



FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司



ANNUAL REPORT

2023

*Affordable Housing
- Continuing a Legacy*

CONTENTS

02	Notice of Forty-Second Annual General Meeting
06	Administrative Guide for the Forty-Second Annual General Meeting
08	Statement Accompanying Notice of the Forty-Second Annual General Meeting
09	Corporate Information
10	Corporate Structure
11	Financial Highlights
12	Board of Directors
13	Executive Committee
14	Audit Committee
15	Management Committee
16	Profile of Directors
22	Chairman's Statement
26	Management Discussion & Analysis Disclosure
36	Audit Committee Report
38	Corporate Governance Overview Statement
58	Statement on Risk Management and Internal Control
62	Statement on Additional Compliance Information
64	Sustainability Statement
90	Statement explaining the Board of Directors' Responsibility for preparing the Annual Audited Financial Statement
91	Financial Statements
177	Statistics of Shareholdings
180	List of Properties
182	Location Map

Enclosed Form of Proxy

NOTICE OF FORTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Second 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 Wednesday, 26 June 2024 at 10.00 a.m. for the following purposes:-

Ordinary Business		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and the Auditors thereon.	<i>Please refer to Explanatory Note A</i>
2.	To approve the payment of Directors' Fees of RM136,800.00 and benefits totaling RM380,000.00 for the period from 1 July 2024 until the conclusion of the Forty-Third 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. Lim Chu Dick	ORDINARY RESOLUTION 2
	3.2 Encik Amran Bin Ahmad	ORDINARY RESOLUTION 3
	3.3 Miss Koay Hooi Lynn (Please refer to Explanatory Note C)	ORDINARY RESOLUTION 4
4.	To re-elect Tan Sri Dato' Seri Lim Gait Tong who retires as Director pursuant to Clause 106 of the Company's Constitution. (Please refer to Explanatory Note C)	ORDINARY RESOLUTION 5
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:- "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)	ORDINARY RESOLUTION 7



NOTICE OF FORTY-SECOND ANNUAL GENERAL MEETING (CONT'D)

7.	To consider and, if thought fit, pass with or without modifications the following resolution as an Ordinary Resolution:- "THAT Miss Adlina Hasni Binti Zainol Abidin 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 23 April 2015 be and is hereby retained as an Independent Non-Executive Director of the Company." (Please refer to Explanatory Note E)	ORDINARY RESOLUTION 8
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)

Lim Li Heong (MAICSA 7054716) (SSM PC No. 202008001981)

Wong Mee Kiat (MAICSA 7058813) (SSM PC No. 202008001958)

Company Secretaries

Kuala Lumpur

25 April 2024

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 notorially 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 or at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 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, i.e. latest by Monday, 24 June 2024 at 10.00 a.m., before the time appointed for holding the said 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 20 June 2024 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.

NOTICE OF FORTY-SECOND ANNUAL GENERAL MEETING (CONT'D)

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 RM380,000.00 to the Directors for the period from 1 July 2024 until the conclusion of the Forty-Third Annual General Meeting are arrived at basing on that approved by the shareholders at the Forty-First 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. Lim Chu Dick and Encik Amran Bin Ahmad who were both appointed to the Board on 22 June 2023 along with Miss Koay Hooi Lynn who was appointed to the Board on 24 August 2023 are retiring in accordance with Clause 90 of the Company's Constitution. Additionally, Tan Sri Dato' Seri Lim Gait Tong who is 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-Second 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-Second 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 Directors' 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 Forty-First 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-Second Annual General Meeting.



NOTICE OF FORTY-SECOND ANNUAL GENERAL MEETING (CONT'D)

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

Miss Adlina Hasni Binti Zainol Abidin who was appointed as an Independent Non-Executive Director on 23 April 2015 has served the Company for more than nine (9) years.

The NC (save for the interested Director) had assessed the independence of Miss Adlina Hasni Binti Zainol Abidin, and upon its recommendation, the Board of Directors had recommended the retention for her to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

1. Miss Adlina Hasni Binti Zainol Abidin demonstrated independent views free from external influence;
2. She possessed confidence and maintained a firm stance in expressing her opinions on pertinent matters; and
3. Her wide experience as an Independent Director is accompanied by a commitment to maintaining independent viewpoints.

The Proposed Resolution 8, if passed, will enable Miss Adlina Hasni Binti Zainol Abidin to continue in office as Independent Non-Executive Director of the Company 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.

ADMINISTRATIVE GUIDE FOR THE 42ND ANNUAL GENERAL MEETING ("AGM" OR "THE MEETING")

Day and Date : Wednesday, 26 June 2024

Time : 10.00 a.m.

Venue : Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 June 2024 (General Meeting Record of Depositors) shall be eligible to participate in the Meeting or appoint proxy(ies) to participate on his/her behalf.

Form 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 Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 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, i.e. latest by Monday, 24 June 2024 at 10.00 a.m., before the time appointed for holding the said Meeting or any adjournment thereof. Please find the below steps for eProxy lodgement:

- i. Create an account via <https://investor.boardroomlimited.com>;
- ii. Select "**FARLIM GROUP (MALAYSIA) BHD**" from the list of Meeting Event(s) and click "**Enter**";
- iii. Click "**Submit eProxy Form**";
- iv. For Corporate Shareholder, select the company you would like to represent (if more than one) (*Boardroom Smart Investor Portal now facilitates the registration of Corporate Shareholders*);
- v. Enter your CDS account no. and number of shares held. Read and accept the General Terms and Conditions by clicking "**Next**";
- vi. Then, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate "Discretionary";
- vii. Review and confirm your proxy/proxies appointment and click "**Next**";
- viii. Download or print the eProxy form as acknowledgement;

If you wish to participate in the AGM yourself, please do not submit any proxy form for the AGM. You will not be allowed to participate in the AGM if you have earlier appointed a proxy and such proxy has not been revoked in accordance with the paragraph below-headed "Revocation of Proxy".

Revocation of Proxy

If you have submitted your form of proxy and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com or login to <https://investor.boardroomlimited.com> to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the Meeting i.e. latest by Monday, 24 June 2024 at 10.00 a.m.

Registration

The Registration will commence at 9.00 a.m. at the entrance of the designated meeting room in Dorsett Grand Subang and will end at a time when the Meeting commences.

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 that 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 42ND ANNUAL GENERAL MEETING ("AGM" OR "THE MEETING") (CONT'D)

Voting Procedure

All the resolutions set out in the Notice of the 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. Usearch Corporate Services Sdn. Bhd. has been appointed as Independent Scrutineers to verify the poll results.

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 2023;
2. Corporate Governance Report 2023;
3. Notice of the AGM;
4. Form of Proxy;
5. Administrative Guide; and
6. Requisition Form for printed copy of Annual Report 2023.

You may request for a printed copy of the Annual Report 2023 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.

Others

1. Parking

A flat parking fee will be charged subject to the hotel's validation.

2. Refreshment

Refreshment will be provided during the AGM.

3. Vouchers

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

4. No Recording or Photography

Recording or photography of the meeting proceedings is prohibited without the prior written permission of the Company.

5. Seating

All participants are requested to be seated at least five minutes before the scheduled commencement of the Meeting.

Enquiry

If you have any enquiries prior to the 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-SECOND 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-Second Annual General Meeting are Mr. Lim Chu Dick, Encik Amran Bin Ahmad and Miss Koay Hooi Lynn.

Further details of the above Directors who are standing for re-election are set out on Pages 18, 20 and 21 of this Annual Report.

- 2.0 Director who retires pursuant to Clause 106 of the Company's Constitution at the Forty-Second Annual General Meeting is Tan Sri Dato' Seri Lim Gait Tong.

Further details of the above Director who is standing for re-election are set out on Page 16 of this Annual Report.

- 3.0 Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2023:-

Names of Directors	No. of Meetings	
	Held	Attended/ Meetings applicable
1. Tan Sri Dato' Seri Lim Gait Tong	6	6/6
2. Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	6	6/6
3. Mr. Lim Chu Dick (<i>appointed on 22 June 2023</i>)	2	2/2
4. Miss Adlina Hasni Binti Zainol Abidin	6	6/6
5. Encik Amran Bin Ahmad (<i>appointed on 22 June 2023</i>)	2	2/2
6. Miss Koay Hooi Lynn (<i>appointed on 24 August 2023</i>)	1	1/1
7. Mr. Wong Hon Weng (<i>resigned on 31 December 2023</i>)	5	5/5
8. Mr. Koay Say Loke Andrew (<i>resigned on 24 August 2023</i>)	5	5/5
9. Encik Khairilnuar Bin Abdul Rahman (<i>resigned on 24 August 2023</i>)	5	5/5
10. Mr. Yong Yew Wei (<i>retired on 22 June 2023</i>)	3	3/3

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

Date of Meeting	Time of Meeting	Place of Meeting
Wednesday, 26 June 2024	10.00 a.m.	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-Second 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
Lim Chu Dick (<i>appointed on 22 June 2023</i>)	Executive Director
Adlina Hasni Binti Zainol Abidin	Independent Non-Executive Director
Amran Bin Ahmad (<i>appointed on 22 June 2023</i>)	Independent Non-Executive Director
Koay Hooi Lynn (<i>appointed on 24 August 2023</i>)	Independent Non-Executive Director

◆ AUDIT COMMITTEE

Koay Hooi Lynn (Chairperson)
Adlina Hasni Binti Zainol Abidin
Amran Bin Ahmad

◆ NOMINATION COMMITTEE

Amran Bin Ahmad (Chairman)
Adlina Hasni Binti Zainol Abidin
Koay Hooi Lynn

◆ REMUNERATION COMMITTEE

Adlina Hasni Binti Zainol Abidin (Chairperson)
Amran Bin Ahmad
Koay Hooi Lynn

◆ SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

Koay Hooi Lynn (Chairperson)
Adlina Hasni Binti Zainol Abidin
Amran Bin Ahmad

◆ COMPANY SECRETARIES

Wong Youn Kim (MAICSA 7018778)
(SSM PC No. 201908000410)
Lim Li Heong (MAICSA 7054716)
(SSM PC No. 202008001981)
Wong Mee Kiat (MAICSA 7058813)
(SSM PC No. 202008001958)

◆ SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(Registration Number: 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
T : (03) 7890 4700
F : (03) 7890 4670
E : BSR.Helpdesk@boardroomlimited.com

◆ 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
E : corporateaffairs@farlim.com.my

◆ PRINCIPAL PLACE OF BUSINESS

No. 1, Lintang Angsana
Bandar Baru Ayer Itam
11500 Ayer Itam, Penang
T : (04) 829 8899
F : (04) 829 8811
E : corporateaffairs@farlim.com.my

◆ 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

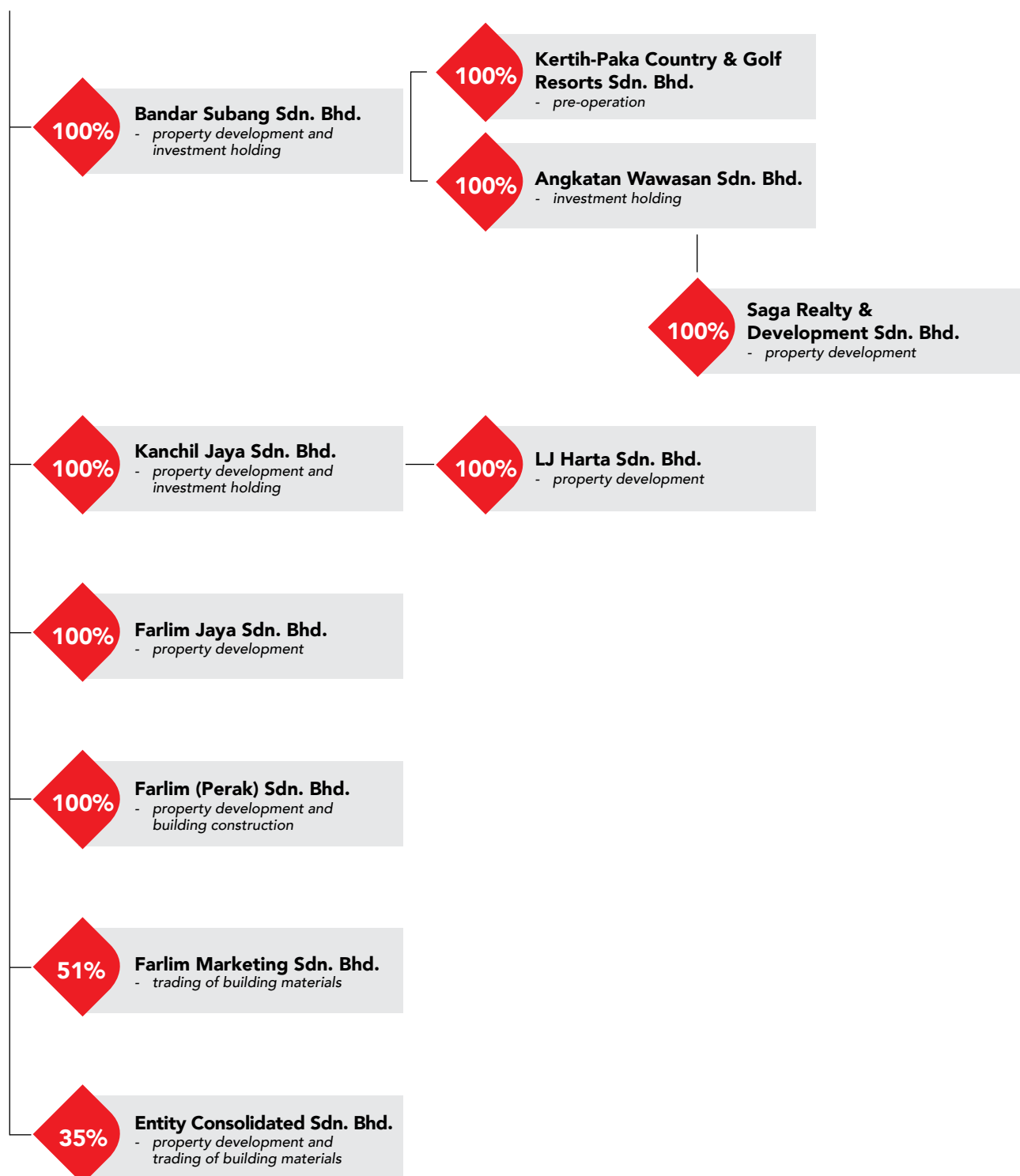
as at 29 March 2024



FARLIM GROUP (MALAYSIA) BHD.

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司





FINANCIAL HIGHLIGHTS

REVENUE

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue					
- Continuing Operations	15,376	16,789	19,848	28,240	10,838
- Discontinued Operations	–	–	5,060	–	–
(Loss)/Profit Before Tax					
- Continuing Operations	(6,740)	(10,741)	(5,983)	(4,987)	(6,522)
- Discontinued Operations	–	5,100	(13,158)	–	–
(Loss)/Profit After Tax	(6,795)	(5,682)	(19,185)	(5,032)	(6,621)
Weighted Average Number of Shares In Issue ('000 shares)	153,026	153,026	153,026	153,206	166,893
Gross (Loss)/Earnings Per Share					
- Continuing Operations (sen)	(4.40)	(7.02)	(3.91)	(3.26)	(3.91)
- Discontinued Operations (sen)	–	3.33	(8.60)	–	–
Net (Loss)/Earnings After MI Per Share					
- Continuing Operations (sen)	(4.47)	(7.05)	(3.94)	(3.30)	(3.98)
- Discontinued Operations (sen)	–	3.33	(8.60)	–	–

BALANCE SHEETS

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Paid-up Capital	169,042	169,042	169,042	169,042	169,042
Shareholders' Funds	123,629	130,464	136,828	155,401	161,531
Net Tangible Assets	120,659	127,494	133,858	152,431	158,561
Net Tangible Assets Per Share (RM)	0.79	0.83	0.87	1.00	1.01
Net Assets Per Share (RM)	0.81	0.85	0.89	1.02	1.03

BOARD OF DIRECTORS



Miss Adlina Hasni
Binti Zainol Abidin



Mr. Lim
Chu Dick



Encik Amran
Bin Ahmad



Miss Koay
Hooi Lynn



Tan Sri Dato' Seri
Lim Gait Tong
(Chairman & Chief Executive)



Datuk Seri Haji Mohamed Iqbal
Bin Kuppa Pitchai Rawther
(Deputy Chairman &
Group Executive Director)



EXECUTIVE COMMITTEE



*Datuk Seri Haji Mohamed
Iqbal Bin Kuppa Pitchai
Rawther*



*Tan Sri Dato' Seri
Lim Gait Tong
(Chairman)*



Mr. Lim Chu Dick



AUDIT COMMITTEE



Miss Adlina Hasni
Binti Zainol Abidin



Miss Koay Hooi Lynn
(Chairperson)



Encik Amran Bin Ahmad





MANAGEMENT COMMITTEE



Mr. Oon
Teng Siah



Mr. Cheng
Cheang Teck



Mr. Wong
Hon Weng
(Chairman)



Mr. Foo
Yeok Kheong



Mr. Gan
Wee Keat



PROFILE OF DIRECTORS



He started his business career as a contractor with his father's construction business at the age of 15 years 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 of Mr. Lim Chu Dick, Executive Director of Farlim Group (Malaysia) Bhd., spouse of Puan Sri Datin Seri Chin Chew Lin, Director and Shareholder of Farlim Holding Sdn. Bhd., father of Miss Judy Lim Chu Dee, Director of Farlim Holding Sdn. Bhd. and father-in-law of Mr. Wong Hon Weng, Deputy Chief Executive of Farlim Group (Malaysia) Bhd. and Executive 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 six Board Meetings held during the financial year ended 31 December 2023. 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 80, 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' Enseignement 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 six Board Meetings held during the financial year ended 31 December 2023. He is not among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)



On 22 June 2010, he was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. and retired on 23 June 2022. During his appointment, he sat on the Executive Committee, Sustainability and Risk Management Committee and Employees' Share Option Scheme Committee of the Company.

He was re-appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 22 June 2023 as an Executive Director and a Member of the Executive Committee since the date of his appointment. He does not hold any Directorship in other public companies. He does not hold any shares in Farlim Group (Malaysia) Bhd. and/or the subsidiaries of Farlim Group (Malaysia) Bhd.

He is the son of Tan Sri Dato' Seri Lim Gait Tong, Chairman, Chief Executive and Managing Director of Farlim Group (Malaysia) Bhd. who is also the Director and Shareholder of its holding company Farlim Holding Sdn. Bhd., son of Puan Sri Datin Seri Chin Chew Lin and brother of Miss Judy Lim Chu Dee, both Directors and Shareholders of Farlim Holding Sdn. Bhd. and brother-in-law of Mr. Wong Hon Weng, Deputy Chief Executive

of Farlim Group (Malaysia) Bhd. and Executive 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 two Board Meetings convened subsequent to his appointment as a Director in June 2023. He is not among the Independent Directors who make up one-third of the total number of Directors.



PROFILE OF DIRECTORS (CONT'D)



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, Sustainability and 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 six Board Meetings held during the financial year ended 31 December 2023. She is among the Independent Directors who make up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)



**AMRAN BIN
AHMAD**

*Aged 61, Malaysian, Male
Non-Executive and Independent*

He was the former Head of Operations Division at Amanah Raya Berhad with an extensive post-qualified experience of 34 years in Estate Management, Estate Planning, Wills and Distribution of Property.

He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 22 June 2023. He is the Chairman of Nomination Committee and members of the Audit Committee, Remuneration Committee and Sustainability and Risk Management Committee of the Company since the date of his appointment.

He does not hold any shares in Farlim Group (Malaysia) Bhd. and/or its subsidiaries. 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 since the date of his appointment.

He attended all of the two Board Meetings convened subsequent to his appointment as a Director in June 2023. He is among the Independent Directors who make up one-third of the total number of Directors.



PROFILE OF DIRECTORS (CONT'D)



She graduated with Bachelor of Accounting from La Trobe University, Melbourne Australia. In 2005, she became a Chartered Accountant by joining both Certified Practising Accountant Australia and Malaysian Institute of Accountants. In 2009, she joined the Chartered Tax Institute of Malaysia as a member and Malaysian Institute of Chartered Secretaries and Administrators as an affiliate member. In 2011, she obtained her Practising Certificate and subsequently in 2018, she joined ASEAN Chartered Professional Accountant.

She began her career with a Chartered Accounting firm, Koay Seng Leong & Co. ("KSL"), as an audit assistant in year 1994 where she was involved with audit assurance work for several subsidiaries of public listed Company, palm oil plantation, manufacturing, trading, property developers, small medium enterprises. She was promoted to audit senior in 1998. In 2000, she then joined tax division of the same firm and was involved in compliance work for corporate and personal tax submission, application for tax incentives, attend with tax audits, transfer pricing and related party transactions.

In 2008, she was seconded to overseas for short period to assist in a casino company in preparing for pre-listing accounts to be listed in Hong Kong Stock Exchange.

Subsequently, she was promoted to a Manager in KSL in 2009 and was responsible for overseeing financial, accounting, tax management and reporting functions of the clients.

In 2013, she obtained an Audit License and became a partner of KSL until now. She took over the operation of KSL which covers various industries such as manufacturing, trading, information technology, construction, property development, investment holdings companies and other service industries. In 2014, she was involved in conducting internal audit and risk management of Public Listed Companies.

She has been appointed as an Independent and Non-Executive Director of Agricore CS Holdings Berhad ("ACSH") since 10 August 2023 which later had been converted to a Public Company on 11 September 2023. She is the Chairperson of Audit and Risk Management Committee and member of the Nomination Committee and Remuneration Committee of ACSH.

She has been appointed as an Independent and Non-Executive Director of SWS Capital Berhad ("SWS") since 1 September 2023. She is the Chairperson of Nomination and Remuneration Committees and member of the Audit Committee of SWS.

She was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 24 August 2023. She is the Chairperson of Audit Committee and Sustainability and Risk Management Committee and members of the Nomination Committee and Remuneration Committee of the Company since the date of her appointment. She does not hold any shares in Farlim Group (Malaysia) Bhd. and/or its subsidiaries.

Saved as disclosed above, 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 or potential conflict of interest with the Company and/or its subsidiaries 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 2023. 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 since the date of her appointment.

She attended one Board Meeting convened subsequent to her appointment as a Director in August 2023. 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 ("the Board") of Farlim Group (Malaysia) Bhd. ("Farlim" or "the Company"), I am delighted to present the Annual Report and Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2023.

The operations of the Group are stabilising under extreme domestic and international challenges. The impact of high inflation and monetary tightening on the global economy has constituted a challenge to worldwide financial institutions all over the world. This combined with the escalation of geopolitical conflicts not least in Ukraine but also in the Middle East have brought significant uncertainty into the global economy. Malaysia, as a result, recorded a growth in gross domestic product ("GDP") of 3.7% in the year 2023, which is a decrease of 5% compared to the previous year.



CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

The Group had, in the year under review, registered a loss before tax of RM6.740 million against the loss before tax of RM5.641 million in the previous year. The turnover for the year 2023 was RM15.376 million against RM16.789 million in the preceding year.

Dividend

The Board does not recommend the payment of any dividend in respect of the financial year ended 31 December 2023.

Overview of the Group's Operations

Throughout the review period, Farlim remained committed to developing affordable and quality homes in projects aimed at meeting the needs of the lower/middle-income groups. Farlim strived to enhance its development of residential units and amenities and commercial products, all designed to serve the needs of homeowners and residents.

In the upcoming years, the Company will embark on initiatives to acquire new land banks and source new projects with the principal aim of expanding the Group's operations.

Prospects

The property development and the construction industries are undergoing a recovery phase after the impact of the Covid-19 pandemic. There are challenges due to the escalating costs of building materials, labor shortages and increased minimum wage for workers.

Sustainable Development

The Board have established the Sustainability Policy in December 2023. Currently, the Group is building a sustainability roadmap and moving forward to embark on initiatives in implementing sustainable practices. These efforts are ongoing.

Board and Management Composition

On behalf of the Board, we extend our heartfelt appreciation to Mr. Koay Say Loke Andrew and Encik Khairilnuar Bin Abdul Rahman for their contributions

and dedicated services during their twelve-year tenure as Independent and Non-Executive Directors of the Company. Their vision had been invaluable in guiding the Board's deliberations during the time as Farlim navigated challenges and seized new opportunities. We wish them success in their future ahead.

We welcome three newly appointed Directors, Mr. Lim Chu Dick, Encik Amran Bin Ahmad and Miss Koay Hooi Lynn who joined the Company in June and August 2023 respectively. We are confident that their presence will be a significant asset to us, and we look forward to their positive contribution.

The Board also extends its warmest welcome to Mr. Wong Hon Weng on his designation as Deputy Chief Executive of the Group.

We are pleased to welcome Mr. Oon Teng Siah as the newest member of the Management Committee. Mr. Oon has recently been appointed as the Deputy General Manager with oversight of the Company's Project Department. He initially joined us in September 2020 as the Senior Project and Business Development Manager and brings with him twenty years of experience in construction, project management and planning.

We look forward to working collaboratively and achieving new milestones together.

Acknowledgements

On behalf of the Board, I extend my heartfelt thanks to the Management and staff of Farlim for their dedication and contributions to the Group in the year under review.

I would also like to express my appreciation to my fellow Directors for their unwavering commitment towards achieving our corporate objectives throughout the year.

Finally, I would like to extend, on behalf of the Group, our gratitude to our valued shareholders, customers, business associates and the authorities for the support rendered by all of them to the Group during the year 2023.

Tan Sri Dato' Seri Lim Gait Tong
Chairman

PENYATA PENERUS

Bagi pihak Lembaga Pengarah ("Lembaga") Farlim Group (Malaysia) Bhd. ("Farlim" atau "Syarikat"), saya dengan sukacita mempersembahkan Laporan Tahunan dan Penyata Kewangan Syarikat serta kumpulan syarikat-syarikat ("Kumpulan") bagi tahun kewangan berakhir 31 Disember 2023.

Operasi Kumpulan kian mantap walaupun menghadapi cabaran domestik dan antarabangsa yang melampau. Impak kadar inflasi yang tinggi serta pengetatan monetari dalam ekonomi antarabangsa merupakan cabaran yang diharungi oleh institusi-institusi kewangan di seluruh dunia. Tambahan pula, peningkatan konflik geopolitik di Ukraine dan Timur Tengah telah menyebabkan ketidakpastian yang ketara dalam ekonomi dunia. Akibatnya, Malaysia mencatatkan pertumbuhan keluaran dalam negara kasar ("KDNK") sebanyak 3.7% pada tahun 2023, mewakili pengecutan sebanyak 5% berbanding dengan tahun sebelumnya.

Prestasi Kewangan

Pada tahun yang ditinjau, Kumpulan telah merakamkan kerugian sebelum cukai sebanyak RM6.740 juta berbanding dengan kerugian sebelum cukai sebanyak RM5.641 juta pada tahun sebelumnya. Perolehan bagi tahun 2023 adalah RM15.376 juta berbanding dengan RM16.789 juta pada tahun kewangan berakhir 31 Disember 2022.

Dividen

Lembaga Pengarah tidak mengesyorkan sebarang bayaran dividen bagi tahun kewangan berakhir 31 Disember 2023.

Tinjauan Operasi Kumpulan

Sepanjang tempoh yang ditinjau, Farlim telah meneruskan usaha-usaha projek pembangunan kediaman mampu-milik dan berkualiti untuk memenuhi keperluan golongan berpendapatan rendah/ sederhana. Farlim berusaha untuk meningkatkan pembangunan kediaman dan kemudahan serta produk-produk komersial demi melayani keperluan pemilik rumah dan penghuni.

Pada tahun-tahun akan datang, Syarikat akan memulakan inisiatif untuk memperoleh bank tanah baru dan projek baru untuk mengembangkan operasi Kumpulan.

Prospek-Prospek

Industri pembangunan hartanah dan pembinaan kini dalam fasa pemulihan setelah impak pandemik COVID-19. Terdapat pelbagai cabaran disebabkan oleh peningkatan dalam kos bahan binaan, kekurangan tenaga buruh dan kenaikan gaji minimum bagi pekerja.

Pembangunan Lestari

Lembaga telah menubuhkan Polisi Kelestarian pada Disember 2023. Kini, Kumpulan sedang membina roadmap kelestarian dan mara ke hadapan untuk memulakan inisiatif-inisiatif dalam melaksanakan amalan mampan. Usaha-usaha ini sedang berterusan.

Komposisi Lembaga dan Pengurusan

Bagi pihak Lembaga, kami dengan sepenuh hati menghulurkan penghargaan kepada Encik Koay Say Loke Andrew dan Encik Khairilnuar Bin Abdul Rahman atas sumbangan dan dedikasi mereka sepanjang perkhidmatan selama dua belas tahun sebagai Pengarah Bukan Eksekutif Bebas Syarikat. Visi mereka tidak ternilai dalam membimbing pertimbangan Lembaga semasa Farlim mengharungi cabaran dan merebut peluang baru. Semoga mereka berjaya dalam masa depan mereka.

Kami mengalu-alukan tiga Pengarah yang baru dilantik, yakni Encik Lim Chu Dick, Encik Amran Bin Ahmad and Puan Koay Hooi Lynn, yang masing-masing menyertai Syarikat pada Jun dan Ogos 2023. Kami yakin bahawa kehadiran mereka akan menjadi aset yang ketara, dan kami menanti-nantikan sumbangan positif mereka.

Pihak Lembaga turut mengalu-alukan Encik Wong Hon Weng selaku Timbalan Ketua Eksekutif Kumpulan.

Kami amat besar hati untuk mengalu-alukan Encik Oon Teng Siah sebagai ahli terbaru Jawatankuasa Pengurusan. Oon telah dilantik sebagai Timbalan Pengurus Besar dan mengawasi Jabatan Projek Syarikat. Beliau menyertai kami pada September 2020 sebagai Pengurus Kanan Projek dan Pembangunan Perniagaan dan mempunyai pengalaman sebanyak 20 tahun dalam bidang pembinaan, pengurusan projek dan perancangan.

Kami berharap dapat bekerjasama ke arah mencapai mercutanda baru bersama.

Penghargaan

Bagi pihak Lembaga, saya mengucapkan terima kasih kepada pihak pengurusan dan kakitangan Farlim atas dedikasi 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 atas sokongan mereka pada tahun 2023.

Tan Sri Dato' Seri Lim Gait Tong
Chairman



主席献词

我谨代表发林集团（马）有限公司董事会，提呈本公司及其属下公司截至2023年12月31日常年报告和财务结册。

本集团在经历国内外严峻的挑战下，依然稳健地经营。高利率的通货膨胀和货币紧缩，对全球经济及全球金融机构，造成了极大的影响，再加上乌克兰和中东地域的政治冲突升级，导致全球经济面临巨大的不稳定性。因此在2023年，马来西亚的国民生产总值仅达3.7%，相比往年共下降了5%。

财务表现

本集团在过去一年蒙受六百七十四万令吉的税前亏损，而前一年的税前亏损为五百六十四万一千令吉。2023年的营业额为一千五百三十七万六千令吉，相比前一年一千六百七十八万九千令吉的营业额。

股息

董事会建议就截至2023年12月31日的财政年度不派发股息。

集团营运总观

发林在这年度期间，致力于兴建可负担优质房屋，以迎合中低收入群的需求。同时，身为房屋业者，发林着重于提供住宅单元、便利设施和商业的发展项目，以达至购屋者和居民的需求。

在未来几年，本公司将采取购置新土地储备的措施和觅寻新发展项目，以扩大集团业务为主要目标。

前景

背负新冠疫情后的影响，房地产开发和建筑产行业正处于复苏阶段。由于建筑材料成本不断上升、人力资源短缺和最低薪资的提高，使到此行业依旧面临着各种挑战。

可持续性发展

董事会经于2023年12月奠定其可持续发展政策。目前，本集团正积极于建立可持续发展蓝图，并开始着手实践各种可持续的措施，这项努力将延续挺进。

董事会和管理层结构

我谨代表董事会，对郭世禄先生以及Encik Khairiluanar Bin Abdul Rahman在担任公司独立非执行董事12年期间，所付出的贡献和热忱服务表示衷心感谢。在发林集团应对各个挑战和寻觅新商机期间，他们赐予董事会极度宝贵的审议和意见。本人在此祝愿他俩在未来的日子获取更好的成就。

于此，我们欢迎三位新任职董事，即林珠德先生、Encik Amran Bin Ahmad以及郭蕙宁女士。他们分别于2023年6月和2023年8月加入本公司。相信他们的参与将会是公司的重要资产，同时对他们即将为集团赋予的正面和积极贡献，充满期待。

董事会亦热切地欢迎黄汉荣律师，获委任为本集团副行政总裁。

同时，我们很欣悦地欢迎温健城先生成为管理委员会的新成员。温先生于2020年9月加入本公司，由担任高级项目和业务开发经理做起，如今乃新任副总经理，负责监督公司的项目部。他拥有20年在建筑、项目管理和规划方面的相关经验。

期待大家携手合作，并肩共同实现新的里程碑。

鸣谢

我谨代表董事会，对发林管理层及员工在过去一年对本集团所付出的辛勤和贡献表示衷心感谢。

本人亦感谢各董事在过去一年，为实现企业目标所作出的坚定承诺。

最后，我代表集团向尊贵的股东、客户、商业伙伴及有关当局在2023年给予集团的支持致以谢意。

丹斯里拿督斯里林玉唐
董事主席兼总裁

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 2027.
- 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 endeavour 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 (3) 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)

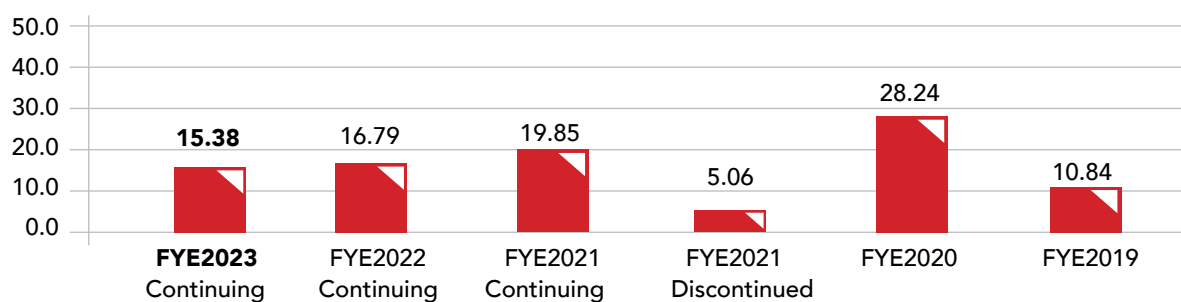
Highlights of Group Financial Information

Financial

Particulars	Year 2023	Year 2022	Year 2021	Year 2020	Year 2019
Revenue :					
- Continuing operation (RM'000)	15,376	16,789	19,848	28,240	10,838
- Discontinued operation (RM'000)	–	–	5,060	–	–
(Loss)/Profit before tax:					
- Continuing operation (RM'000)	(6,740)	(10,741)	(5,983)	(4,987)	(6,522)
- Discontinued operation (RM'000)	–	5,100	(13,158)	–	–
Finance costs (RM'000)	(8)	–	–	–	(2)
Net loss (RM'000)	(6,795)	(5,682)	(19,185)	(5,032)	(6,621)
Shareholders' equity (RM'000)	123,629	130,464	136,828	155,401	161,531
Total assets (RM'000)	146,369	152,330	148,623	167,860	172,974
Borrowings (RM'000)	441	–	–	–	–
Total Liabilities (RM'000)	22,443	21,607	11,545	11,765	10,770
Debt/Equity (%)	18.15	16.56	8.44	7.57	6.67
Earnings/(Loss) per share:					
- Continuing operation (Sen)	(4.47)	(7.05)	(3.94)	(3.30)	(3.98)
- Discontinued operation (Sen)	–	3.33	(8.60)	–	–
Net assets per share (RM)	0.81	0.85	0.89	1.02	1.03

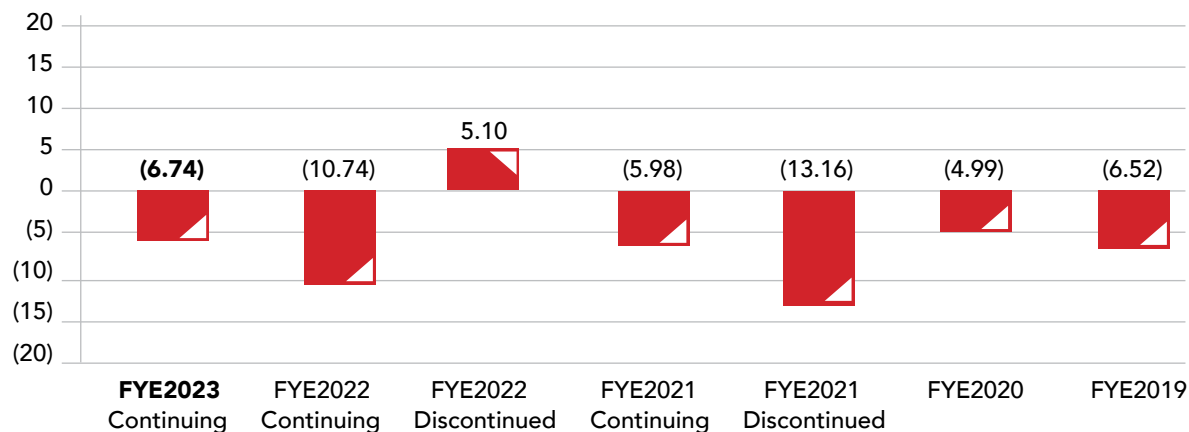
Revenue

RM 'Million



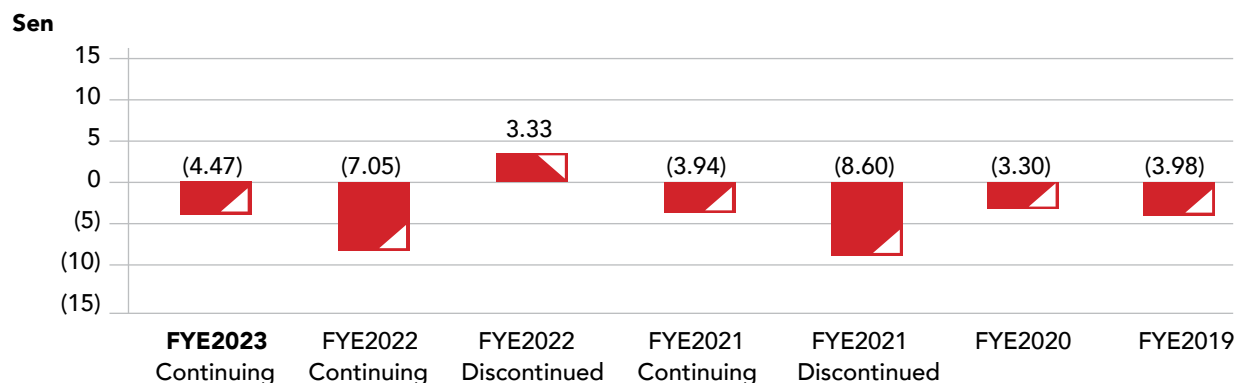
(Loss)/Profit Before Tax

RM 'Million



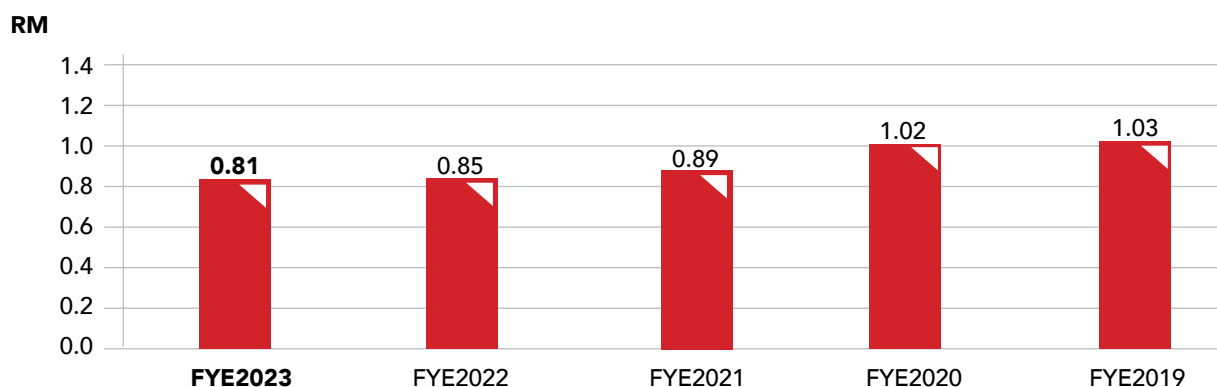
MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(Loss)/Earnings Per Share



Earnings per share for the financial year 2023 is calculated based on weighted average number of ordinary shares of 153,025,613 after deducting treasury shares of Farlim Group (Malaysia) Bhd. ('the Company').

Net Assets Per Share



Share performance

	Year 2023	Year 2022	Year 2021	Year 2020	Year 2019
Year High (RM)	0.250	0.300	0.375	0.360	0.400
Year Low (RM)	0.190	0.215	0.215	0.165	0.320
Year close (RM)	0.220	0.235	0.250	0.295	0.335
Market capitalization (RM'000) (as at financial year end)	33,666	35,961	38,256	45,143	52,450

(Source : [klse.i3investor.com](https://www.klse.i3investor.com))

The net assets per share and market capitalisation for the financial year 2023 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 2023 of RM15.376 million was mainly attributable to its core business in property development.

The Group's property segment registered a revenue of RM14.740 million, representing 95.86% of the total revenue of RM15.376 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 2023 of RM15.376 million decreased by RM1.413 million, equivalent to 8.42% as compared to the revenue of RM16.789 million for the financial year 2022. The Group's revenue was mainly contributed by the sales and progress billings of the Group's ongoing housing projects in Taman Impiana Bidor, namely 1-storey terrace houses in Phase 4A, vacant possession of 1-storey affordable terrace houses in Phase 3B and Phase 3C, sale of the balance unsold completed units of 2-storey shophouses in Phase 5A; and the progress billings and vacant possession of a 2-storey semi-detached house at Bandar Baru Air Itam ("BBAI"), Penang.

(ii) (Loss)/Profit Before Tax

The loss before taxation of the Group from continuing operations for the financial year 2023 of RM6.740 million represents a decrease of 37.25% from the loss before tax of RM10.741 million for the previous financial year. This higher net loss before taxation in the financial year 2022 was mainly due to: (i) 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 the Company and AIPSB where the judge had ruled in favour of AIPSB and included in the loss before taxation; off-set by (ii) the Group's gain on the disposal of a wholly-owned subsidiary company in the People's Republic of China ("PRC") amounting to RM7.445 million.

The Group's administrative expenses decreased by RM0.634 million to RM11.772 million during the year as compared to the administrative expenses of RM12.406 million in the previous financial year. The Group's administrative expenses were higher in the previous financial year mainly due to the higher human resources cost 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.

(iii) Assets

Inventories

The Group's non-current inventories of RM48.535 million was entirely attributable to the land held for development and development expenditure incurred for the development of projects in the pipeline.

Included in the Group's current inventories of RM29.191 million are land held under development and development expenditure incurred of RM18.773 million for projects that have already commenced construction works and are planned or expected to be launched in 2024. The balance of RM10.417 million comprises unsold completed properties.

Trade Receivables

The Group's trade receivables of RM2.906 million decreased by RM0.082 million representing 2.74% decrease as compared to trade receivables of RM2.988 million in the previous financial year. The trade receivables were primarily made up of receivables pending disbursement by end-financiers from the Company's ongoing housing projects in Taman Impiana Bidor, namely 1-storey terrace houses in Phase 4A and stakeholder funds retained by solicitors.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Other Receivables & Deposits

The Group's other receivables increased by RM5.042 million to RM5.163 million in the current financial year, representing a 4,166.94% increase as compared to other receivables of RM0.121 million in the previous financial year. The increase was mainly due to advances to contractors for projects of the Group and the Company in Bidor, Perak and in Kajang, Selangor.

The Group's deposits increased by RM5.496 million to RM6.805 million in the current financial year, representing a 419.86% increase as compared to deposits of RM1.309 million in the previous financial year. The increase was primarily due to repayable deposits paid for intended purchase of lands.

Other Investments

The Group's other investments comprise mainly of investments in cash management funds with investment management companies. During the financial year, the Group's other investments decreased by RM18.139 million to RM28.889 million, representing a 38.57% decrease as compared to other investments of RM47.028 million in the previous financial year. The funds were mainly utilised for the following:

- a) advances to contractors relating to the purchase of building materials for the projects of the Group and the Company due to material price increase
- b) repayable deposits paid for intended purchase of lands
- c) working capital for the Group

Cash & Bank Balances

The Group's cash and bank balances decreased by RM2.246 million to RM5.317 million in the current financial year, representing a 29.70% decrease as compared to cash and bank balances of RM7.563 million in the previous financial year. The Group's cash and bank balances comprise substantially of cash held under the Housing Development Accounts for 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 increased by 7.58% from RM4.297 million in the previous financial year to RM4.623 million in the current financial year. The trade and other payables are comprised mainly of construction works payable of RM1.229 million and retention sums payable of RM1.852 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 RM0.698 million and some accrual of administrative expenses amounting to RM0.701 million incurred for the financial year 2023.

Capital Structure and Capital Resources

The Group has no other borrowings as at the end of the financial year 2023 except for a lease liability of RM0.441 million for the Right-of-use Assets of the Group. 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, the Group managed to achieve the following in the financial year :
 - (i) Completion of Phase 3B and Phase 3C projects comprising a total of 99 units of 1-storey affordable terrace houses with Certificate of Completion and Compliance (“CCC”) issued on 6 April 2023. Sales achieved were 98% for Phase 3B and 94% for Phase 3C.



*Phase 3B, 1-Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak.
(CCC issued on 6 April 2023).*



*Phase 3C, 1-Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak.
(CCC issued on 6 April 2023).*



MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

- (ii) Phase 4A comprising 78 units of 1-storey terrace houses was launched at the end of March 2023 and has achieved 41% sales. The construction stage was at 65% and the CCC is expected to be obtained in the second quarter of 2024.



Phase 4A, 1-Storey Terrace Houses, Taman Impiana Bidor, Perak. (Construction stage is at 65% and CCC is expected to be obtained in the second quarter of 2024)

Bandar Baru Air Itam ("BBAI"), Penang

- Completion with CCC issued on 4 October 2023 for 2 units of 2-storey semi-detached houses at BBAI, Penang.



2-Storey Semi-Detached Houses at BBAI, Penang (CCC issued on 4 October 2023)



MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Saujana Impian, Kajang, Selangor

A residential project in Saujana Impian Kajang, Selangor offering a total of 23 units of 2-storey terrace houses was launched during the third quarter of 2022. There were expressions of interest by potential home buyers but this has yet to be translated into fully-signed sale and purchase agreement.

In tandem with the uncertainties of locking in the sales, construction works in respect of the 16 units in Saujana Impian are progressing at a slower pace for better cash flow planning purposes. To date, the construction works for brickwall and roof covering for the 16 units have been completed and plastering work is currently in progress.



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

Property Developments In The Pipeline

- In February 2023, the Company obtained the necessary approvals from the relevant authorities for the development of 14 units of 1-storey semi-detached houses under Phase 7A in Taman Impiana Bidor. The Company had originally scheduled to launch Phase 7A in the third quarter of 2023 upon approval of the Advertising Permit from the Housing Ministry. However, launching had to be deferred to the first quarter of 2024 due to the delay in obtaining the Advertising Permit which was only obtained in December 2023. The construction works have since commenced.



*Phase 7A, 1-Storey Semi-Detached Houses, Taman Impiana Bidor, Perak.
(Construction is in progress)*

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

- Planning permission and building plans for Phase 2B, Taman Impiana Bidor project which comprises 53 units of 1-storey terrace affordable houses had been approved by the relevant authorities in the 4th quarter of 2023. The Company is currently in the process of applying for the Developer License and Advertising Permit ("DLAP"). The project is expected to be launched in the 2nd quarter of 2024 upon approval of the DLAP.
- Building plan for Phase 4B, Taman Impiana Bidor which comprises 62 units of 1-storey terrace houses with estimated gross development value of approximately RM15.6 million had been obtained in the second quarter of 2023. The project is scheduled to be launched in 2024 subject to property market conditions and sentiments.
- Within the Group's existing township in BBAI Penang, there are several balance pockets of development land where planning permission had been obtained in 2019 for the development of landed properties. In the fourth quarter of 2021. The building plan for several 2-storey semi-detached houses had been obtained, out of which 2 units had been launched and completed with CCC issued on 4 October 2023.

Meanwhile, the revised planning permission for the proposed development of 48 units condominium in BBAI Penang had been obtained at the end of December 2022 but building plan approval has yet to be obtained. The project was earlier earmarked for commencement in early 2023, however, the commencement of construction would be further deferred in light of the prevailing property sector outlook and products demand. The Company is currently revisiting the existing development and configuration with a view of further maximizing the project economics.

- In the 1st quarter of 2023, a wholly-owned subsidiary of the Group had obtained approval for the re-phasing plan in respect 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 cashflow 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, the building plan had also been obtained from the relevant authorities. The Group's initial plan was to embark on a new township development in Gopeng, Perak with initial development of Phase 1A comprising 104 units of 1-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 1-storey terrace houses with a gross development value of RM13.0 million) is expected to be launched in the fourth quarter of 2023 and the balance of approximately 1,000 units of mixed development will be part of further phases. However, the Group is mindful of the prevailing economic environment and is prepared to tailor its approach to better fit with local market conditions and requirements, which may include development timeline adjustment, and/or consideration of potential joint ventures or the like. Given these considerations and the need for efficient cashflow management, the Group has decided to defer the commencement of construction of Phases 1A and 1B to year 2024.
- 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 ("MPKJ") has been submitted. To date, clearance/support letters have been obtained from the technical department of MPKJ with conditions to be fulfilled. Nevertheless, the Planning Permission is still pending endorsement by the planning authorities.

Upon endorsement by the planning authorities, the subsidiary would submit to the land authorities for re-alienation of the land whereby approval is expected to take approximately nine (9) to twelve (12) months. Barring any unforeseen circumstances, the subsidiary is working towards its expectation to be able to commence development of the project in the year 2024. This project is expected to generate a total gross development value of approximately RM108.0 million.



MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

4. ANTICIPATED OR KNOWN RISKS

Our Group anticipated that the year ahead will continue to be challenging for the local property market amid progress recovery of the economic momentum. The risks of rising borrowing cost and other cost of living pressures remain a significant impact on the development cost and the demand for residential property. 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 recovery of the residential property market is expected to continue in 2024 albeit at a slower pace amid rising borrowing costs and growing inflationary pressures. Nonetheless, the Group is optimistic that residential property development of the Company's Taman Impiana Bidor, Perak township will still remain the core of the Group's business for the financial year 2024.

Moving forward, the Group will continue to adopt a cautious stance to stagger and roll out new launches of affordable pricing residential properties in its Taman Impiana Bidor, Perak township.

The Group had scheduled the launch of Phase 7A comprising 14 units of 1-storey semi-detached houses in Taman Impiana Bidor, Perak township in the first quarter 2024, to be followed by Phase 2B comprising 53 units of 1-storey terrace house upon the approval of the Developer License and Advertising Permit ("DLAP"), which is expected in the second quarter of 2024. With various marketing activities the Company is undertaking, the Group is optimistic to lock-in sales for the new launches and also the remaining units of its ongoing Phase 4A development including the balance unsold completed residential properties in Taman Impiana Bidor if the residential property market in Perak remains resilient.

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

Moving forward, ongoing efforts to improve efficiency, operation and management effectiveness of the Group, taking the appropriate measures to conserve financial resources, scaling down expenses, reallocating resources and maximizing value creation are the top priorities for the Group.

6. DIVIDEND POLICY

No dividend was paid in the year 2023 as the Board of Directors did not recommend the payment of any dividends in respect of the financial year ended 31 December 2022. The Board of Directors does not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

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 ("AC"), consisting of three members of the Board, all of whom are Non-Executive Independent Directors and no alternate director is appointed as a member of the AC, adheres to Paragraph 15.09 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The members during the financial year ended 31 December 2023 and as of the date of this Annual Report are as follows:-

Miss Koay Hooi Lynn - Chairperson
Non-Executive Independent Director

Miss Adlina Hasni Binti Zainol Abidin
Non-Executive Independent Director

Encik Amran Bin Ahmad
Non-Executive Independent Director

The Chairperson of the AC, Miss Koay Hooi Lynn, is not the Chairman of the Board. She is an ASEAN Chartered Professional Accountant and Chartered Accountant for both Certified Practising Accountant, Australia and Malaysian Institute of Accountants.

2. MEETINGS AND ATTENDANCE

The AC meets periodically to carry out its functions and duties in accordance with its terms of reference. The AC held a total of five (5) meetings during the financial year ended 31 December 2023, with details of attendance provided for each meeting as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Miss Koay Hooi Lynn – appointed on 24 August 2023	1	1/1
Miss Adlina Hasni Binti Zainol Abidin	5	5/5
Encik Amran Bin Ahmad – appointed on 22 June 2023	2	2/2
Mr. Koay Say Loke Andrew – resigned on 24 August 2023	4	4/4
Encik Khairilnuar Bin Abdul Rahman – resigned on 24 August 2023	4	4/4

* On 22 February 2023, 23 March 2023, 31 May 2023, 24 August 2023 and 23 November 2023

On 24 August 2023, the composition of the AC changed due to the resignation of Directors, Mr. Koay Say Loke Andrew who served as the Chairman of the AC and the resignation of Encik Khairilnuar Bin Abdul Rahman who was a Member of the said Committee, following the expiration of their twelve (12) years tenure pursuant to MMLR of Bursa Securities.

During the financial year, the AC meetings were duly convened with advance notices given to all AC members, along with the agenda and relevant reports. Representatives from the External Auditors were invited by the AC to attend the meetings to present the pertinent reports and proposals to the AC which included inter alia, the Auditors' audit plans and reports as well as the audited financial statements for the financial year ended 31 December 2023.

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

For the financial year ended 31 December 2023, the AC discharged its functions and duties accordingly. The main areas of work undertaken by the AC were as follows:-

- a) Review the Internal Auditors' scope, functions, competency, adequacy of resources, authority, effectiveness, audit findings, progress updates on the follow up audit of the previous internal audit reports and the appropriateness of action taken by the Management to address the audit findings;



AUDIT COMMITTEE REPORT (CONT'D)

3. SUMMARY OF THE WORK OF THE AC AND HOW IT HAS MET ITS RESPONSIBILITIES (CONT'D)

- b) Review the audit plans and Audit Committee Memorandum prepared by the External Auditors covering audit scope and approach, significant audit findings, potential key audit matters and significant outstanding matters from the audit field works;
- c) 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;
- d) Review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity in accordance with management and monitoring procedures as stipulated in the Conflict of Interest Policy adopted by the Company and its subsidiaries ("the Group") on 29 December 2023;
- e) Review the effectiveness of the Group's internal control systems and procedures;
- f) 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;
- g) Review and obtain assurance from the Management that Group's risk management framework is adequate and effective;
- h) Ensure that an AC Report is disclosed in the Annual Report based on the listing disclosure requirements; and
- i) Consider other issues assigned by the Board of Directors.

When the AC 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 MMLR of Bursa Securities, the AC shall promptly report such matter to Bursa Securities.

The AC in the discharge of its functions and duties as set out above for the financial year ended 31 December 2023 has met its responsibilities.

4. TERMS OF REFERENCE

The Terms of Reference of the AC is available on the Company's website, www.farlim.com.my. The Board is satisfied that the AC and each of the members had discharged their duties and responsibilities in accordance with the Terms of Reference.

5. SUMMARY OF THE WORK OF INTERNAL AUDIT FUNCTION

The AC 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 AC its work carried out on the following:-

- i. Project Management;
- ii. Sales and Credit Control;
- iii. Internal audit report on handover of vacant possession;
- iv. Follow up audit; and
- v. Internal audit report on human resources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of the Company, in provision of a summary of the corporate governance practices of the Company during the financial year ended 31 December 2023 with reference to the following three Principles pursuant to Practice Note 9 Part 1 Paragraph 3.1A of Main Market Listing Requirements ("MMLR" or "Listing Requirements") 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 the 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 (3) Principles referred to above, appropriate action has been taken accordingly for adherence thereto as follows:

Principle 1 - Board leadership and effectiveness

The Board 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. Composition

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 the Audit Committee, Sustainability and Risk Management Committee, Nomination Committee and Remuneration Committee.

2. Appointment / Re-election of Director(s)

The Board shall define a Fit and Proper Policy for its members' appointments 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, the Board does not solely rely on recommendations from its existing members, management, or major shareholders, but also utilizes independent sources, to identify suitably qualified candidates for the appointment of directors' positions. The Nomination Committee shall evaluate the candidates for new directors before recommending them to the Board for an appointment. All new directors 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 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.

3. 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 Company and its subsidiaries ("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 the 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 the 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 the 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 the Senior Management has the necessary skills and experience and that there are measures in place to provide for the orderly succession of the 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).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

4. Position Descriptions of the Board Members

4.1 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;
- 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 the 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 Secretaries 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 Committees' meetings are not combined with the main Board meeting.

4.2 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;



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- To keep the Board fully informed of all critical aspects of the Group's operations and to ensure that sufficient information is distributed to the 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 the Group's performance issues.

4.3 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.

5. Company Secretaries

The Company Secretaries play 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 Secretaries to the Board and the Board Committees include, but are not limited to the following:

- Manage all Board's and Board Committees' meeting logistics;
- 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 directors' 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 Secretaries 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

6. Matters and Decisions Reserved for the Board's Decision

To maintain firm control over the direction and Management of the Group, the Board will reserve decision-making authority over the following matters:

- 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.

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

7. Board Committees

The Board may, from time to time, establish appropriate Board Committees to assist them in discharging its responsibilities. The 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;
- Sustainability and 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.

8. Meetings and Minutes

Board meetings are held at least once every three (3) months. The agenda for each meeting is dictated based on the requirements of the Board and will be communicated upon issuance of the meeting notice.

Additional Board meetings can be convened at the request of any Director by giving all members seven (7) days' notice in writing. With the consent of all the Board members, a meeting may be convened with a shorter notice.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The 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 the presence of the Executive Directors and the Management.

The Board and Board Committees may hold meetings at two (2) or more venues using technology that gives all the members or Board Committees a reasonable opportunity to participate in the discussions. The Board may also pass its resolution by way of a circular.

The Company Secretaries should ensure that the 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.

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.

9. Access to 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 the Board's approval, engage independent professionals or obtain advice at the expense of the Group.

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

10. Relationship Between Board and Management

Except for matters relating to the Board Committees or duties of the Company Secretaries, 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.

11. Performance Appraisal

The Directors' effectiveness and performance assessments are essential for the Board improvement. The Board shall review and evaluate its performance and the performance of the Board Committees 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

12. 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 the 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.

13. Corporate Code of Conduct and Ethics / Whistleblowing Policy / Anti-Bribery Guidelines

The Board shall establish a Corporate Code of Conduct and Ethics for the Company and, together with Management, review and implement its policies and procedures, aimed at managing conflicts of interest, preventing the abuse of power, corruption, insider trading, and money laundering. The Group's efforts to prevent corrupt practices are further reinforced through the adoption of Anti-Bribery Guidelines and Corruption Prevention Policies and Framework.

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.

The Corporate Code of Conduct and Ethics, Anti-Bribery Guidelines, Corruption Prevention Policies and Framework and Whistleblowing Policy and procedure are accessible for reference on the Company's website at www.farlim.com.my.

Current Status of Board Composition and Meetings

The Board of the Company currently comprises six (6) members, including three (3) Executive Directors and three Non-Executive and Independent Directors, two of whom are female directors.

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 which has been 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, Sustainability and 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 two (2) Directors or one third (1/3) on the Board is in compliance to the requirements of Bursa Securities.

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.

Six (6) Board Meetings were held during the financial year ended 31 December 2023. 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 Directors had attended all Board Meetings and complied with the minimum 50% attendance requirement in respect of Board Meetings pursuant to Paragraph 15.05(3)(c) of MMLR of Bursa Securities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 2023 and/or thereafter, and the relevant details are as follows:-

Date	Seminar/Programme	Attended By
28 February 2023	Re-Building the Board for Innovation	Miss Adlina Hasni Binti Zainol Abidin
21 March 2023	Navigating ESG Data into Decisions	Miss Adlina Hasni Binti Zainol Abidin
25 May 2023	PowerTalk – Advancing Cyber Resilience: Board's Top 3 Must Knows	Miss Adlina Hasni Binti Zainol Abidin
6 June 2023	Board Audit Committee (BAC) Dialogue & Networking-Ethics & Governance Issues -Next Step for Boards	Miss Adlina Hasni Binti Zainol Abidin
5 July 2023 and 6 July 2023	Bursa Malaysia Mandatory Accreditation Programme Part I	Mr. Wong Hon Weng
20 July 2023	PowerTalk – Generative AI – An Opportunity or Risk	Miss Adlina Hasni Binti Zainol Abidin
25 July 2023 and 26 July 2023	Suruhanjaya Syarikat Malaysia (SSM) National Conference 2023	Mr. Koay Say Loke Andrew
9 October 2023 and 10 October 2023	Bursa Malaysia Mandatory Accreditation Programme Part I	Encik Amran Bin Ahmad
24 October 2023 to 26 October 2023	Bursa Malaysia Mandatory Accreditation Programme Part I	Miss Koay Hooi Lynn
27 November 2023	Audit Oversight Board - Conversation with Audit Committees	Miss Adlina Hasni Binti Zainol Abidin
5 February 2024 and 6 February 2024	Bursa Malaysia Mandatory Accreditation Programme Part II	Datuk Seri Haji Mohamed Iqbal bin Kuppia Pitchai Rawther
5 February 2024 and 6 February 2024	Bursa Malaysia Mandatory Accreditation Programme Part II	Miss Adlina Hasni Binti Zainol Abidin

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 the Management in the implementation of short and long-term business plans.

The Executive Committee currently comprises of three (3) Members as follows:-

Tan Sri Dato' Seri Lim Gait Tong - Chairman
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther
Mr. Lim Chu Dick (appointed on 22 June 2023)

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

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

The Executive Committee had held five meetings during the financial year ended 31 December 2023, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Tan Sri Dato' Seri Lim Gait Tong	5	5/5
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	5	5/5
Mr. Lim Chu Dick (appointed on 22 June 2023)	2	2/2
Mr. Wong Hon Weng (resigned on 31 December 2023)	4	3/4
Mr. Yong Yew Wei (retired on 22 June 2023)	2	2/2

* On 16 February 2023, 16 March 2023, 31 May 2023, 24 August 2023 and 16 November 2023



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.

Sustainability and 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 Committee was set up on 25 May 2017 and had on 29 December 2023 changed its name from Risk Management Committee to Sustainability and Risk Management Committee. Currently the Committee comprises three (3) members who are all Non-Executive and Independent Directors, as follows:-

Miss Koay Hooi Lynn - Chairperson
- *Non-Executive and Independent Director*

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

Encik Amran Bin Ahmad
- *Non-Executive and Independent Director*

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

- Review the appropriateness of the risk management strategies, policies, risk appetite and tolerances in consideration of the Group's business objectives;
- Ensure the implementation of the risk management framework and review the adequacy and effectiveness thereof in identifying, assessing and managing risks;
- Evaluate the effectiveness of mitigation action taken to address the identified risks;
- Review the adequacy of the resources and competency of the risk management function of the Group;
- Jointly with the Audit Committee, review the Statement on Risk Management and Internal Control;
- Oversee the Management of the material sustainability matters and ensure that:
 - a) sustainability is being considered when developing and implementing company strategies, business plans, major action plans and making risk management decisions;
 - b) the strategic plan of the company supports long-term value creation and underpinning sustainability;
 - c) the Group's sustainability strategies, priorities and targets, as well as its performance against these targets, are communicated to internal and external stakeholders;
 - d) resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
 - e) the sustainability disclosure complies with the regulatory reporting requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The Sustainability and Risk Management Committee had held four (4) meetings during the financial year ended 31 December 2023, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Miss Koay Hooi Lynn (<i>appointed on 24 August 2023</i>)	1	1/1
Miss Adlina Hasni Binti Zainol Abidin	4	4/4
Encik Amran Bin Ahmad (<i>appointed on 22 June 2023</i>)	2	2/2
Mr. Wong Hon Weng (<i>resigned on 31 December 2023</i>)	3	3/3
Mr. Koay Say Loke Andrew (<i>resigned on 24 August 2023</i>)	3	3/3
Encik Khairilnuar Bin Abdul Rahman (<i>resigned on 24 August 2023</i>)	3	3/3
Mr. Yong Yew Wei (<i>retired on 22 June 2023</i>)	2	2/2

* On 22 February 2023, 31 May 2023, 24 August 2023 and 23 November 2023

Nomination Committee

The Nomination Committee ("NC") should comprise at least three (3) non-executive members, a majority of whom must be Independent Directors. The NC should be chaired by an independent director or the Senior Independent Director. The Chairman of the Board should not be a member of the NC.

Vacancy that causes the members of the Committee to be less than the above requirement shall be filled out within three (3) months.

The NC of the Company which was set up on 18 May 2002 comprising three (3) 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 Amran Bin Ahmad - Chairman
- *Non-Executive and Independent Director*

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

Miss Koay Hooi Lynn
- *Non-Executive and Independent Director*

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

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

- Recommend to the Board candidates for directorships to be filled by the shareholders or the Board;
- Review and make recommendations on the 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 competencies and experiences as well as appropriate balance of Executive, Independent and Non-Executive Directors;
- Lead the succession planning and appointment of directors and oversee the development of a diverse pipeline for the Board and Management succession, including future Chairman and Executive Directors;



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- Lead the annual review of Board composition and its effectiveness, ensuring its effectiveness and compliance with regulatory requirements;
- Review and evaluate the performance and tenure of each director annually, including the Chairman of the Board, the effectiveness of the individual directors and the Board as a whole, focusing on their historical performance and ability to contribute to the Board, Company and the sustainability agenda;
- Recommend the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years tenure for continuance in the office with justification and to seek shareholder's approval through a two-tier voting process;
- Consider candidates for directorships proposed by the Board members or by any other senior executive or shareholder, and disclose the reason when other sources were not used for sourcing directors;
- Ensure that the recommendation of the re-election of a director retiring by rotation should be contingent on a satisfactory evaluation of the director's performance and contribution to the Board;
- Review the term of office and performance of all Board Committees and each of its members annually to determine whether such committees and members have carried out their duties in accordance with their terms of reference;
- Review the new or additional Board responsibilities required under the regulations and governance practices and recommend to the Board to execute, delegate and include in the existing Board Committees' terms of reference or to form a new Board Committee to assist the Board in discharging the new responsibilities;
- In consultation with the Executive Committee, review the performance, including the sustainability performance and succession plan of the members of the Group Management Committee;
- The Group's directors and management in keeping abreast with the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities; and
- Report the annual report, a statement regarding the activities of the NC in the financial year. Such statement must include information of its review to ensure that each of its Directors and Senior Management has the character, experiences, integrity, competency and time to effectively discharge their respective role as well as:
 - i. the policy on Board composition having regard to the mix of skills, independence, and diversity (including gender diversity) required to meet the needs of the Company;
 - ii. the Board nomination and election process and criteria used by the Committee in the selection process; and
 - iii. the assessment undertaken by NC in respect of its Board, committees, and individual directors and the criteria used for such assessment.

The NC shall meet at least annually or as and when the need arises. On the request of any member, the Secretaries shall summon for a meeting at any time by giving all members seven (7) days' notice in writing. A meeting may, with the consent of the majority of the members, be convened with a shorter notice.

The NC may hold meetings at two (2) or more venues using information technology that gives all NC members a reasonable opportunity to participate in the meeting. Directors, employees, auditors or other individuals may attend meetings by invitation.

Minutes of each meeting shall be circulated to the NC members and presented to the Board. Issues discussed and actions recommended by the NC shall be presented and reported to the Board.

The NC had held four meetings during the financial year ended 31 December 2023, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Encik Amran Bin Ahmad (<i>appointed on 22 June 2023</i>)	1	1/1
Miss Adlina Hasni Binti Zainol Abidin	4	4/4
Mr. Koay Say Loke Andrew (<i>resigned on 24 August 2023</i>)	4	4/4
Encik Khairilnuar Bin Abdul Rahman (<i>resigned on 24 August 2023</i>)	4	4/4

* On 22 February 2023, 13 March 2023, 31 May 2023 and 15 August 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 2023

Pursuant to Paragraph 15.08A(3) of MMLR of Bursa Securities, the 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 2023:-

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' performance. Broadly, the criteria covered in this policy are:

Integrity

Maintains good personal character, ethics, honesty, independence of mind, fairness, and high morals.

Competency and Capability

Possesses the relevant knowledge, experience, qualification and understanding of the regulatory requirements, businesses, and risks.

Commitment

Devotes adequate time to the Board's activities and developing, keeping abreast and acquiring the knowledge needed to discharge their duties professionally.

Based on these principal criteria, the NC shall define the specific factors for evaluating the fitness and propriety of all Directors, including the Executive Chairman and Chief Executive and other Executive Directors based on the circumstances and requirements relevant to the Group and their importance.

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 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.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 the 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, 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 are 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 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 NC accordingly.

Remuneration Committee

The Remuneration Committee ("RC") should consist of at least three (3) 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 (3) months.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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*

Encik Amran Bin Ahmad
- *Non-Executive and Independent Director*

Miss Koay Hooi Lynn
- *Non-Executive and Independent Director*

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

The RC is responsible for:-

- Determining, developing, and recommending to the Board a fair and transparent Remuneration Policy and Procedures for the Board and Senior Management;
- Recommending to the Board for remuneration and benefit in kind for Executive Directors and the Senior Management in all its forms, drawing from external professional advice as necessary;
- Assessing the remunerations of Executive Directors and the 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 and in the employment market;
- Reviewing the disclosure of remuneration of the Board and the Senior Management in the annual report and ensuring the disclosure is in the best interests of the Company taking into account diverse perspectives;
- 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
- Recommending the engagement of external professionals to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.

On the request of any member, the Secretaries shall summon a meeting at any time by giving all members seven (7) 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.

The RC did not convene any meetings during the financial year ended 31 December 2023. However, the RC addressed matters necessitating action through Circular Decisions throughout the year.

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 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle 2 - Effective audit and risk management

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.

3. Appointment External Auditor 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 of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Board's Responsibilities

The primary responsibility of the Board in risk management is to assess and set the risk appetite within which the 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. Sustainability and Risk Management Committee ("SRMC")

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

5. Management's Responsibilities

The responsibilities of the 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 SRMC 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 SRMC that the Group's risk management and internal control systems are operating adequately and effectively.

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 the 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 Sustainability and 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.

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 :

1. Objective and Application

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 Conduct 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 would wish to be meaningful.

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

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;
- Chairman of the Board Committees shall respond to questions on their oversight areas during the general meetings;



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- 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 and shareholders of the Company currently adopted by the Company in communication and maintenance of continual vital relationship with shareholders:-

Shareholders' 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 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.

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 MMLR of Bursa Securities 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 21 March 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**the Board**") of Farlim Group (Malaysia) Bhd. and its subsidiaries ("**the Group**") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2023. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of 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 on Corporate Governance, the Board should:

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks; and
- set the risk appetite within which the Board expects the Management Team 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 Company and its Subsidiaries ("**the Group**").

- The establishment of a Group Risk Management Policy and Risk Management Committee ("**RMC**") to oversee the risk management of the Group;
- Quarterly briefing by the RMC and Group Management Committee ("**GMC**"), which reviews the identified risks and status of the Management's action plan;
- Interim review of financial performance and quarterly financial results with the GMC;
- 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 control system and the status of the Management's implementation for improvement as reported by the Internal Auditors.

During the financial year, the Board empowered the RMC to oversee the Group's sustainability management. In recognition of this new responsibility, the Board renamed the RMC as the Sustainability and Risk Management Committee ("**SRMC**"). The Committee's revised Terms of Reference is published on the Group's website at www.farlim.com.my.

RISK MANAGEMENT

The Board defined its Group Risk Management Policy and established the SRMC to oversee the Group's risk management. 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 SRMC comprises three (3) Independent Non-Executive Directors. The SRMC conducted four (4) meetings with the GMC during the financial year to deliberate the significant and high-risk factors identified, the mitigation plan, and the management's implementation status.



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

Functionally, GMC is accountable to the Board for:

- 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 following are the meetings conducted and their review areas:

(i) Project Consultants' and Contractors' Meeting

The GMC and Project Team conduct fortnightly construction site meetings with the consultants and contractors to monitor the site progress and identify significant matters encountered during the construction of the Group's projects. Key issues, risks, and actions taken to ensure the achievement of the various project schedules are summarised and reported to the Executive Committee ("EXCO"), which comprises the Chairman and Chief Executive, Deputy Chairman and Executive Directors for further deliberation and decision. The Project Team also conducts monthly internal meetings to monitor daily operational issues.

(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 discuss mitigation measures, if needed.

(iii) Accounts & Finance Meeting

Monthly 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 the EXCO meeting, the GMC conducts monthly management meetings with the Head of Departments ("HODs"); the GMC along with the HODs, collectively, being the Management Team. The review subjects of the GMC were operational matters covering the personnel and administration, legal cases, financial performance, updates on the property market prospects, the sales status, progress of various projects and constructions, and the action plans designed and implemented to address project risks.

(v) EXCO Meeting

The GMC briefs and updates the EXCO on the Group's financial performance and critical business operations. All significant matters deliberated at the GMC, HODs, 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 additional measures, actions, and directions to manage any possible and potential risks effectively.

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

The Risk Landscape

Property development in the residential market is recovering at a slow pace due to rising borrowing costs resulting from interest rate hikes imposed by Bank Negara Malaysia. Such rate increases have been in line with the global trend of rising interest rates, and consequently, have impacted the demand for residential property as well as contributed to escalating development costs.

To manage these challenges, the Management Team is conscious of improving efficiency and effectiveness in the Group's operation. This includes scaling down expenses, optimising resources, monitoring payments and generating sales with appropriate promotions and new offers aligning with the market conditions and responses.

Despite the challenging business environment, the Group continues to adopt a cautious stance to stagger the roll out of new launches of affordably priced residential properties. In addition, the Group is also actively looking for land bank opportunities in Selangor, Perak, Penang, and other states for future expansion. This acquisition will be made through direct investments or by leveraging the land resources of state authorities or private landowners through joint venture arrangements.

INTERNAL CONTROLS

The Group implemented the following internal control procedures, review mechanisms and information systems to complement its risk management functions:

- i) The organisational structure with the defined lines of responsibility, hierarchical reporting and delegation of authorities at the GMC and the HODs level;
- ii) Financial and operation authority approval limits for the business units;
- iii) Standard operating guidelines and procedures for operational 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) The formalisation of the Tender Committee with a tender procedure for evaluating and selecting tenders;
- vii) Contract budgeting detailing the construction budget which is subject to be reviewed by GMC and approved by the EXCO;
- viii) 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;
- ix) The Audit Committee's reviews with the GMC 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 the HODs;
- x) 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;
- xi) Internal and external physical security controls are installed on the premises to prevent unauthorised access to the building and purchasers' details and information; and
- xii) Implementation of Corruption Prevention Policy and Framework ("**CPPF**") in the Group. In addition, the 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.



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

BOARD ASSURANCE AND LIMITATION

Due to the limitations inherent in internal control and risk management systems, such systems are designed to manage and mitigate risks within tolerable levels rather than eliminating every potential risk encountered 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.

Overall, the Board believes that the current risk management and internal control systems function adequately and satisfactorily. There were no significant weaknesses identified 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.

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.

This Statement was approved by the Board of Directors on 21 March 2024.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION

AS AT 29 MARCH 2024

1.0 Directors' Remuneration for the financial year ended 31 December 2023

The details of remuneration of Directors for the financial year ended 31 December 2023 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	–	15,750	15,500	–	–	556,250
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	420,000	105,000	–	–	–	–	525,000
Yong Yew Wei (redesignated as Non-Executive Director on 23 March 2023 and retired on 22 June 2023)	120,000	–	6,600	–	–	–	126,600
Lim Chu Dick (appointed on 22 June 2023)	94,500	–	15,600	4,125	35,500	–	149,725
Wong Hon Weng (resigned on 31 December 2023)	288,387	–	34,608	–	–	–	322,995
Total	1,447,887	105,000	72,558	19,625	35,500	–	1,680,570

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	–	15,750	15,500	–	–	556,250
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	420,000	105,000	–	21,750	–	–	546,750
Yong Yew Wei (redesignated as Non Executive Director on 23 March 2023 and retired on 22 June 2023)	120,000	–	6,600	–	–	–	126,600
Lim Chu Dick (appointed on 22 June 2023)	184,500	–	26,400	4,125	35,500	–	250,525
Wong Hon Weng (resigned on 31 December 2023)	288,387	–	34,608	–	–	–	322,995
Total	1,537,887	105,000	83,358	41,375	35,500	–	1,803,120

* Benefits comprising bonuses, benefit-in-kind and allowance totaling RM181,875

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

AS AT 29 MARCH 2024

1.0 Directors' Remuneration for the financial year ended 31 December 2023

Directors	Company (RM)				Total (RM)
Non-Executive Directors	Fees	Benefit -in-kind	Meeting Allowance	Other Emoluments	
Adlina Hasni Binti Zainol Abidin	45,600	–	–	–	45,600
Amran Bin Ahmad (appointed on 22 June 2023)	23,940	–	–	–	23,940
Koay Hooi Lynn (appointed on 24 August 2023)	16,058	–	–	–	16,058
Koay Say Loke Andrew (resigned on 24 August 2023)	21,660	–	–	7,882	29,542
Khairilnuar Bin Abdul Rahman (resigned on 24 August 2023)	29,542	–	–	–	29,542
Total	136,800	–	–	7,882	144,682

2.0 Utilisation of Proceeds

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

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	124,000	24,850
Group	197,400	45,885

* 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 2022 and as at the end of current financial year on 31 December 2023 involving Directors and Major Shareholders' interests.

5.0 Recurrent Related Party Transactions

	Company (RM)
Interest income received from :	
- Bandar Subang Sdn. Bhd.	170,304
Rental of premises received from :	
- Farlim Marketing Sdn. Bhd.	3,000
Accounting fees received from :	
- Farlim Jaya Sdn. Bhd.	9,000

SUSTAINABILITY STATEMENT

OVERVIEW

This Statement outlines the sustainability initiatives and performances of Farlim Group (Malaysia) Bhd. and its subsidiaries ("**the Group**") for the financial year 2023 ("**FY 2023**") covering the period from January 1, 2023 to December 31, 2023, unless otherwise specified.

The restatements of information in the previous reporting cycle are clarified as appropriate in the underlying pages in this Statement. The Group has yet to set its Environmental, Social and Governance ("**ESG**") targets for material matters. Nonetheless, the Management will continue to monitor the ESG performance to identify its baseline before setting those targets for benchmarking purposes.

Scope and Basis of Scope

The scope of this Statement encompasses Farlim Group (Malaysia) Bhd. and Bandar Subang Sdn. Bhd., which are the active business operations and entities of the Group. Other entities listed below are not reported due to their lesser business activities at this juncture.

- Kanchil Jaya Sdn. Bhd.
- Farlim Jaya Sdn. Bhd.
- Farlim (Perak) Sdn. Bhd.
- Farlim Marketing Sdn. Bhd.

Reporting Frameworks and Standards

The preparation of this Statement is guided by Practice Note 9, the Sustainability Reporting Guidelines of Bursa Malaysia Securities Berhad ("**Bursa**"), and with reference to the Global Reporting Initiative ("**GRI**") Standards.

Feedback

We invite and appreciate input from our stakeholders regarding the matters discussed in this Statement. Please direct any feedback and queries to us at farlimsustain@farlim.com.my.

OUR SUSTAINABILITY APPROACH

Our Sustainability Governance

As a responsible corporate entity, our conduct is steered by the principles of integrity and aligns to authorities' requirements and guidance, especially the Bursa's Listing Requirements and the Malaysian Code on Corporate Governance, to foster and uphold sound governance practices.

In FY 2023, the Board had established its Sustainability Policy. This Policy articulates that the Board is ultimately responsible for overseeing the overall sustainability matters in the Group. These responsibilities include monitoring, reviewing, and considering the relevance and adequacy of the Group's practices in addressing sustainability matters, risks, and opportunities.

The Policy empowers the Risk Management Committee ("**RMC**") to oversee the Group's sustainability matters. Accordingly, RMC has been renamed to Sustainability and Risk Management Committee ("**SRMC**"). Presently, the SRMC is represented by non-executive independent directors and oversees the Group Management Committee ("**GMC**"), which operates as an intermediary with a working group comprising Heads of Departments to manage the day-to-day implementation of the Group's sustainability initiatives and plans.

The Board is dedicated to being continuously equipped with the necessary knowledge about sustainability management by actively engaging in initiatives provided by the government. In FY 2023, the members of the Board attended the Mandatory Accreditation Programme Part II: Leading for Impact, organised by the Securities Commission Malaysia, to give directors the groundwork they needed to manage sustainability risks and opportunities effectively.



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance Structure



Stakeholder Engagement

We regularly assess our sustainability material matters and their impacts on the business and vice versa. In this review process, we consider the evolving operating environment, including sustainability trends and issues pertinent to our industry, and domestic trends. Additionally, we seek input from internal and external stakeholders through general and specific stakeholder engagements.

General Stakeholder Engagement

Key Stakeholders	Engagement Platforms
Shareholders / Investors	Annually <ul style="list-style-type: none"> Annual General Meeting Annual Report and Audited Accounts Quarterly <ul style="list-style-type: none"> Quarterly Financial Report As and when needed <ul style="list-style-type: none"> Extraordinary General Meeting Announcements to Bursa Malaysia and Farlim Corporate Website
Employees	Annually <ul style="list-style-type: none"> Annual Performance Appraisal Weekly, Bi-monthly, Monthly <ul style="list-style-type: none"> Departmental and Management Meetings Periodically <ul style="list-style-type: none"> Events and Birthdays / Festive Celebrations As and when needed <ul style="list-style-type: none"> Briefing and Training
Customers	As and when needed <ul style="list-style-type: none"> Feedback Channels such as Emails, Phone Calls, Walk-Ins Corporate Website and Social Media Product Launches and Roadshows Sales Gallery

SUSTAINABILITY STATEMENT (CONT'D)

Key Stakeholders	Engagement Platforms
Government / Regulators	Annually <ul style="list-style-type: none"> Income Tax Filing Annual Return Quarterly <ul style="list-style-type: none"> Progress Report to Ministry of Housing and Local Government ("KPKT") Bursa Announcements As and when needed <ul style="list-style-type: none"> Bursa Announcements
Suppliers / Contractors	Bi-monthly <ul style="list-style-type: none"> Workmanship, Progress and Quality Assessment Meetings Daily, Bi-monthly, and as and when needed <ul style="list-style-type: none"> Site Visits and Site Meetings
Local Communities	As and when needed <ul style="list-style-type: none"> Charitable Contributions Corporate Website and Social Media

In FY 2023, the GMC rolled out an external stakeholder engagement in the form of an online survey with reference to the materiality assessment process provided in the Bursa Sustainability Reporting Guide (Figure 1). This survey aims to align our priorities and focus on matters that are material to the Group. The key stakeholder groups included in the study are business partners, corporate professionals, directors and senior management, employees, non-governmental organisations ("NGO") and local community, property purchasers, shareholders, and investors.

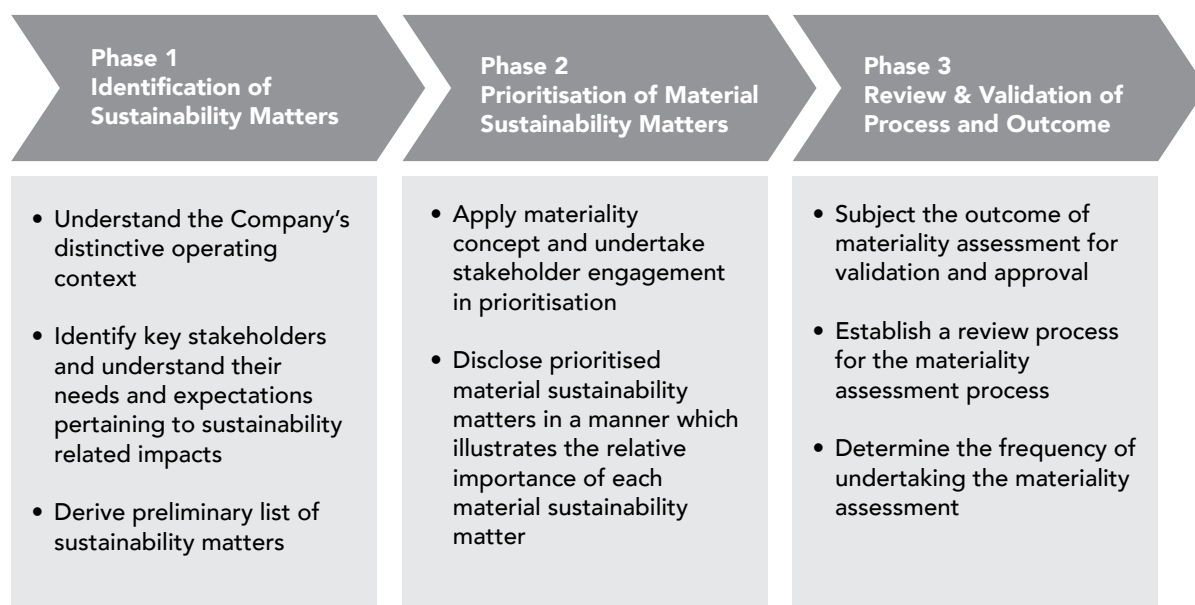


Figure 1: Materiality Assessment Process

SUSTAINABILITY STATEMENT (CONT'D)

Farlim's Materiality Matrix 2023

Our materiality matrix assessment considered the stakeholders' influence and their perceptions of the common key sustainability matters and impact on the Group's operations. Eighteen (18) material sustainability topics were identified and shortlisted in the materiality assessment as illustrated in the sustainability matrix below. To prioritise our sustainability matters, the assessment result was moderated based on the impact of the material matters on the Group's financial performance and business sustainability.



1	Corporate Governance
2	Resources Management
3	Climate Resilience
4	Innovation
5	Emission and Pollution Management
6	Regulatory and Legal Compliance
7	Greener Products
8	Ecology Protection
9	Community and Social Involvement

10	Risk Management
11	Sustainable Supplier Management
12	Occupational Safety and Health
13	Stakeholder Relationships
14	Financial and Operational Performance
15	Jobs, Upskilling, Enrichment and Development
16	Diversity
17	Mental Health
18	Employee Welfare

Legend:

Environmental issues

Social issues

Governance issues

Economics issues

Out of these eighteen (18) matters, we recognise that some of these material matters require further evaluation to develop a long-term management strategy, such as "Climate Resilience" and "Innovation". Except for these two (2) material matters and the governance which are reported in the Corporate Governance Overview Statement and the Corporate Governance Report, the remaining fifteen (15) material matters were presented under four (4) main themes. Compared to FY 2022, the additional material matters are "Materials" and "Biodiversity".

SUSTAINABILITY STATEMENT (CONT'D)

FY 2022	FY 2023
ENVIRONMENTAL	
1. Environmental Compliance	1. Energy Management
2. Energy Management	2. Water
3. Emissions Management	3. Emissions Management
4. Effluents and Waste Management	4. Waste Management
5. Water Management	5. Environmental Compliance
	6. Materials*
	7. Biodiversity*
SOCIAL	
6. Health and Safety	8. Community / Society Involvement
7. Labour Practices and Standards	9. Occupational Health & Safety
8. Diversity & Equal Opportunities; Non-Discrimination	10. Labour Practices and Standards
9. Community / Society Contribution	11. Diversity
GOVERNANCE	
10. Anti-corruption	12. Anti-corruption
11. Data Privacy and Security	13. Data Privacy and Security
ECONOMICS	
12. Economic Performance / Financial Stability	14. Economic Performance / Financial Stability
13. Supply Chain Management	15. Supply Chain Management

* Identified new material matters for FY 2023.

MANAGING MATERIAL MATTERS

ENVIRONMENTAL

Energy Management

Farlim is committed to mindful energy consumption. Building on past efforts, we monitor and implement best practices to manage energy efficiently, aligning with our triple objectives of reducing climate impact, achieving operational efficiency, and enhancing our reputation as an environmentally responsible organisation.

Our Approach and Performance

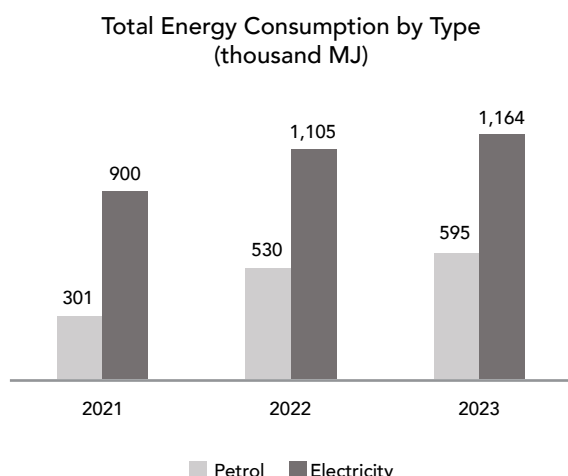
To ensure our energy consumption is managed efficiently, our energy usage is monitored monthly for any irregularities by our Personnel and Administration Department to initiate rectification actions should any inconsistencies or anomalies be detected.

Every team member plays an essential role in reducing energy consumption successfully. Therefore, we conduct various awareness-raising initiatives on efficient energy usage among employees. All Heads of Departments are responsible for regularly assessing their team's energy-saving initiatives, thereby ensuring the alignment of actions by our senior management with the Group's goal of accomplishing responsible energy utilisation.

When not in use, we turn off electrical fixtures and appliances, upgrade to energy-efficient LED lighting, and carefully select appliances that prioritise energy efficiency.

SUSTAINABILITY STATEMENT (CONT'D)

In FY 2023, the total energy consumption recorded was 1,758,682 megajoules (MJ). The 7.6% increase from FY 2022 is attributed to the gradual recovery of activities post Covid-19 pandemic.



Note:

Conversion of fuel from litre to megajoule (MJ) is based on the Carbon Development Project ("CDP") Technical Note: Conversion of fuel data to MWh (Version 3.4).

Water

Water, a vital natural resource, is crucial for sustaining lives and is essential to our business activities. Embracing water conservation is not just about regulations but sustainable development. In an era of increasing water scarcity and climate uncertainty, we endeavour to decrease water consumption among our employees in office settings and our contractors involved in projects while minimising our impact on water sources.

Our Approach and Performance

The Group's sources of water come from Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBA"), Pengurusan Air Selangor Sdn. Bhd. and Lembaga Air Perak ("LAP"). The water we consume is contained within our water tanks, pipes, filters, and hoses, and used water is discharged into the local authorities' sewage system.

As part of our water conservation efforts, we advocate for mindful water usage among our office employees when washing, cleaning, and gardening. For our contractors, they are required to secure their water supply for project sites independently.

Sedimentation ponds are built at the sites to minimise our projects' impact on water sources. These ponds prevent dust-contaminated water from directly discharging into nearby waterways, ensuring responsible and eco-friendly project management.

As part of our ongoing commitment to transparency and responsible resource management, we have included monitoring of the water usage at site in FY 2023 to be disclosed. Hence, comparative water usage data from 2021 and 2022 are not applicable. Overall, we consumed 7.67 megalitres (ML) of water in our offices and project sites.

Emissions Management

Managing emissions is essential for the Group as it reflects our accountability to stakeholders and local communities. We recognise that inadequate emissions reduction not only harms the environment but also impacts individuals and the future business prospects.

Our Approach and Performance

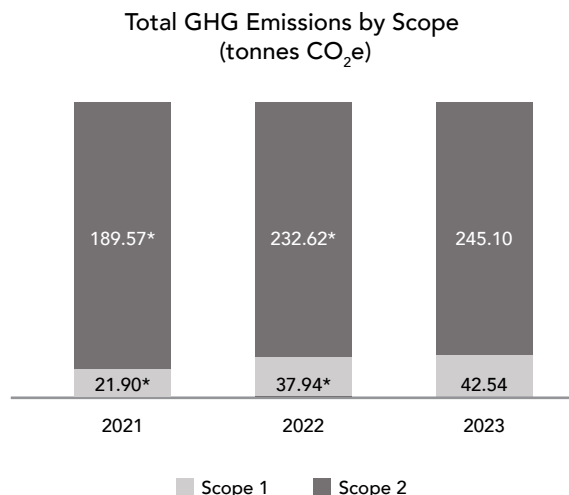
While formal emissions disclosures in Farlim are still developing, we have undertaken carbon emission reduction initiatives in tree-planting exercise and leveraging virtual meetings when appropriate to reduce business travelling.

As part of our tree-planting exercise, we planted 56 trees for 99 units of houses at our ongoing project in Taman Impiana Bidor, Perak in FY 2023.

We monitor the amount of greenhouse gas ("GHG") emissions attributed to energy usage from our operational activities periodically. Our total emissions for FY 2023 amounted to approximately 43 tonnes of CO₂e for Scope 1 and 245 tonnes of CO₂e for Scope 2, representing a 6.31% increase in total GHG emissions from the previous year.

As reported in the last section on Energy Management, the increase in GHG emissions is due to the gradual recovery of activities after the Covid-19 pandemic. While we recognise the importance of Scope 3 emissions and their impact on our overall carbon footprint, our efforts to gather and analyse Scope 3 data are in progress. They will be included in future reporting.

SUSTAINABILITY STATEMENT (CONT'D)



* Restated due to the application of the latest emissions factor.

Note:

1. Scope 1 emissions are derived from our consumption of petrol-powered company vehicles. The emissions factors are sourced from the GHG Conversion Factors for Company Reporting version 1.0 (2023), published by the UK Department for Environment, Food & Rural Affairs ("DEFRA").
2. Scope 2 emissions factors for electricity grids in Peninsular Malaysia are sourced from MY Energy Commission 2021 Grid Emission Factor ("GEF") in Malaysia.
3. The GHG emissions data for Scope 1 and 2 has not been assured. We will undertake assurance for all our GHG emissions data (Scope 1, Scope 2 and Scope 3) in the future.

Waste Management

Prioritising proper waste management allows us to minimise our environmental impact and enhance the quality of life within our properties and surrounding areas. It plays a role in fulfilling our corporate social responsibility commitments. Furthermore, our waste management disclosures help us to actively engage with tenants, city governments, and planners, fostering collaboration towards achieving mutual sustainability goals and ensuring the long-term viability of our developments.

Our Approach and Performance

Most of our waste is generated on project sites. Our Project and Implementation Department monitors our waste management and disposal methods. As part of our

approach to waste management, we implement on-site housekeeping measures by strategically placing bins and containers for general rubbish and construction waste disposal. Site materials, such as plywood, are recycled and reused as necessary, depending on each site's progress. Scheduled waste, such as paint and diesel, are properly labelled, stored, and disposed of.

To promote environmental awareness among on-site workers, we provide training on waste reduction and proper disposal practices. Our contractors also include waste management activities in their monthly safety and health reports.

For FY 2023, the data on waste management is not available as we are working to improve our waste management data collection. We aim for transparency and anticipate disclosing detailed waste metrics in future reporting.

Environmental Compliance

By complying with the environmental regulations, we meet legal requirements and build trust with our stakeholders. This commitment minimises risks and pushes for innovation and efficiency, fundamentally benefiting our shareholders, customers, and communities.

Our Approach and Performance

Our commitment to maintaining zero fines for environmental regulation violations drives us to conscientiously uphold compliance with environmental regulations and mitigate any potential hazards arising from our operations. We prioritise adherence to all relevant laws and regulations by thoroughly assessing the applicability and components of environmental management plans before undertaking any actions.

In accordance with local legislations and project specifications, monthly Environmental, Health, and Safety ("EHS") reports are submitted by our contractor's qualified Safety and Health Officer ("SHO") or Site Safety Supervisor ("SSS"), who are registered with the Department of Occupational Safety and Health ("DOSH") under the Ministry of Human Resources. Routine Site Safety, Health and Environmental meetings at each project site further support compliance efforts by addressing project requirements and safety concerns.

As explained above, we include environmentally friendly practices in our daily operations. This encompasses responsible waste management, including proper disposal and recycling of materials such as plywood. Prohibiting



SUSTAINABILITY STATEMENT (CONT'D)

open burning at all project sites further minimises our environmental impact. Complementing these efforts, training programmes ensure that our workforce remains aware and updated on the latest environmental regulations. Oversight of these practices falls to our project contractors, who ensure disciplined execution.

Meanwhile, our Project Team maintains on-site oversight and possesses the authority to halt operations and investigate non-compliant incidents. Site audits and evaluations are conducted under the purview of the head of the Project and Implementation Department to drive continuous improvement, identifying areas for improvement and mitigating risks of non-compliance.

Throughout FY 2023, we recorded zero non-compliance, fines and sanctions under the environmental laws and regulations.

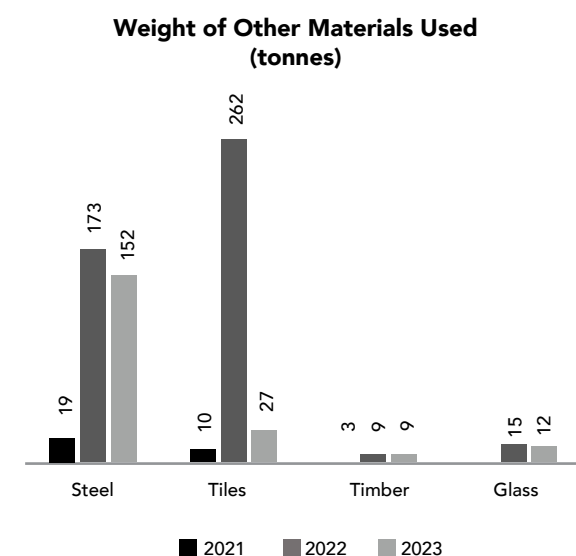
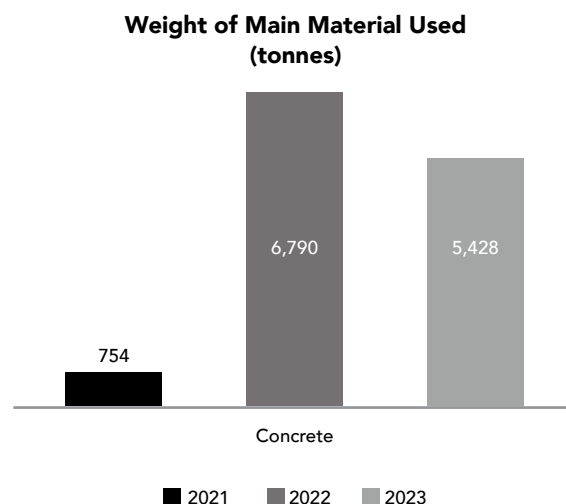
Materials

We have incorporated this material matter into our reporting for FY 2023, recognising the importance of inputs used in constructing our developments. The type and quantity of materials used reveal our organisation's reliance on natural resources and the associated impacts on their availability. The inclusion of this material matter stems from insights gained through our stakeholder engagement activities. By introducing this material matter, identified through interactions with our stakeholders, we aim to provide a more comprehensive and relevant account of our sustainability efforts.

Our Approach and Performance

In our approach to material management, we prioritise sustainability and responsible resource utilisation. One key aspect of our approach is recycling and reusing construction materials, such as plywood and reinforcing bar, whenever feasible. By repurposing these materials, we reduce the demand for new resources and divert waste from landfills. All materials are sourced locally, thus reducing emissions and supporting the local economy.

Based on our project progress, the amount of materials used for ongoing developments is collected and summarised in the following figures.



For FY 2023, the data on reused materials or materials sent for recycling in ongoing developments are unavailable as we are working to improve our data collection.

SUSTAINABILITY STATEMENT (CONT'D)

Biodiversity

Recognising the importance of biodiversity, we have added a new material matter, 'Biodiversity' to our FY 2023 reporting. Identified through stakeholder engagement, this addition reflects our dedication to environmental stewardship in the context of property development.

Our Approach and Performance

To address this material matter, our approach involves pre-assessing projects for compliance with relevant regulatory requirements on biodiversity protection and conservation and employing sustainable practices to minimise habitat destruction.

Though our project is exempted from Environmental Impact Assessment ("EIA"), we strictly adhere to local regulations on related biodiversity matters. Consultations with authorities ensure our project site avoids protected areas and high biodiversity zones.

Additionally, our project in Bidor, Perak was built on a monoculture farmland dominated by oil palms, characterised by low productivity and biodiversity. The development on a monoculture plantation brings minimal impact on the degradation of biodiversity.

Further biodiversity management data is unavailable for this reporting period as we work on our initiatives and data collection. We aim for transparency and anticipate disclosing detailed metrics on biodiversity in future reporting.

SOCIAL

Community / Society Involvement

Local communities are vital stakeholders in our property development endeavours. We value their role as both buyers and sources of expertise. We engage in community development to strengthen bonds and ensure the sustainability of our projects. Additionally, we believe it is our responsibility to share the value we generate.

Our Approach and Performance

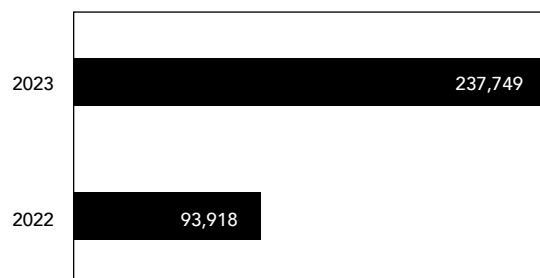
Our approach involves channelling profits into local communities through employment opportunities, supplier engagements, and strategic business investments. Furthermore, we provided whistleblowing policies on our corporate website to ensure effective grievance processes for any concerns related to community outreach programme management.

We also actively contribute to local charities and invest in community infrastructure. In FY 2023, we contributed to the following key initiatives:

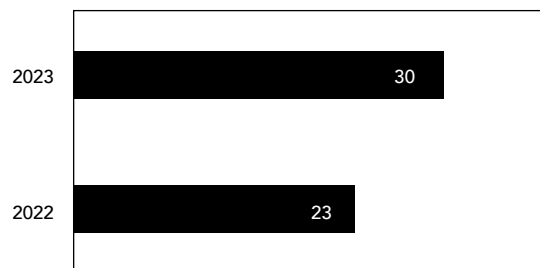
- Penang Cheshire Home, a charity organisation established to rehabilitate people with disabilities
- Donation for the Turkey Earthquake Disaster Relief Fund
- Fundraising for the Teluk Bahang Tamil Muslim Madrasah
- Fire engine replacement and activity fund for Persatuan BOMBA Sukarela Paya Terubong
- Fundraising for Chiao Nan Primary School
- Charity fund for the Penang Hokkien Association

The Group has donated a total amount of RM237,749 in communities/society involvement where the target beneficiaries are external to the Group in FY 2023 while benefiting 30 beneficiaries.

Total Amount Invested (MYR)



Total Number of Beneficiaries





SUSTAINABILITY STATEMENT (CONT'D)

Occupational Health and Safety

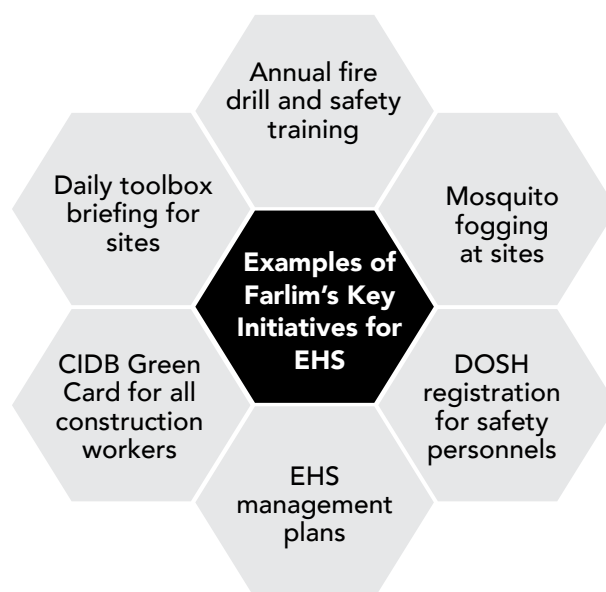
At the core of the Group's organisational responsibilities lies the imperative task to safeguard our workforce's health, safety, and security. We are committed to implementing robust health and safety measures, proactively mitigating occupational risks, and maintaining a zero-accident environment across all operational sites.

Our Approach and Performance

We strictly follow the Occupational Safety and Health Act ("OSHA") 1994 and regulations set by the Department of Occupational Safety and Health ("DOSH") and the Construction Industry Development Board ("CIDB"). Internal audits, management meetings, and regular on-site inspections confirm our compliance. Our Environmental Health and Safety ("EHS") efforts include annual fire drills, safety training, registration of safety officers and supervisors under DOSH, and providing EHS management plans to contractors, sub-contractors, and suppliers. Led by our Project and Implementation Department, we update our EHS guidelines to meet the latest regulations and promptly address any issues raised.

We also promote a safety-focused culture through daily toolbox briefings, regular safety meetings, and continuous communication. We prioritise employees' training, including the CIDB Green Card Safety Course. Our main contractors ensure site safety, conduct bi-weekly training, adhere to relevant laws and insurance requirements, including Workmen's Compensation, and provide safety nets for workers.

Besides that, our contractors ensured training in health and safety is provided to the on-site employees.



For FY 2023, 521 of the contractor's employees were trained in health and safety standards.

	2021	2022	2023
No. of employees trained	92	419	521

SUSTAINABILITY STATEMENT (CONT'D)

Our performance with regards to injuries is summarised below. In alignment with the previous years, the scope for this performance data only includes our construction sites.

	2021	2022	2023
Total hours worked	11,328	88,472	103,576
No. of work-related fatalities	NIL	NIL	NIL
No. of work-related injury	NIL	NIL	NIL
Injury rate	NIL	NIL	NIL
No. of Lost Time Injuries	NIL	NIL	NIL
Lost Time Incident Rate	NIL	NIL	NIL

Labour Practices and Standards

Farlim's success is tied to the well-being and satisfaction of our employees. We recognise that a diverse, inclusive, and healthy work environment enhances employee morale and fuels our business growth and innovation.

Our employees drive innovation and embody the values and culture we cherish. It is essential that we invest in their continuous development to ensure they remain agile, skilled, and motivated. Through ongoing training and support programmes, we enhance individual capabilities and cultivate a cohesive, high-performing team.

Our Approach and Performance

From their first day of employment, we provide support programmes to our employees, including mentorship initiatives, recognition schemes, and various engagement activities. These efforts foster employees' sense of belonging and loyalty, thus increasing job satisfaction and retention rates. The following figures outline our employee retention strategies.



We encourage feedback from all levels of the Group, ensuring that every voice is heard. Additionally, our internal grievance mechanism provides a confidential platform for employees to address concerns without fear of reprisal.

Our employment remuneration and benefits are designed to attract and retain top talent strictly based on job requirements, market conditions, experience and educational qualifications, and the size of pre-allocated budgets. We adhere to regulatory standards while offering competitive salaries, performance-based incentives, and comprehensive benefits, including monetary long service awards, annual leave entitlements, and medical check-up entitlements for employees aged 50 and above.



SUSTAINABILITY STATEMENT (CONT'D)

As restrictions due to the Covid-19 pandemic eased, we reinstated in-person events and engagement programmes for our employees, such as staff birthday parties, while prioritising their safety at the same time.

The major components of our remuneration and benefits are depicted in the following figure.

WAGES AND SALARIES	<ul style="list-style-type: none"> • Minimum wages • Living wages • Bonuses • Allowances • Overtime pay
VARIABLE COMPONENTS	<ul style="list-style-type: none"> • Performance incentives / bonus • Recognition for excellent performance
ADDITIONAL BENEFITS	<ul style="list-style-type: none"> • Health care • Insurance cover • Other benefits • Paid absences • Housing discount
DEVELOPMENT OPPORTUNITIES	<ul style="list-style-type: none"> • Opportunities for self-development • Constant communication • Recognition and appreciation

Training and development are integral to our workforce strategy. We offer in-person and virtual programmes to enhance skills and knowledge aligned with industry trends. Our training initiatives align closely with organisational goals, as depicted in the following table, ensuring that employees remain equipped to drive our continued success. We also continued to contribute to the Human Resource Development Corporation ("HRD Corp") for FY 2023.

Training is primarily directed towards managers and executives, emphasising market outlook and covering various subjects such as property market updates, regulatory shifts, and compliance requirements. Heads of Departments are responsible in identifying relevant training opportunities for their teams, with final approval granted by the senior management. To streamline the process, all employees are required to express their interest in training through the Group's designated training requisition form to ensure alignment with organisational goals and individual development needs.

TRAINING GOALS	OBJECTIVES
Address Weaknesses	<ul style="list-style-type: none"> • Allows employees to strengthen the skills that they need to improve. • Creates knowledgeable employees who can assist one another when needed and promotes teamwork.
Create Consistency	<ul style="list-style-type: none"> • Provides employees with consistent experience and professional knowledge.
Improve Employee Performance	<ul style="list-style-type: none"> • Gives employees a greater understanding of their responsibilities within their roles. • Builds employees' confidence, which enhances their overall performance and benefits to the Group.
Improve Employee Satisfaction and Morale	<ul style="list-style-type: none"> • Improves job satisfaction as employees feel more appreciated through training opportunities.
Increase Innovation in New Strategies and Products	<ul style="list-style-type: none"> • Encourages creativity where new ideas can be formed directly from training and development.
Increase Productivity and Adherence to Quality Standards	<ul style="list-style-type: none"> • Increases efficiency in processes, ensuring project success and improving the Group's performance.
Reduce Employee Turnover	<ul style="list-style-type: none"> • Makes employees feel valued and, therefore, less likely to change jobs. • Saves recruitment costs due to employee retention.

SUSTAINABILITY STATEMENT (CONT'D)

The tables and figures below summarise our performance data:

Employee Category	Total number of employees		
	2021	2022	2023
Management	23	25	27
Executives	21	18	16
Non-executives	19	16	17
Total	63	59	60

	2021	2022	2023
Percentage of employees that are contract-based or temporary staff	0%	0%	0%

	2021	2022	2023
Number of substantiated complaints concerning human rights violations	NIL	NIL	NIL

Employee Retention and Attrition

In FY 2023, we have observed a decrease in employee turnover and an increase in our new hires compared to the previous reporting year.

Employee Category	Total number of new hires		
	2021	2022	2023
Management	NIL	5	4
Executives	NIL	2	3
Non-executives	1	1	3
Total	1	8	10

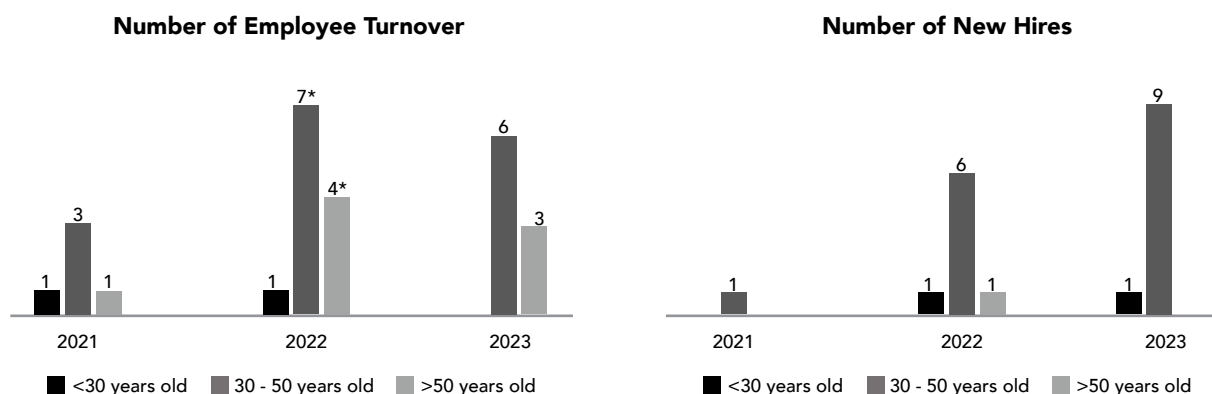
Employee Category	Total number of employee turnover		
	2021	2022	2023
Management	1	3*	4
Executives	2	5	3
Non-executives	2	4*	2
Total	5	12	9

* Restated as resigned employees in FY 2022 and remained active until financial year ended 31 December 2022; hence, the record is initiated in FY 2023 instead.



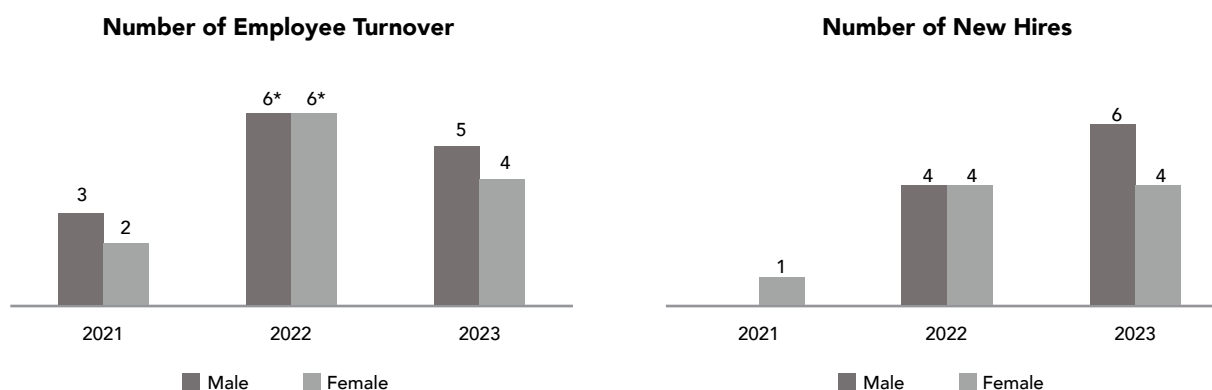
SUSTAINABILITY STATEMENT (CONT'D)

Employee Turnover and New Hires by Age



* Restated as resigned employee in FY 2022 and remained active until financial year ended 31 December 2022; hence, the record is initiated in FY 2023 instead.

Employee Turnover and New Hires by Gender



* Restated as resigned employee in FY 2022 remained active until financial year ended 31 December 2022; hence the record is initiated in FY 2023 instead.

SUSTAINABILITY STATEMENT (CONT'D)

Employee Training Hours

For FY 2023, we have provided the following trainings to our employees:

No.	Training Name / Title
1	Selangorku House Offer Policy and Mechanism 3.0 Seminar
2	Housing Development Briefing Seminar (HIMS) by Kementerian Perumahan dan Kerajaan Tempatan ("KPKT")
3	How to Establish Salary Structure & Benefits Plan
4	Briefing on the Use of the Selangor State e-Tanah System for Comprehensive Transfer of Ownership Permit Applications
5	Taxation of Property Developers and Contractors
6	Budget 2024 Key Updates and Changes for Corporate Accountants
7	Sustainability Documentation Framework & Policy
8	Effective Filing & Records Management
9	BDO Tax Budget Seminar 2024
10	Company Secretaries Training – Programme Essential 1.0
11	HRD Corp Jom Guna Levi (JGL)
12	Going Beyond Background Screening: Unveiling the Unknown

Total hours of training by employee category	2021	2022	2023
Management	227	95.5	165
Executives	34.5	28	17
Non-Executives	–	–	8
Total	261.5	123.5	190

Average training hours by employee category	2021	2022	2023
Management	9.87	3.82	6.11
Executives	1.64	1.56	1.06
Non-Executives	–	–	0.47

Average training hours by gender	2021	2022	2023
Male	6.15	2.17	2.56
Female	2.74	2.04	3.60



Employees training and updates on regulatory matters

SUSTAINABILITY STATEMENT (CONT'D)

Diversity

We understand that diversity promotes unity, inspires our workforce, and protects our reputation in the eyes of stakeholders and the public. Maintaining an environment free from discrimination and bias is essential to our values and mission.

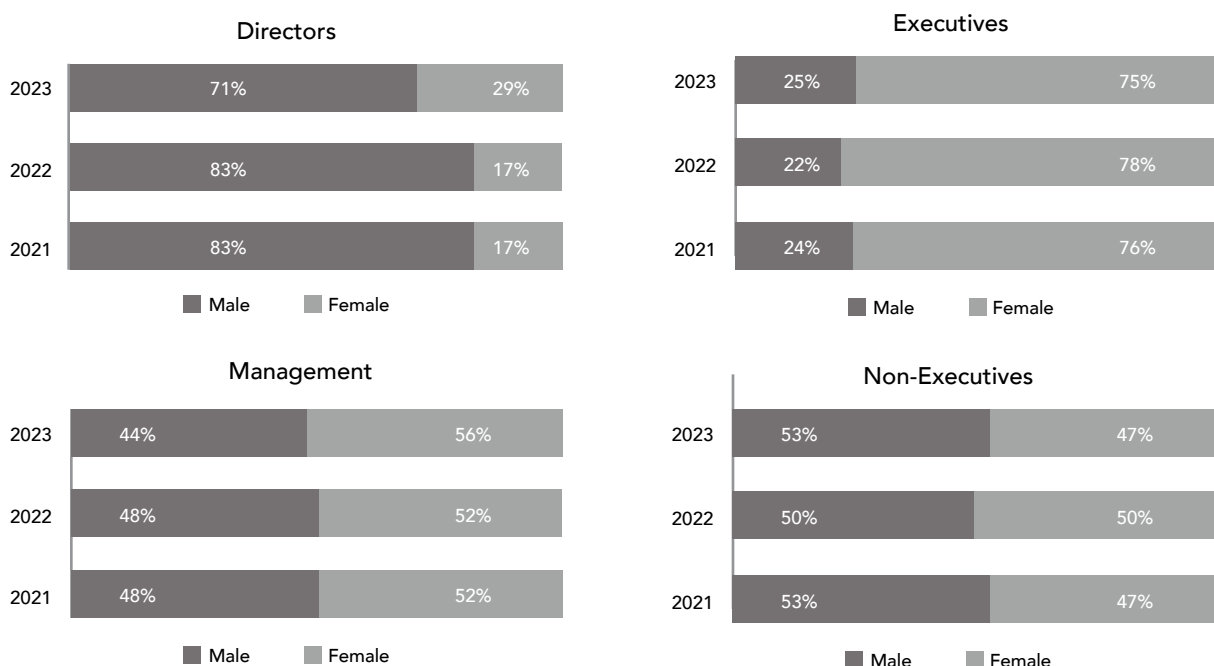
Our Approach and Performance

We prioritise diversity in our recruitment and employment strategies, aiming to cultivate diverse teams regarding skills, backgrounds, ages, and cultures. We provided diversity training resources available to all employees through the HRD Corp in the previous reporting year.

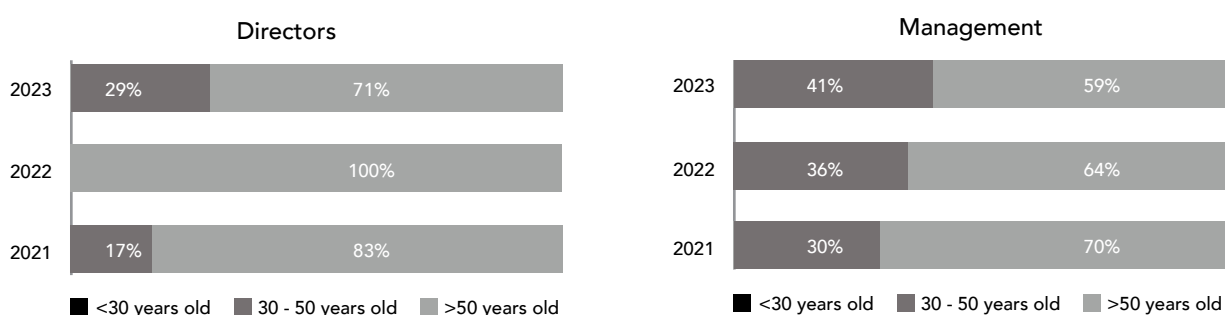
In addition, we established an internal grievance procedure so that any incidents of discrimination can be addressed promptly. This mechanism ensures that complaints are thoroughly investigated and resolved by Heads of Departments, the senior management and a member of the Board as needed, based on the severity of the issue.

We are pleased to convey that there were no reported incidents of discrimination during FY 2023. A comprehensive breakdown of our diversity across the Board of Directors, Management, Executives, and Non-Executives levels is delineated in the following figures.

Gender Diversity by Employee Category

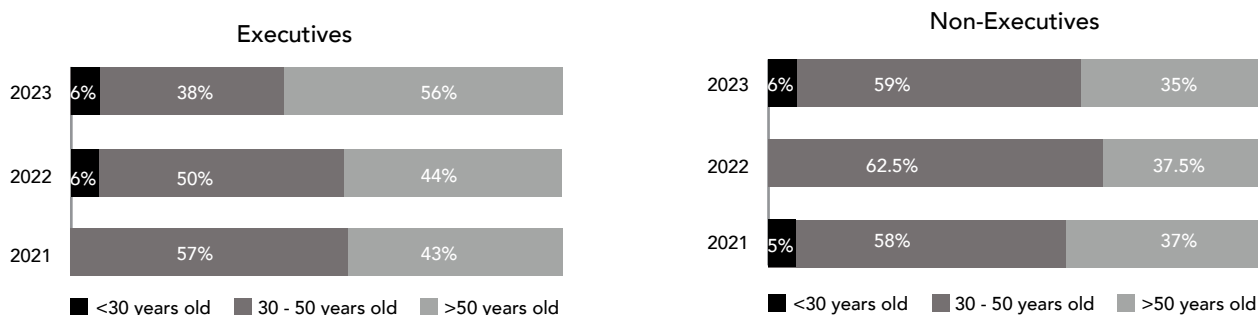


Age Diversity by Employee Category



SUSTAINABILITY STATEMENT (CONT'D)

Age Diversity by Employee Category (cont'd)



Note:

1. "Management" refers to the Management Committee Members and Managers.
2. "Executives" refers to Officers.
3. "Non-Executives" refers to Clerical and Non-clerical roles.
4. In FY 2022, "Executives" refers to Chairman and Chief Executive, which has been categorised into "Directors" in FY 2023 for comparison purposes.
5. In FY 2022, "Non-executives" refers to All Employees; hence, the data provided in the graphs in this section has been restated and separated into "Management", "Executives" and "Non-Executives".

GOVERNANCE

Anti-corruption

Farlim remains resolute in its commitment to ethical business practices. Recognising the broader impact of corruption on society, we view anti-corruption efforts not just as compliance but as a moral imperative.

Our Approach and Performance

We continuously implement several initiatives to prevent corruption and other unethical behaviour in our operations. We uphold our zero-tolerance stance against corruption, which is outlined in our Corruption Prevention Policy and Framework ("CPPF") and Anti-Bribery Guidelines, which are regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission ("MACC") Act 2009. These guidelines outlined the methodology to accept and offer gifts, hospitality, entertainment, sponsorship and donation, and referral and facilitation payments, as well as the requirement for employees to submit completed forms for approval within the prescribed limits in each of these areas.

To further enhance our policy, an internal risk assessment exercise is conducted quarterly to evaluate the Group's corruption-related risks and relevant controls, which is then presented to our Sustainability and Risk Management Committee ("SRMC") for further discussion and action.

All new employees are briefed on our anti-corruption policy and best practices during their induction programme. Briefing sessions are also conducted regularly for existing employees and external stakeholders to promote awareness and understanding of our anti-corruption policy.

In addition, continual compliance with the policy is ensured by putting it on the agenda for monthly management meetings with Heads of Departments.

A contractual safeguard provision is included in all agreements or contracts exceeding RM 50,000 in value and lasting longer than six months, including construction contract awards. All our suppliers, including consultants and suppliers for service contracts, must also declare and sign a compulsory on-board screening form. Upon agreement or contract renewal, our external stakeholders must resubmit the form for evaluation.

The Group has established a Group-wide dedicated whistleblowing channel under the Whistleblowing Policy, which protects whistleblowers against any potential retaliatory action and allows employees and external stakeholders to anonymously report any suspected incidents of corruption, bribery or other unethical business practices through designated email, mail or telephone. The Group has made our CPPF, Anti-Bribery Guidelines and Whistleblowing Policy and Procedure available on our corporate website to ensure they are accessible to all stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

Corruption-related training

Our employees affirmed their awareness and acknowledgement of our anti-corruption protocols throughout the assessed period. All existing employees were trained and they had declared their acknowledgement of compliance in FY 2021 when our CPPF was first enacted. Subsequently, briefing sessions and reminders were given annually. New employees joining the Group in this reporting period have been provided with anti-corruption briefing during their induction and acknowledged compliance with the Group's Corruption Prevention Policy and Framework ("CPPF").

Employee Category	Completion Rate (%)		
	2021	2022	2023
Management	100%	100%	100%
Executives	100%	100%	100%
Non-Executives	100%	100%	100%

Corruption risk assessment

Corruption-related risk assessments were conducted for all our departments every quarter, and the results were recorded in a Risk Register.

	2021	2022	2023
Percentage of operations assessed for corruption-related risks	100%	100%	100%

Corruption incidents

In FY 2023, there were no cases of corruption. Likewise, no employees were terminated or disciplined for corruption, and no contracts with business partners were terminated or not renewed due to corruption-related violations. Furthermore, the Group and its employees did not face any public legal cases related to corruption during this period.

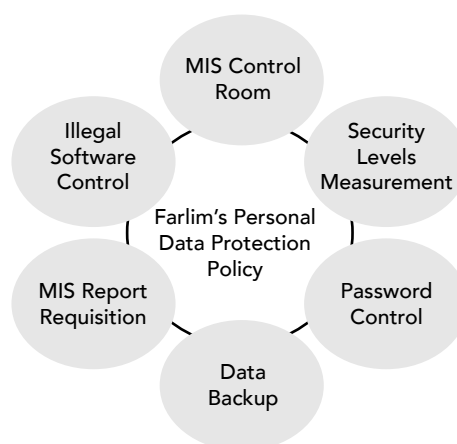
	2021	2022	2023
Number of confirmed corruption incidents	NIL	NIL	NIL

Data Privacy and Security

Considering the growing threats associated with cybersecurity, protecting the privacy and security of our customer's data is our top priority. We work to strengthen our procedures to guarantee the ethical and secure management of our customers' information in compliance with the evolving legal and regulatory environment.

Our Approach and Performance

Our Personal Data Protection Policy, available to the public and all employees via our corporate website, is the cornerstone of our approach to customer data privacy. This policy directs the appropriate handling of data across all operations, acting as a foundation for achieving full compliance with the Personal Data Protection Act ("PDPA") 2010. This policy has six protection mechanisms: Management Information System ("MIS") control room, security levels measurement, password control, data backup, MIS report requisition, and illegal software control.



To promote transparency and understanding among stakeholders regarding our data privacy policies, we circulate our PDPA Notice, made available in English and Bahasa Malaysia, to all customers. Furthermore, before disclosing further information to solicitors and financiers, we require all customers to provide their consent through a PDPA consent form.

SUSTAINABILITY STATEMENT (CONT'D)

When engaging third-party service providers for data handling on our behalf, strict adherence to our Personal Data Protection Policy is enforced through a letter of understanding by the providers. Any customer who wishes to voice grievances or concerns regarding our data privacy efforts may contact us through email or our corporate website to lodge a complaint or provide feedback. All customers' feedback undergoes thorough review by our MIS Department, with the senior management overseeing subsequent actions to address any issues raised.

Throughout FY 2023, no complaints were received regarding breaches of customer privacy or data loss.

	2021	2022	2023
Number of substantiated complaints	NIL	NIL	NIL

ECONOMICS

Economic Performance / Financial Stability

Farlim's commitment lies in fostering economic growth while enhancing social well-being through accessible housing options. By prioritising the development of high-quality yet affordable housing, we aim to empower a diverse range of Malaysians to achieve homeownership, thereby contributing to the long-term prosperity of local communities. Moreover, we foster shared values from jobs creation to tax contributions and infrastructural advancements. Central to our mission is the welfare and satisfaction of our workforce, by having corporate governance principles that ensure accountability and purpose throughout the Group.

Our Approach and Performance

We uphold rigorous corporate governance standards to support our business's sustainability, protect stakeholders' interests, and maximise shareholders' value over the long term. Our internal control systems and processes undergo regular inspections by appointed auditors, with results shared and evaluated by our Audit Committee and Board. We promptly address identified weaknesses or concerns through fair and transparent procurement practices, particularly in our engagement with suppliers.

Our endeavours in facilitating the nation's affordable housing objectives include prominent affordable housing projects, such as our initiative in Bidor, Perak, alongside potential developments across Penang, Perak, and Selangor, which encompasses various types of development to cater to diverse needs.

We prioritise engaging local suppliers and fostering employment opportunities within surrounding communities. We also provide comprehensive benefits packages that adhere to national standards for our employees, such as contributions to the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS"). Our Executive Directors and the senior management oversee and review these benefits and tailor retirement plans based on individual performance and needs.

Despite the ongoing challenges posed by the post Covid-19 pandemic, we maintained a resilient economic performance in FY 2023. Detailed insights into our financial contributions and distribution can be found in this year's Annual Report. We remain committed to fulfilling our obligations regarding employee benefits, with provisions detailed in our audited accounts for FY 2023.

Supply Chain Management

By prioritising local suppliers, we not only contribute to the economic vitality of regions where we operate but also insulate ourselves from the uncertainties of global geopolitics and market fluctuations. This strategy helps us navigate challenges such as rising material costs, currency volatility, and disruptions in global supply chains, ensuring continuity and stability for our operations.

Our Approach and Performance

While we have yet to establish formal policies regarding supplier origin, our commitment to responsible procurement practices remains steadfast as we continue to practice sourcing from local suppliers. We continuously seek alignment with industry best practices, emphasising the importance of sourcing from local vendors. We aim for a transition towards a supply chain predominantly composed of Malaysian-based suppliers, striving for 100% localisation, where feasible.

Central to our approach is a framework for supplier engagement, characterised by transparency, fairness, and efficiency. Oversight of procurement initiatives is entrusted to our Project and Implementation Department, who ensures thorough control procedures are maintained throughout the process.

Aligned with our Group's goal to shift procurement focus to local sources, we are pleased to declare that in FY 2023, we have again directed 100% of our supplier expenditures to local suppliers.

	2021	2022	2023
Proportion of spending on local suppliers	100%	100%	100%



SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE DATA TABLE				
Indicator	Unit	FY2021	FY2022	FY2023
Anti-corruption				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	100	100	100
Executive	Percentage	100	100	100
Non-executive	Percentage	100	100	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Energy Management				
Bursa C4(a) Total energy consumption	Megajoules	1,206,367	1,635,122	1,758,682
	Megawatt-hour	335.10	454.20	488.52
Water				
Bursa C9(a) Total volume of water used	Megalitres	–	–	7.67
Emissions Management				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	tCO ₂ -e	21.90*	37.94*	42.54
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ -e	189.57*	232.62*	245.10
Environmental Compliance				
Number of non-compliance, fines and non-monetary sanctions with environmental laws and regulations	Number	0	0	0
Materials				
Bursa S5(a) Total weight or volume of materials that are used to produce and package products and services	Kilograms / Litres	786,430	7,248,610	5,627,100
Community / Society Involvement				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	–	93,918	237,749
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	–	23	30
Supply Chain Management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100	100	100
Occupational Health and Safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost Time Incident Rate ("LTIR")	Rate	0	0	0
Bursa C5(c) Number of employees trained on health and safety standards	Number	92	419	521
Total hours worked	Hours	11,328	88,472	103,576
Number of work-related injury	Number	0	0	0
Injury rate	Rate	0	0	0

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Unit	FY2021	FY2022	FY2023
<i>Number of Lost Time Injuries</i>	Number	0	0	0
Labour Practices and Standards				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	227	95.5	165
Executive	Hours	34.5	28	17
Non-executive	Hours	0	0	8
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0	0	0
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	1	3*	4
Executive	Number	2	5	3
Non-executive	Number	2	4*	2
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<i>Total number of employees by employee category</i>				
Management	Number	23	25	27
Executive	Number	21	18	16
Non-executive	Number	19	16	17
<i>Total number of new hires by employee category</i>				
Management	Number	0	5	4
Executive	Number	0	2	3
Non-executive	Number	1	1	3
<i>Average training hours by employee category</i>				
Management	Hours	9.87	3.82	6.11
Executive	Hours	1.64	1.56	1.06
Non-executive	Hours	0	0	0.47
<i>Average training hours by gender</i>				
Male	Hours	6.15	2.17	2.56
Female	Hours	2.74	2.04	3.60
Diversity				
Bursa C3(a) Percentage of employees by gender and age group for each employee category				
Management				
Male	Percentage	48	48	44
Female	Percentage	52	52	56
Executive				
Male	Percentage	24	22	25
Female	Percentage	76	78	75
Non-executive				
Male	Percentage	53	50	53
Female	Percentage	47	50	47



SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Unit	FY2021	FY2022	FY2023
Management				
<30 years old	Percentage	0	0	0
30-50 years old	Percentage	30	36	41
>50 years old	Percentage	70	64	59
Executive				
<30 years old	Percentage	0	6	6
30-50 years old	Percentage	57	50	38
>50 years old	Percentage	43	44	56
Non-executive				
<30 years old	Percentage	5	0	6
30-50 years old	Percentage	58	62.5	59
>50 years old	Percentage	37	37.5	35
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83	83	71
Female	Percentage	17	17	29
<30 years old	Percentage	0	0	0
30-50 years old	Percentage	17	0	29
>50 years old	Percentage	83	100	71
Data Privacy and Security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

(*) Restated

Note: *Italicised fonts represent indicators other than those under the common material matters.*

SUSTAINABILITY STATEMENT (CONT'D)

Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00 *
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	488.52
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	7.670000
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	42.54
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	245.10
Environmental Compliance		
Environmental compliance	Number	0
Materials Bursa S5(a)		
S5(a) Total Weight or Volume of materials that are used to produce and package product and services	Kilograms	5,627,100.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	237,749.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	30
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	521
Total hours worked	Hours	103,576 *
Number of work-related injury	Number	0
Injury rate	Rate	0.00
Number of lost time injuries	Number	0
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	165
Executive	Hours	17
Non-executive/Technical Staff	Hours	8
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	4
Executive	Number	3
Non-executive/Technical Staff	Number	2
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Total number of employees by employee category	Number	60 *
Total number of new hires by employee category	Number	10 *
Average training hours by employee category	Hours	8 *
Average training hours by gender	Hours	6 *



SUSTAINABILITY STATEMENT (CONT'D)

Bursa (Diversity)		
Indicator	Measurement Unit	2023
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	41.00
Management Above 50	Percentage	59.00
Executive Under 30	Percentage	6.00
Executive Between 30-50	Percentage	38.00
Executive Above 50	Percentage	56.00
Non-executive/Technical Staff Under 30	Percentage	6.00
Non-executive/Technical Staff Between 30-50	Percentage	59.00
Non-executive/Technical Staff Above 50	Percentage	35.00
Gender Group by Employee Category		
Management Male	Percentage	44.00
Management Female	Percentage	56.00
Executive Male	Percentage	25.00
Executive Female	Percentage	75.00

Internal assurance External assurance No assurance (*)Restated

ASSURANCE STATEMENT

This Sustainability Statement has been reviewed internally and approved by the Management. This Statement has not been subjected to internal audit or independent assurance for this reporting period. Moving forward, we will reassess this assurance requirement for future disclosures.

GRI CONTENT INDEX

Farlim has reported the information cited in this GRI content index for FY 2023 with reference to the GRI Standards, as listed in the table below.

GRI Standard	Disclosure	Page Reference
GRI 2: GENERAL DISCLOSURES 2021		
THE ORGANIZATION AND ITS REPORTING PRACTICES		
GRI 2-1	Organisational details	Refer to Annual Report
GRI 2-2	Entities included in the organisation's sustainability reporting	64
GRI 2-3	Reporting period, frequency and contact point	64
GRI 2-4	Restatements of information	64
ACTIVITIES AND WORKERS		
GRI 2-6	Activities, value chain and other business relationships	Refer to Annual Report
GRI 2-7	Employees	74 - 78
GRI 2-8	Workers who are not employees	74 - 78
GOVERNANCE		
GRI 2-9	Governance structure and composition	Refer to Annual Report
GRI 2-10	Nomination and selection of the highest governance body	Refer to Annual Report
GRI 2-11	Chair of the highest governance body	Refer to Annual Report

SUSTAINABILITY STATEMENT (CONT'D)

GRI Standard	Disclosure	Page Reference
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	64 - 65
GRI 2-13	Delegation of responsibility for managing impacts	64 - 65
GRI 2-14	Role of the highest governance body in sustainability reporting	64 - 65
GRI 2-15	Conflicts of interest	Refer to Annual Report
GRI 2-16	Communication of critical concerns	Refer to Annual Report
GRI 2-17	Collective knowledge of the highest governance body	Refer to Annual Report
GRI 2-18	Evaluation of the performance of the highest governance body	Refer to Annual Report
GRI 2-19	Remuneration policies	Refer to Annual Report
GRI 2-20	Process to determine remuneration	Refer to Annual Report
GRI 2-21	Annual total compensation ratio	Refer to Annual Report
STRATEGY, POLICIES AND PRACTICES		
GRI 2-26	Mechanisms for seeking advice and raising concerns	72, 74, 79, 80
GRI 2-27	Compliance with laws and regulations	Refer to Annual Report
STAKEHOLDER ENGAGEMENT		
GRI 2-29	Approach to stakeholder engagement	65 - 66
GRI 3: MATERIAL TOPICS 2021		
GRI 3-1	Process to determine material topics	66
GRI 3-2	List of material topics	67- 68
GRI 201: ECONOMIC PERFORMANCE 2016		
GRI 3-3	Management of material topics	82
GRI 201-1	Direct economic value generated and distributed	82
GRI 201-3	Defined benefit plan obligations and other retirement plans	82
GRI 204: PROCUREMENT PRACTICES 2016		
GRI 3-3	Management of material topics	82
GRI 204-1	Proportion of spending on local suppliers	82
GRI 205: ANTI-CORRUPTION 2016		
GRI 3-3	Management of material topics	80 - 81
GRI 205-1	Operations assessed for risks related to corruption	80 - 81
GRI 205-2	Communication and training about anti-corruption policies and procedures	80 - 81
GRI 205-3	Confirmed incidents of corruption and actions taken	80 - 81
GRI 301: MATERIALS 2016		
GRI 3-3	Management of material topics	71
GRI 301-1	Materials used by weight or volume	71
GRI 301-2	Recycled input materials used	71
GRI 302: ENERGY 2016		
GRI 3-3	Management of material topics	68 - 69
GRI 302-1	Energy consumption within the organization	68 - 69
GRI 303: WATER AND EFFLUENTS 2018		
GRI 3-3	Management of material topics	69
GRI 303-1	Interactions with water as a shared resource	69
GRI 303-2	Management of water discharge-related impacts	69
GRI 303-3	Water withdrawal	69



SUSTAINABILITY STATEMENT (CONT'D)

GRI Standard	Disclosure	Page Reference
GRI 304: BIODIVERSITY 2016		
GRI 3-3	Management of material topics	72
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	72
GRI 304-2	Significant impacts of activities, products and services on biodiversity	72
GRI 304-3	Habitats protected or restored	72
GRI 305: EMISSIONS 2016		
GRI 3-3	Management of material topics	69 - 70
GRI 305-1	Direct (Scope 1) GHG emissions	69 - 70
GRI 305-2	Energy indirect (Scope 2) GHG emissions	69 - 70
GRI 306: WASTE 2020		
GRI 3-3	Management of material topics	70
GRI 306-1	Waste generation and significant waste-related impacts	70
GRI 306-2	Management of significant waste-related impacts	70
GRI 306-3	Waste generated	70
GRI 306-4	Waste diverted from disposal	70
GRI 306-5	Waste directed to disposal	70
GRI 401: EMPLOYMENT 2016		
GRI 3-3	Management of material topics	74 - 78
GRI 401-1	New employee hires and employee turnover	74 - 78
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74 - 78
GRI 401-3	Parental leave	74 - 78
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018		
GRI 3-3	Management of material topics	73 - 74
GRI 403-1	Occupational health and safety management system	73 - 74
GRI 403-5	Worker training on occupational health and safety	73 - 74
GRI 403-9	Work-related injuries	73 - 74
GRI 404: TRAINING AND EDUCATION 2016		
GRI 3-3	Management of material topics	78
GRI 404-1	Average hours of training per year per employee	78
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
GRI 3-3	Management of material topics	79 - 80
GRI 405-1	Diversity of governance bodies and employees	79 - 80
GRI 406: NON-DISCRIMINATION 2016		
GRI 3-3	Management of material topics	79 - 80
GRI 406-1	Incidents of discrimination and corrective actions taken	79 - 80
GRI 413: LOCAL COMMUNITIES 2016		
GRI 3-3	Management of material topics	72
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	72
GRI 418: CUSTOMER PRIVACY 2016		
GRI 3-3	Management of material topics	81 - 82
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	81 - 82

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 the 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, 2023 and ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 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

91 Directors' Report

101 Statements of Financial Position

103 Statements of Comprehensive Income

105 Statements of Changes in Equity

107 Statements of Cash Flows

110 Notes to the Financial Statements

169 Statement by Directors

170 Statutory Declaration

171 Independent Auditors' Report

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 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property development and investment holding. The principal activities of its subsidiaries include property development and investment holding, property development, property development and building construction, trading in building materials and investment holding.

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(6,794,639)	(6,178,298)
Attributable to:		
Owners of the Company	(6,835,676)	(6,178,298)
Non-controlling interests	41,037	-
	(6,794,639)	(6,178,298)

DIVIDENDS

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

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2023.

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 which 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.

DIRECTORS' REPORT (CONT'D)

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.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM197,400 and RM124,000.

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

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 2023, the Company held 15,365,700 (2022: 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/- (2022: RM5,122,542/-). Further details are disclosed in Note 15 to the financial statements.



DIRECTORS' REPORT (CONT'D)

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

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*	
Lim Chu Dick*	(Appointed on 22 June 2023)
Adlina Hasni Binti Zainol Abidin	
Amran Bin Ahmad	(Appointed on 22 June 2023)
Koay Hooi Lynn	(Appointed on 24 August 2023)
Wong Hon Weng	(Resigned on 31 December 2023)
Koay Say Loke Andrew*	(Resigned on 24 August 2023)
Khairilnauar Bin Abdul Rahman	(Resigned on 24 August 2023)
Yong Yew Wei	(Retired on 22 June 2023)

* Directors of the Company and certain subsidiaries

Other than as stated above, Joanne Lim is a Director 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.

DIRECTORS' REPORT (CONT'D)

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 1.1.2023	Bought	Sold	At 31.12.2023
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
Adlina Hasni Binti Zainol Abidin	38,000	-	-	38,000
Indirect				
Tan Sri Dato' Seri Lim Gait Tong ⁽¹⁾	69,358,480	-	-	69,358,480
The ultimate holding company				
Farlim Holding Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	49,355	-	-	49,355
The subsidiary				
Farlim Marketing Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	245,000	-	-	245,000

⁽¹⁾ Shares held through the ultimate holding company.



DIRECTORS' REPORT (CONT'D)

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 deemed to have an interest in the ordinary shares of 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 any 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.

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

	Group RM	Company RM
Directors of the Company:		
- Fees	136,800	136,800
- Remuneration	1,686,269	1,596,269
- Post-employment benefits	83,358	72,558
- Other emoluments	4,115	3,595
	<u>1,910,542</u>	<u>1,809,222</u>

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 RM24,788/- respectively.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

The Group's equity interest in each of the subsidiaries, place of incorporation and their respective principal activities are as follows:

Name of the Company Direct Subsidiaries	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2023 %	2022 %	
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	Dormant
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Not commenced business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
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.

The subsidiary has been struck off on 23 January 2024. As such, the management account had been used for the purpose of consolidation.

^ Held indirectly through Angkatan Wawasan Sdn. Bhd..

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.



DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company had on 23 February 2024 announced that it had been entered into a Share Sale Agreement ("SSA") with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of 175,000 ordinary shares ("Sale Shares") representing a 35% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM5,600,000 representing RM32 per Sale Share.

On 13 March 2024, the Company had announced that the acquisition has been completed whereby the Sale Shares have been transferred and registered in favour of the Company pursuant to Clause 3.3 of the SSA dated 23 February 2024 subsequent to the full payment made referred to in the SSA.

ULTIMATE HOLDING COMPANY

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



DIRECTORS' REPORT (CONT'D)

AUDITORS

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

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: 29 March 2024

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	3,319,025	3,253,524	850,519	725,660
Right-of-use assets	6	685,448	153,127	61,932	62,982
Investment properties	7	11,347,634	11,580,403	12,115,811	12,316,467
Inventories	8	48,535,355	49,581,703	22,848,643	24,139,316
Investment in subsidiaries	9	-	-	43,095,602	44,813,442
Other investments	10	35,170	39,097	-	-
Goodwill on consolidation	11	2,970,000	2,970,000	-	-
Trade and other receivables	12	-	-	-	-
Total non-current assets		66,892,632	67,577,854	78,972,507	82,057,867
CURRENT ASSETS					
Inventories	8	29,190,688	23,860,472	21,112,950	17,331,803
Other investments	10	28,889,443	47,028,115	27,171,473	45,540,982
Trade and other receivables	12	14,873,827	4,417,033	17,532,843	3,233,436
Prepayments		111,112	108,277	76,442	61,812
Contract assets	20	1,029,423	1,759,910	1,029,423	1,759,910
Tax recoverable		64,690	15,951	56,046	6,276
Cash and bank balances	13	5,317,274	7,562,808	3,923,317	5,443,191
Total current assets		79,476,457	84,752,566	70,902,494	73,377,410
TOTAL ASSETS		146,369,089	152,330,420	149,875,001	155,435,277

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 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)
Accumulated losses		(40,290,371)	(33,454,695)	(30,916,570)	(24,738,272)
Shareholders' funds		123,628,635	130,464,311	133,002,436	139,180,734
Non-controlling interests		297,318	259,492	-	-
TOTAL EQUITY		123,925,953	130,723,803	133,002,436	139,180,734
NON-CURRENT LIABILITIES					
Lease liability	16	352,048	-	-	-
Deferred tax liabilities	17	36,309	36,309	36,309	36,309
Total non-current liabilities		388,357	36,309	36,309	36,309
CURRENT LIABILITIES					
Trade and other payables	18	4,623,050	4,297,210	3,110,796	2,956,909
Provisions	19	17,285,574	16,990,957	13,725,460	13,038,957
Contract liabilities	20	-	222,368	-	222,368
Lease liability	16	88,767	-	-	-
Tax payables		57,388	59,773	-	-
Total current liabilities		22,054,779	21,570,308	16,836,256	16,218,234
TOTAL LIABILITIES		22,443,136	21,606,617	16,872,565	16,254,543
TOTAL EQUITY AND LIABILITIES		146,369,089	152,330,420	149,875,001	155,435,277

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	15,376,055	16,789,092	14,130,254	16,107,502
Cost of sales	22	(11,760,797)	(13,275,857)	(10,595,195)	(12,678,640)
Gross profit		3,615,258	3,513,235	3,535,059	3,428,862
Other income		1,749,741	8,403,986	1,333,091	9,448,454
Administrative expenses		(11,771,327)	(12,406,149)	(9,149,070)	(9,826,141)
Other operating expenses		(435,000)	(10,319,868)	(2,152,840)	(10,000,000)
Operating loss		(6,841,328)	(10,808,796)	(6,433,760)	(6,948,825)
Finance income	23	109,544	68,122	255,462	195,100
Finance costs	24	(8,296)	-	-	-
Loss before tax	25	(6,740,080)	(10,740,674)	(6,178,298)	(6,753,725)
Income tax expense	26	(54,559)	(40,982)	-	-
Loss for the financial year from continuing operations		(6,794,639)	(10,781,656)	(6,178,298)	(6,753,725)
Profit for the financial year from discontinued operation, net of tax		-	5,100,012	-	-
Loss for the financial year		(6,794,639)	(5,681,644)	(6,178,298)	(6,753,725)
Other comprehensive (loss)/income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operation		-	(21,469)	-	-
Reclassification adjustments of exchange translation reserve upon disposal of a subsidiary		-	(650,437)	-	-
Total comprehensive loss for the financial year		(6,794,639)	(6,353,550)	(6,178,298)	(6,753,725)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(6,835,676)	(10,791,887)	(6,178,298)	(6,753,725)
- From discontinued operation		-	5,100,012	-	-
Non-controlling interests		41,037	10,231	-	-
		(6,794,639)	(5,681,644)	(6,178,298)	(6,753,725)
Total comprehensive					
(loss)/income attributable to:					
Owners of the Company					
- From continuing operations		(6,835,676)	(10,791,887)	(6,178,298)	(6,753,725)
- From discontinued operation		-	4,428,106	-	-
Non-controlling interests		41,037	10,231	-	-
		(6,794,639)	(6,353,550)	(6,178,298)	(6,753,725)
Basic (loss)/earning per					
attributable to ordinary					
equity holders share (sen):					
- From continuing operations	27	(4.47)	(7.05)		
- From discontinued operation		-	3.33		
Diluted (loss)/earning per					
attributable to ordinary					
equity holders share (sen):					
- From continuing operations	27	(4.47)	(7.05)		
- From discontinued operation		-	3.33		

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

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	----- 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 2022	169,041,548	(5,122,542)	671,906	(27,762,820)	250,364	137,078,456
Total comprehensive (loss)/ 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
At 1 January 2023	169,041,548	(5,122,542)	-	(33,454,695)	259,492	130,723,803
Total comprehensive (loss)/ income for the financial year						
(Loss)/Profit for the financial year	-	-	-	(6,835,676)	41,037	(6,794,639)
Total comprehensive (loss)/income	-	-	-	(6,835,676)	41,037	(6,794,639)
Transaction with owners						
Deregistration of a subsidiary	-	-	-	-	(3,211)	(3,211)
Total transaction with owners	-	-	-	-	(3,211)	(3,211)
At 31 December 2023	169,041,548	(5,122,542)	-	(40,290,371)	297,318	123,925,953

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	----- Attributable to owners of the Company -----			
	Share Capital RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
Company				
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	<u>169,041,548</u>	<u>(5,122,542)</u>	<u>(24,738,272)</u>	<u>139,180,734</u>
At 1 January 2023	169,041,548	(5,122,542)	(24,738,272)	139,180,734
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(6,178,298)	(6,178,298)
At 31 December 2023	<u>169,041,548</u>	<u>(5,122,542)</u>	<u>(30,916,570)</u>	<u>133,002,436</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss before tax				
- Continuing operations	(6,740,080)	(10,740,674)	(6,178,298)	(6,753,725)
- Discontinued operation	-	5,100,012	-	-
Adjustments for:				
Bad debts written off	-	120,230	-	8,028
Depreciation of:				
- investment properties	291,976	291,975	259,863	259,861
- property, plant and equipment	165,224	219,840	74,723	131,968
- right-of-use assets	50,779	2,188	1,050	1,048
Dividend income	(190)	(371)	-	-
Fair value loss on financial assets	3,927	4,283	-	-
Gain on disposal of property, plant and equipment	(100,040)	(3,199)	(2,041)	(3,199)
Gain on disposal of a subsidiary	-	(7,445,430)	-	-
Impairment losses on investment in subsidiaries	-	-	1,717,840	-
Finance costs	8,296	-	-	-
Finance income	(109,544)	(68,131)	(255,462)	(195,100)
Income from cash management fund	(202,591)	(72,378)	(190,028)	(69,539)
Unrealised gain on fair value changes in other investment	(785,084)	(343,362)	(663,800)	(343,362)
Property, plant and equipment written off	1,854	2,974	16	2,974
Provision for directors' retirement benefits	188,055	641,509	188,055	641,509
Provision for compensation	435,000	10,319,868	435,000	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 deregistration of a subsidiary	(3,211)	(1,103)	-	-
Waiver of debts	(50,329)	(43,041)	-	-
Operating loss before working capital changes, carried forward	(6,845,958)	(7,769,703)	(4,613,082)	(4,949,910)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
Note	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities (Continued)				
Operating loss before working capital changes, brought forward	(6,845,958)	(7,769,703)	(4,613,082)	(4,949,910)
Changes in working capital:				
Inventories	(4,582,218)	1,792,321	(2,427,026)	2,844,265
Receivables	(10,459,629)	7,590,609	(6,514,037)	(1,099,790)
Contract assets	730,487	312,299	730,487	312,299
Payables	376,169	(493,396)	153,887	255,580
Contract liabilities	(222,368)	6,756	(222,368)	6,756
Cash (used in)/generated from operations	(21,003,517)	1,438,886	(12,892,139)	(2,630,800)
Interest received	109,544	68,131	255,462	195,100
Compensation paid	(30,088)	(152,366)	-	-
Tax paid	(105,683)	(50,309)	(49,770)	(5,041)
Net cash (used in)/generated from operating activities	(21,029,744)	1,304,342	(12,686,447)	(2,440,741)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income received	202,591	72,378	190,028	69,539
Dividend received	190	371	-	-
Net change in amount owing by subsidiaries	-	-	(7,800,000)	10,747,150
Net proceeds from disposal of property, plant and equipment	101,000	3,200	3,000	3,200
Proceeds from disposal of a subsidiary	-	6,434,330	-	-
Investment in redeemable preference shares in a subsidiary	-	-	-	(350,000)
Redemption of redeemable preference shares in a subsidiary	-	-	-	500,000
Redemption/(Purchase) of other short term investments	18,923,756	(5,228,819)	19,033,309	(6,126,659)
Purchase of property, plant and equipment	(233,539)	(64,682)	(200,557)	(23,826)
Purchase of an investment property	(59,207)	(414,453)	(59,207)	(414,453)
Net cash generated from investing activities	18,934,791	802,325	11,166,573	4,404,951

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES:					
Prepaid lease payments	(a)	(106,431)			
Repayment of lease liability	(a)	(35,854)	-	-	-
Interest paid		(8,296)	-	-	-
Net cash used in financing activities		(150,581)	-	-	-
NET CHANGES IN CASH AND CASH EQUIVALENTS		(2,245,534)	2,106,667	(1,519,874)	1,964,210
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		7,562,808	5,477,610	5,443,191	3,478,981
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	(21,469)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		5,317,274	7,562,808	3,923,317	5,443,191

(a) Reconciliation of liabilities arising from financing activities:

	← Net Cash Flows →				
	At 1 January RM	Repayment RM	Prepaid Lease Payments RM	Addition RM	At 31 December RM
2023					
Lease liability	-	(35,854)	(106,431)	583,100	440,815
2022					
Lease liability	-	-	-	-	-

(b) Total cash outflows for lease

During the financial year, the Group and the Company had a total cash outflows for lease of RM67,550 (2022: RM10,800) and RM10,800 (2022: RM10,800) respectively.

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 property development and investment holding. The principal activities of its subsidiaries are disclosed in Note 30 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 29 March 2024.

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 new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new MFRS and amendments to MFRSs (Continued)

The adoption of the above new MFRS and amendments 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, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity 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.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

2.3 Amendments to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>Amendments to MFRSs</u>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Amendments 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 amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised below.

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.

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.

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 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

2.4 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.

2.5 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 material accounting policy information in Note 3 to the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information 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

(a) Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to Group.

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

3.2 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Financial Instruments

Financial assets – subsequent measurements and gains and losses

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurements and gains and losses

Financial liabilities are classified at amortised cost.

Financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	22 - 50 years
Buildings improvements	6.5 - 10 years
Plant and machinery	5 - 11 years
Motor vehicles	5 - 6 years
Furniture, fittings and equipment	5 - 10 years



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.5 Investment Properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in investment properties are not depreciated as these assets are not yet available for use. All other investment properties are depreciated on a straight line basis over their estimated useful life at an annual rate of 1.2% to 2%.

3.6 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.

Property under development and completed properties

The cost of property development 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.

The cost of unsold completed properties is determined on a specific identification basis.

3.7 Leases

(a) Lessee accounting

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of lease.

Right-of-use asset

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right of-use assets are 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Leases (Continued)

(b) Lessee accounting (Continued)

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position. (Continued)

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

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.

(c) Lessor accounting

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from sublease properties which recognise as other income.

3.8 Revenue and Other Income

(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 approach.

For practical expediency, the Group and the Company apply revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on each individual contracts (or performance obligations) within that portfolio.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 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. 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.

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.

For residential properties, as part of the statutory requirements, the Group's and the Company's obligations are to rectify any defects that become apparent within the defect liability period of 24 months after the customer takes vacant possession of the building. No provision for rectification costs has been made as at the end of the financial year as there has been no known material defect reported and only minimal costs have been incurred in the past.

(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.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Revenue and Other Income (Continued)

(e) Sales of goods

The Group sells a range of building materials to local customers. Revenue from sales of 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

Insurance agency commissions received or receivable which do not require the Group to render further service are recognised as revenue by the Group on the effective commencement or renewal dates of the related policies.

3.9 Contract costs

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group and the Company otherwise would have recognised are one year or less.

3.10 Provision

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 2023 was RM2,970,000/-.

(b) Property development revenue and expenses (Note 21 and 22)

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 evaluate based on past experience and by relying on the work of specialists.

(c) Provisions (Note 19)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	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 2023	1,869,244	1,903,915	1,613,664	12,900	3,110,954	2,878,468	11,389,145
Additions	-	-	-	-	180,000	53,539	233,539
Disposals	-	-	-	-	(686,150)	(2,498)	(688,648)
Write-offs	-	-	-	-	-	(294,853)	(294,853)
At 31 December 2023	1,869,244	1,903,915	1,613,664	12,900	2,604,804	2,634,656	10,639,183
Accumulated Depreciation							
At 1 January 2023	-	887,879	1,501,816	12,900	3,105,790	2,627,236	8,135,621
Charge for the financial year	-	41,276	32,224	-	4,374	87,350	165,224
Disposals	-	-	-	-	(686,148)	(1,540)	(687,688)
Write-offs	-	-	-	-	-	(292,999)	(292,999)
At 31 December 2023	-	929,155	1,534,040	12,900	2,424,016	2,420,047	7,320,158
Carrying Amount							
At 1 January 2023	1,869,244	1,016,036	111,848	-	5,164	251,232	3,253,524
At 31 December 2023	1,869,244	974,760	79,624	-	180,788	214,609	3,319,025



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2023	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost						
At 1 January 2023	264,940	763,088	923,125	2,006,408	1,644,715	5,602,276
Additions	-	-	-	180,000	20,557	200,557
Disposals	-	-	-	(106,233)	(2,498)	(108,731)
Write-offs	-	-	-	-	(127,171)	(127,171)
At 31 December 2023	264,940	763,088	923,125	2,080,175	1,535,603	5,566,931
Accumulated Depreciation						
At 1 January 2023	-	410,601	891,819	2,006,401	1,567,795	4,876,616
Charge for the financial year	-	15,940	26,698	3,000	29,085	74,723
Disposals	-	-	-	(106,232)	(1,540)	(107,772)
Write-offs	-	-	-	-	(127,155)	(127,155)
At 31 December 2023	-	426,541	918,517	1,903,169	1,468,185	4,716,412
Carrying Amount						
At 1 January 2023	264,940	352,487	31,306	7	76,920	725,660
At 31 December 2023	264,940	336,547	4,608	177,006	67,418	850,519



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Property subject to operating lease

The Group and the Company lease 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	
	2023	2022
	RM	RM
Lease income	98,400	83,200

The operating lease payment to be received are as follows:

	Group	
	2023	2022
	RM	RM
Less than one year	78,600	57,600
One to two years	58,800	100,800
Total undiscounted lease payments	137,400	158,400

(b) Buildings in relation to the leasehold land

The buildings in the Group and the Company of the carrying amount RM974,760/- (2022: RM1,016,036/-) and RM336,547/- (2022: RM352,487/-) respectively are related to the leasehold land classified as right-of-use asset.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS

The Group and the Company lease several assets and the information about leases of the Group and the Company as lessees are presented below:

	Leasehold Land RM	Motor Vehicle RM	Total RM
Group			
Cost			
At 1 January 2022/1 January 2023	240,267	-	240,267
Addition	-	583,100	583,100
At 31 December 2023	240,267	583,100	823,367
Accumulated Depreciation			
At 1 January 2022	84,952	-	84,952
Charge for the financial year	2,188	-	2,188
At 1 January 2023	87,140	-	87,140
Charge for the financial year	2,190	48,589	50,779
At 31 December 2023	89,330	48,589	137,919
Carrying Amount			
At 1 January 2023	153,127	-	153,127
At 31 December 2023	150,937	534,511	685,448
		Leasehold Land RM	
Company			
Cost			
At 1 January/31 December 2023			110,785
Accumulated Depreciation			
At 1 January 2022			46,755
Charge for the financial year			1,048
At 1 January 2023			47,803
Charge for the financial year			1,050
At 31 December 2023			48,853
Carrying Amount			
At 1 January 2023			62,982
At 31 December 2023			61,932

The long-term leasehold land of the Group has an unexpired lease period of more than 50 years. The Group also lease motor vehicles with lease term of 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES

Group 2023	Completed Investment Properties RM	Investment Properties Under Construction RM	Total RM
Cost			
At 1 January 2023	12,814,007	651,283	13,465,290
Addition	-	59,207	59,207
At 31 December 2023	12,814,007	710,490	13,524,497
Accumulated Depreciation			
At 1 January 2023	1,884,887	-	1,884,887
Charge for the financial year	291,976	-	291,976
At 31 December 2023	2,176,863	-	2,176,863
Carrying Amount	10,637,144	710,490	11,347,634
2022			
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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

Company 2023	Completed Investment Properties RM	Investment Properties Under Construction RM	Total RM
Cost			
At 1 January 2023	12,993,184	651,283	13,644,467
Addition	-	59,207	59,207
At 31 December 2023	12,993,184	710,490	13,703,674
Accumulated Depreciation			
At 1 January 2023	1,328,000	-	1,328,000
Charge for the financial year	259,863	-	259,863
At 31 December 2023	1,587,863	-	1,587,863
Carrying Amount	11,405,321	710,490	12,115,811
2022			
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

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	343,446	302,702	308,666	282,582
Direct operating expenses	267,055	267,063	246,056	250,516

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties for the Group and the Company are categorised as follows:

	Fair Value Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
2023				
Investment properties	17,723,552	-	-	17,723,552
2022				
Investment properties	16,114,746	-	-	16,114,746
Company				
2023				
Investment properties	15,901,269	-	-	15,901,269
2022				
Investment properties	14,320,691	-	-	14,320,691

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 RM117/- to RM137/- (2022: RM116/-)	The higher the price per square foot, the higher the fair value
Condominium	Sales comparison approach	Price per square foot RM327/- to RM328/- (2022: RM317/- to RM322/-)	The higher the price per square foot, the higher the fair value
Shop office	Sales comparison approach	Price per square foot RM143/- to RM265/- (2022: RM143/- to RM280/-)	The higher the price per square foot, the higher the fair value
Residential unit	Sales comparison approach	Price per square foot RM385/- (2022: RM385/-)	The higher the price per square foot, the higher the fair value

During the financial year ended 31 December 2023 or 31 December 2022, there have been no transfers of fair value measurements.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	
	2023 RM	2022 RM	2023 RM	2022 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	23,861,409	24,482,039	10,794,511	11,415,141
- Development costs	23,820,070	24,245,788	12,054,132	12,724,175
	<u>48,535,355</u>	<u>49,581,703</u>	<u>22,848,643</u>	<u>24,139,316</u>
Current				
Property under development				
- Freehold land at cost	2,126,103	2,126,103	-	-
- Leasehold land at cost	2,906,658	3,506,635	2,906,658	3,506,635
- Development costs	13,740,487	10,036,642	8,707,855	6,553,080
Completed properties	10,417,440	8,191,092	9,498,437	7,272,088
	<u>29,190,688</u>	<u>23,860,472</u>	<u>21,112,950</u>	<u>17,331,803</u>

- (a) The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year was RM11,195,195/- (2022: RM12,678,640/-) and RM10,595,195/- (2022: RM12,678,640/-) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
Unquoted Shares, at cost		
Ordinary shares	46,670,067	46,718,265
Preference shares	41,766,170	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	(700,000)	(48,198)
	87,736,237	88,436,237
Less:		
Accumulated impairment losses	43,622,795	52,301,366
Impairment losses during the financial year	1,717,840	-
Written off during the financial year	(700,000)	(48,198)
	44,640,635	52,253,168
Add:		
Reversal of impairment losses during the financial year	-	8,630,373
Carrying Amount	43,095,602	44,813,442

(a) The Company's equity interest in the subsidiaries, country of incorporation and their respective principal activities are disclosed in Note 30 to the financial statements.

(b) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Farlim Marketing Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
Group 2023			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	297,318	-	297,318
Profit allocated to NCI in current financial year	27,284	13,753	41,037



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests in subsidiaries (Continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (Continued):

Group 2023	Farlim Marketing Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
Summarised financial information before intra-group elimination			
As at 31 December 2023			
Non-current assets	245,861	-	245,861
Current assets	478,610	-	478,610
Current liabilities	(117,704)	-	(117,704)
Net assets	606,767	-	606,767
Summarised statements of comprehensive income			
Financial year ended 31 December 2023			
Revenue	585,898	-	585,898
Profit for the financial year	55,683	45,843	101,526
Total comprehensive profit	55,683	45,843	101,526
Summarised statements of cash flows information			
Financial year ended 31 December 2023			
Cash flows used in operating activities	(36,449)	-	(36,449)
Cash flows from investing activities	493	-	493
Net decrease in cash and cash equivalents	(35,956)	-	(35,956)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests in subsidiaries (Continued)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (Continued):

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



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Fair value through profit or loss:				
Quoted shares in Malaysia	35,170	39,097	-	-
Current				
Fair value through profit or loss:				
Cash management fund				
investments with investment				
management companies	28,889,443	47,028,115	27,171,473	45,540,982

The market value of the quoted shares as at 31 December 2023 is RM35,170/- (2022: RM39,097/-).

11. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM	2022 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Trade					
Trade receivables from contracts with customers	(a)	2,923,854	3,005,199	2,339,402	2,371,974
Less: Impairment losses		(17,312)	(17,312)	-	-
		2,906,542	2,987,887	2,339,402	2,371,974
Non-trade					
Other receivables		112,491	120,563	68,341	90,182
Advance payment to contractors		5,050,000	-	3,050,000	-
Amount owing by a subsidiary	(b)	-	-	8,050,000	250,000
Deposits	(c)	6,804,794	1,308,583	4,025,100	521,280
		11,967,285	1,429,146	15,193,441	861,462
Total trade and other receivables (current)		14,873,827	4,417,033	17,532,843	3,233,436
Total trade and other receivables (non-current and current)		14,873,827	4,417,033	17,532,843	3,233,436

(a) Trade receivables from contracts with customers

The Group's trade receivables normal trade credit terms range from 21 to 90 (2022: 21 to 90) days terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.

(b) Amount owing by a subsidiary

The amount owing by a subsidiary represents loan to subsidiary which is unsecured, subject to interest from 3.74% to 4.53% (2022: 2.70% to 3.39%) per annum and repaid during the year.

(c) Deposits

Included in the deposits of the Group and the Company with a total of RM5,500,000/- (2022:RM Nil) and RM3,500,000/- (2022:RM Nil) respectively are refundable deposits paid for the intended purchase of lands.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	5,317,274	7,562,808	3,923,317	5,443,191

Included in cash and bank balances are the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	4,028,508	6,062,584	2,920,710	4,971,812

- (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 0.84% to 1.65% (2022: 0.42% to 1.63%) per annum.

14. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amounts	
	2023 Units	2022 Units	2023 RM	2022 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

At 31 December 2023, the Company's treasury shares are held at as carrying amount of RM5,122,542/- (2022: 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. LEASE LIABILITY

	Group	
	2023 RM	2022 RM
Non current		
Lease liability	352,048	-
	<hr/> 352,048	<hr/> -
Current		
Lease liability	88,767	-
	<hr/> 88,767	<hr/> -
Total lease liability	<hr/> 440,815	<hr/> -



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. LEASE LIABILITY (CONTINUED)

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

	Group	
	2023 RM	2022 RM
Minimum lease payments:		
Not later than one year	105,960	-
Later than one year and not later than five years	379,719	-
	485,679	-
Less: Future finance charges	(44,864)	-
Present value of minimum lease payments	440,815	-
Present value of minimum lease payments:		
Not later than one year	88,767	-
Later than one year and not later than five years	352,048	-
	440,815	-
Less: Amount due within 12 months	(88,767)	-
Amount due after 12 months	352,048	-

17. DEFERRED TAX LIABILITIES

	Group and Company	
	2023 RM	2022 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	
	2023 RM	2022 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Trade					
Trade payables	(a)	3,080,792	2,454,385	2,298,486	1,768,705
Non-trade					
Other payables		697,731	678,245	158,586	240,811
Deposits received		143,600	133,900	103,400	95,400
Accruals		700,927	986,582	550,324	851,993
Amount owing to directors	(b)	-	44,098	-	-
		1,542,258	1,842,825	812,310	1,188,204
Total payables		4,623,050	4,297,210	3,110,796	2,956,909

(a) Trade payables

Trade payables are normally settled on to 30 to 90 (2022: 30 to 90) days terms.

Included in trade payables of the Group and the Company is an amount of RM1,852,333/- (2022: RM1,247,052/-) and RM1,485,373/- (2022: RM913,751/-) 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. PROVISIONS

	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Group				
Current				
At 1 January 2022	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
Addition during the financial year	435,000	295,439	188,055	918,494
Reversal/utilisation during the financial year	(30,088)	(593,789)	-	(623,877)
At 31 December 2023	10,975,326	3,497,754	2,812,494	17,285,574
	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Company				
Current				
At 1 January 2022	-	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
Addition during the financial year	435,000	295,439	188,055	918,494
Reversal/utilisation during the financial year	-	(231,991)	-	(231,991)
At 31 December 2023	10,435,000	477,966	2,812,494	13,725,460

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. 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 RM10,435,000 (2022: RM10,000,000) is the provision of compensation relating to the material litigation with Ayer Itam Properties Sdn Bhd ("AIPSB") as mentioned in Note 35 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	
	2023	2022
	RM	RM
Net defined benefit liability	2,812,494	2,624,439

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 2023 %
Discount rate	4.9
Future salary growth	4.8



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. 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 2023			
Discount rate	1.0	(109,586)	116,116
Future salary growth	1.0	118,337	(113,252)
2022			
Discount rate	1.0	(125,011)	133,547
Future salary growth	1.0	110,101	(105,371)

20. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract assets relating to property development contracts	1,029,423	1,759,910	1,029,423	1,759,910
Total contract assets	1,029,423	1,759,910	1,029,423	1,759,910
Contract liabilities relating to property development contracts	-	(222,368)	-	(222,368)
Total contract liabilities	-	(222,368)	-	(222,368)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	2023		2022	
	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	1,029,423	-	1,759,910	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	-
Increases due to consideration received, excluding amounts recognised as revenue during the period	-	-	-	(222,368)
Transferred from contract assets recognised on the beginning of the year to receivables	(1,759,910)	-	(2,072,209)	-
Decrease as a result of changes in the measure of progress	-	222,368	-	215,612
Company				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	1,029,423	-	1,759,910	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	-
Increases due to consideration received, excluding amounts recognised as revenue during the period	-	-	-	(222,368)
Transferred from contract assets recognised on the beginning of the year to receivables	(1,759,910)	-	(2,072,209)	-
Decrease as a result of changes in the measure of progress	-	222,368	-	215,612



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contract customers:				
Property development	12,560,254	13,722,502	12,560,254	13,722,502
Revenue from sales of completed development properties	2,180,000	2,385,000	1,570,000	2,385,000
Sales of goods	585,898	628,165	-	-
Commissions	49,903	53,425	-	-
	<u>15,376,055</u>	<u>16,789,092</u>	<u>14,130,254</u>	<u>16,107,502</u>

(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				
2023				
Major goods and services:				
Commercial units	1,350,000	-	-	1,350,000
Residential units	13,390,254	-	-	13,390,254
Trading of building material	-	585,898	-	585,898
Others	-	-	49,903	49,903
	<u>14,740,254</u>	<u>585,898</u>	<u>49,903</u>	<u>15,376,055</u>
Timing of revenue recognition:				
At a point in time	2,180,000	585,898	49,903	2,815,801
Over time	12,560,254	-	-	12,560,254
	<u>14,740,254</u>	<u>585,898</u>	<u>49,903</u>	<u>15,376,055</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	Property RM	Trading RM	Investment and Others RM	Total RM
Group				
2022				
Major goods and services:				
Commercial unit	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
	<u>16,107,502</u>	<u>628,165</u>	<u>53,425</u>	<u>16,789,092</u>

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
	<u>16,107,502</u>	<u>628,165</u>	<u>53,425</u>	<u>16,789,092</u>

	Property	
	2023 RM	2022 RM
Company		
Major goods and services:		
Commercial units	1,350,000	450,000
Residential units	12,780,254	15,657,502
	<u>14,130,254</u>	<u>16,107,502</u>

Timing of revenue recognition:

At a point in time	2,180,000	2,385,000
Over time	11,950,254	13,722,502
	<u>14,130,254</u>	<u>16,107,502</u>

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and the Company is an amount of RM1,660,426/- (2022: RM3,238,492/-) and RM1,660,426/- (2022: RM3,238,492/-) respectively and the Group and the Company will recognise these revenue as the building is completed, which is expected to occur over the next 15 months.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. COST OF SALES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost of sales of property development units	9,199,049	10,691,439	9,199,049	10,691,439
Cost of completed property development units	1,996,146	1,987,201	1,396,146	1,987,201
Cost of trading	565,602	597,217	-	-
	<u>11,760,797</u>	<u>13,275,857</u>	<u>10,595,195</u>	<u>12,678,640</u>

23. FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from:				
- short-term deposits	107,257	60,811	82,871	44,500
- amount owing by subsidiaries	-	-	170,304	147,441
- others	2,287	7,311	2,287	3,159
	<u>109,544</u>	<u>68,122</u>	<u>255,462</u>	<u>195,100</u>

24. FINANCE COSTS

Interest expense on:				
- Lease liability	8,296	-	-	-
	<u>8,296</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/credited in arriving at loss before tax:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	197,400	173,600	124,000	99,500
- under accrual in prior year	18,400	35,500	14,500	35,500
- non-statutory audit	16,000	14,000	16,000	14,000
Other services				
- Member firms of Baker Tilly International	29,885	41,150	8,850	13,000
Bad debts written off	-	120,230	-	8,028
Depreciation of:				
- investment properties	291,976	291,975	259,863	259,861
- property, plant and equipment	165,224	219,840	74,723	131,968
- right-of-use assets	50,779	2,188	1,050	1,048
Impairment losses on investment in subsidiaries	-	-	1,717,840	-
Property, plant and equipment written off	1,854	2,974	16	2,974
Provision for directors' retirement benefits	188,055	641,509	188,055	641,509
Provision for compensation	435,000	10,319,868	435,000	10,000,000
Fair value loss on financial assets	4,699	4,669	-	-
Expense relating to lease of low value assets	23,400	23,400	10,800	10,800
Expense relating to short-term lease	-	6,000	-	-
Directors' remuneration:				
- fees	136,800	136,800	136,800	136,800
- other emoluments	1,686,269	1,315,656	1,596,269	1,315,656
- employees' provident fund	83,358	52,242	72,558	52,242
- SOCSO and EIS	4,115	2,094	3,595	2,094
Staff costs:				
- salaries, bonuses and allowances	4,181,681	4,107,269	3,025,652	2,993,418
- gratuity	22,260	505,467	-	505,467
- employees' provident fund	432,196	410,923	314,757	293,808
- SOCSO and EIS	52,671	45,465	35,354	31,074
- other staff related expenses	158,663	112,316	123,900	87,384

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. LOSS BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/ credited in arriving at loss before tax (Continued):

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
And crediting:				
Dividend income	190	371	-	-
Fair value gain on financial assets	772	386	-	-
Gain on disposal of property, plant and equipment	100,040	3,199	2,041	3,199
Reversal of impairment losses on investment in subsidiaries	-	-	-	8,630,373
Income from cash management fund	202,591	72,378	190,028	69,539
Realised foreign exchange gain	-	729	-	-
Rental income	573,046	497,352	442,866	397,032
Waiver of debts	50,329	43,041	-	-
Gain on disposal of a subsidiary	-	7,445,430	-	-
Gain on deregistration of subsidiaries	3,211	1,103	-	-
Unrealised gain on fair value changes in other investment	785,084	343,362	663,800	343,362

Directors' remuneration of the Group and of the Company excludes estimated monetary value of benefits in kind of RM41,375/- (2022: RM47,853/-) and RM19,625/- (2022: RM32,353/-) respectively.

26. INCOME TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Income tax:				
- current year	(57,347)	(43,792)	-	-
- prior year	2,788	2,810	-	-
	(54,559)	(40,982)	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax from continuing operations	(6,740,080)	(10,740,674)	(6,178,298)	(6,753,725)
Profit before tax from discontinued operation	-	5,100,012	-	-
	<u>(6,740,080)</u>	<u>(5,640,662)</u>	<u>(6,178,298)</u>	<u>(6,753,725)</u>
Tax at applicable statutory tax rate of 24%	1,617,619	1,353,759	1,482,792	1,620,894
Adjustments:				
- non-taxable income	230,708	3,285,995	160,032	2,170,385
- non-deductible expenses	(172,256)	(3,043,475)	(465,053)	(2,699,890)
- deferred tax not recognised on tax losses and capital allowances	(1,733,418)	(1,640,071)	(1,177,771)	(1,091,389)
- adjustment in respect of current income tax of prior year	2,788	2,810	-	-
Tax expense for the financial year	<u>(54,559)</u>	<u>(40,982)</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deductible temporary differences	(2,520,284)	(2,426,948)	(2,665,660)	(2,542,192)
Unabsorbed capital allowances	(1,033,266)	(988,037)	(234,390)	(175,956)
Unutilised tax losses	<u>(75,357,233)</u>	<u>(68,273,225)</u>	<u>(23,319,602)</u>	<u>(18,594,125)</u>
	<u>(78,910,783)</u>	<u>(71,688,210)</u>	<u>(26,219,652)</u>	<u>(21,312,273)</u>
Potential unrecognised deferred tax assets at 24%	<u>(18,938,588)</u>	<u>(17,205,170)</u>	<u>(6,292,716)</u>	<u>(5,114,945)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. INCOME TAX EXPENSE (CONTINUED)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unutilised tax losses are available for offset against future taxable profits of the Group and the Company up to the following financial years:

Year of assessments	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
2028	42,787,614	42,798,407	-	-
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	5,290,973	5,290,973	4,702,249	4,702,249
2032	6,190,409	6,190,409	3,938,209	3,938,209
2033	7,094,801	-	4,725,477	-
	<u>75,357,233</u>	<u>68,273,225</u>	<u>23,319,602</u>	<u>18,594,125</u>

27. (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	
	2023 RM	2022 RM
(Loss)/Profit attributable to owners of the Company		
- Continuing operations	(6,835,676)	(10,791,887)
- Discontinued operation	-	5,100,012
	<u>(6,835,676)</u>	<u>(5,691,875)</u>
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	(4.47)	(7.05)
- Discontinued operation	-	3.33

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. 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 parties 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	
	2023 RM	2022 RM
Interest income received/receivable from a subsidiary		
- Bandar Subang Sdn. Bhd.	(170,304)	(147,441)
Rental income received/receivable from a subsidiary		
- Farlim Marketing Sdn. Bhd.	(3,000)	(3,000)
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
Redemption of Redeemable Preference Share in a subsidiary		
- Bandar Subang Sdn. Bhd.	-	(500,000)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions (Continued)

Included in the total key management personnel expenses are:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees ⁽¹⁾	136,800	136,800	136,800	136,800
Directors' salaries, bonuses and allowances ⁽²⁾	1,686,269	1,315,656	1,596,269	1,315,656
Key management personnel expenses				
- short term employee benefits	843,496	946,736	694,800	802,240
- post-employment benefits:				
- defined contribution plan	175,353	125,740	145,018	107,458
- gratuity	-	505,467	-	505,467
- provision for directors' retirement benefits ⁽³⁾	188,055	641,509	188,055	641,509

⁽¹⁾ Paid/Payable to Andrew Koay Say Loke, Khairiluanar Bin Abdul Rahman, Adlina Hasni Binti Zainol Abidin, Amran Bin Ahmad and Koay Hooi Lynn.

⁽²⁾ Paid/payable to Tan Sri Dato' Seri Lim Gait Tong, Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther, Yong Yew Wei, Lim Chu Dick and Wong Hon Weng.

⁽³⁾ Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther.

29. SEGMENT 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENT INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

	Property RM	Trading RM	Investment and Others RM	Discontinued Operation RM	Eliminations and Adjustments RM	Consolidated RM
2023						
Revenue						
Sales to external customers	14,740,254	585,898	49,903	-	-	15,376,055
Inter-segment sales	-	-	-	-	-	-
Total revenues	14,740,254	585,898	49,903	-	-	15,376,055
Cost of Sales						
Cost of sales to external customers	11,195,195	565,602	-	-	-	11,760,797
Inter-segment cost of sales	-	-	-	-	-	-
Total cost of sales	11,195,195	565,602	-	-	-	11,760,797
Results						
Segment results	(8,571,302)	(12,441)	(7,326)	-	-	(8,591,069)
Other income	731,392	34,600	983,749	-	-	1,749,741
Finance income (net)	109,544	-	-	-	-	109,544
Finance costs	(8,296)	-	-	-	-	(8,296)
(Loss)/Profit before tax	(7,738,662)	22,159	976,423	-	-	(6,740,080)
Income tax expense	(50,600)	(3,959)	-	-	-	(54,559)
(Loss)/Profit for the financial year	(7,789,262)	18,200	976,423	-	-	(6,794,639)
Other Information						
Segment assets	116,951,122	428,663	28,924,614	-	64,690 A	146,369,089
Segment liabilities	22,201,016	117,703	30,720	-	93,697 B	22,443,136
Capital expenditure	875,846	-	-	-	-	875,846
Depreciation and amortisation	502,996	4,983	-	-	-	507,979
Other significant non-cash items:						
Fair value loss on financial assets	-	-	3,927	-	-	3,927
Unrealised income from cash management fund	-	-	785,083	-	-	785,083
Provision for directors' retirement benefits	188,055	-	-	-	-	188,055
Provision for compensation	435,000	-	-	-	-	435,000
Property, plant and equipment written off	1,854	-	-	-	-	1,854

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

	Property RM	Trading RM	Investment and Others RM	Discontinued Operation RM	Eliminations and Adjustments RM	Consolidated RM
2022						
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	-	-	-	-	68,122
(Loss)/Profit before tax	(18,601,127)	8,162	7,852,291	5,100,003	-	(5,640,671)
Income tax expense	(39,256)	(1,726)	-	-	-	(40,982)
(Loss)/Profit for the financial year	(18,640,383)	6,436	7,852,291	5,100,003	-	(5,681,653)
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
Unrealised income from cash management fund	-	-	343,362	-	-	343,362
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. 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:

	2023 RM	2022 RM
Tax recoverable	64,690	15,951

- B The following item is added into segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2023 RM	2022 RM
Tax payables	57,388	59,773
Deferred tax liabilities	36,309	36,309
	<u>93,697</u>	<u>96,082</u>



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. 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 2023	Effective Equity Interest 2022	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	Dormant
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Not commenced business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
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.

The subsidiary has been struck off on 23 January 2024. As such, the management account had been used for the purpose of consolidation.

^ Held indirectly through Angkatan Wawasan Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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

	Carrying Amount RM	Amortised Cost RM	FVPL RM
2023			
Financial assets			
Group			
Other investments	28,924,613	-	28,924,613
Trade and other receivables [^]	9,823,827	9,823,827	-
Cash and bank balances	5,317,274	5,317,274	-
	<u>44,065,714</u>	<u>15,141,101</u>	<u>28,924,613</u>
Company			
Other investments	27,171,473	-	27,171,473
Trade and other receivables [^]	14,482,843	14,482,843	-
Cash and bank balances	3,923,317	3,923,317	-
	<u>45,577,633</u>	<u>18,406,160</u>	<u>27,171,473</u>
Financial liabilities			
Group			
Trade and other payables	<u>4,623,050</u>	<u>4,623,050</u>	-
Company			
Trade and other payables	<u>3,110,796</u>	<u>3,110,796</u>	-

[^] Exclude advance payment to contractors



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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):

	Carrying Amount RM	Amortised Cost RM	FVPL RM
2022			
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	-
	<u>59,047,053</u>	<u>11,979,841</u>	<u>47,067,212</u>
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	-
	<u>54,217,609</u>	<u>8,676,627</u>	<u>45,540,982</u>
Financial liabilities			
Group			
Trade and other payables	4,297,210	4,297,210	-
Company			
Trade and other payables	2,956,909	2,956,909	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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.

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 account 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.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are 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. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk(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.

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 retain 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. 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 use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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 2023 and 31 December 2022 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
2023						
Contract assets	1,029,423	-	1,029,423	1,029,423	-	1,029,423
Trade receivables						
Current (not past due)	738,034	-	738,034	170,894	-	170,894
1-30 days past due	882,880	-	882,880	882,880	-	882,880
31-60 days past due	193,936	-	193,936	193,936	-	193,936
61-90 days past due	260,163	-	260,163	260,163	-	260,163
More than 90 days past due	831,529	-	831,529	831,529	-	831,529
	2,906,542	-	2,906,542	2,339,402	-	2,339,402
Credit impaired						
Individually impaired	17,312	17,312	-	-	-	-
	2,923,854	17,312	2,906,542	2,339,402	-	2,339,402
Total	3,953,277	17,312	3,935,965	3,368,825	-	3,368,825

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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 2023 and 31 December 2022 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
2022				
Contract assets	1,759,910	-	1,759,910	-
Trade receivables				
Current (not past due)	1,352,303	-	1,352,303	1,316,648
1-30 days past due	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
	2,987,887	-	2,987,887	2,371,974
Credit impaired				
Individually impaired	17,312	17,312	-	-
	3,005,199	17,312	2,987,887	2,371,974
	4,765,109	17,312	4,747,797	4,131,884

Included in trade receivables of RM831,529/- (2022: RM846,614/-) that are past due but not impaired consist mainly of stakeholder sum retained by the stakeholder solicitor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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 2022	-	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/ 31 December 2023	-	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 occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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.

	Carrying amount RM	Contractual cash flows		
		On demand or within one year RM	Between 1 and 5 years RM	Total RM
2023				
Group				
Financial liabilities				
Trade and other payables	4,623,050	4,623,050	-	4,623,050
Lease liability	440,815	105,960	379,719	485,679
Total undiscounted financial liabilities	5,063,865	4,729,010	379,719	5,108,729
Company				
Financial liabilities				
Trade and other payables	3,110,796	3,110,796	-	3,110,796
Total undiscounted financial liabilities	3,110,796	3,110,796	-	3,110,796
2022				
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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 (2022: no transfer in either directions).

The following tables provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

2023	Group	Carrying Amount	Fair value of financial instruments carried at			Fair value of financial instruments not carried at		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
RM	RM	RM	RM	RM	RM	RM	RM	RM
	Financial assets							
	- Quoted shares	35,170	35,170	-	-	-	-	-
	- Investment in bond fund/cash management fund	28,889,443	28,889,443	-	-	-	-	-
	Company							
	Financial assets							
	- Investment in bond fund/cash management fund	27,171,473	27,171,473	-	-	-	-	-
	- Amount owing by a subsidiary	8,050,000	-	-	-	-	8,050,000	8,050,000

331. 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):

2022	Group	Carrying Amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM
			Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
Financial assets									
	- Quoted shares	39,097	39,097	-	-	-	-	-	-
	- Investment in bond fund/cash management fund	47,028,115	47,028,115	-	-	-	-	-	-
Company									
Financial assets									
	- Investment in bond fund/cash management fund	45,540,982	45,540,982	-	-	-	-	-	-
	- Amount owing by a subsidiary	250,000	-	-	-	-	-	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. 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 2023 and 31 December 2022 were as follows:

	Group	
	2023 RM	2022 RM
Total liabilities	22,443,136	21,606,617
Equity attributable to owners of Company	123,628,635	130,464,311
Debt-to-equity ratio (%)	18.15%	16.56%

There were no changes in the Group's approach to capital management during the financial year.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Company had on 23 February 2024 announced that it had been entered into a Share Sale Agreement ("SSA") with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of 175,000 ordinary shares ("Sale Shares") representing a 35% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM5,600,000 representing RM32 per Sale Share.

On 13 March 2024, the Company had announced that the acquisition has been completed whereby the Sale Shares have been transferred and registered in favour of the Company pursuant to Clause 3.3 of the SSA dated 23 February 2024 subsequent to the full payment made referred to in the SSA.

34. COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group and Company	
	2023 RM	2022 RM
Investment properties	473,660	532,867

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. 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 RM10,435,000 as at reporting date.



STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) 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 101 to 168 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 2023 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: 29 March 2024

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 101 to 168 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 29 March 2024.

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 2023 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 material accounting policy information, as set out on pages 101 to 168.

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 2023, 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 directors in measuring the recoverable amount; and
- testing the mathematical computation of the impairment assessment.

Provision for liabilities (Note 4(c) and 19 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD. (CONT'D)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Revenue and expenses recognition for property development business (Note 4(b), 21 and 22 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD. (CONT'D)

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARLIM GROUP (MALAYSIA) BHD. (CONT'D)

(Incorporated in Malaysia)

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 30 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

Ng Jou Yin
No. 03460/11/2025 J
Chartered Accountant

Kuala Lumpur

Date: 29 March 2024



STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Share Capital

Issued and Fully Paid-up : 153,025,613 shares (excluding 15,365,700 treasury shares)
 Class of Shares : Ordinary shares
 Voting Rights : One (1) vote per ordinary share

1. DISTRIBUTION SCHEDULE OF ORDINARY SHARES

<u>Size of Holdings</u>	<u>Shareholders</u>		<u>Holdings</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Less than 100	56	1.323	1,770	0.001
100 to 1,000	115	2.717	35,079	0.023
1,001 to 10,000	3,198	75.549	9,318,078	6.089
10,001 to 100,000	778	18.379	20,544,185	13.425
100,001 to less than 5% of issued shares	85	2.008	53,768,021	35.137
5% and above of issued shares	1	0.024	69,358,480	45.325
Total	4,233	100.000	153,025,613*	100.000

* Excluding a total of 15,365,700 ordinary shares bought back and retained as treasury shares.

2. SUBSTANTIAL SHAREHOLDER

<u>Name of Shareholder</u>	<u>Direct</u>		<u>Indirect</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
Farlim Holding Sdn. Bhd.	69,358,480	45.325	–	–

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 29 MARCH 2024

3. 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	
	No. of Shares	%	No. of Shares	%
The Company				
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	–	–
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	–	–

Note:-

⁽¹⁾ 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 had any interest in shares in the Company and its related corporations.

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 29 MARCH 2024

4. THIRTY LARGEST ACCOUNT HOLDERS OF ORDINARY SHARES

No.	Names of Shareholders	Shareholdings	
		Number	%
1.	Farlim Holding Sdn. Bhd.	69,358,480	45.325
2.	Lim Su Tong @ Lim Chee Tong	4,800,000	3.137
3.	Cantum Apex Sdn. Bhd.	4,341,600	2.837
4.	Bong Hon Liong	4,177,898	2.730
5.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Abdul Fareed Bin Abdul Gafoor</i>	3,694,980	2.415
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeoh Chin Leng (M01)</i>	3,580,600	2.340
7.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Kim Joon (M01)</i>	2,142,700	1.400
8.	Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Witpro Sdn. Bhd. (STA 2)</i>	2,049,600	1.339
9.	Lee Jooi Seng	1,639,400	1.071
10.	Lee Jooi Seng	1,572,100	1.027
11.	Lai Boon Kiat	1,374,000	0.898
12.	Reson Sdn. Bhd.	1,317,600	0.861
13.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Su Ming Yaw</i>	1,200,000	0.784
14.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	1,189,720	0.777
15.	Toh Su-N	1,134,200	0.741
16.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Lai Ee</i>	1,020,000	0.667
17.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt AN for DBS Bank Ltd (SFS)</i>	990,120	0.647
18.	Radiance Perfect Intl. Sdn. Bhd.	984,000	0.643
19.	Tan Siew Luan	818,800	0.535
20.	Yeoh Chin Leng	780,000	0.510
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	758,320	0.496
22.	Lee Hong Choon & Sons Sdn. Bhd.	696,120	0.455
23.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim (8124136)</i>	590,900	0.386
24.	Wong Chian Yong	583,200	0.381
25.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	563,900	0.369
26.	Yeoh Min Chee	510,600	0.334
27.	Ong Yeng Tian @ Ong Weng Tian	498,500	0.326
28.	Ang Huat Beng	446,300	0.292
29.	RPG Beauty Sdn. Bhd.	393,600	0.257
30.	Ta Kin Yan	380,400	0.249
	Total	113,587,638	74.228

LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

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 31-12-23 (RM)
Lot 10632 Mukim Bidor, Daerah Batang Padang, Perak Darul Ridzuan	Leasehold Expiring 2113	Ongoing and Future development	2014	66.88 acres	13,701,169
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 Itam, Pulau Pinang together with 205 car parking bays	Leasehold Expiring 2117	Shoplot & Car Parks Age of Building: 6 years	2020	27,521 sf	4,300,585
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: 23 years	2016	11,909 sf	3,118,267
Mukim Kajang, Daerah Ulu Langat, Selangor Darul Ehsan	Freehold	Vacant Land (Ongoing/ Future Development)	2006	6.36 acres	2,658,799
No 6-6-18 Kompleks Farlim, Lebuhraya Thean Teik, Mukim 13, Bandar Baru Ayer Itam, 11500 Pulau Pinang together with 140 car parking bays	Leasehold Expiring 2106	Bazaar & Car Parks Age of Building: 21 years	2020	18,728 sf	1,867,409
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: 21 years	2009	20,665 sf	1,429,000



LIST OF PROPERTIES (CONT'D)

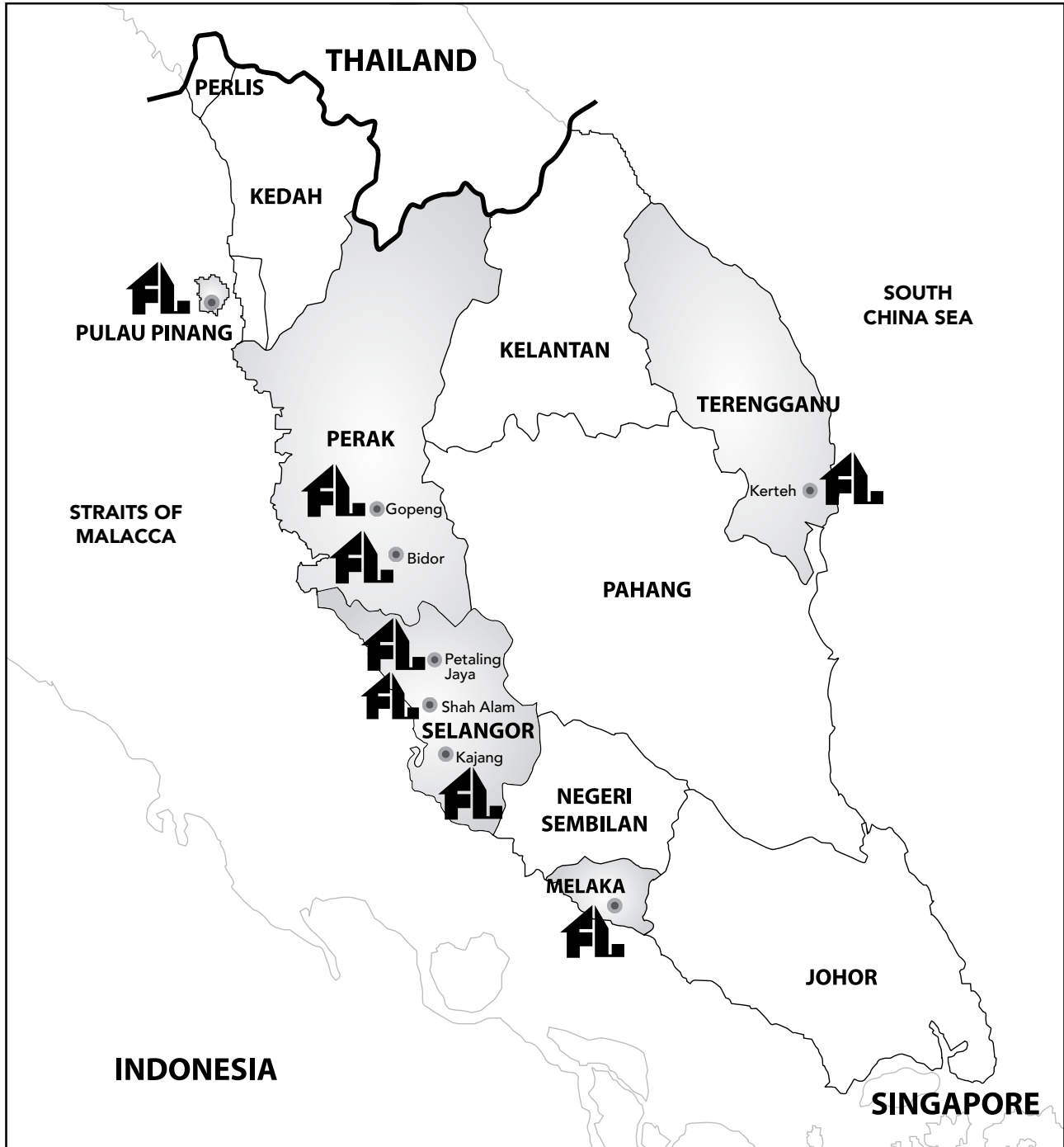
AS AT 31 DECEMBER 2023

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 31-12-23 (RM)
No 5 Lintang Angsana, Bandar Baru Ayer Itam, Penang	Leasehold Expiring 2082	3/S Shophouse (Office Building) Age of Building: 33 years	2012	1,549 sf	684,933
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: 8 years	2020	3,498 sf	690,000
				372.03 acres	43,054,524



LOCATION MAP

AS AT 31 DECEMBER 2023



**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.: _____)
of _____ (Block Letters)

_____ (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-Second 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 Wednesday, 26 June 2024 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 2024 until the conclusion of the Forty-Third Annual General Meeting	Ordinary Resolution 1		
2.	Re-election of the following Directors who are retiring pursuant to Clause 90 of the Company's Constitution:- 2.1 Mr. Lim Chu Dick 2.2 Encik Amran Bin Ahmad 2.3 Miss Koay Hooi Lynn	Ordinary Resolution 2 Ordinary Resolution 3 Ordinary Resolution 4		
3.	Re-election of Tan Sri Dato' Seri Lim Gait Tong who retires as Director pursuant to Clause 106 of the Company's Constitution	Ordinary Resolution 5		
4.	Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration	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 Miss Adlina Hasni Binti Zainol Abidin 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 20 June 2024 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.

Please fold across the lines and close



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

Please fold across the lines and close



FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

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