The policy enables employees and stakeholders to anonymously report any suspected incidents of corruption, bribery or other unethical business practices. It protects the whistleblowers against any potential for retaliatory action as a result of their report, thereby fostering a supportive environment for such reports to be made.

Our Performance

There were no confirmed incidents of corruption in FY 2022. Similarly, there were no confirmed incidents in which employees were dismissed or disciplined for corruption, nor were there any confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. In addition, there were no public legal cases regarding corruption brought against the organisation or its employees.

All our employees have declared their acknowledgement of our anti-corruption practices during the year in review.

ENVIRONMENT

ENERGY AND EMISSIONS

Why It Matters

In tandem with our efforts to create positive environmental value by building quality homes and projects within eco-friendly environments, we also want our developments to support efficient energy consumption. In doing so, we can achieve three key aims which are to reduce our climate impact, achieve greater operational efficiency and bolster our reputation as a progressive and environmentally responsible organisation.

Furthermore, the disclosure of our emissions is driven by our responsibility to our stakeholders and local communities, with these disclosures assisting us to make informed decisions in adapting our operations to combat climate change. Ultimately, inadequate emissions reduction affects not only the environment but each and every person and business, meaning that our actions today will have a direct impact on our business prospects in the future.

How We Approach It

Managing Internal Energy Consumption

The Personnel and Administration Department manages and monitors our energy consumption on a monthly basis. Should there be any inconsistencies or anomalies in energy consumption, the department triggers action to rectify the situation.

Recognising that we will only be successful in reducing our energy use when every member of our team is on board, we spearheaded several awareness-raising initiatives relating to efficient energy usage among our employees. Department heads are delegated to assess their team's respective energy-saving initiatives on a regular basis. This approach aims to ensure that the actions of our Senior Management are aligned with the Group's overarching goal of achieving responsible energy utilisation in the near future.

Moreover, we continued to implement existing energy-saving practices during FY 2022. This included communicating with employees through memos and reminders to switch off office lights and electrical appliances when not in use, using light-emitting diode ("LED") bulbs while replacing malfunctioning lighting and considering energy efficiency when purchasing new electrical appliances. The electricity timer is also installed in the office building and car park for maximising energy efficiency.

Adopting Climate-Friendly Practices

Although we currently do not have a policy in place for emissions disclosures, we are taking climate action through various internal initiatives and practices that include:

- Tree-planting initiatives;
- Reducing air travel wherever practicable; and
- Conducting meetings virtually wherever suitable.

These initiatives are coordinated by our Project and Implementation Department and are aimed at collectively reducing our travel-borne carbon emissions.

Our Performance

For the current period of reporting, we have continued to take note of our energy consumption as well as the total amount of greenhouse gas ("GHG") emissions led by our operations.

Table 3: Farlim's Scope 1 Emissions

YEAR	2021		2022
	Petroleum	Diesel	Petroleum
Total Fuel Consumption by Company Owned Vehicles (litre)	9,182	139	16,177
Total GHG (CO2e) Emission (Scope 1) (tonnes)[1]	22.32	0.36	36.75

Table 4: Farlim's Scope 2 Emissions

YEAR	2020	2021	2022
Total Electricity Consumption (kWh)	312,398	250,095	306,891
Total GHG (CO2e) Emission (Scope 2) (tonnes)[2]	182.75	146.31	179.53

The increase in our Scope 1 and 2 Emissions are due to the resumption of physical operations following the easing of Covid-19 pandemic measures in Malaysia.

In terms of our Scope 3 Emissions, we aim to disclose more detailed performance data in the next reporting year pending improvements in our data collection processes. Moving forward, we are steadfast in our commitment to increase the efficiency of our operations, including diligently managing our energy consumption and hence emissions.

[1] Scope 1 emissions are derived from our consumption of petrol- and diesel-powered company vehicles. The computation is based emission factor published by Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories and guidance from the Carbon Development Project ("CDP") Technical Note: Conversion of fuel data to MWh.

[2] Scope 2 emissions are computed based on emission factor published by Institute for Global Environmental Strategies 2021 List of Grid Emissions Factor.

WATER

Why It Matters

Our approach to water management is centred around being responsible stewards of this crucial natural resource. As such, we strive to reduce water usage both by our employees in our offices and by our contractors for projects, as well as to minimise our impact on water sources.

How We Approach It

Introducing Responsible Practices

In our offices, all staff are encouraged to adopt an environmentally conscious mindset while consuming water for washing, cleaning and gardening. Meanwhile, our contractors are required to obtain their own water supply at project sites.

Managing Water Discharge Related Impacts

Water used by the Group is withdrawn from local water supply authorities such as Perbadanan Bekalan Air ("PBA") Holding Bhd, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS") and Lembaga Air Perak ("LAP"), and is consumed and discharged through our water tanks, water pipes, filters and hoses.

Our Performance

As we have only recently embarked on the monitoring of our water usage, we are as yet not in a position to publish performance data related to water extraction and consumption. However, we are committed to disclosing more detailed performance data during our next reporting period.

WASTE

Why It Matters

Proper waste management is important as this helps to reduce our environmental impact and improve quality of life at local and urban levels. In addition, our waste management disclosures help to engage relevant stakeholders including tenants, city governments and planners towards achieving common sustainability targets.

How We Approach It

As part of our on-site housekeeping activities, bins and containers are set up at designated locations for the disposal of general rubbish and waste materials. Furthermore, we recycle and reuse site materials such as plywood as and when necessary and depending on the progress of the site in question. Scheduled waste such as paint and diesel is properly labelled, stored and disposed of.

We also provide training for on-site workers to raise their awareness of requirements pertaining to good environmental practices, such as minimising waste generation and disposing of waste properly. Furthermore, our contractors are required to report on-site activities related to waste management in monthly safety and health reports.

While there is no formal waste management policy in place the Group through our Project and Implementation Department is committed to continuously improving our waste management and disposal practices. To this end, internal audits are conducted to ensure the related initiatives undertaken are put into practice and carried out efficiently.

Our Performance

As we progressively enhance our approach to waste management, we aim to disclose detailed performance data during our next reporting period.

ENVIRONMENTAL COMPLIANCE

Why It Matters

Compliance with environmental regulations is essential to creating shared value through our business activities and to being seen as a responsible property developer. In turn, this enables us to maximise the value of projects, equating to greater benefits for our shareholders, customers and other key stakeholders.

How We Approach It

Adopting Stringent Practices

We are committed to maintaining our track record of receiving zero fines related to environmental regulations and to mitigating other hazards that may lead to a negative impact on the environment as a result of our operations. To this end, we take steps to ensure strict compliance with applicable laws and regulations, review of the applicability and components of an environmental management plan prior to initiating any necessary action that may be necessary and carry out periodic monitoring in accordance to all Environmental Impact Assessment (“EIA”) related laws and guidelines.

With reference to the local legislations and guidelines (based on the size and value of the development project), monthly Environment, Health and Safety (“EHS”) reports are submitted by the contractor’s qualified Safety Health Officer (“SHO”) or Site Safety Supervisor (“SSS”), which are registered with the Department of Occupational Safety and Health (“DOSH”) under the Ministry of Human Resources. We then conduct follow-up actions and execute decisions based on the contents of these reports. Further to this, regular Site Safety Health and Environment meetings are held at each construction site to discuss project and construction requirements, as well as issues related to safety compliance.

Acting In Environmentally Friendly Ways

Further to the procedures outlined above, we ensure environmental compliance through practices that we have embedded in our everyday business activities. This includes housekeeping practices such as disposing of rubbish and waste; the recycling and reuse of site materials such as plywood; the proper labelling, storing and disposing of scheduled waste such as paint and diesel; and the prohibiting of open burning at all construction sites. In tandem with these activities, training programmes are conducted to ensure employees are up to date with the latest environmental regulations.

Our project contractor is responsible for ensuring the disciplined execution of our practices. Meanwhile, the Project Team monitors and manages the practices on-site and has the authority to halt the operations and further investigate the matter if non-compliance is detected. In assisting our key personnel in driving improvement, internal audits and evaluations are conducted to identify areas for improvement and address any potential risks of non-compliance, overseen by the head of the Project and Implementation Department.

Our Performance

We recorded zero instances of non-compliance with environmental laws and regulations during FY 2022.

ZERO
Fines and zero non-monetary sanctions with environmental laws and regulations

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

EMPLOYMENT

Why It Matters

As a company that values its workforce, we are strongly committed to creating a fair, diverse and healthy work environment where every employee can excel and thrive. We believe that by doing so we enable better outcomes for our business as a whole. Higher employee satisfaction leads to higher levels of retention, ultimately resulting in enhanced innovation capabilities and bottom-line results. Therefore, by fostering a conducive environment for fulfilment and motivation at work, the employees would contribute to the Group's long-term success.

How We Approach It

Key Approaches For Employee Engagement And Retention

We provide staff with a range of support programmes and initiatives from their first day of employment, including mentorship programmes, recognition and rewards programmes and various employee engagement activities. This drives greater employee satisfaction and retention.

Our employee retention strategies are outlined in full below:

Figure 2: Farlim's Effective Employee Retention Strategies

Supporting this, we seek to nurture a culture of openness and transparency where all staff can receive or give feedback freely. To this end, department heads are actively encouraged to express their views via monthly management meetings and during annual employee appraisals. Meanwhile, all employees have access to an internal grievance mechanism whereby they can share any genuine concerns on work processes or relate to their colleagues at the workplace confidentially and without fear of any form of victimisation, harassment or retaliation.

Fair and Transparent Remuneration Framework

Our attractiveness as an employer is enhanced by the competitiveness of our remuneration and benefits packages, which are structured into four parts: basic salary, variable components, additional benefits and development opportunities.

Basic Salary	>	Variable Components	>	Additional Benefits	>	Development Opportunities
• Monthly Salary		• Performance incentives / bonus • Recognition for excellent performance		• Health care • Insurance cover • Other benefits		• Opportunities for self-development • Constant communication • Recognition and appreciation

Figure 3: Remuneration Roadmap

We provide salaries that are in line with the Minimum Wages Order ("MWO") 2022, on par with current market trends and in line with relevant regulations and guidelines. In determining remuneration, we adopt a strictly non-discriminatory approach that is based on job requirements, market conditions, experience and educational qualifications and size of pre-allocated budgets.

Further to employees base remuneration, they are provided with performance-based incentives, benefits that are in line with industry standards and professional development opportunities that are specific to their role. Benefits and other relevant initiatives offered include monetary long service awards, annual leave entitlements as per the Employment Act 1955 and labour laws and medical check-up entitlements of up to RM500 per year for employees aged 50 and above. In total, these initiatives help to foster a culture that strives for continual self-improvement, thereby creating shared value between employee and employer.

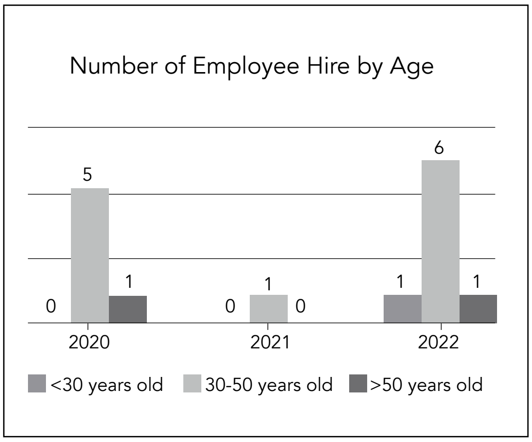
Engaging Our Employees

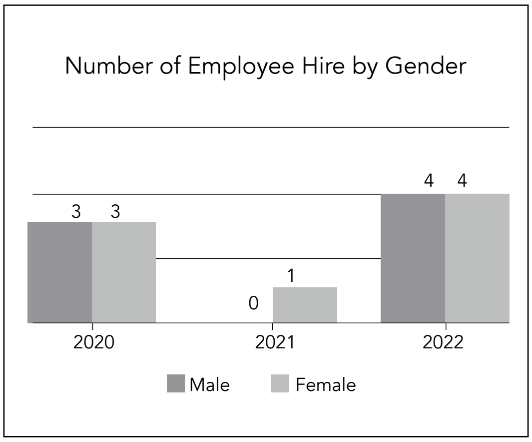
In nurturing a collaborative and collegiate culture amongst our employees, we offer a range of activities and engagement programmes that promote well-rounded physical, social and mental health. Many of these programmes such as staff annual dinners and birthday parties were restricted as a result of the Covid-19 pandemic but are now legally permitted again. Nevertheless, we decided to keep such large internal events on hold during FY 2022 to mitigate against the uncertain path of the pandemic.

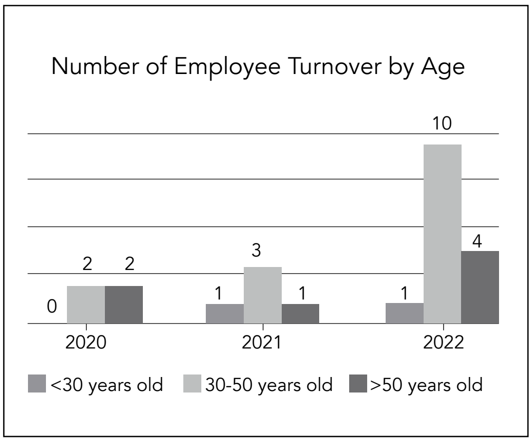
Our Performance

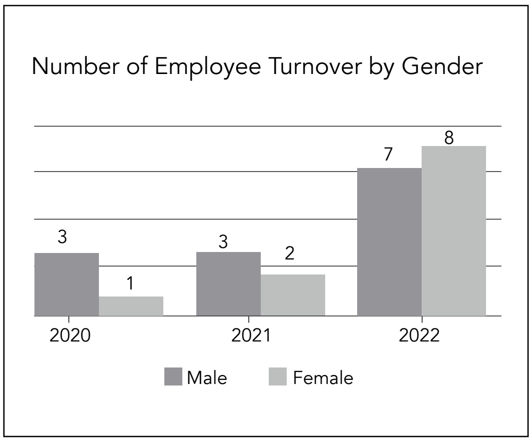
In the year 2022, we witnessed an increase in employee turnover compared to the previous reporting year. However, we also saw an increase in our number of new hires. Moving forward, we will continue to adopt practices and initiatives to create a conducive work environment for our employees.

SUSTAINABILITY STATEMENT (CONT'D)









2020	2021	2022
Total Number of Employees: **67**	Total Number of Employees: **63**	Total Number of Employees: **59**

In the year 2022, benefits provided to full-time employees include healthcare (i.e. group hospitalisation surgery coverage, medical check-ups and panel doctor visits), disability and invalidity coverage (i.e. group personal accident insurance), annual leave, sick leave, unrecorded leave and special leave. Further details are summarised in the figure below.

Direct Compensation	Indirect Compensation
• Wages • Salaries • Bonuses • Allowances • Overtime	• Insurance Plans: - Group Hospitalisation and Surgical - Group Personal Accident • Benefits: - EPF - Medical - SOCSO - Housing discount • Paid absences: - Annual Leave - Sick Leave - Unrecorded leave (including compassionate, paternity and other types of leave) - Special leave (including marriage, replacement and maternity leave)

Figure 4: Farlim's Compensation and Benefits Package in the Year 2022

OCCUPATIONAL HEALTH AND SAFETY

Why It Matters

Ensuring the health, safety and security of all our employees is central to our responsibility as an organisation, and is therefore a top priority for the Group. Accordingly, we strive to implement the necessary updated health and safety measures, thoroughly mitigate potential occupational risks and maintain a zero-accident environment across all our locations.

How We Approach It

Implementing A Best Practice Approach On Environmental Health and Safety ("EHS")

We fully comply with the Occupational and Safety Health Act 1994 as well as regulations set by the Department of Occupational Safety and Health ("DOSH") and the Construction Industry Development Board ("CIDB"). This is verified through internal audit reviews across our business operations, management meetings and periodic on-site inspections.

Health and safety matters pertaining to our business operations and stakeholders, including our employees, contractors, customers and visitors, are in accordance to our EHS best practices. EHS initiatives include annual fire drills and safety training, the registering of safety supervisors under DOSH, and the issuing of the EHS management plan to all contractors, sub-contractors and suppliers. Led by the Group's Project and Implementation Department, our EHS guidelines are regularly revised to ensure compliance according to the latest regulations, with any changes to be communicated to all stakeholders through project consultant meetings.

Any EHS or related grievances raised and safety reports received are addressed by dedicated contractor-appointed safety supervisor and discussed during bi-weekly site meetings. Grievances can be raised by employees, who are encouraged to report any instances of non-compliance with the EHS policy. Meanwhile, safety reports outline minor and major site accidents, instances of non-conformance as well as actions taken to address findings from inspections. Subsequent follow-up actions are determined by the Project and Implementation Department, which continuously collaborates with our contractors and consultant representatives to ensure compliance.

Nurturing A Culture That Values Safety

To ensure that employees are regularly informed about appropriate conduct relating to occupational health and safety, daily toolbox briefings covering key safety and health matters are conducted by contractors at project sites in addition to regular safety briefings and day-to-day communication on safety matters. In tandem with this, health and safety training is provided where appropriate and is conducted by the safety officer at the site in question. This notably includes our CIDB Green Card Safety Course.

SUSTAINABILITY STATEMENT (CONT'D)

In the context of project sites, the main contractor plays an important role in ensuring the safety of our sites. Beyond providing supervised, bi-weekly health and safety training to workers, they are also required to strictly observe and comply with relevant employment and occupational health and safety laws, including requirements under the Employee Social Security Act 1969. Contractors must also purchase risk insurance coverage for their project site, including Workmen's Compensation ("WC") to cover injuries sustained by workers on project sites.

Adapting To Pandemic-Induced Challenges

In light of the Covid-19 pandemic, we maintained measures to ensure full compliance with relevant regulatory requirements. For FY 2022, this included continued enforcement of the usage of face masks; providing sanitisers to contractors, consultants, employees and other visitors who requires access to our operations; carrying out disinfection exercises at project sites; conducting regular briefings on related policies and guidelines; and mandating full Covid-19 vaccination and booster shots for all employees. In addition, we provide group insurance and medical benefits such as clinic visits and health checks to all employees.

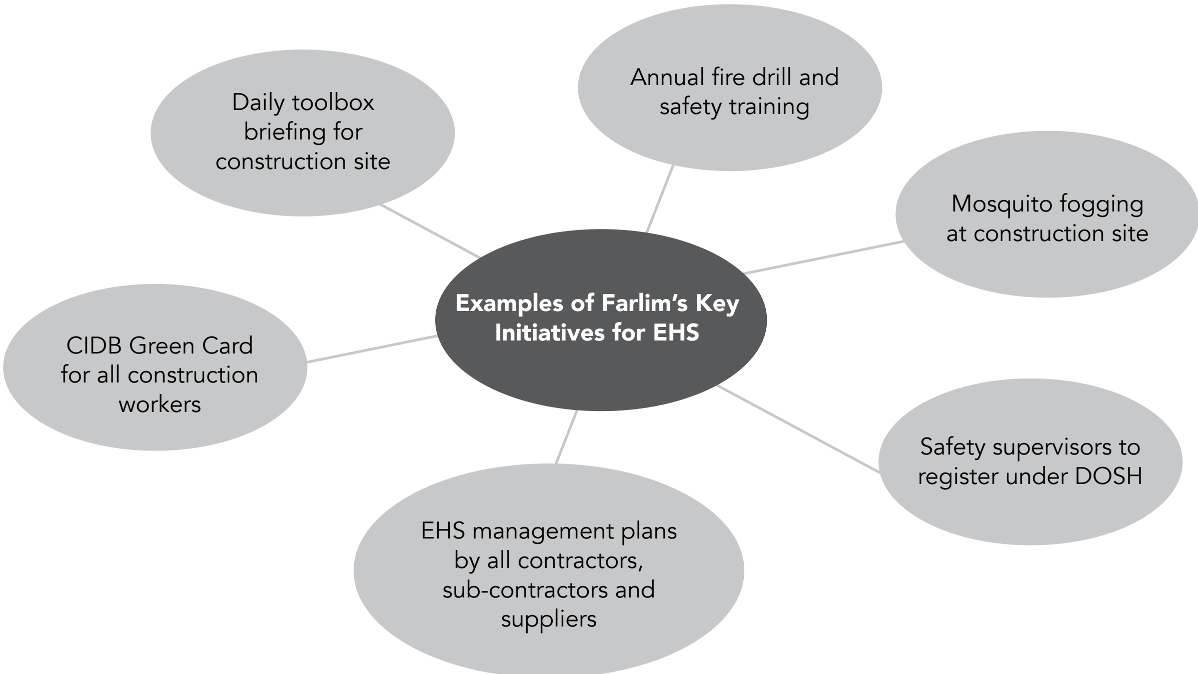


Figure 5: Examples of Farlim's Key Initiatives for EHS

Our Performance

Our performance in relation to health and safety is summarised in the table below.[3]

	2020	2021	2022
Number of Injury	0	0	0
Injury Rate	0	0	0
Number of Case/Incident resulted in Lost Workdays	0	0	0
Lost Day Rate	0	0	0

As we move forward, we are committed to improving our performance to ensure our work environment adheres to the highest standards of health and safety across all business operations.

[3] In alignment with previous years,the scope for this piece of performance data only includes our construction sites.

TRAINING AND EDUCATION

Why It Matters

Our employees are crucial to the success of our business. They drive innovation, are the repository for our established processes and procedures and embody the culture we seek to foster. It is therefore vital that we invest in the continuous training and development of our employees so that they improve their skills progressively, stay in-step with industry trends and acquire knowledge in new areas of growth. By doing so, we can cultivate a value-based culture, foster a greater sense of community and drive employees motivation and retention.

How We Approach It

We see training as a key mechanism in the value creation process and to this end we provide both physical (external and in-house) and virtual training opportunities. These programmes are designed to align with emerging areas of importance such as digital fluency, thus building the time-relevant skills and knowledge required for employees to improve their performance and drive our continued competitiveness. Our training objectives are clearly defined and align with our Group's organisational strategy, as depicted below:

GOALS	OBJECTIVES
Address Weaknesses	• Allows employees to strengthen the skills that they need to improve. • Creates knowledgeable employees who can assist one another when needed and promotes teamwork among them.
Create Consistency	• Provides employees with consistent experience and professional knowledge.
Improve Employee Performance	• Gives employees a greater understanding of their responsibilities within their roles. • Builds employees confidence, which in turn enhances their overall performance and benefits to the Group.
Improve Employee Satisfaction and Morale	• Improves job satisfaction as employees feel more appreciated through training opportunities.
Increase Innovation in New Strategies and Products	• Encourages creativity where new ideas can be formed as a direct result of training and development.
Increase Productivity and Adherence to Quality Standards	• Increases efficiency in processes, which in turn ensure project success and improve the Group's performance.
Reduce Employee Turnover	• Makes employees feel valued and therefore, less likely to change jobs. • Decreases recruitment costs due to employees' retention.

Figure 6: Farlim's Workforce Training Goals and Objectives

Training is generally targeted towards managers and executives and is market outlook-focused, covering a range of subject matters including property market updates, regulatory shifts and compliance requirements. Department heads are responsible for planning and recommending staff for training where appropriate and available, with Senior Management providing the final approval. To register their interests in attending training, all employees are required to use the Group's training requisition form.

In view of the Covid-19 pandemic, all training in FY 2022 was conducted in compliance with relevant regulatory guidelines. Wherever in-person attendance was required, we adhered to the Standard Operating Procedures ("SOPs") determined by the regulatory authorities.

For the reporting year of 2022, the following trainings were provided to our employees:

TRAINING DETAILS	
No.	Name/ Title
1	HDA Accounts - HIMS System
2	Virtual Briefing on Housing Integrated Management System ("HIMS") by KPKT
3	HIMS Briefing
4	Environmental, Social and Governance ("ESG") Sustainability Reporting Workshop
5	Bank Negara Malaysia ("BNM") Engagement Session
6	2022 Tax and Budget
7	11th Companies Commission Malaysia ("SSM") National Conference 2022

Notably, the Group is now a registered member of the Human Resources Development Fund ("HRDF") and we have commenced contributions to HRDF as of January 1, 2022, per the relevant regulatory requirements.

Our Performance

Our employees collectively received 124 hours of training in FY 2022, averaging 2.09 hours per employee with the following breakdown by gender and employment level:

- Men: average of 2.17 hours
- Women: average of 2.04 hours
- Management: average of 3.82 hours
- Executives: average of 1.56 hours

DIVERSITY AND EQUAL OPPORTUNITY; NON DISCRIMINATION

Why It Matters

Maintaining diverse, equal opportunity work environments that are free of all forms of discrimination and bias is central to promoting harmony, motivating employees and ultimately protecting and advancing our reputation as an organisation. We are conscious that any negative incidents can substantially affect how the Group is perceived in the eyes of our stakeholders and the public, and therefore have adopted a firm policy that is aimed at encouraging the internal reporting of any such incidents and the quick rectification of the issue in question.

How We Approach It

Fostering Diverse Workplaces

Diversity starts through our employment policies and our aim is to ensure that our Board, our Senior Management and our employees span a wide range of skills, experiences, ages and cultural backgrounds.

In furthering appreciation of and action on diversity, our directors participate in diversity-related seminars such as the launch of the Malaysia Board Diversity Study and Index. We have also allocated HRDF resources for our employees to access relevant diversity and non-discrimination training.

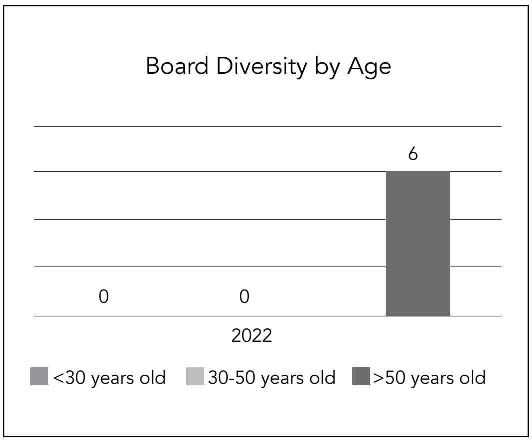
Stamping Out Discrimination

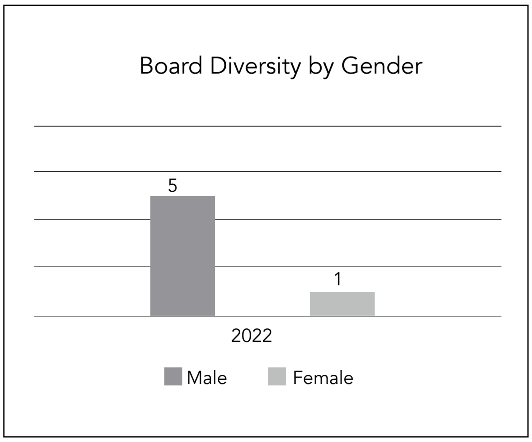
In seeking to swiftly identify and address any incidents of discrimination, we have set up an internal grievance mechanism whereby any complaints go through department heads, Senior Management and a member of the Board, depending on the seriousness of the case.

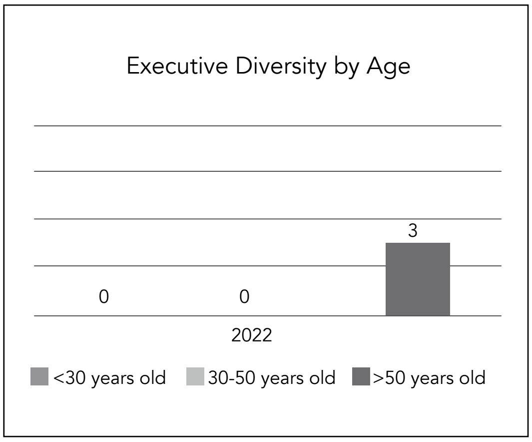
Our Performance

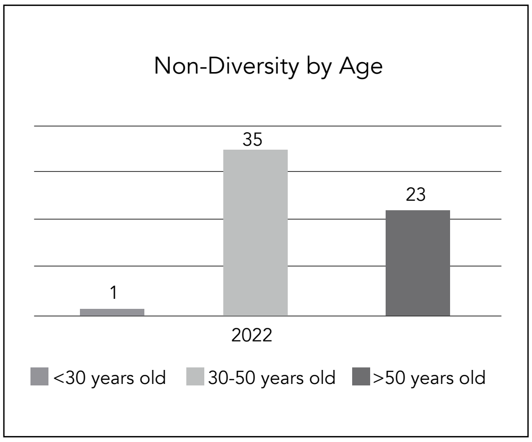
We are pleased to report zero incidents of discrimination in FY 2022.

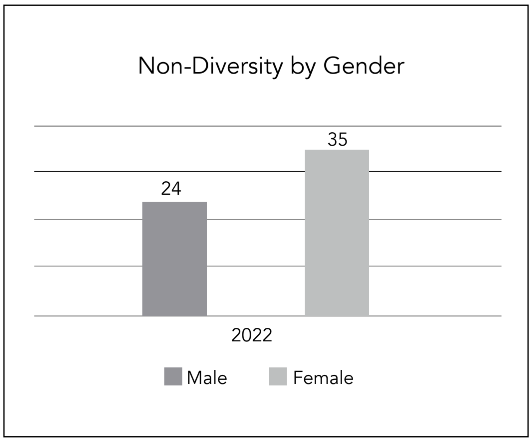
Further, a breakdown of our diversity in relation to our Board[4], Executive[5] and Non-Executive[6] levels is captured in the figures below.











[4] *Refers to Board of Directors.*
[5] *Refers to Chairman and Chief Executive.*
[6] *Refers to employees.*

LOCAL COMMUNITIES

Why It Matters

Local communities and their residents are the main buyers of our properties as well as our source of human capital and external expertise. We therefore, undertake meaningful community development activities to strengthen bonds with this crucial stakeholder and enhance the sustainability of our business. Beyond this, we believe that it is important as a caring and responsible organisation to share the value we have generated in order to drive sustainable development locally.

How We Approach It

We contribute our profits into the local communities through the employment opportunities we provide, the suppliers we engage and the business investments we make. In addition to this, whistleblowing policies are available on our website to facilitate grievance processes related to community outreach programme mismanagement.

Our Performance

In FY 2022, we contributed to the following initiatives:

- Wadda Gurdwara Sahib Penang Heritage Night towards the conservation, restoration and preservation of a Southeast Asian heritage jewel.
- The Malaysian Indian Congress ("MIC") for various charitable activities.
- Gabungan Persatuan India Muslim Pulau Pinang ("GAPIEM") charitable programme providing financial assistance to students and B40 families, distribution of funds for festivals and coordination of outreach programmes with the State government to improve communication on policies.
- Fundraising at UTAR Hospital to assist in the organisation's mission to provide quality and affordable medical and health services.
- Pembinaan Tapak Bomba to provide facilities for volunteer fire rescue teams in Penang.
- Penang Chesire Home, which was established to house and rehabilitate the physically disabled by helping them improve their quality of life and live with dignity.

CUSTOMER PRIVACY

Why It Matters

In recognition of growing cyber security risks, we are deeply committed to ensuring that we have the necessary measures in place to handle our customers' data ethically and securely. Our customer's privacy is our utmost priority, and we continually seek to improve our practices to ensure alignment with prevailing laws and regulations.

How We Approach It

Our approach to customer data privacy is governed by our Personal Data Protection Policy, which is applicable to all employees and publicly available on our company website. The policy aims to drive complete compliance with the Personal Data Protection Act 2010 ("PDPA") and ensure that data is handled appropriately at all times. Unless provided with expressed consent or required to do so by law, the policy stipulates that sensitive customer data is not to be shared with any external parties.

The policy incorporates six principles: Management Information System ("MIS") control room, security levels measurement, password control, data backup, MIS report requisition, and illegal software control.

Figure 7: Farlim's Personal Data Protection Policy

To ensure that our stakeholders understand our approach to data privacy including when and why we collect sensitive data, our disclosures to third parties, and their rights in connection to their personal data, we ensure our PDPA notice is circulated amongst all customers. The notice is available in both English and Bahasa Malaysia. Moreover, all customers are required to sign a PDPA consent form prior to providing any further information to solicitors and financiers. Additionally, if third-party service providers handle customers' personal data on our behalf, they must issue a letter of understanding to pledge that our Personal Data Protection Policy will be strictly abided by.

If our customers have any grievances or concerns relating to our data privacy efforts, they can contact us through email or our corporate website to lodge a complaint or provide feedback. All customer complaints are reviewed thoroughly by our MIS Department before being advanced to the Senior Management for any follow-up action.

Our Performance

For FY 2022, we received no substantiated complaints concerning breaches of customer privacy or losses of customer data.

ZERO
Complaints concerning breaches of customer privacy and loss of customer data

GRI Standards Content Index

GRI Standard	Disclosure	Page Reference	Omission
GRI 102: GENERAL DISCLOSURES 2016			
ORGANISATIONAL PROFILE			
GRI 102-1	Name of the organisation	63	
GRI 102-2	Activities, brands, products and services	Refer to Annual Report	
GRI 102-3	Location of headquarters	63	
GRI 102-4	Location of operations	Refer to Annual Report	
GRI 102-5	Ownership and legal form	Refer to Annual Report	
GRI 102-6	Markets served	Refer to Annual Report	
GRI 102-7	Scale of the organisation	Refer to Annual Report	
GRI 102-8	Information on employees and other workers	75	
GRI 102-9	Supply chain	63	
GRI 102-10	Significant changes to organisation and its supply chain	–	There were no changes to the organisation and the supply chain during the reporting period.
GRI 102-11	Precautionary Principle or approach	Refer to Annual Report	
GRI 102-12	External initiatives	–	There were no external initiatives during the reporting period.
GRI 102-13	Membership of associations	63	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	64	
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standards and norms of behaviour	Refer to Annual Report	
GOVERNANCE			
GRI 102-18	Governance structure	Refer to Annual Report	
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	65	
GRI 102-41	Collective bargaining agreements		Collective bargaining agreements are not applicable to Farlim's nature of business.
GRI 102-42	Identifying and selecting stakeholders	65	
GRI 102-43	Approach to stakeholder engagement	65	
GRI 102-44	Key topics and concerns raised	65	
REPORTING PRACTISE			
GRI 102-45	Entities included in the consolidated financial statements	Refer to Annual Report	
GRI 102-46	Defining report content and topic Boundaries	63	

SUSTAINABILITY STATEMENT (CONT'D)

GRI Standard	Disclosure	Page Reference	Omission
GRI 102-47	List of material topics	63	
GRI 102-48	Restatements of information		No restatement of information during the reporting period.
GRI 102-49	Changes in reporting		There were no changes in reporting during the reporting period.
GRI 102-50	Reporting period	63	
GRI 102-51	Date of the most recent report	63	
GRI 102-52	Reporting cycle	63	
GRI 102-53	Contact point of questions regarding the report	63	
GRI 102-54	Claims of reporting in accordance with the GRI Standards	63	
GRI 102-55	GRI content index	83-85	
GRI 102-56	External assurance		The review was performed by the internal team and approved by the management.
GRI 201: ECONOMIC PERFORMANCE			
GRI 103-1	Explanation of the material topic and its Boundary	68	
GRI 103-2	The management approach and its components	68	
GRI 103-3	Evaluation of the management approach	68	
GRI 201-1	Direct economic value generated and distributed	68	
GRI 201-3	Defined benefit plan obligations and other retirement plans	68	
GRI 204: PROCUREMENT PRACTICES 2016			
GRI 103-1	Explanation of the material topic and its Boundary	69	
GRI 103-2	The management approach and its components	69	
GRI 103-3	Evaluation of the management approach	69	
GRI 204-1	Proportion of spending on local suppliers	69	
GRI 205: ANTI-CORRUPTION 2016			
GRI 103-1	Explanation of the material topic and its Boundary	69	
GRI 103-2	The management approach and its components	69	
GRI 103-3	Evaluation of the management approach	69	
GRI 205-1	Operations assessed for risks related to corruption	69	
GRI 205-2	Communication and training about anti-corruption policies and procedures	69	
GRI 205-3	Confirmed incidents of corruption and actions taken	69	
GRI 302: ENERGY 2016			
GRI 103-1	Explanation of the material topic and its Boundary	70	
GRI 103-2	The management approach and its components	70	
GRI 103-3	Evaluation of the management approach	70	
GRI 302-1	Energy consumption within the organisation	70	

GRI Standard	Disclosure	Page Reference	Omission
GRI 303: WATER AND EFFLUENTS 2018			
GRI 103-1	Explanation of the material topic and its Boundary	71	
GRI 103-2	The management approach and its components	71	
GRI 103-3	Evaluation of the management approach	71	
GRI 303-1	Interactions with water as a shared resource	71	
GRI 303-2	Management of water discharge-related impacts	71	
GRI 305: EMISSIONS 2016			
GRI 103-1	Explanation of the material topic and its Boundary	70	
GRI 103-2	The management approach and its components	70	
GRI 103-3	Evaluation of the management approach	70	
GRI 305-1	Direct (Scope 1) GHG emissions	70	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	70	
GRI 306: WASTE 2020			
GRI 103-1	Explanation of the material topic and its Boundary	71	
GRI 103-2	The management approach and its components	71	
GRI 103-3	Evaluation of the management approach	71	
GRI 306-1	Waste generation and significant waste-related impacts	71	
GRI 306-2	Management of significant waste-related impacts	71	
GRI 2-27: COMPLIANCE WITH LAWS AND REGULATIONS (ENVIRONMENTAL COMPLIANCE)			
GRI 103-1	Explanation of the material topic and its Boundary	72	
GRI 103-2	The management approach and its components	72	
GRI 103-3	Evaluation of the management approach	72	
GRI 2-27	Compliance with laws and regulations	72	
GRI 401: EMPLOYMENT 2016			
GRI 103-1	Explanation of the material topic and its Boundary	73 - 74	
GRI 103-2	The management approach and its components	73 - 74	
GRI 103-3	Evaluation of the management approach	73 - 74	
GRI 401-1	New employees hires and employee turnover	75	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
GRI 103-1	Explanation of the material topic and its Boundary	76 - 77	
GRI 103-2	The management approach and its components	76 - 77	
GRI 103-3	Evaluation of the management approach	76 - 77	
GRI 403-1	Occupational health and safety management system	76 - 77	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	76 - 77	
GRI 403-3	Occupational health services	76 - 77	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	76 - 77	
GRI 403-5	Worker training on occupational health and safety	76 - 77	

SUSTAINABILITY STATEMENT (CONT'D)

GRI Standard	Disclosure	Page Reference	Omission
GRI 403-6	Promotion of worker health	76 - 77	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	76 - 77	
GRI 403-9	Work-related injuries	76 - 77	
GRI 404: TRAINING AND EDUCATION 2016			
GRI 103-1	Explanation of the material topic and its Boundary	78 - 79	
GRI 103-2	The management approach and its components	78 - 79	
GRI 103-3	Evaluation of the management approach	78 - 79	
GRI 404-1	Average hours of training per year per employee	79	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI 103-1	Explanation of the material topic and its Boundary	79 - 80	
GRI 103-2	The management approach and its components	79 - 80	
GRI 103-3	Evaluation of the management approach	79 - 80	
GRI 405-1	Diversity of governance bodies and employees	79 - 80	
GRI 406: NON-DISCRIMINATION 2016			
GRI 103-1	Explanation of the material topic and its Boundary	79 - 80	
GRI 103-2	The management approach and its components	79 - 80	
GRI 103-3	Evaluation of the management approach	79 - 80	
GRI 406-1	Incidents of discrimination and corrective actions taken	79 - 80	
GRI 413: LOCAL COMMUNITIES 2016			
GRI 103-1	Explanation of the material topic and its Boundary	81	
GRI 103-2	The management approach and its components	81	
GRI 103-3	Evaluation of the management approach	81	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	81	
GRI 418: CUSTOMER PRIVACY 2016			
GRI 103-1	Explanation of the material topic and its Boundary	81	
GRI 103-2	The management approach and its components	81	
GRI 103-3	Evaluation of the management approach	81	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	81	

STATEMENT EXPLAINING THE BOARD OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Responsibilities of the Directors in relation to financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company for the financial year ended December 31, 2022 that give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial results and cash flows of the Group and of the Company for the financial year then ended in accordance with the Financial Reporting Standards and the applicable approved accounting standards in Malaysia and the requirements of the Companies Act 2016 of 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.

The Directors of the Company are responsible for overseeing the Group's financial reporting process.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:-

- ensured the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- ensured that applicable approved accounting standards have been complied with;
- where applicable, judgments and estimates are made on a reasonable and prudent basis; and
- upon due inquiry into the state of affairs of the Company, there are no material matters that may affect the ability of the Company to continue in business on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Farlim Group (Malaysia) Bhd. ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property development and investment holding. The principal activities of its subsidiaries are disclosed in Note 28 to the financial statements.

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

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, net of tax		
- Continuing operations	(10,781,656)	(6,753,725)
- Discontinued operation	5,100,012	-
	(5,681,644)	(6,753,725)
Attributable to:		
Owners of the Company	(5,691,875)	(6,753,725)
Non-controlling interests	10,231	-
	(5,681,644)	(6,753,725)

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2022, the Company held 15,365,700 (2021: 15,365,700) treasury shares out of its 168,391,313 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM5,122,542/- (2021: RM5,122,542/-). Further details are disclosed in Note 15 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dato' Seri Lim Gait Tong*	
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther*	
Wong Hon Weng	(Appointed on 13 March 2023)
Yong Yew Wei	(Appointed on 23 June 2022)
Lim Chu Dick	(Retired on 23 June 2022)
Koay Say Loke Andrew*	
Khairilanuar Bin Abdul Rahman	
Adlina Hasni Binti Zainol Abidin	

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Kwong Yook Faan	(Resigned on 23 December 2022)
Joanne Lim	(Appointed on 22 December 2022)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, 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:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
The Company				
Farlim Group (Malaysia) Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	12,000	-	-	12,000
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	12,000	-	-	12,000
Koay Say Loke Andrew	2,400	-	-	2,400
Adlina Hasni Binti Zainol Abidin	38,000	-	-	38,000
Indirect				
Tan Sri Dato' Seri Lim Gait Tong [(1)]	69,358,480	-	-	69,358,480
Lim Chu Dick [(1)]	69,358,480	-	69,358,480	-
The ultimate holding company				
Farlim Holding Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	45,773	3,582	-	49,355
Lim Chu Dick	3,582	-	3,582	-
The subsidiary				
Farlim Marketing Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	-	245,000	-	245,000
Lim Chu Dick	245,000	-	245,000	-

[(1)] *Shares held through the ultimate holding company.*

DIRECTORS' INTERESTS (CONTINUED)

By virtue of their interests in shares in the ultimate holding company, and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Tan Sri Dato' Seri Lim Gait Tong is also deemed interested in shares in the Company and its related corporations to the extent that the ultimate holding company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 23 to the financial statements.

The directors' benefits of the Group and of the Company are as follows:

	Group and Company RM
Directors of the Company:	
- Fees	136,800
- Remuneration	1,315,656
- Post-employment benefits	52,242
- Other emoluments	2,094
	1,506,792

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group were RM5,000,000/- and RM23,549/- respectively.

SUBSIDIARIES

The details of Company's subsidiaries are disclosed in Note 28 to the financial statements.

ULTIMATE HOLDING COMPANY

The directors regard Farlim Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the financial year are RM173,600 and RM99,500.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT (CONT'D)

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

TAN SRI DATO' SERI LIM GAIT TONG
Director

DATUK SERI HAJI MOHAMED IQBAL BIN KUPPA PITCHAI RAWTHER
Director

Date: 23 March 2023

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	3,253,524	3,411,657	725,660	836,777
Right-of-use assets	6	153,127	155,315	62,982	64,030
Investment properties	7	11,580,403	11,457,925	12,316,467	12,161,875
Inventories	8	49,581,703	52,492,990	24,139,316	27,243,519
Investment in subsidiaries	9	-	-	44,813,442	36,333,069
Other investments	10	39,097	43,379	-	-
Goodwill on consolidation	11	2,970,000	2,970,000	-	-
Trade and other receivables	12	-	-	-	10,997,150
Total non-current assets		67,577,854	70,531,266	82,057,867	87,636,420
CURRENT ASSETS					
Inventories	8	23,860,472	22,480,072	17,331,803	16,802,548
Other investments	10	47,028,115	41,455,935	45,540,982	39,070,961
Trade and other receivables	12	4,417,033	6,379,658	3,233,436	1,890,085
Prepayments		108,277	219,876	61,812	63,401
Contract assets	19	1,759,910	2,072,209	1,759,910	2,072,209
Tax recoverable		15,951	6,855	6,276	1,235
Cash and bank balances	13	7,562,808	5,477,610	5,443,191	3,478,981
Total current assets		84,752,566	78,092,215	73,377,410	63,379,420
TOTAL ASSETS		152,330,420	148,623,481	155,435,277	151,015,840

STATEMENTS OF FINANCIAL POSITION (CONT'D)
as at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	169,041,548	169,041,548	169,041,548	169,041,548
Treasury shares	15	(5,122,542)	(5,122,542)	(5,122,542)	(5,122,542)
Foreign exchange reserve		-	671,906	-	-
Accumulated losses		(33,454,695)	(27,762,820)	(24,738,272)	(17,984,547)
Shareholders' funds		130,464,311	136,828,092	139,180,734	145,934,459
Non-controlling interests		259,492	250,364	-	-
Total equity		130,723,803	137,078,456	139,180,734	145,934,459
NON-CURRENT LIABILITY					
Deferred tax liabilities	16	36,309	36,309	36,309	36,309
Total non-current liability		36,309	36,309	36,309	36,309
CURRENT LIABILITIES					
Trade and other payables	17	4,297,210	5,312,588	2,956,909	2,701,329
Provisions	18	16,990,957	5,920,512	13,038,957	2,128,131
Contract liabilities	19	222,368	215,612	222,368	215,612
Tax payables		59,773	60,004	-	-
Total current liabilities		21,570,308	11,508,716	16,218,234	5,045,072
Total liabilities		21,606,617	11,545,025	16,254,543	5,081,381
TOTAL EQUITY AND LIABILITIES		152,330,420	148,623,481	155,435,277	151,015,840

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
	Note				
Revenue	20	16,789,092	19,847,868	16,107,502	12,680,654
Cost of sales	21	(13,275,857)	(17,818,612)	(12,678,640)	(11,574,083)
Gross profit		3,513,235	2,029,256	3,428,862	1,106,571
Other income		8,403,986	2,080,545	9,448,454	2,081,600
Administrative expenses		(12,406,149)	(10,134,542)	(9,826,141)	(7,614,535)
Other operating expenses		(10,319,868)	-	(10,000,000)	(12,907,021)
Operating loss		(10,808,796)	(6,024,741)	(6,948,825)	(17,333,385)
Finance income	22	68,122	41,326	195,100	410,763
Loss before taxation	23	(10,740,674)	(5,983,415)	(6,753,725)	(16,922,622)
Income tax expense	24	(40,982)	(43,835)	-	(10,615)
Loss for the financial year from continuing operations		(10,781,656)	(6,027,250)	(6,753,725)	(16,933,237)
Profit/(loss) for the financial year from discontinued operation, net of tax	9(b)	5,100,012	(13,157,790)	-	-
Loss for the financial year		(5,681,644)	(19,185,040)	(6,753,725)	(16,933,237)
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operation		(21,469)	610,275	-	-
Reclassification adjustments of exchange translation reserve upon disposal of a subsidiary		(650,437)	-	-	-
Total comprehensive loss for the financial year		(6,353,550)	(18,574,765)	(6,753,725)	(16,933,237)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)
for the financial year ended 31 December 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(10,791,887)	(6,025,310)	(6,753,725)	(16,933,237)
- From discontinued operation		5,100,012	(13,157,790)	-	-
Non-controlling interests		10,231	(1,940)	-	-
		(5,681,644)	(19,185,040)	(6,753,725)	(16,933,237)
Total comprehensive (loss)/income attributable to:					
Owners of the Company					
- From continuing operations		(10,791,887)	(6,025,310)	(6,753,725)	(16,933,237)
- From discontinued operation		4,428,106	(12,547,515)	-	-
Non-controlling interests		10,231	(1,940)	-	-
		(6,353,550)	(18,574,765)	(6,753,725)	(16,933,237)
Basic (loss)/earning per share (sen):	25				
- From continuing operations		(7.05)	(3.94)		
- From discontinued operation		3.33	(8.60)		
Diluted (loss)/earning per share (sen):	25				
- From continuing operations		(7.05)	(3.94)		
- From discontinued operation		3.33	(8.60)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 31 December 2022

	|------- Attributable to owners of the Company ---------|					
	Share Capital RM	Treasury Share RM	Foreign Exchange Reserve RM	Accumulated Losses RM	Non-Controlling Interests RM	Total Equity RM
Group						
At 1 January 2021	169,041,548	(5,122,542)	61,631	(8,579,720)	694,465	156,095,382
Total comprehensive income for the financial year						
Other comprehensive income	-	-	610,275	-	-	610,275
Loss for the financial year	-	-	-	(19,183,100)	(1,940)	(19,185,040)
Total comprehensive income/(loss)	-	-	610,275	(19,183,100)	(1,940)	(18,574,765)
Transaction with owners						
Dividend paid	-	-	-	-	(441,000)	(441,000)
Deconsolidation of a subsidiary	-	-	-	-	(1,161)	(1,161)
Total transaction with owners	-	-	-	-	(442,161)	(442,161)
At 31 December 2021	169,041,548	(5,122,542)	671,906	(27,762,820)	250,364	137,078,456
At 1 January 2022	169,041,548	(5,122,542)	671,906	(27,762,820)	250,364	137,078,456
Total comprehensive income for the financial year						
Reclassified to profit or loss upon disposal of a subsidiary	-	-	(650,437)	-	-	(650,437)
Foreign currency translation reserve	-	-	(21,469)	-	-	(21,469)
(Loss)/Profit for the financial year	-	-	-	(5,691,875)	10,231	(5,681,644)
Total comprehensive (loss)/income	-	-	(671,906)	(5,691,875)	10,231	(6,353,550)
Transaction with owners						
Deregistration of a subsidiary	-	-	-	-	(1,103)	(1,103)
Total transaction with owners	-	-	-	-	(1,103)	(1,103)
At 31 December 2022	169,041,548	(5,122,542)	-	(33,454,695)	259,492	130,723,803

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
for the financial year ended 31 December 2022

	|------- Attributable to owners of the Company ---------|			
	Share Capital RM	**Treasury Shares RM**	**Accumulated Losses RM**	**Total Equity RM**
Company				
At 1 January 2021	169,041,548	(5,122,542)	(1,051,310)	162,867,696
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(16,933,237)	(16,933,237)
At 31 December 2021	169,041,548	(5,122,542)	(17,984,547)	145,934,459
At 1 January 2022	169,041,548	(5,122,542)	(17,984,547)	145,934,459
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(6,753,725)	(6,753,725)
At 31 December 2022	169,041,548	(5,122,542)	(24,738,272)	139,180,734

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES:					
(Loss)/profit before taxation					
- Continuing operations		(10,740,674)	(5,983,415)	(6,753,725)	(16,922,622)
- Discontinued operation		5,100,012	(13,157,790)	-	-
Adjustments for:					
Bad debts written off		120,230	-	8,028	-
Depreciation of:					
- investment properties		291,975	291,976	259,861	259,869
- property, plant and equipment		219,840	276,188	131,968	151,276
- right-of-use assets		2,188	2,195	1,048	1,050
Dividend income		(371)	(108)	-	(459,000)
Fair value loss/(gain) on financial assets		4,283	(9,480)	-	-
(Gain)/loss on disposal of property, plant and equipment		(3,199)	24	(3,199)	-
Gain on disposal of a subsidiary		(7,445,430)	-	-	-
Gain on disposal of investment property		-	(326,644)	-	(101,667)
Impairment losses on investment in subsidiaries		-	-	-	12,907,021
Impairment losses on trade receivables		-	5,713,020	-	-
Interest income		(68,131)	(42,019)	(195,100)	(410,763)
Income from cash management fund		(415,740)	(991,340)	(412,901)	(960,705)
Inventories written off		-	7,386,398	-	-
Property, plant and equipment written off		2,974	-	2,974	-
Provision for directors' retirement benefits		641,509	50,000	641,509	50,000
Provision for compensation		10,319,868	-	10,000,000	-
Reversal of impairment loss on trade receivables		(5,754,893)	-	-	-
Reversal of impairment loss on investment in subsidiaries		-	-	(8,630,373)	-
Gain on deconsolidation of a subsidiary		(1,103)	(1,161)	-	-
Waiver of debts		(43,041)	(39,162)	-	-
Operating loss before working capital changes, carried forward		(7,769,703)	(6,831,318)	(4,949,910)	(5,485,541)

STATEMENTS OF CASH FLOWS (CONT'D)
for the financial year ended 31 December 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities (continued)					
Operating loss before working capital changes, brought forward					
Changes in working capital:					
Inventories		1,792,321	4,709,741	2,844,265	5,711,220
Receivables		7,590,609	(4,347,365)	(1,099,790)	2,683,923
Contract assets		312,299	939,526	312,299	(882,360)
Payables		(493,396)	(1,111,761)	255,580	(905,528)
Contract liabilities		6,756	137,037	6,756	137,037
Cash generated from/(used in) operations		1,438,886	(6,504,140)	(2,630,800)	1,258,751
Interest received		68,131	42,019	195,100	410,763
Compensation paid		(152,366)	-	-	-
Tax paid		(50,309)	(56,038)	(5,041)	(11,850)
Net cash generated from/(used in) operating activities		1,304,342	(6,518,159)	(2,440,741)	1,657,664
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income received		415,740	991,340	412,901	960,705
Dividend received		371	108	-	459,000
Net change in amount owing by subsidiaries		-	-	10,747,150	(8,690,000)
Net proceeds from disposal of property, plant and equipment		3,200	703	3,200	-
Net proceeds from disposal of investment property		-	395,000	-	395,000
Proceeds from disposal of a subsidiary		6,434,330	-	-	-
Investment in redeemable preference shares in a subsidiary		-	-	(350,000)	(400,000)
Redemption of redeemable preference shares in a subsidiary		-	-	500,000	-
(Purchase)/redemption of other short term investments		(5,572,181)	3,919,573	(6,470,021)	4,250,237
Purchase of property, plant and equipment		(64,682)	(79,577)	(23,826)	(21,746)
Purchase of a investment property		(414,453)	-	(414,453)	-
Net cash generated from/(used in) investing activities		802,325	5,227,147	4,404,951	(3,046,804)

STATEMENTS OF CASH FLOWS (CONT'D)
for the financial year ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
	Note				
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid to non-controlling interests		-	(441,000)	-	-
Net cash used in financing activities		-	(441,000)	-	-
NET CHANGES IN CASH AND CASH EQUIVALENTS		2,106,667	(1,732,012)	1,964,210	(1,389,140)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		5,477,610	6,599,347	3,478,981	4,868,121
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(21,469)	610,275	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	13	7,562,808	5,477,610	5,443,191	3,478,981

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 1, Lintang Angsana, Bandar Baru Ayer Itam, 11500 Penang.

The ultimate holding company is Farlim Holding Sdn. Bhd., a company incorporated and domiciled in Malaysia with its registered office located at No. 1, Lintang Angsana, Bandar Baru Ayer Itam, 11500 Penang.

The principal activities of the Company are that of property development and investment holding. The principal activities of the subsidiaries are set out in Note 28 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 March 2023.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (Continued)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (Continued)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (Continued)

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

2.4 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

2.5 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.2 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation (Continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Goodwill on Consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previously-held equity interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Goodwill is stated at cost less any accumulated impairment losses. For the purpose of impairment assessment, goodwill is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination. Each CGU represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with MFRS 8 *Operating Segments*. The carrying amount of goodwill is assessed annually for impairment, or more frequently if events or changes in carrying amount of its net assets, including attributable goodwill. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where the fair value of the Group's share of identifiable net assets acquired exceed the amount of consideration transferred, any non-controlling interest and the acquisition-date fair value of any previously-held equity interest, the entire resulting gain is recognised immediately in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. 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 *Revenue from Contract with Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(i) Financial assets (Continued)

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and the Company classifies their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, 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 are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  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 profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Continued)

(a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

(i) Financial assets (Continued)

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial Instruments (Continued)

(b) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have 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 have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The annual rates used for this purpose are as follows:

	Useful lives
Buildings	2% - 4.5%
Buildings improvements	10% - 15%
Plant and machinery	9% - 20%
Motor vehicles	18% - 20%
Furniture, fittings and equipment	10% - 20%

The residual values useful lives and depreciation methods are reviewed at the end of each month reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, Plant and Equipment (Continued)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Investment Properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties on freehold land are stated at cost less accumulated impairment losses, if any, and are not depreciated as it has an indefinite life. Whereas, other investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Investment properties are depreciated on a straight line basis over their estimated useful life at an annual rate of 1.2% to 2%.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined based on specific identification. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Inventories (Continued)

Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.8 Contract Assets/(Liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.9 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 3.6 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (Continued)

(b) Lessee accounting (Continued)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

The annual rates used for this purpose are as follows:

	Useful lives
Leasehold land	84-94 years

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Leases (Continued)

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.9(a) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.10 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of Assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables and contract assets will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into accounts any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of Assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assess whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of Assets (Continued)

(a) Impairment of financial assets and contract assets (Continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Share Capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.13 Employee Benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group and the Company operate an unfunded benefits scheme to the director.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Employee Benefits (Continued)

(c) Defined benefit plans (Continued)

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation.

The Group recognises the following costs in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

3.15 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Property development

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income (Continued)

(a) Property development (Continued)

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Revenue is recognised based on the transaction price agreed in the contracts, net of any marketing promotional packages offered to the customers which are to be incurred by the Group and the Company. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better compute the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any marketing promotional packages which are constrained.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and Other Income (Continued)

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(e) Sales of goods and completed properties

The Group sells completed properties and a range of building materials to local customers. Revenue from sales of completed properties and building materials are recognised at a point in time when control of the products has been transferred, being when the customers accept the delivery of the goods.

(f) Inter-company transactions

Inter-company transactions are excluded from the revenue of the Group.

(g) Commission income

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

3.17 Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(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 in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income Tax (Continued)

(b) Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 the benefit of part or all of that 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 is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intends to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(c) Sales and service tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 sales tax included.

The net amount of sales and service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee of operations who is responsible for allocating resources and assessing performance of the operating segments and recommends strategic decisions to the Board.

3.19 Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the financial year.

3.20 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors.*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contract costs (Continued)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognised is one year or less.

3.23 Translation of foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Translation of foreign currency transactions and operations (Continued)

(a) Translation of foreign currency transactions (Continued)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss:

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income.

When a foreign operation is disposed of such that control, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business of geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation has been discontinued from the start of the comparative period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill (Note 11)

Goodwill is tested for impairment annually and at other times when such indication exists. This requires an estimation of the recoverable amount of the cash generating unit to which goodwill is allocated. The management requires the application of significant judgements in the recoverable amount and assumptions included the fair value to sell model. The carrying amount of goodwill as at 31 December 2022 was RM2,970,000/-.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows: (Continued)

(b) Property development revenue and expenses (Note 20 and 21)

The Group and the Company recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group and the Company evaluates based on past experience and by relying on the work of specialists.

(c) Provisions (Note 18)

The Group and the Company recognise provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recognition of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's and the Company's current best estimate.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2022	Freehold Land RM	Buildings RM	Buildings Improvements RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost							
At 1 January 2022	1,869,244	1,903,915	1,613,664	12,900	3,143,924	2,831,877	11,375,524
Additions	-	-	-	-	-	64,682	64,682
Disposals	-	-	-	-	(32,970)	-	(32,970)
Write-offs	-	-	-	-	-	(18,091)	(18,091)
At 31 December 2022	1,869,244	1,903,915	1,613,664	12,900	3,110,954	2,878,468	11,389,145
Accumulated Depreciation							
At 1 January 2022	-	846,602	1,469,634	12,900	3,083,253	2,551,478	7,963,867
Charge for the financial year	-	41,277	32,182	-	55,506	90,875	219,840
Disposals	-	-	-	-	(32,969)	-	(32,969)
Write-offs	-	-	-	-	-	(15,117)	(15,117)
At 31 December 2022	-	887,879	1,501,816	12,900	3,105,790	2,627,236	8,135,621
Carrying Amount							
At 1 January 2022	1,869,244	1,057,313	144,030	-	60,671	280,399	3,411,657
At 31 December 2022	1,869,244	1,016,036	111,848	-	5,164	251,232	3,253,524

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2021	**Freehold Land RM**	**Buildings RM**	**Buildings Improvements RM**	**Plant and Machinery RM**	**Motor Vehicles RM**	**Furniture, Fittings and Equipment RM**	**Total RM**
Cost							
At 1 January 2021	1,869,244	1,903,915	1,576,825	12,900	3,141,401	2,796,008	11,300,293
Additions	-	-	36,839	-	6,869	35,869	79,577
Disposals	-	-	-	-	(4,346)	-	(4,346)
At 31 December 2021	1,869,244	1,903,915	1,613,664	12,900	3,143,924	2,831,877	11,375,524
Accumulated Depreciation							
At 1 January 2021	-	805,326	1,404,155	12,900	3,020,846	2,448,071	7,691,298
Charge for the financial year	-	41,276	65,479	-	66,026	103,407	276,188
Disposals	-	-	-	-	(3,619)	-	(3,619)
At 31 December 2021	-	846,602	1,469,634	12,900	3,083,253	2,551,478	7,963,867
Carrying Amount							
At 1 January 2021	1,869,244	1,098,589	172,670	-	120,555	347,937	3,608,995
At 31 December 2021	1,869,244	1,057,313	144,030	-	60,671	280,399	3,411,657

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2022	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost						
At 1 January 2022	264,940	763,088	923,125	2,039,378	1,638,980	5,629,511
Additions	-	-	-	-	23,826	23,826
Disposals	-	-	-	(32,970)	-	(32,970)
Write-offs	-	-	-	-	(18,091)	(18,091)
At 31 December 2022	264,940	763,088	923,125	2,006,408	1,644,715	5,602,276
Accumulated Depreciation						
At 1 January 2022	-	394,660	865,164	1,985,238	1,547,672	4,792,734
Charge for the financial year	-	15,941	26,655	54,132	35,240	131,968
Disposals	-	-	-	(32,969)	-	(32,969)
Write-offs	-	-	-	-	(15,117)	(15,117)
At 31 December 2022	-	410,601	891,819	2,006,401	1,567,795	4,876,616
Carrying Amount						
At 1 January 2022	264,940	368,428	57,961	54,140	91,308	836,777
At 31 December 2022	264,940	352,487	31,306	7	76,920	725,660

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2021	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost						
At 1 January 2021	264,940	763,088	923,125	2,039,378	1,617,234	5,607,765
Additions	-	-	-	-	21,746	21,746
At 31 December 2021	264,940	763,088	923,125	2,039,378	1,638,980	5,629,511
Accumulated Depreciation						
At 1 January 2021	-	378,720	838,510	1,920,279	1,503,949	4,641,458
Charge for the financial year	-	15,940	26,654	64,959	43,723	151,276
At 31 December 2021	-	394,660	865,164	1,985,238	1,547,672	4,792,734
Carrying Amount						
At 1 January 2021	264,940	384,368	84,615	119,099	113,285	966,307
At 31 December 2021	264,940	368,428	57,961	54,140	91,308	836,777

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Property subject to operating lease

The Group and the Company leases some of its property to third party and its subsidiaries. Each of the leases contained an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee.

The Group and the Company generally do not require a financial guarantee on the leases arrangement. Nevertheless, the Group requires two months of advanced rental payment from the lessee. These leases do not include residual value guarantees.

The following are recognised in profit and loss:

	Group	
	2022 RM	2021 RM
Lease income	83,200	84,300

The operating lease payment to be received are as follows:

	Group	
	2022 RM	2021 RM
Less than one year	57,600	67,500
One to two years	100,800	77,800
Total undiscounted lease payments	158,400	145,300

(b) Buildings in relation to the leasehold land

The buildings in the Group and the Company of the carrying amount RM1,016,036/- (2021: RM RM1,057,313/-) and RM352,487/- (2021: RM368,428/-) respectively are related to the leasehold land classified as right-of-use asset.

6. RIGHT-OF-USE ASSETS

The Group and the Company leases several assets and the information about leases of the Group and the Company as lessees are presented below:

	Leasehold land RM
Group	
Cost	
At 1 January/31 December 2022	240,267
Accumulated Depreciation	
At 1 January 2021	82,757
Charge for the financial year	2,195
At 1 January 2022	84,952
Charge for the financial year	2,188
At 31 December 2022	87,140
Carrying Amount	
At 1 January 2022	155,315
At 31 December 2022	153,127
Company	
Cost	
At 1 January/31 December 2022	110,785
Accumulated Depreciation	
At 1 January 2021	45,705
Charge for the financial year	1,050
At 1 January 2022	46,755
Charge for the financial year	1,048
At 31 December 2022	47,803
Carrying Amount	
At 1 January 2022	64,030
At 31 December 2022	62,982

The long-term leasehold land of the Group has an unexpired lease period of more than 50 years.

7. INVESTMENT PROPERTIES

Group	**Completed Investment Properties**	**Investment Properties Under Construction**	**Total**
2022	**RM**	**RM**	**RM**
Cost			
At 1 January 2022	12,814,007	236,830	13,050,837
Addition	-	414,453	414,453
At 31 December 2022	12,814,007	651,283	13,465,290
Accumulated Depreciation			
At 1 January 2022	1,592,912	-	1,592,912
Charge for the financial year	291,975	-	291,975
At 31 December 2022	1,884,887	-	1,884,887
Carrying Amount	10,929,120	651,283	11,580,403
Group			
2021			
Cost			
At 1 January 2021	12,909,030	236,830	13,145,860
Disposals	(95,023)	-	(95,023)
At 31 December 2021	12,814,007	236,830	13,050,837
Accumulated Depreciation			
At 1 January 2021	1,327,603	-	1,327,603
Charge for the financial year	291,976	-	291,976
Disposals	(26,667)	-	(26,667)
At 31 December 2021	1,592,912	-	1,592,912
Carrying Amount	11,221,095	236,830	11,457,925

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

Company	Completed Investment Properties	Investment Properties Under Construction	Total
2022	**RM**	**RM**	**RM**
Cost			
At 1 January 2022	12,993,184	236,830	13,230,014
Addition	-	414,453	414,453
At 31 December 2022	12,993,184	651,283	13,644,467
Accumulated Depreciation			
At 1 January 2022	1,068,139	-	1,068,139
Charge for the financial year	259,861	-	259,861
At 31 December 2022	1,328,000	-	1,328,000
Carrying Amount	11,665,184	651,283	12,316,467
2021			
Cost			
At 1 January 2021	13,313,184	236,830	13,550,014
Disposals	(320,000)	-	(320,000)
At 31 December 2021	12,993,184	236,830	13,230,014
Accumulated Depreciation			
At 1 January 2021	834,937	-	834,937
Charge for the financial year	259,869	-	259,869
Disposals	(26,667)	-	(26,667)
At 31 December 2021	1,068,139	-	1,068,139
Carrying Amount	11,925,045	236,830	12,161,875

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Rental income	302,702	302,074	282,582	297,074
Direct operating expenses	267,063	263,006	250,516	260,531

7. INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties for the Group and the Company are categorised as follows:

Group	Fair Value Total RM	Level 1 RM	Level 2 RM	Level 3 RM
2022				
Investment properties	16,114,746	-	-	16,114,746
2021				
Investment properties	15,328,905	-	-	15,328,905
Company				
2022				
Investment properties	14,320,691	-	-	14,320,691
2021				
Investment properties	13,682,998	-	-	13,682,998

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable inputs
Commercial space	Sales comparison approach	Price per square foot RM116/- (2021: RM116/-)	The higher the price per square foot, the higher the fair value
Condominium	Sales comparison approach	Price per square foot RM317/- to RM322/- (2021: RM280/- to RM340/-)	The higher the price per square foot, the higher the fair value
Shop office	Sales comparison approach	Price per square foot RM143/- to RM280/- (2021: RM83/-)	The higher the price per square foot, the higher the fair value
Residential unit	Sales comparison approach	Price per square foot RM385/- (2021: RM385/-)	The higher the price per square foot, the higher the fair value

During the financial year ended 31 December 2022 or 31 December 2021, there have been no transfers of fair value measurements.

7. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes applied by the Group and the Company

The fair value on the investment properties of the Group and of the Company, which are determined by the directors of the Company based on sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot.

8. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At lower of cost and net realisable value :				
Non-current				
Property held for development				
- Freehold land at cost	853,876	853,876	-	-
- Leasehold land at cost	24,482,039	26,301,477	11,415,141	13,234,579
- Development costs	24,245,788	25,337,637	12,724,175	14,008,940
	49,581,703	52,492,990	24,139,316	27,243,519
Current				
Property under development				
- Freehold land at cost	2,126,103	2,126,103	-	-
- Leasehold land at cost	3,506,635	3,433,051	3,506,635	3,433,052
- Development costs	10,036,642	7,222,627	6,553,080	4,590,208
Completed properties	8,191,092	9,698,291	7,272,088	8,779,288
	23,860,472	22,480,072	17,331,803	16,802,548

(a) The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM12,678,640/- (2021: RM17,662,156/-) and RM12,678,640/- (2021: RM11,574,083/-) respectively.

(b) The Group recognised inventories written off of RM Nil/- (2021: RM7,386,398/-) during the financial year in respect of obsolete inventories.

9. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
Unquoted shares, at cost		
Ordinary shares	46,718,265	46,718,267
Preference shares	41,916,170	41,916,170
Add: Addition during the financial year	350,000	-
Less: Redemption during the financial year	(500,000)	-
Less: Written off during the financial year	(48,198)	(2)
	88,436,237	88,634,435
Less:		
Accumulated impairment losses	52,301,366	39,394,347
Impairment losses during the financial year	-	12,907,021
Written off during the financial year	(48,198)	(2)
	52,253,168	52,301,366
Add:		
Reversal of impairment losses during the financial year	8,630,373	-
Carrying amount	44,813,442	36,333,069

(a) The Company's equity interest in the subsidiaries, country of incorporation and their respective principal activities are disclosed in Note 28 to the financial statements.

(b) Disposal of Farlim Trading (Shandong) Co. Ltd.

On 23 June 2022, the Company had entered into a Shares Sales Agreement ("Agreement") with Summer Salute Sdn. Bhd. ("SSSB"), for the disposal of 100% equity interest of the subsidiary, Farlim Trading (Shandong) Co. Ltd. ("FTSCL") for a total cash consideration of RM11,500,000. FTSCL ceased to be a subsidiary of the Group on 7 September 2022.

(i) Summary of the effects of disposal of Farlim Trading (Shandong) Co. Ltd. is as follows:

	RM	RM
Recognised:		
Cash consideration received		11,500,000
Derecognised:		
Fair value of identifiable net assets at disposal date		
Prepayment	(118,278)	
Cash at bank	(5,065,670)	
Trade and other payables	478,941	
Exchange translation reserve	650,437	(4,054,570)
Gain on disposal of Farlim Trading (Shandong) Co Ltd.		7,445,430

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal of Farlim Trading (Shandong) Co. Ltd. (Continued)

(ii) Effects of disposal on cash flows:

	RM
Cash consideration received	11,500,000
Less: cash and cash equivalents of subsidiary disposed	(5,065,670)
Net cash inflows on disposal	6,434,330

(iii) Analysis of the result of discontinued operation and the result recognised on the disposal group is as follows:

	Group	
	2022 RM	2021 RM
Revenue	-	5,060,037
Cost of sales	-	(12,368,856)
Gross loss	-	(7,308,819)
Other income	2,523	-
Administrative expenses	(657,413)	(9,938)
Net reversal/(impairment) on financial instruments	5,754,893	(5,839,726)
Operating loss	5,100,003	(13,158,483)
Finance income	9	693
Profit/(loss) before tax of discountinued operation	5,100,012	(13,157,790)
Income tax expense	-	-
Profit/(loss) for the financial year from discontinued operation, net of tax	5,100,012	(13,157,790)

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

	2022	2021
Impairment losses on trade receivables	-	5,713,020
Inventories written off	-	7,386,398
Reversal of impairment losses on trade receivables	5,754,893	-
Realised exchange loss	-	9,938

(v) Cash flows generated from/(used in) discontinued operation:

	Group	
	2022	2021
Net cash flows from operating activities	5,031,318	(9,788,858)
Net cash flows used in investing activities	-	10,107,500

(c) On 9 February 2022 and 15 August 2022, the Company had subscribed a total of 350,000/- (2021: 400,000) redeemable preference shares of Farlim Perak Sdn. Bhd., a wholly owned subsidiary for a total consideration of RM350,000/-.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) On 25 October 2022, the Company had redeemed for 500,000/- (2021: Nil) redeemable preference shares in Bandar Subang Sdn. Bhd., a wholly owned subsidiary for a total consideration of RM500,000/-.

The redemption of preference shares and payment of preference dividends are based on the discretion of the issuer's directors up to 5% per annum and is non-cumulative.

(e) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group 2022	**Farlim Marketing Sdn. Bhd. RM**	**Other individually immaterial subsidiaries RM**	**Total RM**
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	270,032	(10,540)	259,492
Profit allocated to NCI in current financial year	3,582	6,649	10,231
Summarised financial information before intra-group elimination			
As at 31 December 2022			
Non-current assets	250,072	-	250,072
Current assets	380,395	54	380,449
Current liabilities	(79,383)	(45,897)	(125,280)
Net assets/(liabilities)	551,084	(45,843)	505,241
Summarised statements of comprehensive income			
Financial year ended 31 December 2022			
Revenue	628,165	-	628,165
Profit for the financial year	7,309	35,642	42,951
Total comprehensive profit	7,309	35,642	42,951
Summarised statements of cash flows information			
Financial year ended 31 December 2022			
Cash flows used in operating activities	(800,150)	-	(800,150)
Cash flows from investing activities	900,118	-	900,118
Net increase in cash and cash equivalents	99,968	-	99,968

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Non-controlling interests in subsidiaries (Continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (Continued):

Group **2021**	**Farlim Marketing Sdn. Bhd.** **RM**	**Other individually immaterial subsidiaries** **RM**	**Total** **RM**
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	266,450	(16,086)	250,364
Profit/(Loss) allocated to NCI in current financial year	(6,103)	4,163	(1,940)
Summarised financial information before intra-group elimination			
As at 31 December 2021			
Non-current assets	254,670	-	254,670
Current assets	1,175,642	54	1,175,696
Current liabilities	(886,537)	(81,539)	(968,076)
Net assets/(liabilities)	543,775	(81,485)	462,290
Summarised statements of comprehensive (loss)/income			
Financial year ended 31 December 2021			
Revenue	160,927	-	160,927
Profit/(Loss) for the financial year	(12,455)	26,833	14,378
Total comprehensive profit/(loss)	(12,455)	26,833	14,378
Summarised statements of cash flows information			
Financial year ended 31 December 2021			
Cash flows from operating activities	1,054,440	(150)	1,054,290
Cash flows used in investing activities	(200,025)	-	(200,025)
Cash flows from financing activities	(900,000)	-	(900,000)
Net decrease in cash and cash equivalents	(45,585)	(150)	(45,735)

10. OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-current				
Fair value through profit or loss:				
Quoted shares in Malaysia	39,097	43,379	-	-
Current				
Fair value through profit or loss:				
Cash management fund investments with investment management companies	47,028,115	41,455,935	45,540,982	39,070,961

The market value of the quoted shares as at 31 December 2022 is RM39,097/- (2021: RM43,379/-).

11. GOODWILL ON CONSOLIDATION

	Group	
	2022	2021
	RM	RM
Cost		
At 1 January	17,797,926	17,797,926
Accumulated impairment losses	(14,827,926)	(14,827,926)
Carrying amount at 31 December	2,970,000	2,970,000

Goodwill arising from business combination has been allocated to cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill has been allocated to the investment in Kertih-Paka Country & Golf Resorts Sdn. Bhd.

Recoverable amount of Kertih-Paka Country & Golf Resorts Sdn. Bhd. is based on fair value less cost to sell, using the open market price of CGU as at reporting date.

Sensitivity to changes in assumptions

There are no reasonable possible changes in key assumptions which could cause the carrying value of goodwill on consolidation to exceed its recoverable amount.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current:					
Non-trade					
Amount owing by a subsidiary	**(a)**	-	-	-	10,997,150
Current:					
Trade					
Trade receivables from contracts with customers	**(b)**	3,005,199	9,878,051	2,371,974	993,477
Less: Impairment losses		(17,312)	(5,730,332)	-	-
		2,987,887	4,147,719	2,371,974	993,477
Non-trade					
Other receivables		120,563	134,640	90,182	117,477
Amount owing by a subsidiary	**(a)**	-	-	250,000	-
Deposits		1,308,583	2,097,299	521,280	779,131
		1,429,146	2,231,939	861,462	896,608
Total trade and other receivables (current)		4,417,033	6,379,658	3,233,436	1,890,085
Total trade and other receivables (non-current and current)		4,417,033	6,379,658	3,233,436	12,887,235

(a) Amount owing by a subsidiary

The amount owing by a subsidiary represents loan to subsidiary which is unsecured, subject to interest from 2.70% to 3.39% (2021: 2.78% to 3.02%) per annum and repaid during the year.

(b) Trade receivables from contracts with customers

The Group's trade receivables normal trade credit terms range from 21 to 90 (2021: 21 to 90) days terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.

13. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	7,562,808	5,477,610	5,443,191	3,478,981

Included in cash and bank balances are the following:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	6,062,584	4,086,237	4,971,812	2,432,601

(a) Cash held under Housing Development Account represents receipts from purchasers of residential properties less payments or withdrawals pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

(b) The interest rate for the Group's and the Company's Housing Development Account range from 0.42% to 1.63% (2021: 0.50% to 0.61%) per annum.

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2022	2021	2022	2021
	Units	Units	RM	RM
Issued and fully paid up (no par value):				
At 1 January/31 December	168,391,313	168,391,313	169,041,548	169,041,548

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 26 June 2019 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan is applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

15. TREASURY SHARES (CONTINUED)

At 31 December 2022, the Company's treasury shares are held at as carrying amount of RM5,122,542/- (2021: RM5,122,542/-).

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

16. DEFERRED TAX LIABILITIES

	Group and Company	
	2022	2021
	RM	RM
At 1 January/31 December	36,309	36,309

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

	Group and Company	
	2022	2021
	RM	RM
Tax effects of		
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	36,309	36,309
At 31 December	36,309	36,309

17. TRADE AND OTHER PAYABLES

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Trade					
Trade payables	**(a)**	2,454,385	2,793,918	1,768,705	2,101,248
Non-trade					
Other payables		678,245	1,061,588	240,811	160,166
Deposits received		133,900	119,500	95,400	92,600
Accruals		986,582	592,700	851,993	347,315
Amount owing to directors	**(b)**	44,098	744,882	-	-
		1,842,825	2,518,670	1,188,204	600,081
Total payables		4,297,210	5,312,588	2,956,909	2,701,329

17. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

Trade payables are normally settled on to 30 to 90 (2021: 30 to 90) days terms.

Included in trade payables of the Group and the Company is an amount of RM1,247,052/- (2021: RM1,183,219/-) and RM913,751/- (2021: RM913,535/-) respectively which represents retention sum payable.

(b) Amount owing to directors

The amount owing to directors represents advances and payments made on behalf, which are unsecured, interest free, repayable on demand and to be settled by cash.

18. PROVISIONS

	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Group				
Current				
At 1 January 2021	402,912	2,781,121	1,932,930	5,116,963
Addition during the financial year	-	753,549	50,000	803,549
At 31 December 2021	402,912	3,534,670	1,982,930	5,920,512
Addition during the financial year	10,319,868	316,036	641,509	11,277,413
Reversal/utilisation during the financial year	(152,366)	(54,602)	-	(206,968)
At 31 December 2022	10,570,414	3,796,104	2,624,439	16,990,957

	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Company				
Current				
At 1 January 2021	-	142,375	1,932,930	2,075,305
Addition during the financial year	-	2,826	50,000	52,826
At 31 December 2021	-	145,201	1,982,930	2,128,131
Addition during the financial year	-	316,036	641,509	957,545
Reversal/utilisation during the financial year	10,000,000	(46,719)	-	9,953,281
At 31 December 2022	10,000,000	414,518	2,624,439	13,038,957

18. PROVISIONS (CONTINUED)

(a) Compensation

Provision for compensations are recognised for claims in relation to the legal suit with purchasers. Included in the compensation amounting to RM10,000,000 is the provision of compensation relating to the material litigation with Ayer Itam Properties Sdn Bhd ("AIPSB") as mentioned in Note 32 to the financial statements.

(b) Property Development Expenditure

Provision for property development expenditure is made in respect of probable outflow of resources related to land and development activities of the Group and of the Company.

(c) Directors' Retirement Benefits

	Group and Company	
	2022	2021
	RM	RM
Net defined benefit liability	2,624,439	1,982,930

The Group provides retirement benefits for a director who joined the Company in year 1982. Under the Scheme, the retired/resigned director is entitled to receive an annual payment equal to 2 months of the last drawn salary for each year of service the director provided.

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefit pension plan and post-employment healthcare benefit plan are as follows:

	Group and Company
	2022
	%
Discount rate	4.9
Future salary growth	4.8

18. PROVISIONS (CONTINUED)

(c) Directors' Retirement Benefits (Continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Reasonably possible change in assumption	Effect on defined benefit obligation Increase/(Decrease)	
	%	RM	RM
Group and Company			
2022			
Discount rate	1.0	(125,011)	133,547
Future salary growth	1.0	110,101	(105,371)

2021

Provision for directors' retirement benefits is based on existing contractual obligations with the director which is equivalent to two months salary of the director for every year of service.

19. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Contract assets relating to property development contracts	1,759,910	2,072,209	1,759,910	2,072,209
Total contract assets	1,759,910	2,072,209	1,759,910	2,072,209
Contract liabilities relating to property development contracts	(222,368)	(215,612)	(222,368)	(215,612)
Total contract liabilities	(222,368)	(215,612)	(222,368)	(215,612)

19. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(i) Significant changes in contract balances

	2022		2021	
	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM
Group				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	1,759,910	-	2,072,209	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	10,325
Increases due to consideration received, excluding amounts recognised as revenue during the period	-	(222,368)	-	(147,362)
Transferred from contract assets recognised on the beginning of the year to receivables	(2,072,209)	-	(3,011,735)	-
Decrease as a result of changes in the measure of progress	-	215,612	-	-
Company				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	1,759,910	-	2,072,209	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	10,325
Increases due to consideration received, excluding amounts recognised as revenue during the period	-	(222,368)	-	(147,362)
Transferred from contract assets recognised on the beginning of the year to receivables	(2,072,209)	-	(1,189,849)	-
Decrease as a result of changes in the measure of progress	-	215,612	-	-

20. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contract customers:				
Property development	13,722,502	10,272,521	13,722,502	3,320,654
Revenue from sales of completed development properties	2,385,000	9,360,000	2,385,000	9,360,000
Sales of goods	628,165	160,927	-	-
Commissions	53,425	54,420	-	-
	16,789,092	19,847,868	16,107,502	12,680,654

(a) Disaggregation of revenue

The Group reports the following major segments: property development and trading in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition.

	Property RM	Trading RM	Investment and Others RM	Total RM
Group				
2022				
Major goods and services:				
Commercial units	450,000	-	-	450,000
Residential units	15,657,502	-	-	15,657,502
Trading of building material	-	628,165	-	628,165
Others	-	-	53,425	53,425
	16,107,502	628,165	53,425	16,789,092
Timing of revenue recognition:				
At a point in time	2,385,000	628,165	53,425	3,066,590
Over time	13,722,502	-	-	13,722,502
	16,107,502	628,165	53,425	16,789,092

20. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Property RM	Trading RM	Investment and Others RM	Total RM
Group				
2021				
Major goods and services:				
Commercial unit/land	8,800,000	-	-	8,800,000
Residential units	10,832,521	-	-	10,832,521
Trading of building material	-	160,927	-	160,927
Others	-	-	54,420	54,420
	19,632,521	160,927	54,420	19,847,868
Timing of revenue recognition:				
At a point in time	9,360,000	160,927	54,420	9,575,347
Over time	10,272,521	-	-	10,272,521
	19,632,521	160,927	54,420	19,847,868

	Property 2022 RM	Property 2021 RM
Company		
Major goods and services:		
Commercial units	450,000	8,800,000
Residential units	15,657,502	3,880,654
	16,107,502	12,680,654
Timing of revenue recognition:		
At a point in time	2,385,000	9,360,000
Over time	13,722,502	3,320,654
	16,107,502	12,680,654

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and the Company is an amount of RM3,238,492/- (2021: RM3,885,279/-) and RM3,238,492/- (2021: RM3,885,279/-) respectively and the Group and the Company will recognise these revenue as the building is completed, which is expected to occur over the next 5 – 17 months.

21. COST OF SALES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cost of sales of property development units	10,691,439	9,176,054	10,691,439	3,087,981
Cost of completed property development units	1,987,201	8,486,102	1,987,201	8,486,102
Cost of trading	597,217	156,456	-	-
	13,275,857	17,818,612	12,678,640	11,574,083

22. FINANCE INCOME

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest income from:				
- short-term deposits	60,811	41,326	44,500	30,881
- amount owing by subsidiaries	-	-	147,441	379,882
- others	7,311	-	3,159	-
	68,122	41,326	195,100	410,763

23. LOSS BEFORE TAXATION

Loss before taxation has been arrived at:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	173,600	175,400	99,500	99,500
- under/(over) accrual in prior year	35,500	3,200	35,500	500
- non-statutory audit	14,000	14,000	14,000	14,000
Bad debts written off	120,230	-	8,028	-
Depreciation of:				
- investment properties	291,975	291,976	259,861	259,869
- property, plant and equipment	219,840	276,188	131,968	151,276
- right-of-use assets	2,188	2,195	1,048	1,050
Impairment losses on investment in subsidiaries	-	-	-	12,907,021
Property, plant and equipment written off	2,974	-	2,974	-
Provision for directors' retirement benefits	641,509	50,000	641,509	50,000
Provision for compensation	10,319,868	-	10,000,000	-
Fair value loss on financial assets	4,669	-	-	-
Loss on disposal of property, plant and equipment	-	24	-	-
Expense relating to lease of low value assets	23,400	25,800	10,800	13,200
Expense relating to short-term lease	6,000	-	-	-
Directors' remuneration:				
- fees	136,800	136,800	136,800	136,800
- other emoluments	1,315,656	1,065,000	1,315,656	1,065,000
- employees' provident fund	52,242	60,192	52,242	60,192
- SOCSO and EIS	2,094	2,109	2,094	2,109
Staff costs:				
- salaries, bonuses and allowances	4,107,269	4,309,385	2,993,418	3,143,309
- gratuity	505,467	-	505,467	-
- employees' provident fund	410,923	440,007	293,808	311,666
- SOCSO and EIS	45,465	46,275	31,074	31,315
- other staff related expenses	112,316	95,911	87,384	88,095

23. LOSS BEFORE TAXATION (CONTINUED)

Loss before taxation has been arrived at (Continued):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
And crediting:				
Dividend income	371	108	-	459,000
Fair value gain on financial assets	386	9,480	-	-
Gain on disposal of property, plant and equipment	3,199	-	3,199	-
Reversal of impairment loss on investment in subsidiaries	-	-	8,630,373	-
Gain on disposal of investment property	-	326,644	-	101,667
Income from cash management fund	415,740	991,340	412,901	960,705
Realised foreign exchange gain	729	-	-	-
Rental income	497,352	558,928	397,032	472,028
Waiver of debts	43,041	39,162	-	-
Gain on disposal of a subsidiary	7,445,430	-	-	-
Gain on deconsolidation of subsidiaries	1,103	1,161	-	-

Directors' remuneration of the Group and of the Company excludes estimated monetary value of benefits in kind of RM47,853/- (2021: RM48,400/-) and RM32,353/- (2021: RM32,900/-) respectively.

24. INCOME TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Continuing operations				
Income tax:				
- current year	(43,792)	(33,999)	-	-
- prior year	2,810	779	-	-
	(40,982)	(33,220)	-	-
Real property gain tax ("RPGT"):				
- current year	-	(10,615)	-	(10,615)
	-	(10,615)	-	(10,615)
	(40,982)	(43,835)	-	(10,615)

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

24. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax from continuing operations	(10,740,674)	(5,983,415)	(6,753,725)	(16,922,622)
Profit/(Loss) before tax from discontinued operation	5,100,012	(13,157,790)	-	-
	(5,640,662)	(19,141,205)	(6,753,725)	(16,922,622)
Tax at applicable statutory tax rate of 24%	1,353,759	4,593,889	1,620,894	4,061,429
Adjustments:				
- non-taxable income	3,285,995	279,629	2,170,385	272,250
- non-deductible expenses	(3,043,475)	(3,587,945)	(2,699,890)	(3,387,913)
- deferred tax not recognised on tax losses and capital allowances	(1,640,071)	(1,319,572)	(1,091,389)	(945,766)
- RPGT	-	(10,615)	-	(10,615)
- adjustment in respect of current income tax of prior year	2,810	779	-	-
Tax expense for the financial year	(40,982)	(43,835)	-	(10,615)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deductible temporary differences	(2,420,328)	(1,749,941)	(2,542,748)	(1,883,854)
Unabsorbed capital allowances	(984,901)	(916,781)	(176,801)	(149,628)
Unutilised tax losses	(68,190,011)	(62,094,890)	(18,517,305)	(14,655,916)
	(71,595,240)	(64,761,612)	(21,236,854)	(16,689,398)
Potential unrecognised deferred tax assets at 24%	(17,182,858)	(15,542,787)	(5,096,845)	(4,005,456)

24. INCOME TAX EXPENSE (CONTINUED)

The unutilised tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Year of assessments				
2028	42,810,481	42,810,481	-	-
2029	8,099,515	8,099,515	6,118,094	6,118,094
2030	5,893,921	5,893,921	3,835,573	3,835,573
2031	5,285,176	5,290,973	4,702,249	4,702,249
2032	6,100,918	-	3,861,389	-
	68,190,011	62,094,890	18,517,305	14,655,916

25. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per share is calculated by dividing net loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2022	**2021**
	RM	**RM**
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	(10,791,887)	(6,025,310)
- Discontinued operation	5,100,012	(13,157,790)
	(5,691,875)	(19,183,100)
Weighted average number of shares in issue	153,025,613	153,025,613
Basic (loss)/earnings per share		
- per weighted average number of share (sen)		
- Continuing operations	(7.05)	(3.94)
- Discontinued operation	3.33	(8.60)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as there were no potential dilutive ordinary shares.

26. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control significant influence. Related parties may be individuals or other entities.

Related party of the Group include:

(i) Directors;
(ii) Subsidiaries;
(iii) Ultimate holding company;
(iv) Person connected to director;
(v) Key management personnel which comprise persons (including the directors of the Company) have authority and responsibility for planning, directing, controlling the activities of the Group directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2022	2021
	RM	RM
Interest income received/receivable from a subsidiary		
- Bandar Subang Sdn. Bhd.	(147,441)	(379,882)
Rental income received/receivable from a subsidiary		
- Farlim Marketing Sdn. Bhd.	(3,000)	(2,400)
Accounting fee received/receivable from a subsidiary		
- Farlim Jaya Sdn. Bhd.	(9,000)	(9,000)
Investment of Redeemable Preference Share in a subsidiary		
- Farlim (Perak) Sdn. Bhd.	350,000	400,000
Redemption of Redeemable Preference Share in a subsidiary		
- Bandar Subang Sdn. Bhd.	(500,000)	-
Dividend income received/receivable from a subsidiary		
- Farlim Marketing Sdn. Bhd.	-	(459,000)

26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (Continued)

Included in the total key management personnel expenses are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' fees [(1)]	136,800	136,800	136,800	136,800
Directors' salaries, bonuses and allowances [(2)]	1,315,656	1,065,000	1,315,656	1,065,000
Key management personnel expenses				
- short term employee benefits	946,736	896,536	802,240	752,040
- post-employment benefits:				
- defined contribution plan	125,740	127,685	107,458	109,079
- gratuity	505,467	-	505,467	-
- provision for directors' retirement benefits [(3)]	641,509	50,000	641,509	50,000

[(1)] *Paid/Payable to Andrew Koay Say Loke, Khairilanuar Bin Abdul Rahman and Adlina Hasni Binti Zainol Abidin.*

[(2)] *Paid/payable to Tan Sri Dato' Seri Lim Gait Tong, Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther, Yong Yew Wei and Lim Chu Dick.*

[(3)] *Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther.*

27. SEGMENTAL INFORMATION

Measurement of reportable segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax recoverable, tax payable and deferred tax liabilities.

Business segments

The Group's operating businesses are classified according to the nature of activities as follows:

Property	:	Comprise mainly property related activities.
Trading	:	Comprise mainly trading of building materials.
Investment and others	:	Comprise mainly investment holding and other inactive companies.

27. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

2022	Property RM	Trading RM	Investment and Others RM	Discontinued Operation RM	Eliminations and Adjustments RM		Consolidated RM
Revenue							
Sales to external customers	16,107,502	628,165	53,425	-	-		16,789,092
Inter-segment sales	-	-	-	-	-		-
Total revenues	16,107,502	628,165	53,425	-	-		16,789,092
Cost of Sales							
Cost of sales to external customers	12,678,640	597,217	-	-	-		13,275,857
Inter-segment cost of sales	-	-	-	-	-		-
Total cost of sales	12,678,640	597,217	-	-	-		13,275,857
Results							
Segment results	(19,197,147)	(11,038)	(4,597)	5,097,480	-		(14,115,302)
Other income	527,898	19,200	7,856,888	2,523	-		8,406,509
Finance income (net)	68,122	-	-	9	-		68,131
(Loss)/Profit before taxation	(18,601,127)	8,162	7,852,291	5,100,012	-		(5,640,662)
Taxation	(39,256)	(1,726)	-	-	-		(40,982)
(Loss)/Profit for the financial year	(18,640,383)	6,436	7,852,291	5,100,012	-		(5,681,644)
Other Information							
Segment assets	104,875,155	372,103	47,067,211	-	15,951	A	152,330,420
Segment liabilities	21,409,354	79,383	21,798	-	96,082	B	21,606,617
Capital expenditure	64,682	-	-	-	-		64,682
Depreciation and amortisation	509,018	4,985	-	-	-		514,003
Other significant non-cash items:							
Reversal of impairment loss on trade receivables	-	-	-	(5,754,893)	-		(5,754,893)
Gain on disposal of a subsidiary	-	-	(7,445,430)	-	-		(7,445,430)
Fair value loss on financial assets	-	-	4,283	-	-		4,283
Realised foreign exchange gain	-	-	-	(729)	-		(729)
Provision for directors' retirement benefits	641,509	-	-	-	-		641,509
Provision for compensation	10,319,868	-	-	-	-		10,319,868
Property, plant and equipment written off	2,974	-	-	-	-		2,974
Bad debts written off	120,230	-	-	-	-		120,230

27. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

2021	Property RM	Trading RM	Investment and Others RM	Discontinued Operation RM	Eliminations and Adjustments RM		Consolidated RM
Revenue							
Sales to external customers	19,632,521	160,927	54,420	5,060,037	-		24,907,905
Inter-segment sales	-	-	-	-	-		-
Total revenues	19,632,521	160,927	54,420	5,060,037	-		24,907,905
Cost of Sales							
Cost of sales to external customers	17,662,156	156,456	-	12,368,856	-		30,187,468
Inter-segment cost of sales	-	-	-	-	-		-
Total cost of sales	17,662,156	156,456	-	12,368,856	-		30,187,468
Results							
Segment results	(8,074,415)	(26,218)	(4,653)	(13,158,483)	-		(21,263,769)
Other income	1,074,602	5,123	1,000,820	-	-		2,080,545
Finance income (net)	42,015	25	(714)	693	-		42,019
(Loss)/Profit before taxation	(6,957,798)	(21,070)	995,453	(13,157,790)	-		(19,141,205)
Taxation	(44,076)	241	-	-	-		(43,835)
(Loss)/Profit for the financial year	(7,001,874)	(20,829)	995,453	(13,157,790)	-		(19,185,040)
Other Information							
Segment assets	106,691,018	287,618	41,485,792	152,198	6,855	A	148,623,481
Segment liabilities	10,014,644	886,537	21,798	525,733	96,313	B	11,545,025
Capital expenditure	79,577	-	-	-	-		79,577
Depreciation and amortisation	565,376	4,983	-	-	-		570,359
Other significant non-cash items:							
Fair value gain on financial assets	-	-	(9,480)	-	-		(9,480)
Realised foreign exchange loss	-	-	-	9,938	-		9,938
Provision for directors' retirement benefits	50,000	-	-	-	-		50,000
Impairment losses on trade receivables	-	-	-	5,713,020	-		5,713,020
Inventories written off	-	-	-	7,386,398	-		7,386,398

27. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

A The following item is added into segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Tax recoverable	15,951	6,855

B The following item is added into segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM	2021 RM
Tax payables	59,773	60,004
Deferred tax liabilities	36,309	36,309
	96,082	96,313

28. SUBSIDIARIES

The Group's equity interest in each of the subsidiaries, country of incorporation and their respective principal activities are as follows:

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest 2022 %	Effective Equity Interest 2021 %	Principal Activities
Direct Subsidiaries				
Bandar Subang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Kanchil Jaya Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Farlim Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Farlim (Perak) Sdn. Bhd.	Malaysia	100	100	Property development and building construction
Farlim Marketing Sdn. Bhd.	Malaysia	51	51	Trading in building materials
Farlim Maju Sdn. Bhd.	Malaysia	70	70	Dormant
Baka Suci Sdn. Bhd.***	Malaysia	-	80	Not commenced business operation

28. SUBSIDIARIES (CONTINUED)

The Group's equity interest in each of the subsidiaries, country of incorporation and their respective principal activities are as follows (Continued):

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest 2022 %	Effective Equity Interest 2021 %	Principal Activities
Indirect Subsidiaries				
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Not commenced business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
Farlim Trading (Shandong) Co. Ltd.*#	People's Republic Of China	-	100	Trading in building materials
LJ Harta Sdn. Bhd.**	Malaysia	100	100	Property development
Kaplands Sdn. Bhd.**	Malaysia	100	100	Property development
Saga Realty & Development Sdn. Bhd.^	Malaysia	100	100	Property development

* *Held indirectly through Bandar Subang Sdn. Bhd..*

** *Held indirectly through Kanchil Jaya Sdn. Bhd..*

*** *The subsidiary has been struck off during the financial year. As such, the management accounts had been used for the purpose of consolidation.*

^ *Held indirectly through Angkatan Wawasan Sdn. Bhd..*

\# *Audited by auditors other than Baker Tilly Monteiro Heng PLT. and the subsidiary has been disposed off during the financial year.*

29. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below analyses the financial instruments in the statements of the financial position by the classes of the financial instruments to which they are assigned:

(i) Financial assets at fair value through profit or loss ("FVPL");
(ii) Amortised cost

2022	Carrying Amount RM	Amortised Cost RM	FVPL RM
Financial assets			
Group			
Other investments	47,067,212	-	47,067,212
Trade and other receivables	4,417,033	4,417,033	-
Cash and bank balances	7,562,808	7,562,808	-
	59,047,053	11,979,841	47,067,212
Company			
Other investments	45,540,982	-	45,540,982
Trade and other receivables	3,233,436	3,233,436	-
Cash and bank balances	5,443,191	5,443,191	-
	54,217,609	8,676,627	45,540,982
Financial liabilities			
Group			
Trade and other payables	4,297,210	4,297,210	-
Company			
Trade and other payables	2,956,909	2,956,909	-

29. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (Continued)

The table below analyses the financial instruments in the statements of the financial position by the classes of the financial instruments to which they are assigned (Continued):

2021	Carrying Amount RM	Amortised Cost RM	FVPL RM
Financial assets			
Group			
Other investments	41,499,314	-	41,499,314
Trade and other receivables	6,379,658	6,379,658	-
Cash and bank balances	5,477,610	5,477,610	-
	53,356,582	11,857,268	41,499,314
Company			
Other investments	39,070,961	-	39,070,961
Trade and other receivables	12,887,235	12,887,235	-
Cash and bank balances	3,478,981	3,478,981	-
	55,437,177	16,366,216	39,070,961
Financial liabilities			
Group			
Trade and other payables*	5,123,371	5,123,371	-
Company			
Trade and other payables	2,701,329	2,701,329	-

** Exclude VAT payables*

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

Trade receivables comprise substantially amounts due from house buyers with end financing facilities. In respect of house buyers with no end financing facilities, the Group and the Company retains with the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables and contract assets as at 31 December 2022 and 31 December 2021 which are grouped together as they are expected to have similar risk nature.

	Group			Company		
	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM
2022						
Contract assets	1,759,910	-	1,759,910	1,759,910	-	1,759,910
Trade receivables						
Current (not past due)	1,352,303	-	1,352,303	1,316,648	-	1,316,648
1-30 days past due	771,964	-	771,964	771,964	-	771,964
31-60 days past due	-	-	-	-	-	-
61-90 days past due	-	-	-	-	-	-
More than 90 days past due	863,620	-	863,620	283,362	-	283,362
	2,987,887	-	2,987,887	2,371,974	-	2,371,974
Credit impaired						
Individually impaired	17,312	17,312	-	-	-	-
	3,005,199	17,312	2,987,887	2,371,974	-	2,371,974
Total	4,765,109	17,312	4,747,797	4,131,884	-	4,131,884

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit Risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables and contract assets as at 31 December 2022 and 31 December 2021 which are grouped together as they are expected to have similar risk nature. (Continued)

	Group			Company		
	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM
2021						
Contract assets	2,072,209	-	2,072,209	2,072,209	-	2,072,209
Trade receivables						
Current (not past due)	4,032,517	-	4,032,517	993,477	-	993,477
1-30 days past due	-	-	-	-	-	-
31-60 days past due	-	-	-	-	-	-
61-90 days past due	-	-	-	-	-	-
More than 90 days past due	115,202	-	115,202	-	-	-
	4,147,719	-	4,147,719	993,477	-	993,477
Credit impaired						
Individually impaired	5,730,332	5,730,332	-	-	-	-
	9,878,051	5,730,332	4,147,719	993,477	-	993,477
	11,950,260	5,730,332	6,219,928	3,065,686	-	3,065,686

Included in trade receivables of RM846,614/- (2021: RM115,202/-) that are past due but not impaired consist mainly of stakeholder sum retained by the stakeholder solicitor.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The movement of the allowance for impairment loss on trade receivables is as follows:

	Trade receivables		
	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
Group			
At 1 January 2021	-	17,312	17,312
Charge for the financial year	-	5,713,020	5,713,020
At 31 December 2021	-	5,730,332	5,730,332
Charge for the financial year			
Reversal of impairment losses	-	(5,754,893)	(5,754,893)
Exchange differences	-	41,873	41,873
At 31 December 2022	-	17,312	17,312

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occuring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Other receivables and other financial assets (Continued)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis

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

		Contractual cash flows		
2022	**Carrying amount RM**	**On demand or within one year RM**	**Between 1 and 5 years RM**	**Total RM**
Group				
Financial liabilities				
Trade and other payables	4,297,210	4,297,210	-	4,297,210
Total undiscounted financial liabilities	4,297,210	4,297,210	-	4,297,210
Company				
Financial liabilities				
Trade and other payables	2,956,909	2,956,909	-	2,956,909
Total undiscounted financial liabilities	2,956,909	2,956,909	-	2,956,909
2021				
Group				
Financial liabilities				
Trade and other payables*	5,123,371	5,123,371	-	5,123,371
Total undiscounted financial liabilities	5,123,371	5,123,371	-	5,123,371
Company				
Financial liabilities				
Trade and other payables	2,701,329	2,701,329	-	2,701,329
Total undiscounted financial liabilities	2,701,329	2,701,329	-	2,701,329

** Exclude VAT payables*

29. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

The methods and assumptions used to determine the fair values of financial assets and liabilities are as follows:

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair values of the quoted share, investment in bond fund/cash management fund are determined by reference to prices provided by quoted price in stock exchange and investment banks respectively.

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

The following tables provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2022	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
Financial assets									
- Quoted shares	39,097	39,097	-	-	39,097	-	-	-	-
- Investment in bond fund/cash management fund	47,028,115	47,028,115	-	-	47,028,115	-	-	-	-
Company									
Financial assets									
- Investment in bond fund/cash management fund	45,540,982	45,540,982	-	-	45,540,982	-	-	-	-
- Amount owing by a subsidiary	250,000	-	-	-	-	-	-	250,000	250,000

29. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

The following tables provides the fair value measurement hierarchy of the Group's and the Company's financial instruments (Continued):

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2021	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group									
Financial assets									
- Quoted shares	43,379	43,379	-	-	43,379	-	-	-	-
- Investment in bond fund/cash management fund	41,455,935	41,455,935	-	-	41,455,935	-	-	-	-
Company									
Financial assets									
- Investment in bond fund/cash management fund	39,070,961	39,070,961	-	-	39,070,961	-	-	-	-
- Amount owing by a subsidiary	10,997,150	-	-	-	-	-	-	10,997,150	10,997,150

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2022 and 31 December 2021 were as follows:

	Group	
	2022	**2021**
	RM	**RM**
Total liabilities	21,606,617	11,545,025
Equity attributable to owners of Company	130,464,311	136,828,092
Debt-to-equity ratio (%)	16.56%	8.44%

There were no changes in the Group's approach to capital management during the financial year.

31. COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group and Company	
	2022	**2021**
	RM	**RM**
Investment properties	532,867	1,379,320

32. MATERIAL LITIGATION

The Company entered into a Sale and Purchase Agreement on 23 September 2013 with Ayer Itam Properties Sdn Bhd ("AIPSB") (formerly known as 1MDB RE (Ayer Itam) Sdn Bhd) for a consideration of RM112,501,726/- for the sale of the Company's undivided share in and to the following lands:

(i) ¼ undivided share in Lot 1584, Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang held under No. Hakmilik GRN 53264 ("Lot 1584");

(ii) 11/100 undivided share in Lot 1457, Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang held under No.Hakmilik GRN 4661 ("Lot 1457"); and

(iii) ¼ undivided share in Lot 1561, Seksyen 3, Bandar Baru Ayer Itam, Daerah Timor Laut, Negeri Pulau Pinang held under No. Hakmilik GRN 43187 save for the interests arising from certain lodged caveats ("Lot 1561")

On 29 April 2019, the Company received from its solicitors Messrs V.M. Mohan, Fareed & Co. a copy of Writ and Statement of Claim filed at the Penang High Court by AIPSB against the Company.

In the Statement of Claim, AIPSB alleged that it had paid an excess of RM8,455,810/- in relation to the lodged caveats on 76,871 square feet of land in Lot 1561.

The case management originally fixed on 20 June 2019 was adjourned to 15 July 2019. The Court fixed 18 March 2020 for both parties to file their statement of witness. The trial dates fixed from 6 April 2020 until 8 April 2020 were postponed due to Movement Control Order. The case management fixed on 5 June 2020 to determine the new trial dates was adjourned to 26 June 2020. The new trial dates were fixed from 18 January 2021 until 20 January 2021 have been rescheduled to 13 December 2021 until 15 December 2021 and was postponed again. Case management to fix the new trial dates is on 16 March 2022. Trial has been conducted on 13 and 14 September 2022.

The Court fixed for clarification on 30 January 2023 and was fixed for decision on 7 March 2023. The Penang High Court ruled in favour of AIPSB. The Penang High Court has also awarded in favour of AIPSB interest at the rate of 5%, on the judgement sum of RM8,455,810/- commencing from 24 April 2019 and costs of RM40,000. The Company has on 8 March 2023 filed an appeal against the Penang High Court's decision at the Court of Appeal. Pending the appeal process running its course, the Penang High Court's award in favour of AIPSB for damages and costs will be stayed. In the event that the Company is ultimately found to be liable to AIPSB, it is expected that this will have a material impact on the financial results of the Company.

The Group has provided a provision for compensation amounting to RM10,000,000 as at reporting date.

STATEMENT BY DIRECTORS
Pursuant to Section 251(1) of the Companies Act 2016

We, **TAN SRI DATO' SERI LIM GAIT TONG** and **DATUK SERI HAJI MOHAMED IQBAL BIN KUPPA PITCHAI RAWTHER**, being two of the directors of Farlim Group (Malaysia) Bhd., do hereby state that in the opinion of the directors, the financial statements set out on pages 96 to 184 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

TAN SRI DATO' SERI LIM GAIT TONG
Director

DATUK SERI HAJI MOHAMED IQBAL
BIN KUPPA PITCHAI RAWTHER
Director

Kuala Lumpur

Date: 23 March 2023

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **TAN SRI DATO' SERI LIM GAIT TONG (NRIC NO. 430128-10-5363)**, being the director primarily responsible for the financial management of Farlim Group (Malaysia) Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 96 to 184 are 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.

TAN SRI DATO' SERI LIM GAIT TONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 March 2023.

Before me,

W761
Hadinur Mohd Syarif
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Farlim Group (Malaysia) Bhd., which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 184.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and cash flows for the financial year then ended in accordance with the 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 opinion.

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD. (CONT'D)

(Incorporated in Malaysia)

Key Audit Matters

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

Goodwill (Note 4(a) and 11 to the financial statements)

The Group has goodwill arising from the acquisition of a subsidiary. The goodwill is tested for impairment annually. We focused on this area because the impairment assessment of the goodwill requires the application of significant judgements and assumptions to determine the recoverable amount.

Our response:
Our audit procedures included, among others:

- considering the appropriateness of the method adopted by the Group in measuring the recoverable amount in accordance to the requirement of MFRS136 *Impairment of Assets*; and
- testing the mathematical accuracy of the impairment assessment.

Provision for liabilities (Note 4(c) and 18 to the financial statements)

The appropriateness and adequacy of provisions made by the Group and the Company in respect of compensation, property development expenditure and director retirement benefit which are subject to inherent uncertainty. We focused on this area because there is significant judgement involved in the assumptions used to estimate the provisions.

Our response:
Our audit procedures included, among others:

- understanding the design and implementation of the controls over the identification and calculation of the provisions;
- reading the legal opinion obtained; and
- considering the assumptions used and the reasonableness of the provision based on the documents provided.

Key Audit Matters (Continued)

Revenue and expenses recognition for property development business (Note 4(b), 20 and 21 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:
Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- considering the reasonableness of computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD. (CONT'D)

(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 28 to the financial statements.

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 23 March 2023

STATISTICS OF SHAREHOLDINGS
as at 24 March 2023

Share Capital

Issued and Fully Paid-up* : 153,025,613 shares

* excluding 15,365,700 treasury shares

1. SUBSTANTIAL SHAREHOLDER

	Direct		Indirect	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Farlim Holding Sdn. Bhd.	69,358,480	45.325	–	–

2. DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of Directors in shares in the Company, holding company and subsidiaries are as follows:-

	Direct		Indirect	
The Company	**No. of Shares**	**%**	**No. of Shares**	**%**
Farlim Group (Malaysia) Bhd.				
Tan Sri Dato' Seri Lim Gait Tong	12,000	0.008	69,358,480 (1)	45.325
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	12,000	0.008	-	-
Koay Say Loke Andrew	2,400	0.002	-	-
Adlina Hasni Binti Zainol Abidin	38,000	0.025	-	-
The Holding Company				
Farlim Holding Sdn. Bhd.				
Tan Sri Dato' Seri Lim Gait Tong	49,355	74.216		
The Subsidiary				
Farlim Marketing Sdn. Bhd.				
Tan Sri Dato' Seri Lim Gait Tong	245,000	49.000		

Notes:-
(i) Deemed interest by virtue of his shareholdings in Farlim Holding Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

Other than as disclosed above, none of the Directors in office had any interest in shares in the Company and its related corporations.

3. NUMBER AND CLASS OF SHAREHOLDERS

Class of Shares	**No. of Shareholders**	**Voting Rights**
Ordinary Shares	4,371	One vote for each Ordinary Share

STATISTICS OF SHAREHOLDINGS (CONT'D)
as at 24 March 2023

4. DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Size of Holdings	Shareholders		Holdings	
	Number	%	Number	%
Less than 100	45	1.03	1,644	0.00
100 to 1,000	105	2.40	32,045	0.02
1,001 to 10,000	3,325	76.07	9,699,478	6.34
10,001 to 100,000	810	18.53	21,205,945	13.86
100,001 to 7,651,279	85	1.94	52,728,021	34.46
7,651,280 and above	1	0.02	69,358,480	45.32
Total	4,371	100	153,025,613	100

5. THIRTY LARGEST ACCOUNT HOLDERS OF ORDINARY SHARES

No.	Names of Shareholders	Shareholdings	
		Number	%
1.	Farlim Holding Sdn. Bhd.	69,358,480	45.32
2.	Bong Hon Liong	6,177,898	4.04
3.	Lim Su Tong @ Lim Chee Tong	4,800,000	3.14
4.	Cantum Apex Sdn. Bhd.	4,341,600	2.84
5.	Phillip Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Abdul Fareed Bin Abdul Gafoor*	3,618,580	2.36
6.	Apex Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Witpro Sdn. Bhd. (STA 2)*	2,755,800	1.80
7.	Lee Jooi Seng	1,603,400	1.05
8.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Phaik Sim (8124136)*	1,385,300	0.91
9.	Lai Boon Kiat	1,374,000	0.90
10.	Toh Su-N	1,334,800	0.87
11.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Kim Joon (M01)*	1,327,700	0.87
12.	Reson Sdn. Bhd.	1,317,600	0.86
13.	Phillip Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Phaik Sim*	1,305,220	0.85

STATISTICS OF SHAREHOLDINGS (CONT'D)
as at 24 March 2023

5. THIRTY LARGEST ACCOUNT HOLDERS OF ORDINARY SHARES (cont'd)

No.	Names of Shareholders	Shareholdings Number	%
14.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Su Ming Yaw*	1,200,000	0.78
15.	HLB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Choo Lai Ee*	1,020,000	0.67
16.	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt AN for DBS Bank Ltd (SFS)*	990,120	0.65
17.	Radiance Perfect Intl. Sdn. Bhd.	984,000	0.64
18.	Tan Siew Luan	818,800	0.54
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Ooi Phaik Sim*	813,320	0.53
20.	Yeoh Chin Leng	780,000	0.51
21.	Lee Hong Choon & Sons Sdn. Bhd.	696,120	0.45
22.	Lee Jooi Seng	672,100	0.44
23.	Wong Chian Yong	583,200	0.38
24.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Yeoh Chin Leng (M01)*	565,000	0.37
25.	Maybank Nominees (Tempatan) Sdn. Bhd. *Chua Eng Ho Wa'a @ Chua Eng Wah*	563,900	0.37
26.	Yeoh Min Chee	510,600	0.33
27.	Ong Yeng Tian @ Ong Weng Tian	500,000	0.33
28.	RPG Beauty Sdn. Bhd.	393,600	0.26
29.	Ta Kin Yan	380,400	0.25
30.	Lim Swee Ing	360,700	0.24

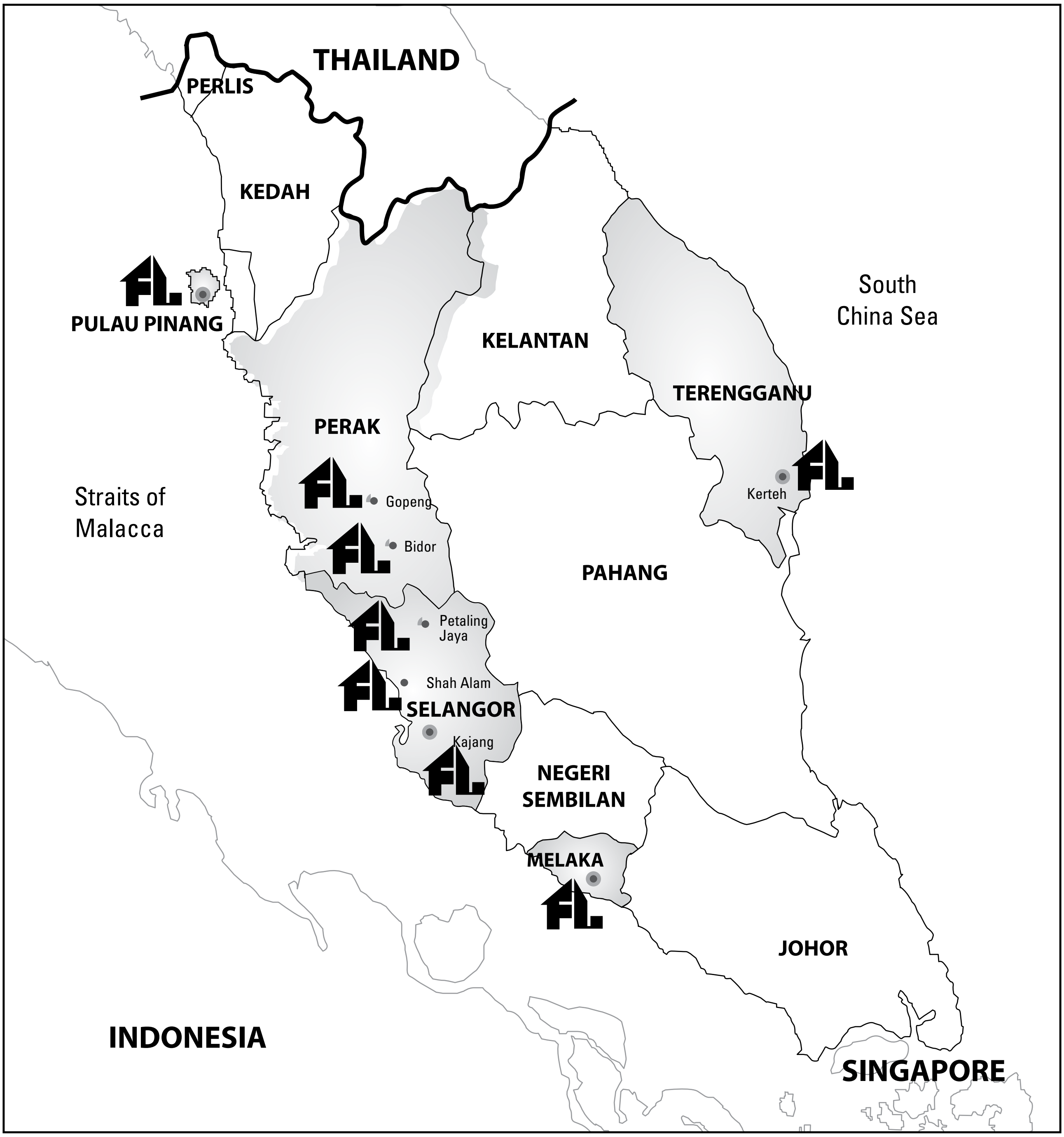
LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

Location	Tenure/ Date of Expiry of Lease	Description of Property & Existing Use	Date Of Acquisition/ Last Revaluation (Year)	Land Area (Acres/Sf)	Net Book Value As At 31-12-22 (RM)
Lot 10632 Mukim Bidor, Daerah Batang Padang, Perak Darul Ridzuan	Leasehold Expiring 2113	Ongoing and Future development	2014	72.83 acres	14,921,776
Lot PT 5544-6478, HS(D) 6578-7512, Mukim Teja, Daerah Kampar, Perak Darul Ridzuan	Leasehold Expiring 2118	Vacant Land (Future Development)	2017	96.8 acres	13,000,000
No 102A-3A (FLSQ/02) Jalan Pisang Berangan, 11500 Ayer ltam, Pulau Pinang together with 205 car parking bays	Leasehold Expiring 2117	Shoplot & Car Parks Age of Building: 5 years	2020	27,521 sf	4,392,087
No. 101, 103, 108, 109, 111, 113, 115, 119, 120 & 121, Kompleks Kelab, Pangsapuri Ridzuan, Petaling Jaya, Selangor Darul Ehsan	Leasehold Expiring 2093	Arcades Age of Building: 22 years	2016	11,909 sf	3,191,067
Mukim Kajang, Daerah Ulu Langat, Selangor Darul Ehsan	Freehold	Vacant Land (Ongoing/ Future Development)	2006	6.36 acres	2,658,599
No 6-6-18 Kompleks Farlim, Lebuhraya Thean Teik, Mukim 13, Bandar Baru Ayer ltam, 11500 Pulau Pinang together with 140 car parking bays	Leasehold Expiring 2106	Bazaar & Car Parks Age of Building: 20 years	2020	18,728 sf	1,907,202
Lot 4901-5021 Held under Geran 14748- 14815 & 14817- 14869, Mukim of Kerteh Kemaman,Terengganu	Freehold	Vacant Land (Future Development)	1994	200.08 acres	1,604,301
Level 4 of commercial complex known as Komplek Farlim at Lot 7745 held under Grant No: 58916, Mukim 13, North East District, Penang	Leasehold Expiring 2106	Hawker Center (Komplek Farlim) Age of Building: 20 years	2009	20,665 sf	1,469,826

LIST OF PROPERTIES (CONT'D)
AS AT 31 DECEMBER 2022

Location	Tenure/ Date of Expiry of Lease	Description of Property & Existing Use	Date Of Acquisition/ Last Revaluation (Year)	Land Area (Acres/Sf)	Net Book Value As At 31-12-22 (RM)
No 5 Lintang Angsana, Bandar Baru Ayer Itam, Penang	Leasehold Expiring 2082	3/S Shophouse (Office Building) Age of Building: 32 years	2012	1,549 sf	702,533
No 5, Jalan Pulau Indah U10/58, Seksyen U10, 40710 Shah Alam, Selangor Darul Ehsan	Leasehold Expiring 2101	D/S Semi-detached house Age of Building: 7 years	2020	3,498 sf	705,000
				377.99 acres	**44,552,392**

LOCATION MAP
as at 31 December 2022



FARLIM GROUP (MALAYSIA) BHD.

Registration No. 198201002529 (82275-A)
(Incorporated in Malaysia)

Number of Shares Held
CDS Account No.

FORM OF PROXY

I/We, ______________________________ (NRIC/Passport/Co. No.: ____________________)
(Block Letters)
of ____

____
(Full Address)
______________________________ being a member/members of FARLIM GROUP (MALAYSIA) BHD.

hereby appoint*______________________________ (NRIC/Passport No.: ____________________) of

____

and/or failing him, ______________________________ (NRIC/Passport No.:____________________)

of ____

____

or failing him/them, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 22 June 2023 at 10.00 a.m. or any adjournment thereof in the manner indicated below:

No.	Resolutions		For	Against
1.	Approval of payment of Directors' Fees and Benefits for the period from 1 July 2023 until the conclusion of the Forty-Second Annual General Meeting	Ordinary Resolution 1		
2.	Re-election of the Directors who are retiring pursuant to Clause 90 of the Company's Constitution:- 2.1 Mr Yong Yew Wei	Ordinary Resolution 2		
	2.2 Mr Wong Hon Weng	Ordinary Resolution 3		
3.	Re-election of the Directors who are retiring pursuant to Clause 106 of the Company's Constitution:- 3.1 Mr Koay Say Loke Andrew	Ordinary Resolution 4		
	3.2 Miss Adlina Hasni Binti Zainol Abidin	Ordinary Resolution 5		
4.	Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors	Ordinary Resolution 6		
5.	Approval for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 7		
6.	Retention of Encik Khairilanuar Bin Abdul Rahman as Independent Non-Executive Director	Ordinary Resolution 8		

Please indicate with an "X" in the appropriate box against the resolutions how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

*For appointment of two (2) proxies, the percentage of shareholdings represented by each proxy is to be indicated below :-

Name of Proxy	No. of Shares	%
Proxy 1 :		
Proxy 2 :		
Total		100%

______________________ ______________________
Date **Signature**

Notes :
A member of the Company shall be entitled to appoint any person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting. A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

A member of the Company may appoint one (1) proxy or more proxies in relation to the Meeting and where a member appoints more than one (1) proxy as aforesaid, such appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

Where a member of the Company is an exempt authorized nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.

If the member is a corporation, the proxy form must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

The form of proxy or instrument appointing a proxy duly completed and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at the Share Registrar of the Company at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

For the purposes of determining whether a depositor shall be regarded as a member entitled to attend, speak and vote at this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue pursuant to Paragraph 7.16(2) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") a Record of Depositors as at 16 June 2023 and a depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the said Record of Depositors.

Details and instructions in addition to the above on participation at the Meeting are set out in the Administrative Guide.

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The Company Secretary
FARLIM GROUP (MALAYSIA) BHD.
Registration No. 198201002529 (82275-A)
No. 2-8, Bangunan Farlim
Jalan PJS 10/32
Taman Sri Subang
46150 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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FARLIM GROUP (MALAYSIA) BHD
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