



**FARLIM GROUP (MALAYSIA) BHD**

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

Building for a

*Brighter Future*



Annual Report 2021



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fortieth Annual General Meeting of the Company will be conducted on fully virtual basis via online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn. Bhd. on Thursday, 23 June 2022 at 11.00 a.m. for the following purposes:-

### Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2021 and the Reports of the Directors and the Auditors thereon. Please refer to Explanatory Note A
2. To approve the payment of Directors' Fees of RM136,800.00 and benefits totalling RM450,000.00 for the period from 1 July 2022 until the conclusion of the Forty-First Annual General Meeting. **ORDINARY RESOLUTION 1**  
(Please refer to Explanatory Note B)
3. To re-elect Encik Khairiluanar Bin Abdul Rahman who retires as Director pursuant to Clause 106 of the Company's Constitution. **ORDINARY RESOLUTION 2**  
  
Mr Lim Chu Dick who also retires as Director pursuant to Clause 106 of the Company's Constitution has given notification not to seek re-election.
4. To re-appoint Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 3**

### Special Business

5. 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."  
  
**ORDINARY RESOLUTION 4**  
(Please refer to Explanatory Note C)
6. To consider and, if thought fit, pass with or without modifications the following resolutions as Ordinary Resolutions:-  
  
"THAT Mr. Koay Say Loke Andrew who has served the Board for a cumulative term of more than nine years from 22 June 2010 be and is hereby retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting."  
  
**ORDINARY RESOLUTION 5**  
(Please refer to Explanatory Note D)  
  
"THAT Encik Khairiluanar Bin Abdul Rahman who has served the Board for a cumulative term of more than nine years from 18 August 2011 be and is hereby retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting."  
  
**ORDINARY RESOLUTION 6**  
(Please refer to Explanatory Note E)

## Notice Of Annual General Meeting (cont'd)

### Other business

7. 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

**Kwong Yook Faan**  
(MAICSA 7031263)  
(SSM PC No. 202008000927)  
Company Secretary

29 April 2022

### Notes:

A member 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 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 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 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 of Bursa Malaysia Securities Berhad a Record of Depositors as at 9 June 2022 and a depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the said Record of Depositors.

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

### Explanatory Notes :

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

- B Ordinary Resolution 1 – 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 totalling RM450,000.00 to the Directors from 1 July 2022 until the conclusion of the Forty-First Annual General Meeting are arrived at basing on that approved by the shareholders at the Thirty-Ninth Annual General Meeting.

## Notice Of Annual General Meeting (cont'd)

### C Ordinary Resolution 4 – Resolution pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 4 proposed under item 5 of the agenda is a renewal of the general mandate given to the Directors of the Company by the shareholders at the Thirty-Ninth Annual General Meeting to allot shares. As at the date of this Notice, no new shares in the Company were allotted pursuant to the said general mandate which will lapse at the conclusion of the forthcoming Fortieth Annual General Meeting.

The said proposed Ordinary Resolution 4, if passed, will give the Directors of the Company, from the date of the above General Meeting, power to allot shares from the unissued capital of the Company for such purposes as the Directors consider would be in the 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 purpose of seeking the said general mandate is to dispense with the need from the date of this Annual General Meeting to the next Annual General Meeting to seek shareholders' approval for allotment of shares as working capital and/or otherwise as and when such need arises. Such general mandate, if given, will save the Company from any delay and cost in convening further general meetings for such purpose.

### D Ordinary Resolution 5 – Retention of Independent Director

Mr. Koay Say Loke Andrew who was appointed as Director of the Company on 22 June 2010 has served as Independent Director for more than nine years.

The Board of Directors has accepted the recommendation by the Nomination Committee of the Company that in view of Mr. Koay Say Loke Andrew's performance as an Independent Director being satisfactory over the years basing on its annual evaluation, Mr. Koay Say Loke Andrew be retained with the following justifications as an Independent Director of the Company:-

1. Mr. Koay Say Loke Andrew displayed independent views without undue influence from others;
2. He possessed confidence and took firm stance in his expression of views on matters dealt with;
3. He is in possession of knowledge with independent views as a professional; and
4. He is the sole Member of the Board who is a lawyer and Accountant.

The proposed Resolution 5 is to seek shareholders' approval and, if passed, will enable Mr. Koay Say Loke Andrew to be retained as an Independent Director of the Company pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

### E Ordinary Resolution 6 – Retention of Independent Director

Encik Khairilnuar Bin Abdul Rahman who was appointed as a Director on 18 August 2011 has served the Company for more than nine years was recommended by the Nomination Committee and accepted by the Board of Directors for his retention as an Independent Director with the following justifications:-

1. Encik Khairilnuar Bin Abdul Rahman discharged his duties conscientiously as an Independent Director;
2. He is free from undue influence in expression of his views; and
3. He has wide experience in serving as an Independent Director with independent views.

The proposed Resolution 6 is to seek shareholders' approval and, if passed, will enable Encik Khairilnuar Bin Abdul Rahman to be retained as an Independent Director of the Company pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

## ADMINISTRATIVE GUIDE FOR THE FORTIETH ANNUAL GENERAL MEETING

Day and Date	:	Thursday, 23 June 2022
Time	:	11.00 a.m.
Online Meeting Platform	:	<a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a> (Domain Registration No. with MYNIC - D6A357657)
Mode of Communication	:	<ol style="list-style-type: none"><li>1. Pose questions to the Board via real-time submission of typed texts at online meeting platform during live streaming of the Annual General Meeting ("AGM")</li><li>2. Shareholders may submit questions in advance on the Annual General Meeting resolutions and Annual Report 2021 commencing from 29 April 2022 and in any event no later than 11.00 a.m., Monday, 20 June 2022 via Boardroom Smart Investor Portal at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using the same user ID and password provided in Step 2 below, and select "SUBMIT QUESTION" to pose questions</li><li>3. Email questions to <a href="mailto:kwongyf@farlim.com.my">kwongyf@farlim.com.my</a> prior to the AGM.</li></ol>

Dear Shareholders,

As a precautionary measure amid the COVID-19 outbreak, the Company's forthcoming AGM will be conducted on a fully virtual basis via Online Meeting Platform, as the safety of our members, Directors, staff and other stakeholders who will attend the AGM is of paramount importance to us.

The conduct of a fully virtual AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("**Revised Guidance Note and FAQs**"). The Revised Guidance Note and FAQs state that in a fully virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management, and shareholders are required to participate in the meeting online.

According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

We strongly encourage you to participate in the fully virtual AGM via the Virtual Meeting Facilities provided to exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

### A. Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on **9 June 2022** (General Meeting Record of Depositors) shall be eligible to participate in the meeting or appoint proxy(ies) to participate on his/her behalf.

### B. Form(s) of Proxy

If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form 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, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting.

Alternatively, you may deposit your proxy form(s) by electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (kindly refer to section E below).

## Administrative Guide For The Fortieth Annual General Meeting (cont'd)

### C. Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic AGM yourself, please write into [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy forty-eight (48) hours before the meeting.

### D. Voting Procedure

All the resolutions set out in the Notice of the AGM will be put to vote by-poll. Poll Administrator will be appointed to conduct the polling process and verify the results of the poll respectively.

During the online AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

For the purposes of this online AGM, e-Voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

The Chairman will announce and declare whether the resolutions put to the vote were successfully carried or otherwise.

In accordance with the Company's Constitution, members are entitled to vote at the online AGM either personally or by proxy, based on the General Meeting Record of Depositors. Any eligible Voting Member unable to participate electronically is entitled to appoint a proxy to participate in the online AGM instead.

### E. Virtual Meeting Facilities



Procedure	Action
<b>Before the day of the AGM</b>	
1. Register Online with Boardroom Smart Investor Portal  (For first time registration only)	<p>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</p> <ol style="list-style-type: none"> <li>Access website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>Click &lt;&lt;<b>Register</b>&gt;&gt; to sign up as a user.</li> <li>Complete registration with all required information Upload and attach softcopy of MyKad (front and back) or Passport in JPEG, PNG or PDF format.</li> <li>Please enter a valid email address and wait for the email verification from Boardroom to complete the registration.</li> <li>Your registration will be verified and approved within one (1) business day and an email notification will be provided. If you are unable to register, please contact Boardroom for assistance (kindly refer to Section H below).</li> </ol>

## Administrative Guide For The Fortieth Annual General Meeting (cont'd)

Procedure	Action
<b>Before the day of the AGM</b>	
2. Submit a request for remote participation	<p>Registration for remote access will be opened on 29 April 2022. Please note that the closing time to submit your request is at 11.00 a.m. on 21 June 2022 (48 hours before the commencement of the AGM).</p> <p><b>Individual Members</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select <b>FARLIM GROUP (MALAYSIA) BHD FORTIETH ANNUAL GENERAL MEETING</b> from the list of Corporate Meetings and click <b>"Enter"</b>.</li> <li>Click on <b>"Register for RPEV"</b>.</li> <li>Read and accept the General Terms &amp; Conditions and click <b>"Next"</b>.</li> <li>Enter your CDS Account Number and thereafter submit your request.</li> </ol> <p><b>Appointment of Proxy – Individual Members</b></p> <ol style="list-style-type: none"> <li>Log in to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>Select <b>FARLIM GROUP (MALAYSIA) BHD FORTIETH ANNUAL GENERAL MEETING</b> from the list of Corporate Meetings and click <b>"Enter"</b>.</li> <li>Click on <b>"Submit eProxy Form"</b>.</li> <li>Read and accept the General Terms and Conditions by clicking <b>"Next"</b>.</li> <li>Enter your CDS Account Number and number of securities held.</li> <li>Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).</li> <li>Indicate your voting instructions – <b>FOR</b> or <b>AGAINST</b> or <b>ABSTAIN</b>. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate <b>DISCRETIONARY</b>.</li> <li>Review and confirm your proxy appointment.</li> <li>Click <b>"Apply"</b>.</li> <li>Download or print the eProxy form as acknowledgement.</li> </ol> <p><b>Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee</b></p> <ol style="list-style-type: none"> <li>Write in to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> by providing the name of the Member and CDS Account Number, accompanied by the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request.</li> <li>Please provide a copy of the Corporate Representative's or Proxy's MyKad (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.</li> </ol>
3. Email notification	<ol style="list-style-type: none"> <li>You will receive notification(s) from Boardroom that your request(s) has/have been received and is/are being verified.</li> <li>Upon system verification against the General Meeting Record of Depositories of 9 June 2022, you will receive an email from Boardroom approving your registration for remote participation together with the Meeting ID and your remote access user ID and password. You will also be notified in the event your registration is rejected.</li> </ol>
<b>On the day of the AGM</b>	
4. Login to Meeting Platform	<ol style="list-style-type: none"> <li>The Meeting Platform will be open for login one (1) hour before the commencement of the AGM.</li> <li>The Meeting Platform can be accessed via one of the following: <ul style="list-style-type: none"> <li>Scan the QR Code provided in the email notification; or</li> <li>Navigate to the website at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a></li> </ul> </li> <li>Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.</li> </ol>



## Administrative Guide For The Fortieth Annual General Meeting (cont'd)

On the day of the AGM	
5. Participate	<p><i>[Note: Please follow the User Guides provided in the confirmation email above to view the live webcast, submit questions and vote.]</i></p> <ol style="list-style-type: none"> <li>If you would like to view the live webcast, select the broadcast icon. </li> <li>If you would like to ask a question during the AGM, select the messaging icon. </li> <li>Type your message within the chat box and once completed, click the send button.</li> </ol>
6. Voting	<ol style="list-style-type: none"> <li>Once polling has been opened, the polling icon will appear with the resolutions and your voting choices until the Chairman declares the end of the voting session.</li> <li>To vote, select your voting direction from the options provided. A confirmation message will appear to indicate that your vote has been received.</li> <li>To change your vote, re-select your voting preference.</li> <li>If you wish to cancel your vote, please press "Cancel".</li> </ol>
7. End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end.

### F. No Distribution of Door Gifts

There will be no distribution of door gifts for shareholders/proxies who join or participate in the virtual AGM.

### G. No Recording or Photography

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

### H. Enquiry

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30. p.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](mailto:bsr.helpdesk@boardroomlimited.com)

### Personal Data Policy

By registering for the remote participation and electronic voting 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 FORTIETH ANNUAL GENERAL MEETING

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

1.0 Director who retires pursuant to Clause 106 of the Company's Constitution seeking re-election at the Fortieth Annual General Meeting is Encik Khairilnuar Bin Abdul Rahman.

Further details of the said Director who is standing for re-election are set out on Page 20 of this Annual Report.

Mr Lim Chu Dick who also retires as Director pursuant to Clause 106 of the Company's Constitution has given notification not to seek re-election.

2.0 Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2021:-

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	6	3/6
4. Mr. Koay Say Loke Andrew	6	6/6
5. Encik Khairilnuar Bin Abdul Rahman	6	6/6
6. Miss Adlina Hasni Binti Zainol Abidin	6	6/6

3.0 The venue, date and time of the Fortieth Annual General Meeting:-

Online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn. Bhd. on Thursday, 23 June 2022 at 11.00 a.m.

4.0 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 Fortieth Annual General Meeting of the Company. Such mandate to be sought is a renewal for issue of securities as and when the need arises. However, no issue of securities had been effected since the Thirty-Ninth Annual General Meeting and as such, no proceeds had been received.

## CORPORATE INFORMATION

### Board of Directors

Tan Sri Dato' Seri Lim Gait Tong (Chairman)  
Datuk Seri Haji Mohamed Iqbal Bin  
Kuppa Pitchai Rawther (Deputy Chairman)  
Lim Chu Dick  
Koay Say Loke Andrew  
Khairilnuar Bin Abdul Rahman  
Adlina Hasni Binti Zainol Abidin

### Audit Committee

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

### Nomination Committee

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

### Remuneration Committee

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

### Risk Management Committee

Koay Say Loke Andrew (Chairman)  
Khairilnuar Bin Abdul Rahman  
Adlina Hasni Binti Zainol Abidin  
Lim Chu Dick

### Secretary

Kwong Yook Faan (MAICSA 7031263)  
(SSM PC No. 202008000927)

### Registered Office

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

### Share Registrars

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

### Auditors

Baker Tilly Monteiro Heng PLT  
(Registration Number: 201906000600)  
(LLP 019411-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

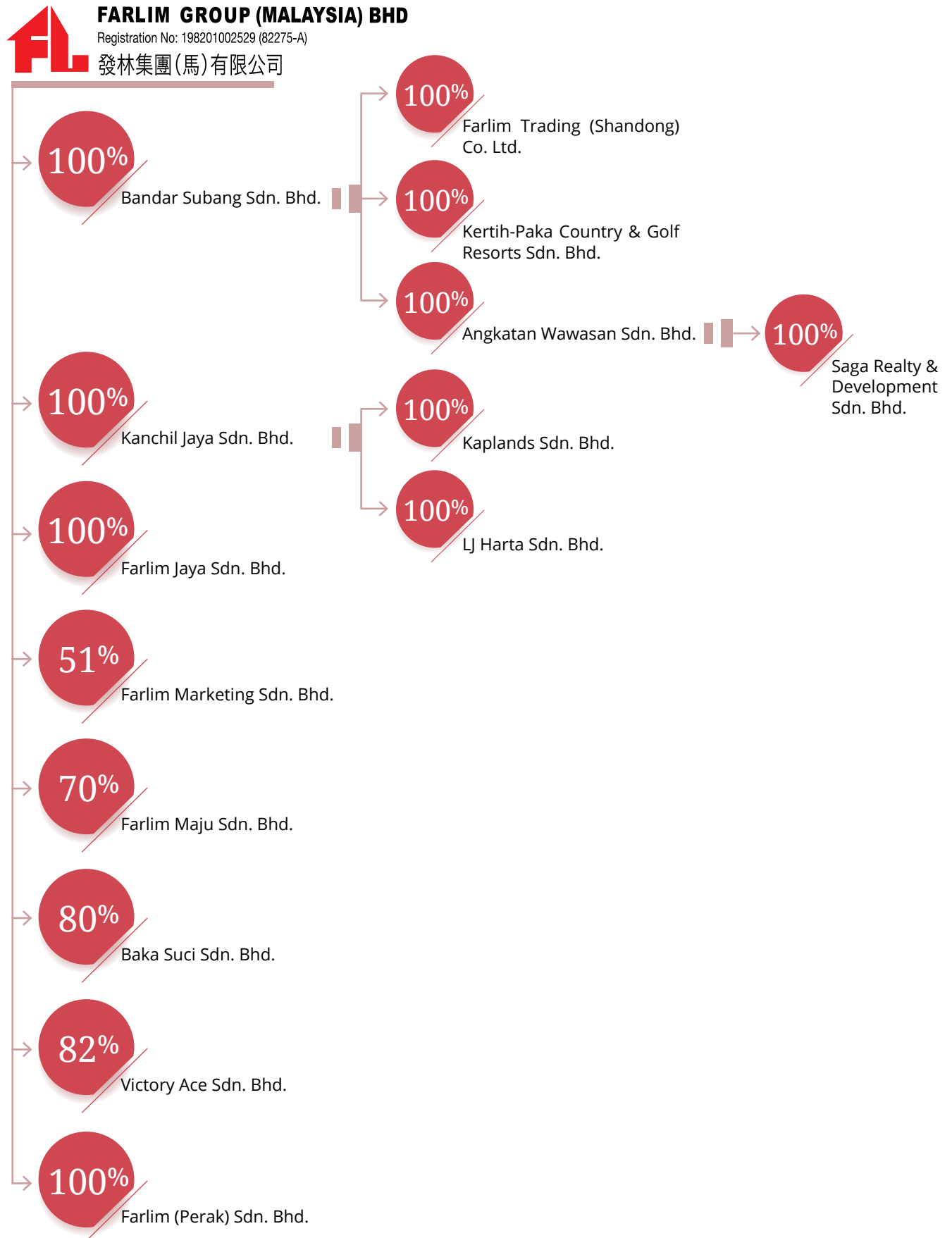
Main Market of Bursa Malaysia Securities Berhad  
Stock name: FARLIM  
Stock code: 6041

### Website

[www.farlim.com.my](http://www.farlim.com.my)

# CORPORATE STRUCTURE

as at 25 March 2022





## FINANCIAL HIGHLIGHTS

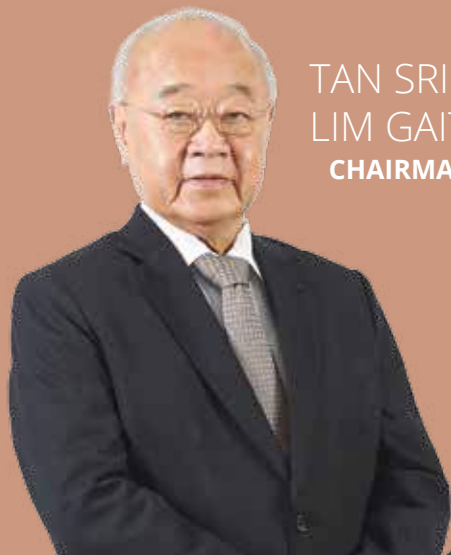
### REVENUE

	2021	2020	2019	2018	2017 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	24,908	28,240	10,838	10,133	26,554
(Loss)/Profit Before Tax	(19,141)	(4,987)	(6,522)	(730)	10,791
(Loss)/Profit After Tax	(19,185)	(5,032)	(6,621)	(744)	7,653
Weighted Average Number of Shares In Issue ('000 shares)	153,026	153,206	166,893	168,391	168,391
Gross (Loss)/Earnings Per Share (sen)	(12.51)	(3.26)	(3.91)	(0.43)	6.41
Net (Loss)/Earnings After MI Per Share (sen)	(12.54)	(3.30)	(3.98)	(0.41)	4.65

### BALANCE SHEETS

	2021	2020	2019	2018	2017 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000
Paid-up Capital	169,042	169,042	169,042	169,042	169,042
Shareholders' Funds	136,828	155,401	161,531	171,189	171,877
Net Tangible Assets	133,858	152,431	158,561	168,219	168,907
Net Tangible Assets Per Share (RM)	0.87	1.00	1.01	1.00	1.00
Net Assets Per Share (RM)	0.89	1.02	1.03	1.02	1.02

## BOARD OF DIRECTORS



TAN SRI DATO' SERI  
LIM GAIT TONG  
**CHAIRMAN**

DATUK SERI HAJI  
MOHAMED IQBAL  
BIN KUPPA PITCHAI  
RAWTHER

**DEPUTY CHAIRMAN**



MR. LIM CHU DICK



MR. KOAY SAY LOKE  
ANDREW



ENCIK KHAIRILANUAR  
BIN ABDUL RAHMAN



MISS ADLINA HASNI  
BINTI ZAINOL ABIDIN



## EXECUTIVE COMMITTEE & AUDIT COMMITTEE

### 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



ENCIK KHAIRILANUAR  
BIN ABDUL RAHMAN



MR. KOAY SAY LOKE  
ANDREW  
**CHAIRMAN**



MISS ADLINA HASNI  
BINTI ZAINOL ABIDIN

## MANAGEMENT COMMITTEE

MADAM OOI POH TIN  
**CHAIRMAN**



MR. CHENG CHEANG TECK



MR. LIM HOCK ENG



MR. KWONG YOOK FAAN





## PROFILE OF DIRECTORS

### TAN SRI DATO' SERI LIM GAIT TONG

*Aged 79, Malaysian, Male*

Executive and Non-Independent  
Also as Chief Executive and a person of the  
Key Senior Management

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



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

Thereafter, from 1969 to 1975, he completed the Taman Evergreen and Taman Goodwood projects in Old Klang Road, Kuala Lumpur. He was instrumental to the development of Taman Cheras Utama project in Cheras, Kuala Lumpur and Taman KKB Utama project in Kuala Kubu Bharu 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., the holding company, in Farlim Group (Malaysia) Bhd. He does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. except Baka Suci Sdn. Bhd. in which he is holding 10,002 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. and Shareholder of its holding company Farlim Holding Sdn. Bhd., spouse of Puan Sri Datin Seri Chin Chew Lin, Director and Shareholder of the said holding company and father of Miss Judy Lim Chu Dee and father-in-law of Mr. Wong Hon Weng, Director and Executive Director respectively of the said holding company. Save as above, he has no family relationship with Directors and major/substantial shareholders of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. 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 2021. 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 78, Malaysian, Male*

Executive and Non-Independent

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 Affaires, 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 major/substantial shareholder of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. 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 2021. He is not among the Independent Directors who make up one-third of the total number of Directors.



## Profile Of Directors (cont'd)

### LIM CHU DICK

*Aged 38, Malaysian, Male*

Executive and Non-Independent

He was appointed as a Director of Saga Realty & Development Sdn Bhd, an indirect subsidiary of Farlim Group (Malaysia) Bhd. on 29 September 2009 and as an assistant to the Chairman & Chief Executive of Farlim Group (Malaysia) Bhd.

He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 22 June 2010. He sits on the Executive Committee, Risk Management Committee and Employees' Share Option Scheme Committee of the Company. He does not hold any Directorship in other public companies. He has deemed interest in 69,358,480 shares through Farlim Holding Sdn. Bhd., the holding company, in Farlim Group (Malaysia) Bhd. He does not hold any shares in the subsidiaries of Farlim Group (Malaysia) Bhd. except Farlim Marketing Sdn. Bhd. with 245,000 shares.

He represented Malaysia as a panelist at the 1st "Young Observers Roundtable discussion" at the BOAO FORUM FOR ASIA 2014.

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 Director and Shareholder of its holding company Farlim Holding Sdn. Bhd., son of Puan Sri Datin Seri Chin Chew Lin, Director and Shareholder of Farlim Holding Sdn. Bhd. and brother of Miss Judy Lim Chu Dee and brother-in-law of Mr. Wong Hon Weng, Director and Executive Director respectively of Farlim Holding Sdn. Bhd. Save as above, he has no family relationship with Directors and major/substantial shareholders of Farlim Group (Malaysia) Bhd.

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. 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 three out of the six Board Meetings held during the financial year ended 31 December 2021. He is not among the Independent Directors who make up one-third of the total number of Directors.





## Profile Of Directors (cont'd)

### KOAY SAY LOKE ANDREW

*Aged 56, Malaysian, Male*

Non-Executive and Independent

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

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

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

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

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

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. He has no convictions for offences within the 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 2021. He is among the Independent Directors who make up one-third of the total number of Directors.





## Profile Of Directors (cont'd)

### **KHAIRILANUAR BIN ABDUL RAHMAN**

*Aged 56, Malaysian, Male*

Non-Executive and Independent

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



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

He has been an Independent and Non-Executive Director of Muar Ban Lee Group Berhad since 30 June 2009 and an Independent and Non-Executive Director and Audit Committee Member of Unimech Group Berhad since 1 October 2013.

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

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

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

He does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. 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 2021. He is among the Independent Directors who make up one-third of the total number of Directors.

## Profile Of Directors (cont'd)

### ADLINA HASNI BINTI ZAINOL ABIDIN

*Aged 56, Malaysian, Female*

Non-Executive and Independent

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



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

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

She was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. on 23 April 2015. She is the Chairman of Remuneration Committee of Directors. She sits on the Audit Committee, Nomination Committee of Directors, 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 major/substantial shareholders of Farlim Group (Malaysia) Bhd.

She does not have any conflict of interest with the Company other than that, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statements for the year ended 31 December 2021. 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 2021. She is among the Independent Directors who make up one-third of the total number of Directors.

## CHAIRMAN'S STATEMENT



“ *I am pleased to present, on behalf of the Board of Directors, the Annual Report and Financial Statements of Farlim Group (Malaysia) Bhd. and its group of companies for the financial year ended 31 December 2021.* ”

The global economy had, after a year of depression brought about by the Covid-19 pandemic, sparked some light for a better year in 2021 with the roll-out of vaccines in the fight to contain the spread of the deadly virus. Notwithstanding the renewed waves of the virus and arrival of new variants which raised concerns for the economic outlook, recovery of the global economy continued with unique policy challenges and strong multilateral efforts. Continued supply shortages and protracted financial stress had, inter alia, affected the advanced and developing economies giving rise to an adverse impact on the world economic landscape in the year 2021.

## Chairman's Statement (cont'd)

In Malaysia, the easing of Covid-19 containment measures and strong external demand conditions in the year 2021 were a positive factor in weathering the economic storm amid the global economic depression. Malaysia was among the countries on the economic recovery path in 2021 with a decline in unemployment rate revitalizing the economic activities of the human capital towards contribution to economic growth. The achievement of 3.1% in 2021 GDP is an encouraging signal to strong economic recovery in Malaysia in the current year.

### ►► Financial Performance

In the year under review, the Group registered a loss before tax of RM19.1 million against the loss before tax of RM5 million for the previous year. The turnover for the year 2021 was RM24.9 million against RM28.2 million in the financial year ended 31 December 2020.

### ►► Dividend

The Board of Directors does not recommend payment of any dividend in respect of the financial year ended 31 December 2021.

### ►► Overview of the Group's Operations

The Group had in the year under review continued working towards development of affordable and quality homes in projects while providing amenities and commercial or other products to serve the community in development projects via construction of low/medium cost residential units to cater for the needs of the lower/middle income group.

In the year 2021, the Group continued its plan to identify new land banks and source new projects as a strategy for improvement of operations of the Group.

### ►► Prospects

The continued global demand coupled with higher private sector expenditure in Malaysia are among the contributing factors to further economic growth. The implementation of Vaccinated Travel Lane is another measure towards enhancement of influx of travelers which gives rise to escalation of economic activities in the country. Measures to revive the tourism industry and the proposed re-opening of borders will further stimulate economic activities and serve as a catalyst for accelerated economic recovery in 2022.

The anticipated entry into endemic phase from that of pandemic will reinforce our belief that speedier economic turnaround in Malaysia in the year ahead is in sight.

### ►► Acknowledgements

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

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

Finally, I would like, on behalf of the Group, to express my gratitude to our valued shareholders, customers and business associates and the authorities for their support rendered to the Group during the year 2021.

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

## PENYATA PENGERUSI

“*Saya, bagi pihak Lembaga Pengarah, dengan sukacitanya mempersembahkan Laporan Tahunan serta Penyata Kewangan untuk Farlim Group (Malaysia) Bhd dan kumpulan syarikat-syarikat bagi tahun kewangan berakhir 31 Disember 2021.*”

Ekonomi antarabangsa berada dalam keadaan merudum selama setahun akibat pandemik COVID-19. Namun, tahun 2021 membawa sinaran harapan dengan pengenalan vaksin untuk menentang penyebaran virus yang berbahaya tersebut. Kini, walaupun virus COVID-19 masih melanda – malah terdapat varian baru yang muncul – dan menimbulkan kebimbangan terhadap suasana ekonomi, ekonomi antarabangsa kian pulih dengan cabaran polisi yang unik dan usaha-usaha pelbagai hala yang kukuh. Kekurangan bekalan yang berterusan serta tekanan kewangan yang berlarutan telah, antara lain, menjejaskan ekonomi-ekonomi maju dan membangun, mengakibatkan impak yang negatif kepada landskap ekonomi dunia pada tahun 2021.

Permintaan luaran yang kuat pada tahun 2021 merupakan faktor yang positif dalam mengharungi ketidakpastian ekonomi pada masa kemelesetan ekonomi dunia. Malah, keadaan ekonomi di Malaysia semakin pulih pada 2021. Penurunan kadar pengangguran dapat mencergaskan aktiviti-aktiviti ekonomi sumber manusia dan seterusnya merangsangkan pertumbuhan ekonomi. Pencapaian KDNK sebanyak 3.1% pada 2021 merupakan tanda yang menggalakkan ke arah pemulihan ekonomi negara yang mantap pada tahun semasa.

### ▶▶ Prestasi Kewangan

Pada tahun yang ditinjau, Kumpulan mencatatkan kerugian sebelum cukai sebanyak RM19.1 juta berbanding dengan kerugian sebelum cukai sebanyak RM5 juta pada tahun sebelumnya. Perolehan bagi tahun 2021 adalah RM24.9 juta berbanding dengan RM28.2 juta pada tahun kewangan berakhir 31 Disember 2020.

### ▶▶ Dividen

Lembaga Pengarah tidak mengesyorkan sebarang bayaran dividen bagi tahun kewangan berakhir 31 Disember 2021.

### ▶▶ Tinjauan Operasi Kumpulan

Pada tahun yang ditinjau, Kumpulan telah meneruskan usaha-usaha projek pembangunan kediaman mampu-milik dan berkualiti sambil menawarkan kemudahan dan komersial atau produk lain yang dapat memanfaatkan komuniti dalam projek-projek pembangunan kediaman kos rendah/serendah untuk memenuhi keperluan golongan berpendapatan rendah/serendah.

Pada tahun 2021, Kumpulan juga meneruskan pelan untuk menambahbaikkan sumber tanah serta memperkenalkan projek-projek baru sebagai strategi untuk menambahbaikkan operasi Kumpulan.

### ▶▶ Prospek-Prospek

Permintaan antarabangsa yang berterusan ditambah dengan perbelanjaan sektor swasta yang lebih tinggi di Malaysia adalah di antara faktor-faktor yang menyumbang kepada pertumbuhan ekonomi. Pelaksanaan Laluan Perjalanan Bervaksin merupakan satu lagi langkah yang akan menggalakkan kemasukan pengembara dan seterusnya merangsangkan peningkatan aktiviti-aktiviti ekonomi di dalam negara. Langkah-langkah untuk menghidupkan semula industri pelancongan dan cadangan pembukaan semula sempadan akan mempertingkatkan lagi aktiviti-aktiviti ekonomi dan menjadi pemangkin bagi pemulihan ekonomi pada 2022.

Pelaksanaan fasa endemic turut memperkukuhkan kepercayaan kami bahawa ekonomi negara Malaysia akan kian mantap pada tahun berikut.

### ▶▶ Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin melafazkan penghargaan kepada pihak pengurusan dan kakitangan Farlim Group (Malaysia) Bhd. serta kumpulan syarikat-syarikat atas kerja keras dan sumbangan mereka pada tahun yang ditinjau.

Saya juga ingin mengucapkan terima kasih kepada para Pengarah atas komitmen mereka sepanjang tahun ke arah mencapai objektif-objektif korporat.

Akhir sekali, saya, bagi pihak Kumpulan, turut berterima kasih kepada para pemegang saham, pelanggan dan rakan perniagaan serta pihak-pihak berkuasa berkenaan atas sokongan mereka pada tahun 2021.

**Tan Sri Dato' Seri Lim Gait Tong**  
*Pengerusi*



## 主席献词

“我很高兴代表董事会，提呈发林集团（马）有限公司及属下载至2021年12月31日的常年报告和财务结册。”

因新冠病毒肆虐而导致经济萧条一年之后，全球经济在2021年，由于疫苗的推出而遏制了这种致命病毒的传播，已带来了一些曙光。尽管病毒新浪潮和新变种病毒的出现，对经济前景造成了担忧，然而全球经济面临独特政策的挑战和在强劲的多方面努力下，仍然持续复苏。其中，不断的供应短缺和长期的金融压力，影响了发达和发展中的经济体，对2021年的世界经济格局产生了不利的影响。

在马来西亚，2021年新冠病毒遏制措施的松解和外圍需求的强劲，乃是马来西亚在全球经济萧条中度过经济风暴的正面因素。马来西亚乃是2021年处于经济复苏轨道的其中一个国家。失业率之下降和人力资源的经济活动，对马来西亚令人振奋的经济增长作出了贡献。马来西亚于2021年的国民生产总值增长率为3.1%，这令人鼓舞的增长率，显示马来西亚今年的经济正在强劲的复苏中。

### ►► 财务表现

在过去一年，本集团蒙受一千九百一十万令吉的税前亏损，而前一年的税前亏损为五百万令吉。本集团在2021年取得两千四百九十万令吉的营业额，而截至2020年12月31日财政年度的营业额为两千八百二十万令吉。

### ►► 股息

董事会建议在截至2021年12月31日的财政年度不派发股息。

### ►► 集团营运总观

本集团在过去一年继续致力在发展项目中兴建可负担及优质房屋，同时提供便利设施及商业或其他建设，通过兴建中低价住宅单位的发展项目为社区服务，以迎合中低收入群体的需求。

在2021年，本集团继续推行其提升土地储备和寻觅新项目的策略，以强化本集团的运营力度。

### ►► 前景

全球需求的持续以及私人界消费之增加，乃是马来西亚推动经济进一步增长的因素之一。接种旅行道的实施以增加旅客涌入，为另一项提升本国经济活动的措施。振兴旅游业的措施和拟议的边境重新开放，将进一步刺激经济活动，并成为2022年加速经济复苏的催化剂。

大流行性疫情预料转为地方性阶段，将加强我们的信念，即马来西亚未来一年的经济将更快好转。

### ►► 鸣谢

我谨代表董事会，感谢发林集团（马）有限公司及其属下公司的管理层和员工在过去一年勤奋工作和对集团作出贡献。

我亦对公司董事在这一年里为实现我们的企业目标作出承担表示谢意。

最后，本人代表集团感谢我们的股东、客户和商业伙伴以及有关当局在2021年对本集团的支持。

丹斯里拿督斯里林玉唐  
董事主席兼总裁

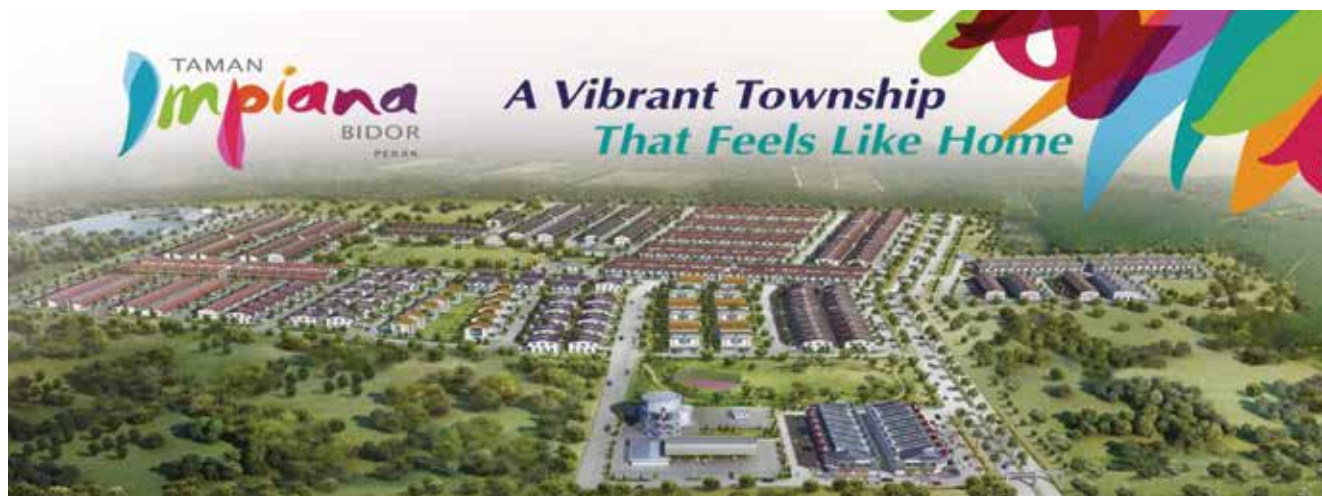
# MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE

## 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 developments in Selangor and Perak.
- The main thrust of the Group's activities is the development of a new township known as Bandar Baru Ayer Itam in Penang island. The township is located in a targeted growth area, 4.8 km from Georgetown. It represents the single largest development undertaken by a private sector developer in Penang island, covering 356 acres and comprising more than 13,000 residential and commercial units. Bandar Baru Ayer Itam has been transformed into a fully integrated township which comprises a commercial centre offering various services like hypermarket, banks, pharmacies, clinics, restaurants, post office, petrol kiosks, kindergartens, police station and many others. The development in the Bandar Baru Ayer Itam township is expected to be fully completed by 2026.
- The acquisition of 92.74 acres of land in Bidor, Perak marked the Group's maiden venture into the state of Perak. We pride ourselves in our endeavor to provide quality and affordable housing in Perak.

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



Artist impression of Taman Impiana Bidor, Perak.

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

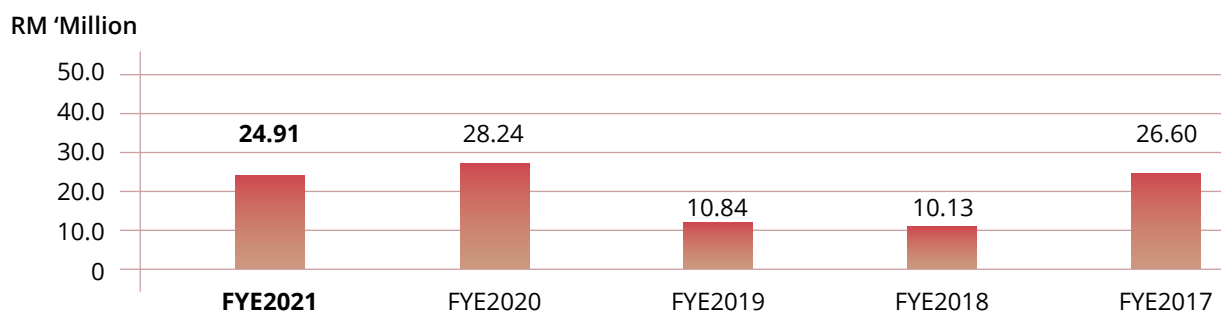
## Management Discussion & Analysis Disclosure (cont'd)

### Highlights of Group Financial Information

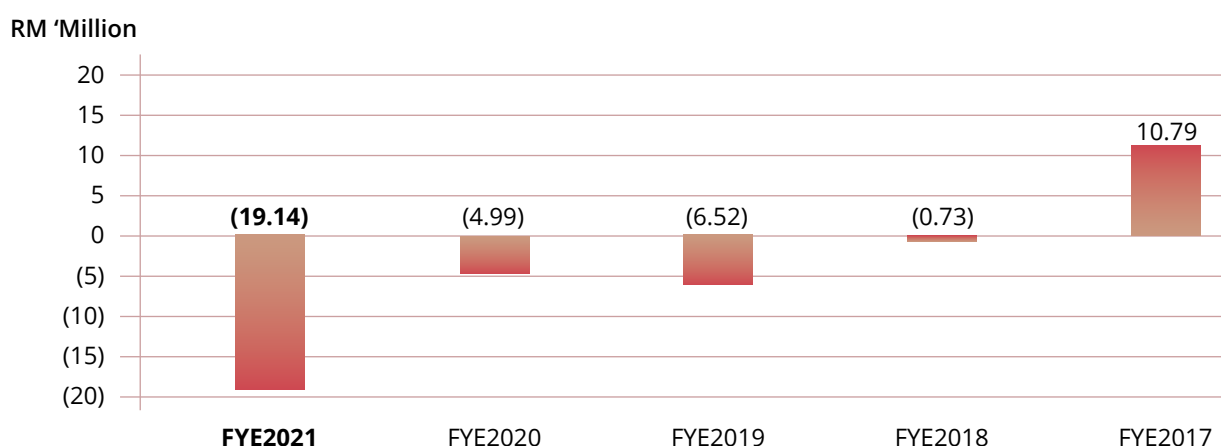
#### Financial

Particulars	Year 2021	Year 2020	Year 2019	Year 2018	Year 2017
Revenue (RM'000)	<b>24,908</b>	28,240	10,838	10,133	26,554
(Loss)/Profit before tax (RM'000)	<b>(19,141)</b>	(4,987)	(6,522)	(730)	10,791
Finance costs (RM'000)	-	-	2	38	22
Net (loss)/profit (RM'000)	<b>(19,185)</b>	(5,032)	(6,621)	(744)	7,653
Shareholders' equity (RM'000)	<b>136,828</b>	155,401	161,531	171,189	171,877
Total assets (RM'000)	<b>148,623</b>	167,860	172,974	184,587	186,337
Borrowings (RM'000)	-	-	-	83	389
Total Liabilities (RM'000)	<b>11,545</b>	11,765	10,770	11,578	12,583
Debt/Equity (%)	<b>8.44</b>	7.57	6.67	6.76	7.32
(Loss)/Earnings per share (Sen)	<b>(12.54)</b>	(3.30)	(3.98)	(0.41)	4.65
Net assets per share (RM)	<b>0.89</b>	1.02	1.03	1.02	1.02
Dividend per share (Sen)	-	-	-	-	-

#### Revenue

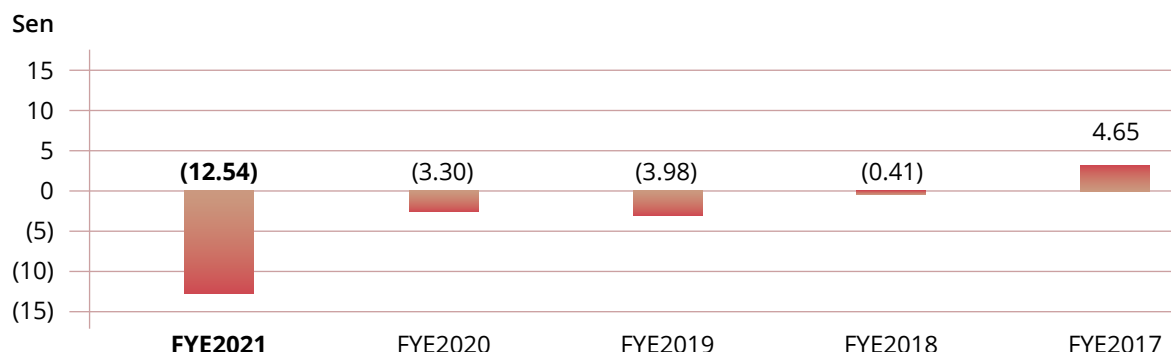


#### (Loss)/Profit Before Tax



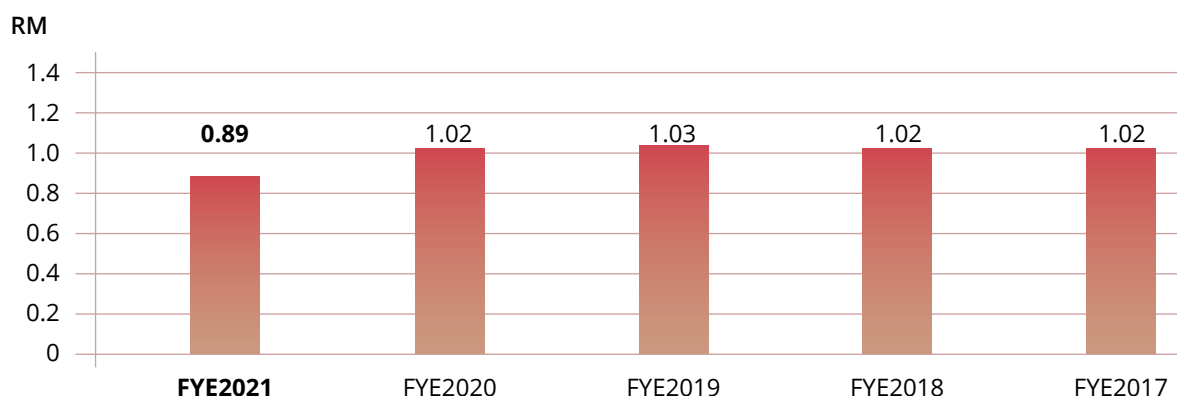
## Management Discussion & Analysis Disclosure (cont'd)

### (Loss)/Earnings Per Share



Loss per share for the financial year 2021 is calculated based on weighted average number of ordinary shares of 153,025,613 after taking into account of treasury shares.

### Net Assets Per Share



### Share performance

	Year 2021	Year 2020	Year 2019	Year 2018	Year 2017
Year High (RM)	0.375	0.360	0.400	0.520	0.640
Year Low (RM)	0.215	0.165	0.320	0.340	0.475
Year close (RM)	0.250	0.295	0.335	0.375	0.500
Market capitalization (RM'000) (as at financial year end)	38,256	45,143	52,450	63,147	84,196

(Source : [klse.i3investor.com](http://klse.i3investor.com))

The net assets per share and market capitalisation for the financial year 2021 is computed based on the ordinary shares of 153,025,613 after deducting 15,365,700 treasury shares of the Company.

## 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 2021 of RM24.908 million decreased by 11.80% as compared to the revenue of RM28.240 million for the previous financial year. The decrease in revenue of RM3.332 million was mainly attributable to the weaker performance of the Group's property segment as a result of the prolonged Covid-19 pandemic.

## Management Discussion & Analysis Disclosure (cont'd)

The Group's property segment contributed RM19.633 million equivalent to 78.82% of the Group's total revenue of RM24.908 million. The balance of the revenue was attributable to the trading segment from the supply of building materials to in-house contractors and sale of inventories by a wholly-owned subsidiary in the People's Republic of China (PRC).

### (ii) Loss Before Tax and Expenses

The Group's loss before taxation for financial year 2021 of RM19.141 million represented a 283.82% increase as compared to the loss before tax of RM4.987 million for the previous financial year. The increase in loss before taxation was mainly attributable to the inventories written off of RM7.386 million and impairment loss on trade receivables of RM5.713 million by a wholly-owned subsidiary in the PRC.

The Group's administrative expenses decreased by RM0.382 million to RM10.271 million during the year as compared to the administrative expenses of RM10.653 million in the previous financial year. The decrease was due to the cost management initiatives undertaken by the Group.

### (iii) Assets

#### Investment in subsidiary

In the financial year 2021, the Company has subscribed for a total of 400,000 redeemable preference shares in a wholly-owned subsidiary for a total consideration of RM400,000.

#### Inventories

The Group's non-current inventories of RM52.493 million was entirely attributable to the land held for development and development expenditure incurred for the development projects which are in the pipeline.

Included in the Group's current inventories of RM22.480 million were land held under development and development expenditure incurred of RM12.782 million representing 56.86% of the Group's current inventories for projects that have already commenced construction works and are planned or expected to be launched in 2022. The balance of RM9.698 million, equivalent to 43.14% of the Group's current inventories, comprises unsold completed properties.

#### Trade Receivables

Trade receivables decreased by RM1.779 million to RM4.148 million during the financial year, representing a 30.02% decrease as compared to trade receivables of RM5.927 million in the previous financial year. This was primarily due to the weaker performance of the Group's property segment for the Group's residential project in Bidor, Perak and also the completion of the residential project in Bukit Cherakah, Shah Alam, Selangor in the 3rd quarter of 2021.

RM2.339 million equivalent to 56.39% of the total trade receivables are receivables pending disbursement from end financiers. 36.28% equivalent to RM1.505 million of the total trade receivables of RM4.148 million are stakeholder funds retained by solicitors.

#### Other Investments

The Group's other investment comprises mainly of investment in cash management fund with investment management companies. During the financial year, the Group's other investments decreased by RM3.920 million to RM41.456 million, representing a 8.64% decrease as compared to other investments of RM45.376 million in the previous financial year. This was primarily due to the realisation of the other investments for working capital purposes.



## Management Discussion & Analysis Disclosure (cont'd)

### **Cash & Bank Balances**

The Group's cash and bank balances decreased by RM1.121 million to RM5.478 million in the current financial year, representing a 16.99% decrease as compared to cash and bank balances of RM6.599 million in the previous financial year. The Group's cash and bank balances comprises substantially of cash held under the Housing Development Accounts of the residential project in Bidor, Perak and the residential project in Bukit Cherakah, Shah Alam, Selangor.

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

### **(iv) Liabilities**

#### **Trade and Other Payables**

The Group's trade and other payables decreased by 17.81% from RM6.464 million in the previous financial year to RM5.313 million in the current financial year. The trade and other payables comprises mainly of the construction works payable of RM1.633 million and retention sum payable of RM1.183 million for the Group's existing residential project in Bidor, Perak and the residential project in Bukit Cherakah, Shah Alam, Selangor. In addition, there were also amount owing to directors of RM0.745 million, other payables of RM1.159 million and some accrual of administrative expenses amounting to RM0.593 million incurred for the financial year 2021.

### **(v) Capital Structure and Capital Resources**

The Group has no borrowings as at the financial year 2021. 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.

## **3. REVIEW OF OPERATING ACTIVITIES**

### **Taman Impiana Bidor, Perak**

- Despite the weak property market sentiments as a result of the prolonged Covid-19 pandemic, the Group managed to achieve the following :
  - (i) Completion of Phase 5A comprising 15 units of 2-storey shophouse with Certificate of Completion and Compliance (CCC) issued in October 2021.



*Phase 5A, 2-Storey Shophouse, Taman Impiana Bidor, Perak. (CCC was obtained on 27 October 2021)*

## Management Discussion & Analysis Disclosure *(cont'd)*

- (ii) Completion of the construction work for Phase 2A and Phase 3A project comprising a total of 80 units of single storey medium cost terrace houses and CCC was obtained on 10 January 2022.



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

- (iii) Phase 3B comprising 51 units of single storey affordable terrace houses was launched in the 2nd quarter of 2021 and construction work is in progress.



*Phase 3B, Single Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak. (Roof truss and roof finishing work in progress)*

### **U10 Subang Impian, Shah Alam, Selangor**

Located at Bukit Cherakah, Shah Alam, the low density U10 Subang Impian residential project offering a total of 20 units of 2-storey terrace houses and 12 units of 3-storey terrace houses were launched in the 3rd quarter of 2019. The U10 Subang Impian is a guarded development designed to provide residents comfortable living and modern lifestyle.

In August 2021, CCC for the whole project was obtained and the Group had delivered vacant possession to the house owners.

## Management Discussion & Analysis Disclosure (cont'd)



2-storey terrace houses, U10 Subang Impian, Bukit Cherakah, Selangor. (CCC was obtained on 17 August 2021)



3-storey terrace houses, U10 Subang Impian, Bukit Cherakah, Selangor. (CCC was obtained on 17 August 2021)

### **Trading Activities – Farlim Trading (Shandong) Co.Ltd**

The principal activities of Farlim Trading (Shandong) Co Ltd ("FTSCL"), a wholly-owned subsidiary incorporated in the People's Republic of China (PRC) is trading in building materials.

During the financial year, FTSCL managed to sell its inventories to various parties amounting to RM5.713 million. As these parties have not paid for the inventories sold based on the terms and conditions of the contract of sale, FTSCL has provided an impairment on these trade receivables amounting to RM5.713 million. However, all efforts will be made to recover from the trade debtors.

In view of unforeseen circumstances, FTSCL has written off the balance of inventories amounting to RM7.386 million due to obsolete inventories.



## Management Discussion & Analysis Disclosure (cont'd)

### **Property Developments In The Pipeline**

- The Group has geared up the development of Phase 3C and Phase 4A of the Taman Impiana Bidor project comprising a total of 48 units of single storey affordable terrace houses and 78 units single storey terrace houses which are targeted to be launched in the 1st quarter of 2022 and the 3rd quarter of 2022 respectively. The foundation works for Phase 3C has commenced and the construction work for Phase 4A will be scheduled to commence upon obtaining the necessary approvals from the relevant authorities.



*Phase 3C, Single Storey Affordable Terrace Houses, Taman Impiana Bidor, Perak. (Construction works in progress)*

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



*2-storey semi-detached houses at BBAI, Penang (Foundation works in progress)*

Meanwhile, the revised planning permission and building plan for the development of 48 units condominium in BBAI, Penang is expected to be obtained in the 3rd quarter of 2022.

- A wholly-owned subsidiary of the Group has obtained building plan for approval to develop 23 units of 2-storey terrace houses in Saujana Impian, Kajang, Selangor. Barring any unforeseen circumstances, the project is expected to be launched in the 3rd quarter of 2022 and construction works are scheduled to commence upon obtaining approvals from the relevant authorities.

## Management Discussion & Analysis Disclosure (cont'd)

- The Group has commenced some infrastructure works for the development of the proposed housing development on its 96.8 acres of land in Mukim Teja, Daerah Kampar, Perak.

### 4. ANTICIPATED OR KNOWN RISKS

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

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

### 5. FORWARD LOOKING STATEMENT

The Group is of the view that business conditions will likely to remain challenging in the financial year 2022 with uncertainties continuing to cloud the local economy and the property sector is not spared.

Nevertheless, in anticipation of the gradual recovery of the economy and the new norm in our business operations, the Group endeavors to be vigilant and adopt a more dynamic approach in our marketing strategies to reach out to consumers and our stakeholders.

For the financial year 2022, the Group pivot its focus to further address the housing needs of Malaysians and to continue developing quality and affordable houses.

Moving forward, the Group will continue with our prudent approach towards managing our capital resources and enhancing efficiency in our operations as a key to ride through the financial year 2022 as sustainability would be a priority and at the same time continue to look out for potential growth and compelling land bank opportunities for future expansion.

### 6. DIVIDEND POLICY

No dividend was paid in the year 2021 as the Board of Directors did not recommend the payment of any dividends in respect of the financial year ended 31 December 2020. The Board of Directors does not recommend the payment of any dividends in respect of the financial year ended 31 December 2021.

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

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



# AUDIT COMMITTEE REPORT

## 1. THE AUDIT COMMITTEE

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

The members during the financial year ended 31 December 2021 and as at the date of this Annual Report are as follows:-

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

Encik Khairilnuar Bin Abdul Rahman  
*Non-Executive Independent Director*

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

The Secretary to the Audit Committee is as follows:

Mr. Kwong Yook Faan  
*Company Secretary*

## 2. MEETINGS AND ATTENDANCE

The Audit Committee meets periodically to carry out its functions and duties in accordance with its terms of reference. The Audit Committee held a total of five meetings during the financial year ended 31 December 2021, with details of attendance at each meeting as follows:

Names of Committee Members	No. of Meetings	
	Held*	Attended
Mr. Koay Say Loke Andrew	5	5/5
Encik Khairilnuar Bin Abdul Rahman	5	5/5
Miss Adlina Hasni Binti Zainol Abidin	5	5/5

\* On 25 February 2021, 25 March 2021, 31 May 2021, 25 August 2021 and 25 November 2021

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

For the financial year ended 31 December 2021, the Audit Committee discharged its functions and duties accordingly. The main areas of work undertaken by the Audit Committee were as follows:-

- Reviewed the quarterly financial results on a consolidated basis and made recommendations to the Board of Directors for approval prior to release of the results to Bursa Malaysia Securities Berhad;
- Reviewed the annual audited financial statements of the Group/Company and made recommendations to the Board of Directors for approval prior to presentation to the shareholders at Annual General Meeting;
- Reviewed the Internal Audit Plan;
- Reviewed with the External Auditors, the Audit Plan;
- Reviewed with the External Auditors, the Audit Committee Memorandum;
- Reviewed with the Internal Auditors, the Internal Audit Reports;
- Assessed the suitability, objectivity and independence of External Auditors pursuant to Practice 9.3 of Malaysian Code on Corporate Governance 2021; and
- Reviewed the Audit Committee Report and such other documents required pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## Audit Committee Report (*cont'd*)

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

The Audit Committee in the discharge of its functions and duties as set out above for the financial year ended 31 December 2021 has met its responsibilities.

### **4. SUMMARY OF THE WORK OF INTERNAL AUDIT FUNCTION**

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

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

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

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

- i. Handover of vacant possession and project management in relation to Taman Impiana Bidor, Perak;
- ii. Corporate Liability Review;
- iii. Purchasing and Billing; and
- iv. Handover of vacant possession for Subang Impian project, Shah Alam, Selangor Darul Ehsan.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company, in provision of a summary of the corporate governance practices of the Company during the financial year ended 31 December 2021 with reference to the following three Principles pursuant to Practice Note 9 Part 1 Paragraph 3.1A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, is pleased to furnish herewith the relevant information in relation thereto:-

1. Board leadership and effectiveness;
2. Effective audit and risk management; and
3. Integrity in corporate reporting and meaningful relationship with stakeholders.

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

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

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

## **Principle 1 - Board leadership and effectiveness**

The Board of Directors is 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.

1. Size, composition, gender and nomination as set out in the Board Charter of the Company

The size of the Board is stipulated in the Constitution of the Company. The size of the Board is determined based on the credential, knowledge and experience needed for effective functioning of the Board as well as the regulator's requirements on independent directors.

Appointment of the Board and Senior Management is based on objective criteria and with due regard to diversity of skills, experience, age, cultural background and gender. In identifying candidates for appointment of Directors, the Board will consider the recommendations from existing Board Members, Management or Major Shareholders or utilise external sources to identify suitably qualified candidates.

For selection of candidates based on recommendations, if any, made by existing Board Members, Management or Major Shareholders, the Nomination Committee will explain why these sources suffice and other sources are not used.

The Board acknowledges the importance of gender diversity in its composition. In its selection of Board members, the Board provides equal opportunity to all candidates who meet its selection criteria.

All new Directors appointed to the Board shall undertake a formal induction program coordinated by the Nomination Committee.

2. Roles and responsibilities of the Board as set out in the Board Charter of the Company

All Directors should objectively discharge their duties and responsibilities at all times in the interests of the Group and should keep abreast of their responsibilities as Directors and of the conduct, business activities and development of the Group.

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

- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Group, and monitor their implementation;

## Corporate Governance Overview Statement (*cont'd*)

### Principle 1 - Board leadership and effectiveness (*cont'd*)

- ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess Management's performance to determine whether the Group's business is being properly managed;
- ensure that there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;
- assess and set the risk appetite within which Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and 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; and
- ensure the integrity of the Group's financial and non-financial reporting.

### 3. Position descriptions of the Board Members as set out in the Board Charter of the Company

#### 3.1 Chairman & Chief Executive and Deputy Chairman & Executive Director

The primary roles of the Chairman & Chief Executive and Deputy Chairman & Executive Director are:

- To provide leadership to the Board and effective communication of the Group's vision, philosophy and business strategy to stakeholders;
- 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 Board Members receive complete and accurate information in a timely manner;
- To lead Board meetings and discussions;
- To encourage active participation of all Board Members and to allow dissenting views to be freely expressed;
- To liaise with the Company Secretary on the agenda for Board meetings;
- To manage the interface between Board and Management;
- 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; and
- To chair general meetings of shareholders and serve as a focal point for stakeholders' communication and engagement on Group's performance issues.

#### 3.2 Executive Director

The key responsibilities of the 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;
- To develop, maintain and recommend to the Board the risk management action plans that support the Group's long-term strategy;
- To keep Board fully informed of all important aspects of the Group's operations and to ensure that sufficient information is distributed to Board Members; and
- To ensure that day-to-day business affairs of the Group are effectively managed.

# Corporate Governance Overview Statement *(cont'd)*

## Principle 1 - Board leadership and effectiveness *(cont'd)*

### 3.3 Independent Directors

The primary responsibility of Independent Directors is to ensure effective check and balance in the Board by:

- Bringing independent and objective judgement to the Board;
- Mitigating risk 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.

Independent Director of the Board must fulfil the provisions and definition of Independent Director of the Listing Requirements at all times and must declare their independence to the Board annually.

When Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval through a two-tier voting process in the AGM.

### 4. Conflict of interests as set out in the Board Charter of the Company

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Group's interest.

Should there be actual, potential or perceived conflict of interests between the Group and Board Members or person connected with the Board Members such as spouse, other family members, or a related company, the interested Board Member shall make full disclosure in bona fide and act honestly in the best interests of the Group and shall not participate in deliberations and shall abstain himself/herself from casting his/her vote in any matter arising thereof.

### 5. Company Secretary as set out in the Board Charter of the Company

The Company Secretary plays an important role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practices.

The roles and responsibilities of the Company Secretary include, but 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 Director training and development;
- Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements and companies act;
- Manage processes pertaining to annual shareholder meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

In order to carry out his function effectively, Company Secretary should possess the knowledge and experience covering the knowledge in company and securities law, finance, governance, company secretaryship and listing requirements and undertake continuous professional development.

### 6. Matters and decisions reserved for the Board as set out in the Board Charter of the Company

In order to ensure that the direction and control of the Group is within the Board's hands firmly, the following list of matters shall be reserved to the Board for decision:



## Corporate Governance Overview Statement (*cont'd*)

### Principle 1 - Board leadership and effectiveness (*cont'd*)

- Corporate exercise;
- Business strategy and sustainability issues;
- Contracts, transaction, investment and divestment exceeding 5% of total assets;
- Performance review, remuneration, succession and appointment of Directors and key senior executives;
- Shareholders' communication and matters; and
- Board Policies and governance matters.

These matters reserved shall be communicated to all Directors, Company Secretary, Internal Auditors, External Auditors and the Senior Executives. Management shall familiarise and observe the matters reserved to the Board. Management shall not make decision within those matters and must undertake to provide adequate, timely and quality information to the Board for making its decision.

#### 7. Meetings and minutes as set out in the Board Charter of the Company

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

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

All 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 as and when the need arises. Non-Executive Directors may hold meeting in the absence of Management on a periodic basis.

Personal attendance of Board Members at meetings is preferred. But, the Board and Board Committees may hold meetings at two or more venues using technology that gives all members of the Board or the Board Committees a reasonable opportunity to participate in the meeting. On the other hand, Board may also pass its resolution by way of circular.

To facilitate robust Board discussions, the Company Secretary should ensure that Directors are provided with sufficient information and time to prepare for Board meetings. The meeting materials should be circulated at least five (5) business days in advance of the Board meeting. In case where the subject matter/agenda item is price sensitive or otherwise confidential or in a state of flux, the materials/report/papers will be presented at the meeting. All Board Members should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

#### 8. Access of information and resources as set out in the Board Charter of the Company

All Board Members shall have full and unrestricted access to:

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

Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by Management is insufficient, the Board may make further enquiries, to which the Management responsible shall respond accordingly.

## Corporate Governance Overview Statement (*cont'd*)

### Principle 1 - Board leadership and effectiveness (*cont'd*)

#### 9. Relationship between Board and Management as set out in the Board Charter of the Company

Except for matter relating to operation of Board Committees or duties of the Company Secretary, the ordinary course of communications between the Independent and Non-Executive Directors and the Senior Management should be through Chairman & Chief Executive, Deputy Chairman & Executive Director or other Executive Directors.

#### 10. Performance appraisal as set out in the Board Charter of the Company

Regular reviews of Directors' effectiveness and performance are important for Board improvement. The Board shall review and evaluate each Director's performance, its own performance and the performance of its Committees at least once a year. When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in this Board Charter. The Board shall disclose how the assessment is carried out and its outcome.

All Board related performance appraised shall be administered and conducted by the Nomination Committee who shall then report back to the Board. Based on the result of appraisal, the Nomination Committee should assist the Board to undertake assessment of the training needs of each Board Member and recommend the appropriate educational/training programmes to the respective Board Members to equip themselves with the relevant knowledge.

#### 11. Continuing Education Program and training as set out in the Board Charter of the Company

All Board Members are expected to undertake continuing professional education to enable them to discharge their duties effectively. Members of the Audit Committee and Risk Management Committee should undertake continuous professional development in accounting and auditing standards, practices and rules.

Management, Company Secretary, Internal and External Auditors would brief the Board on changes in the legislative, regulatory or industry framework which impact the Group. However, such briefings are not a substitute for the Director trainings for seeking continuous knowledge of the changes in the market regulations.

#### 12. Remuneration as set out in the Board Charter of the Company

The Remuneration Committee is delegated with the responsibility by the Board to recommend to the Board the remuneration packages of the Executive Directors and Non-Executive Directors and Senior Management in all its forms, drawing from outside advice as appropriate.

The Remuneration Committee shall implement the remuneration policies and procedures defined by the Board and review and recommend any matters relating to the remuneration of the Board and Senior Management to the Board.

#### *Current status of Board composition and meetings*

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

The Board composition has taken into account adequate mix of skills, independence and diversity including diversity of gender, ethnicity and age of the Members who are well-equipped with relevant knowledge and/or experience for contribution towards achievement of objectives of the Company. The Board is headed by the Chairman who is also the Managing Director and Chief Executive. The Chairman of the Board is not a member of the Audit Committee, Risk Management Committee, Nomination Committee or Remuneration Committee. To alleviate the risk where the roles of Chairman, Managing Director and Chief Executive are combined, adequate number of Independent Directors has been maintained and maintenance of three Independent Directors exceeding one-third in number is in compliance with the requirements of Bursa Malaysia Securities Berhad in relation to one-third Independent Directors.

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

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

Six Board Meetings were held during the financial year ended 31 December 2021. Details of attendance of each Director in respect of the meetings held are set out in the "Statement accompanying notice of annual general meeting" of this Annual Report. Additional Board Meetings will, as and when the need arises, be convened to consider and deliberate on issues requiring attention and/or decision of the Board. As revealed in the said Statement accompanying notice of annual general meeting, all except one of the Directors had attended all Board Meetings and all of the Directors had complied with the minimum 50% attendance requirement in respect of Board Meetings pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

#### *Education programmes for Directors*

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

#### *Training attended by 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 relevant seminars, workshops and conferences for update and enhancement of their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities and duties.

The Directors who attended seminars or programmes during the financial year ended 31 December 2021 and/or thereafter, and the relevant details are as follows:-

Date	Seminar/Programme	Attended By
17 March 2021 to 18 March 2021	Corporate Governance Regulatory Updates for the Capital Markets	Mr. Koay Say Loke Andrew
29 March 2021	Internal Briefing on the Implications of the Rules on Take Overs, Mergers and Compulsory Acquisitions in relation to Share Buy-Back Exercise	Tan Sri Dato' Seri Lim Gait Tong Mr. Lim Chu Dick Mr. Koay Say Loke Andrew Encik Khairilnauar Bin Abdul Rahman Miss Adlina Hasni Binti Zainol Abidin
9 April 2021	Launch of the Malaysia Board Diversity Study & Index	Miss Adlina Hasni Binti Zainol Abidin
6 July 2021	A Malaysian Alliance of Corporate Directors ("MACD") Webinars	Mr. Koay Say Loke Andrew
9 July 2021	Corporate Governance Revisited : The co-existence of Ethics & Law sets you F.R.E.E	Mr. Koay Say Loke Andrew
16 July 2021	Value Creative Strategies : An Innovative Take On Creating Impactful, Healthy Companies	Mr. Koay Say Loke Andrew
4 August 2021	Business Transformation Post Covid	Mr. Koay Say Loke Andrew
16 August 2021	MCCG Revision 2021: The Evolving Role of Company Secretaries	Miss Adlina Hasni Binti Zainol Abidin
21 September 2021	ICDM Members' Day #2/2021: ESG	Miss Adlina Hasni Binti Zainol Abidin
9 November 2021	ICDM Post Budget PowerTalk	Miss Adlina Hasni Binti Zainol Abidin

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

Date	Seminar/Programme	Attended By
6 December 2021	Audit Oversight Board Conversation with Audit Committees	Mr. Koay Say Loke Andrew Miss Adlina Hasni Binti Zainol Abidin
13 December 2021	Fraud Risk Management Workshops	Mr. Koay Say Loke Andrew
13 December 2021	2022 ASEAN Board Trends: What Keeps You Awake At Night?	Miss Adlina Hasni Binti Zainol Abidin
14 December 2021	Your Biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation	Miss Adlina Hasni Binti Zainol Abidin
15 December 2021	Demystifying Investors' ESG Expectations, the Do's & Don'ts	Miss Adlina Hasni Binti Zainol Abidin
16 December 2021	Rethink, Reimagine & Redesign: Business Model of the Future	Miss Adlina Hasni Binti Zainol Abidin
17 December 2021	Becoming A Board Star	Miss Adlina Hasni Binti Zainol Abidin
2 March 2022	Invitation to TCFD Climate Disclosure Training Programme	Mr. Koay Say Loke Andrew

#### 13. Board Committees as set out in the Board Charter of the Company

The Board may from time to time establish appropriate Board Committees to assist them in the discharge of their responsibilities. However, Board Committees do not make decision on behalf of the Board but to 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 their respective terms of reference:

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

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process. The Board may require members of Committees be rotated on and off their Committees taking into account the needs of the Committees, legislative requirements, skill sets and the experience of the individual Directors.

The respective Chairmen of the Board Committees shall provide meaningful response to questions addressed to them during general meetings.

#### *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 implementation of Board decisions and provision of directions to management in the implementation of short and long-term business plans.

The Executive Committee currently comprises three Members as follows:-

Tan Sri Dato' Seri Lim Gait Tong - Chairman  
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther  
Mr. Lim Chu Dick

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

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

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

Names of Committee Members	No. of Meetings	
	Held*	Attended
Tan Sri Dato' Seri Lim Gait Tong	6	6/6
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	6	6/6
Mr. Lim Chu Dick	6	3/6

\* On 18 February 2021, 18 & 19 March 2021, 20 May 2021, 17 June 2021, 19 August 2021 and 17 November 2021

#### *Audit Committee*

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

#### *Risk Management Committee*

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

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



# Corporate Governance Overview Statement (cont'd)

## Principle 1 - Board leadership and effectiveness (cont'd)

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

Encik Khairilnuar Bin Abdul Rahman  
- Non-Executive Independent Director

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

Mr. Lim Chu Dick  
- Executive Director

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

### (a) Risk Management :

1. Reviews and recommends appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for approval of the Board;
2. Ensures the implementation of the risk management framework and reviews the adequacy and integrity thereof in identifying, assessing and managing risk and in establishing the Group's risk appetite;
3. Discusses with management on action taken to improve the risk management framework based on the risk identified in the risk management reports;
4. Reviews the adequacy of the scope, functions, competency and resources of risk management of the Group and ensures that it has the necessary authority to carry out its work;
5. Considers and evaluates other matters as deemed appropriate by the Committee and/or as authorised by the Board; and
6. All recommendations and findings of the Committee shall be submitted to the Board for approval and notation.

### (b) Sustainability Reporting

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

The Risk Management Committee had held four meetings during the financial year ended 31 December 2021, details of attendance of which are as follows:-

Names of Committee Members	No. of Meetings	
	Held*	Attended
Mr. Koay Say Loke Andrew	4	4/4
Encik Khairilnuar Bin Abdul Rahman	4	4/4
Miss Adlina Hasni Binti Zainol Abidin	4	4/4
Mr. Lim Chu Dick	4	2/4

\* On 25 February 2021, 31 May 2021, 26 August 2021 and 25 November 2021

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

#### *Nomination Committee*

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

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

Encik Khairilnuar Bin Abdul Rahman - Chairman  
- Non-Executive Independent Director

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

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

The Nomination Committee chaired by an Independent Director appointed on 25 August 2011 is to, inter alia,:-

- recommend to the Board candidates for directorships to be filled by the shareholders or the Board;
- consider candidates for directorships proposed by the Chief Executive and/or by any other senior executive or any Director or shareholder;
- recommend to the Board Directors to sit on Board Committees;
- assess the effectiveness of the Board and Board Committees including their size and composition, and contributions of each individual Director;
- review and recommend to the Board the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board; and
- consider justifications for retention of Independent Directors beyond nine years for recommendation to the Board of Directors for shareholders' approval through a two-tier voting process at the Annual General Meeting pursuant to Practice 5.3 of Malaysian Code on Corporate Governance.

The criteria to be used in the recruitment process and annual assessment of Directors, assessment and recommendation to the Board candidature of Directors, appointment of Directors to Board Committees, nomination and election process of Board Members, establishment of policy for boardroom diversity including gender diversity and measures are among the issues dealt with by the Nomination Committee 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 2021**

The Nomination Committee had held one meeting during the financial year ended 31 December 2021, details of attendance of which are as follows:-

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

\* On 25 February 2021

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

The Nomination Committee of Directors had carried out its activities in discharge of its duties for the year and wishes to state, pursuant to Paragraph 15.08A(3) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following:-

*How the requirements set out in Paragraph 2.20A of LR are met:*

The requirements stated in the above Paragraph are that each of the Company's Directors, Chief Executive or Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge his or her role as a Director, Chief Executive or Chief Financial Officer.

All of the Directors including the Chief Executive of the Company are persons of good character, having adequate relevant experience with integrity and competence in related fields as evidenced in their respective profiles.

They have devoted their time as required to effectively discharge their roles as Directors and/or Chief Executive who had during the year attended most of the related meetings held.

Such statement pursuant to the said Paragraph 15.08A(3) must also contain the following information :-

- (a) *the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity, diversity in ethnicity and age) required to meet the needs of the listed issuer ;*

The policy of the Company on Board composition has taken into account adequate mix of the skills, independence and diversity including diversity of gender, ethnicity and age of the Members of the Board required to serve the needs of the Company.

Adequate mix of skills of Directors of the Company are reflected in their respective profiles while three out of six Directors are independent.

The requirements of diversity of gender, ethnicity and age are satisfied by composition of the Board of Directors of the Company who are of varied gender, ethnicity and age.

Additional female candidates, if they are suitable, may be considered for future appointment in line with the government policy.

- (b) *the board nomination and election process of directors and criteria used by the Nomination Committee in the selection process; and*

Nomination and election of Members of the Board shall undergo a process of identification and evaluation of the candidates concerned.

The process of nomination and election referred to above may be summarized as follows :-

1. Identification of skills and other requisite qualities required to meet the needs of Board composition;
2. Sourcing of candidates;
3. Evaluation of candidates on the basis of the criteria used by the Nomination Committee including that in relation to diversity of gender, ethnicity and age;
4. Selection of suitable candidates; and
5. Recommendation of candidates to the Board for appointment.

The criteria used by the Nomination Committee in the selection process shall be that of the needs of the Company taking into account, in particular, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to character, experience, integrity, competence and time of the candidates as well as the policy on diversity of gender, ethnicity and age referred to above.

## Corporate Governance Overview Statement (cont'd)

### Principle 1 - Board leadership and effectiveness (cont'd)

- (c) *the assessment undertaken by the Nomination Committee in respect of the board, committees and individual directors together with the criteria used for such assessment.*

The assessment undertaken by the Nomination Committee is via evaluation in writing in respect of the Board, its Committees and individual Directors taking into consideration the criteria referred to above as set out in the assessment forms in relation thereto.

The assessment findings revealed that the Board, its Committees and individual Directors have met the criteria used and satisfied the requirements.

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

#### *Remuneration Committee*

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

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

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

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

Encik Khairiluanar Bin Abdul Rahman  
- Non-Executive Independent Director

The Remuneration Committee is responsible for:-

- (a) determining and developing the remuneration policy and procedures for Executive Directors;
- (b) recommending to the Board the remuneration of Executive Directors in all its forms, drawing from outside advice where necessary;
- (c) assisting the Board in ensuring that the remuneration of Directors which shall be aligned with the business strategy and long-term objectives of the Company reflects the responsibility, expertise and commitment of the Directors concerned and complexity of activities carried out, and determining the policy for and scope of service agreements for Executive Directors, termination payments and compensation commitments; and
- (d) recommending to the Board the seeking of services of such advisers or consultants as is necessary to fulfil its responsibilities.

Directors do not participate in decisions on their own remuneration packages.

The Remuneration Committee had not held any meeting but had dealt with matters requiring action via Circular Decision during the financial year ended 31 December 2021.

# Corporate Governance Overview Statement *(cont'd)*

## Principle 2 - Effective audit and risk management

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

An Audit Committee Policy has been adopted by the Company on evaluation of External Auditors as set out in the Board Policies as follows :

### 1. Objective

The objective of this policy is to define the considerations for assessing the suitability and independence of the Group's External Auditors.

### 2. Appointment Criteria for External Auditors

Before selecting the External Auditors for the Group and deciding their fees, the Audit Committee shall assess the suitability and independence of the External Auditors based on the following factors:

- i. Registration with the Audit Oversight Board;
- ii. Quality and allocation of the individuals assigned to perform the audit;
- iii. Experience in auditing financial statements of public companies and similar industry;
- iv. Past and on-going legal cases against the firms;
- v. Reprimand records, if any by authorities and their findings on the firms;
- vi. Independence and confidentiality philosophy, policies and procedures of the firms;
- vii. Present engagement with the Group for non-audit services, if any; and
- viii. Audit fee charged by the External Auditors and its impact on their independence.

### 3. Performance Evaluation of External Auditors

Annually, the Audit Committee shall evaluate the External Auditors' work based on their:

- i. Ability in meeting deadlines in the course of their audit;
- ii. Adequacy and appropriateness of the audit scope, planning, materiality, sampling and work methods;
- iii. Competency and communication skills of the engagement team members; and
- iv. Clarity of presentations and quality of reports produced.

### 4. Tenure of Service

Subject to the result of the annual evaluation conducted by the Audit Committee, the External Auditors would be recommended to the Board and included in an ordinary resolution for approval by shareholders for re-appointment. Audit partner in-charge shall be rotated at least once every five (5) years or as determined by the regulatory requirements in order to ensure the objectivity and independence of audit.

### 5. Appointment for Non-Audit Work

Independence of External Auditors can be impaired by provision of non-audit services to the Group. Therefore, in order to ensure the objectivity of auditing of the External Auditors, the circumstances in which the Group may use the External Auditors for non-audit services shall be evaluated by the Audit Committee before recommending any non-audit service engagements to the Board for approval.

Principally, the Group shall not engage External Auditors for provision of non-audit services that might be perceived to be materially in conflict with their role or potentially could influence their audit objective and independence. Nonetheless, when External Auditors are engaged for non-audit services, the Audit Committee must assess the extent of controls and arrangements that are put in place by the External Auditors to safeguard the integrity, objectivity and independence of the statutory audit processes.



## Corporate Governance Overview Statement (cont'd)

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

In addition, the Company is concerned over 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 which is appended hereunder:-

Group Risk Management Policy :

#### 1. Objective

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

#### 2. Board's Responsibilities

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

#### 3. Risk Appetite

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

#### 4. Risk Management Committee ("RMC")

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

#### 5. Management's Responsibilities

The responsibilities of Management with respect to risk management are:

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

#### 6. Risk Assurance

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

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

## Corporate Governance Overview Statement (*cont'd*)

### **Principle 2 - Effective audit and risk management (*cont'd*)**

#### 7. Disclosure

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

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

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

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

Details of the risk management activities carried out by the Risk Management Committee and 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 of the Board of Directors.

The Board has in this aspect arrived at a corporate code of conduct and ethics as set out in the Board Policies for adherence thereto including adherence in relation to corporate reporting as follows:-

#### *Corporate Code of Conduct and Ethics :*

#### 1. Objective

The objectives of the Group's Code of Conduct and Ethics (this "Code") are:

- i. To set the tone and standards for the ethical conducts in the Group;
- ii. To communicate and provide guidance to stakeholders on the ethical behaviors and values expected from the Group and management; and
- iii. To measure and monitor management performance against the provisions in this Code.

#### 2. Principles

We are responsible to:

- i. Our Buyers, by offering them well-built properties that preserve its long-term value;
- ii. Our Contractors, business associates and partners who adhere to the universal principles of code of ethics, to make a fair profit;
- iii. Our Employees, by creating safe, healthy and secured working environments, acknowledging their dignity and merit, and providing fair remuneration and career;
- iv. Our Communities, by embracing social equity and diversity, complying with regulatory requirements and supporting good causes and charities;
- v. Our Environment, by preserving and protecting the environment and natural resources to ensure sustainability;
- vi. Our Shareholders, by acting in their best interest without abusing our knowledge of confidential information in share trading and engaging in conflict of interest transactions; and
- vii. All Stakeholders, by not tolerating with any form of corruption and bribe, assisting in money laundering and abusing power to gain improper gains and advantage.

## 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:

- a. Setting a role model in practicing the provisions in this Code;
- b. Committing and ensuring the implementation of appropriate internal control systems, corruption preventive framework and anti-bribery guidelines to support, promote and strengthen the awareness and compliance with this Code;
- c. Implementing whistle blowing reporting channel to facilitate communication and feedbacks;
- d. Integrating the philosophy of this Code into the Group's decision, practices and procedures; and
- e. Monitoring management performance against the principles of this Code.

#### 4. Management's Responsibilities

Management shall:

- i. Observe and promote the principles of this Code;
- ii. Ensure that their actions and interaction with all stakeholders are consistent with the spirit of this Code; and
- iii. Communicate this Code to all staff members and stakeholders periodically and enforce this Code in the Group.

#### 5. Reporting of Non-Observance

Stakeholder who knows of or suspects a violation of this Code is encouraged to report the incident to [farlim@whistleblower.com.my](mailto:farlim@whistleblower.com.my) or post to PO Box #911, L2- 08, Level 2, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, 56100 Kuala Lumpur in accordance with the Group whistleblowing policy and procedure.

#### 6. Publication of Corporate Code of Conducts and Ethics

This Corporate Code of Conduct and Ethics is approved by the Board for publication on the Group's corporate website.

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

The Board of Directors has included in its Board Charter as a policy the relevant matter as set out hereunder for implementation.

#### *Communication with Stakeholders :*

Ongoing engagement and communication with stakeholders build trust and understanding between the Group and its stakeholders. It provides stakeholders a better appreciation of the Group's objectives and the quality of its Management. This in turn will assist stakeholders in evaluating the Group and facilitate shareholders to determine how their votes should be exercised. From the Group's perspective, communication with stakeholders provides an avenue for invaluable feedback that can be used to understand stakeholders' expectations and to develop business strategies.

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

- The Chairman & Chief Executive or Deputy Chairman & Executive Director or in their absence any other Board Members authorized by Chairman & Chief Executive and Deputy Chairman & Executive Director will be the spokesperson of the Board;
- The Board will leverage its corporate website to report its financial results and material developments to the Exchange, its shareholders and other stakeholders in an open, timely and comprehensive manner;

## Corporate Governance Overview Statement (*cont'd*)

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

- The Board will proactively address reports and rumors to avoid unnecessary speculation in its securities;
- The Board will give reasonable access to analysts and media to form their opinion about the Group, but will not seek to influence those opinions. Also, the Board will not give information to the analysts and media that is not available to the general public; and
- The Board will meet with its stakeholders through appropriate platform and channel to inform and obtain feedback from stakeholders.

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

#### *Shareholder participation at general meetings and other communications*

The Board has taken reasonable steps whenever possible to encourage shareholder participation at general meetings including but not restricting to provision of good facilities at a hotel as the venue of general meetings where the attendees are served with refreshments in addition to 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 is another link between the Company and shareholders where the shareholders have access to all relevant information to enable them to exercise their rights and interact with the Board of Directors.

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

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

Date: March 24, 2022

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of Farlim Group (Malaysia) Bhd. is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2021. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## BOARD RESPONSIBILITY

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

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

The Board acknowledges the above responsibilities and has laid down the following processes to derive its comfort on the state of internal controls and risk management of the Group:

- The establishment of risk management policy and Risk Management Committee ("RMC") in overseeing the risk management of the Group;
- Periodic briefings by the RMC and Management Committee which reviews the identified risks and status of the management action plan;
- Interim review of financial performance and quarterly financial results with the Management Committee;
- Review of the integrity of the financial results and audited financial statements in consultation with the Audit Committee and External Auditors; and
- Review the internal controls system and the status of management's implementation for audit recommendations provided by the Internal Auditors.

## Risk Management

As mentioned above, the Board has defined its risk management policy and established a RMC in overseeing the risk management framework of the Group. The risk management framework adopted by RMC covering risk identification, impact assessment and risk profiling processes are based on the international risk management framework principles.

Presently, the RMC comprises four (4) members, with the majority being Independent Non-Executive Directors. During the financial year 2021, the RMC had conducted four meetings. In these meetings, RMC deliberated the significant and high risk factors identified, the mitigation plan and the management implementation status reported by the Management Committee.

In addition to the above, various operational review meetings were organised to discuss, monitor and ensure that risks were adequately managed:

### (i) Consultants and Contractors Meeting

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



## Statement On Risk Management And Internal Control (*cont'd*)

### (ii) Marketing & Credit Meeting

Fortnightly 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 are held with representatives from selected departments to brainstorm mitigation measures if needed.

### (iii) Accounts & Finance Meeting

Fortnightly meetings are conducted to review and 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 issues. Besides reviewing the accounting compliance issues, budgeted versus actual profit and cash flow for the various projects are also discussed in this meeting.

### (iv) Management Meeting

The Management Committee conducts monthly management meeting with the Head of Departments to review the operational matters and identify potential risks covering the personnel and administration, the financial and operational performance, updates of the property market prospects, the status and progress of various projects and the action plans designed and implemented to address risks faced in the projects.

### (V) EXCO Meeting

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

### Key Risk in 2021

Due to the weak market sentiments and the Covid-19 pandemic, the property market remains challenging. Hence, the Group continues to focus on the development of affordable homes and landed property segment and at the same time rationalise its cost, enhance products offering and sales promotions strategies by:

- Reviewing the design, pricing and costing of the products to meet new market appetite;
- Targeting on prospects from the less affected group of prospects in the current market condition such as civil servants;
- Providing "Virtual Tour" to attract more potential purchasers to view and experience the new houses developed by the Group;
- Blending the traditional print-based marketing interactions with digital marketing in creating greater visibility to buyers; and
- Continuous tightening of overhead costs and deferring capital expenditures to enhance operational and cost-efficiency.

In addition to the above, the Group will continue to monitor the ongoing developments in its remaining land banks in Bidor, Perak and seek approval from the relevant authorities to expeditiously develop its other projects in Selangor, Perak and Penang.

## Statement On Risk Management And Internal Control (*cont'd*)

### INTERNAL CONTROLS

In addition to the above risk management process, the Group derives its assurance on the state of internal controls and risk management from the following procedures, information and review mechanisms:

- i) The organisational structure with well-defined lines of responsibility, process of hierarchical reporting and delegation of authorities within the Senior Management and the Head of Departments;
- ii) Financial and operation authority approval limits are defined for operating unit levels;
- iii) Documented standard operating guidelines and procedures for operating departments. These guidelines and procedures are subject to reviews and updates by the Head of Departments and the Management regularly;
- iv) Job descriptions are established to provide clear understanding to employees of their responsibilities;
- v) External legal review services are sought when needed to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;
- vi) Use of financial forecasts as a benchmark for periodic monitoring;
- vii) An internal audit functions to assist the Audit Committee and the Board in conducting an independent assessment on the systems of internal control and the governance practices;
- viii) The Audit Committee reviews with the Management on the Group's financial results as well as reviews internal controls observations and status of management action plan by the External and Internal Auditors;
- ix) Insurance programme 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 insurance to protect the assets and/or interests of the Group;
- x) The internal and external physical security controls are installed in the office premises to prevent unauthorized access to the office premises;
- xi) The Covid-19 health and safety preventive and detective standard operating procedures are implemented in accordance with the authorities' requirements. These include compulsory scanning of MySejahtera application, social distancing, sanitisation, temperature reading, compulsory wearing of face masks in the workplace and public areas, compulsory Covid-19 test for site workers and new hires, bi-monthly Covid-19 testing using self-test kits for all employees and mandatory full vaccination and booster shots for all employees;
- xii) Implementation of Corruption Prevention Policy and Framework ("CPPF") in the Group. This framework encompasses Policy Matters and Communication, Whistleblowing, On-Boarding Screening Process, Training and Awareness, Risk Assessment and Internal Control, Review, Monitoring and Audit. Within each of these areas, the responsibilities of the Board and Management are further defined on prevention of bribery, handling reports of bribery or suspected bribery, putting in place mitigation measures, conducting continuous monitoring, reviews and training; and
- xiii) Anti-Bribery Guidelines and Whistleblowing Policy and Procedure are defined to guide staff members, employees and business associates in taking appropriate measures and steps to prevent association with bribery activities.

### INTERNAL AUDIT FUNCTION

The internal audit function is undertaken by an internal audit consulting firm. The internal audit consulting firm reports independently and directly to the Audit Committee regarding its function according to the approved internal audit plan. All audit findings identified are reported to the Audit Committee on a quarterly basis.

Apart from a periodic reviews of the internal controls system and procedures' adequacy, efficiency and effectiveness, the internal auditor also monitors the Group's compliance with policies and procedures. The internal audit reports are issued to highlight significant findings and deficiencies requiring the Management's attention and improvement. Follow-up reviews will be conducted to ensure that appropriate corrective action plans are implemented.

The cost incurred for the internal audit function for the financial year ended 31 December 2021 was RM69,471.00

## Statement On Risk Management And Internal Control (*cont'd*)

### **BOARD ASSURANCE AND LIMITATION**

The Board assures that there is ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board has also received assurance from the Chairman and Chief Executive that, to the best of his knowledge, the Group's risk management and internal controls system are adequate and effective in all material respects.

It shall be noted that due to the limitation inherent in any system of internal controls and risk management, such systems are designed to manage and mitigate the risk within tolerable levels rather than eliminating each and every possible risks faced by the Group. Therefore, these systems by their very nature 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 controls system are in place and function adequately and satisfactorily. There were no significant weaknesses in the systems of risk management and internal controls that would have a material impact on the operations of the Group for the financial year under review. Nevertheless, the Board and the Management will continue to take necessary measures to strengthen and improve its internal control environment and risk management.

### **REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3"); Guidance for Auditors on Engagements to Report on the Statement 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 controls system of the Group.

# STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION

as at 25 March 2022

## 1.0 Directors' Remuneration for the financial year ended 31 December 2021

The details of remuneration of Directors for the year ended 31 December 2021 are as follows:-

Directors	Company (RM)						Total (RM)
Executive Directors	Salaries	Bonuses	EPF	Benefit-in-kind	Allowance	Other Emoluments	
Tan Sri Dato' Seri Lim Gait Tong	525,000	-	31,442	15,500	-	-	571,942
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	300,000	-	-	-	-	-	300,000
Lim Chu Dick	240,000	-	28,750	17,400	-	-	286,150
<b>Total</b>	<b>1,065,000</b>	<b>-</b>	<b>60,192</b>	<b>32,900</b>	<b>-</b>	<b>-</b>	<b>1,158,092</b>

Directors	Group (RM)						Total (RM)
Executive Directors	Salaries	Bonuses	EPF	Benefit-in-kind	Allowance	Other Emoluments	
Tan Sri Dato' Seri Lim Gait Tong	525,000	-	31,442	15,500	-	-	571,942
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	300,000	-	-	15,500	-	-	315,500
Lim Chu Dick	240,000	-	28,750	17,400	-	-	286,150
<b>Total</b>	<b>1,065,000</b>	<b>-</b>	<b>60,192</b>	<b>48,400</b>	<b>-</b>	<b>-</b>	<b>1,173,592</b>

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

## 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	99,500	22,800
Group	175,400	49,300

\* 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.

## Statement On Additional Compliance Information (*cont'd*)

as at 25 March 2022

### 4.0 Material Contracts

There are no material contracts subsisting since the end of the previous financial year ended 31 December 2020 and as at the end of current financial year on 31 December 2021 involving Directors and Major Shareholders' interests.

### 5.0 Recurrent Related Party Transactions

	Company (RM)
Interest income received from :	
- Bandar Subang Sdn. Bhd.	379,882
Rental of premises received from :	
- Farlim Marketing Sdn. Bhd.	2,400
Accounting fees received from :	
- Farlim Jaya Sdn. Bhd.	9,000
Investment of RPS in :	
- Farlim (Perak) Sdn. Bhd.	400,000



# SUSTAINABILITY STATEMENT

## ▶▶ ABOUT THIS REPORT

As part of Farlim Group (Malaysia) Bhd's ("Farlim") corporate sustainability initiatives, the Group has continued the publication of its annual Sustainability Report for the financial year 2021. The disclosure is to provide a comprehensive overview of the Group's initiatives and developments at addressing sustainability issues material to its stakeholders under the purview of Economic, Environment and Social (EES) during the year.

### Our Reporting Approach

This report has been prepared in accordance with the Sustainability Reporting requirements of Bursa Malaysia Securities Berhad (Bursa) as well as the General Reporting Initiative (GRI) Standards, which is a set of globally recognised standards that guide organisations in communicating their impacts on sustainability issues to the general public. All three aspects of EES are covered in this report.

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

- Stakeholder Inclusiveness: capturing our stakeholders' expectations and concerns;
- Sustainability Context: presenting our performance in the wider context of sustainability;
- Materiality: identifying and prioritising the key sustainability issues that our Group encounters;
- Completeness: reporting all sustainability topics that are relevant to our Group, which may influence our stakeholders.

This report is prepared in reference to the GRI Standards Core Option and contains disclosures on the following material topics:

- GRI 201: Economic Performance 2016
- GRI 202: Market Presence 2016
- GRI 205: Anti-Corruption 2016
- GRI 302: Energy 2016
- GRI 305: Emissions 2016
- GRI 307: Environmental Compliance 2016
- GRI 401: Employment 2016
- GRI 403: Occupational Health and Safety 2018
- GRI 404: Training and Education 2016
- GRI 417: Marketing and Labelling 2016
- GRI 418: Customer Privacy 2016

The aforementioned material topics set the direction for the Group's sustainability journey and form the foundation for an impactful sustainability report in alignment with Farlim's sustainability strategy.

### Reporting Period

This report highlights key initiatives and achievements from January 1, 2021 to December 31, 2021 (unless indicated otherwise). The information and data presented in this report fall within the stated period. With our progress considered, the Group has assigned 2019 as the baseline year, which is a benchmark to compare and measure its sustainability related performance.

### Scope and Boundaries

The scope of this report covers all areas of businesses owned and operated by Farlim.

### Sustainability across Supply Chain

Farlim's sustainability strategy extends beyond the organisation and is integrated across its supply chain. The Group is dedicated to upholding its commitment to actively engage suppliers and encouraging collaborations as it embarks on a path to sustainability excellence.

### Membership and Association

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

### Feedback

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

## Sustainability Statement (cont'd)

### ►► RISK MANAGEMENT COMMITTEE CHAIRMAN'S STATEMENT

"Despite the continuing obstacles posed by the Covid-19 pandemic, Farlim remains fully committed to driving progress in relation to sustainability. We have continued to develop and grow our sustainability efforts in 2021, guided strongly by our determination to deliver positive results. Over the years, Farlim has built a solid foundation, and we are excited to leverage upon our existing efforts to ensure that our business remains both competitive and sustainable."

As a business, we recognise the need to remain vigilant within a competitive market. Sustainability risks have already begun to affect how businesses operate, and it will undoubtedly continue to shape businesses moving forward. With consideration to the risks as mentioned, the disclosures on how Farlim is addressing sustainability are further detailed in this report. Moreover, despite the persistent challenges raised by the ongoing Covid-19 pandemic, we have continued to persevere on our sustainability initiatives, thus maintaining our efforts to fulfil our duty as a responsible organisation.

In view of our efforts, we are delighted to present Farlim's Sustainability Report for the year 2021, which marks our fourth year of sustainability reporting. Our report provides a summary of our sustainability performance, including our goals, activities and accomplishments for 2021. As we continue to build upon our sustainability journey, we will continually seek to monitor, evaluate and innovate in order to improve and advance our sustainability performance. Furthermore, we will continue to strive towards the achievement of our sustainability goals, working collectively as a Group to effectively address our potential sustainability risks whilst capturing new opportunities.

### Our Sustainability Governance

As a Group, our conduct is shaped by our values of integrity, including our sustainability efforts. Within this context, the Group aligns itself with leading guidance in relation to promoting good governance, particularly with the Malaysian Code of Corporate Governance.

In 2021, our Risk Management Committee (RMC) continues to oversee our sustainability efforts, which includes our sustainability approach and reporting for the current reporting period.

The sustainability reporting structure in Farlim is led by the RMC, and in which our Management Committee oversees the department heads as a working group for implementation and information compilation of sustainability related strategies.

This working group will be dedicated to monitoring and leading our Group's sustainability efforts, and will also be responsible for driving further integration of sustainability considerations across our business operations.

### Economic

With the goal of advancing our economic performance whilst addressing sustainability issues, our Group is strongly led by our determination to lead with integrity. We recognise that our stakeholders expect us to be honest and accountable for our conduct, and we take our responsibility seriously to do so. In view of our values and stakeholders' expectations, Farlim ensures that we are in compliance with all applicable regulations. In addition to this, we also seek to generate a positive impact beyond our organisation and within the local economy. To that end, we particularly focus on building our communities with the development of affordable housing projects.

### Environment

In recognition of our environmental footprint, we have adopted good measures in order to minimise our environmental impact. Our initiatives are constantly monitored and, where necessary, adapted in order to ensure optimal performance. As a result of our various initiatives in 2021, we have been able to maintain our track record of zero cases of environmental non-compliance for the current reporting year. We have also been able to improve energy efficiency by carefully tracking our energy usage. As environmental issues continue to assume increasing priority within businesses, we aim to develop our existing environmental initiatives to stay ahead of the curve.

### Social

At Farlim, our employees are recognised as essential to our success. Positive business outcomes hinge on our workforce being skilled, motivated and fulfilled. Thus, in recognition of their crucial roles, we are dedicated to ensuring that we create a conducive and safe work environment where our employees can achieve their full potentials. Additionally, as a property developer, we also focus on contributing to wider society by supporting our local communities. Through various activities, we help to build communities which are both resilient and thriving.

### To Our Future

As a Group, our sustainability journey are focused on ensuring that our business remains resilient. While we acknowledge the challenges ahead, we are optimistic about the future. Our efforts will continue to focus on integrating sustainability practices across our organisation and reorienting our business towards the future. Remaining true to our values and resolute in our sustainability ambitions, we are confident that we will be able to achieve further success in the future. We hope that this Sustainability Report will provide vital and pertinent insights into the work we have done so far, and we will strive to improve as we advance towards a more sustainable future as an organisation.

*Koay Say Loke Andrew*  
Chairman of Risk  
Management Committee

## Sustainability Statement (cont'd)

### ►► STAKEHOLDER ENGAGEMENT

At Farlim, we value the voice of our stakeholders and the roles they play in ensuring the success of our sustainability journey throughout its course. Thus, we actively engage with relevant stakeholders and use these channels as an instrument to understand their concerns as well as to capture their feedback on how we can better create value for them. In addition, our engagements allow us to identify issues that are deemed material by our stakeholders and devise the necessary actions to mitigate any risks that may arise.

In 2021, we continued our approach to engage with our stakeholders to collect their views on our sustainability practices and their corresponding impact. The table below shows the outcomes of the engagements with our stakeholders during in-house discussions and workshops conducted throughout the year.

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Concerns
Shareholders / Investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report and Audited Accounts</li> <li>Quarterly Financial Report</li> <li>Extraordinary General Meeting</li> <li>Announcement on Bursa Malaysia and Corporate Website</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>As and when needed</li> <li>As and when needed</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Changes in directors and shareholdings</li> <li>Anti-corruption measures</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Departmental and Management Meetings</li> <li>Annual performance appraisal</li> <li>Events and Birthdays / Festive Celebrations</li> <li>Briefing and training</li> </ul>	<ul style="list-style-type: none"> <li>Weekly, Bi-monthly, Monthly</li> <li>Annually</li> <li>Periodically</li> <li>As and when needed</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Training and Education</li> <li>Employment</li> <li>Remuneration Practices</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Feedback channels such as emails, phone calls, walk-in</li> <li>Website and social media</li> <li>Product launches and roadshows</li> </ul>	<ul style="list-style-type: none"> <li>As and when needed</li> <li>As and when needed</li> <li>As and when needed</li> </ul>	<ul style="list-style-type: none"> <li>Customer privacy</li> <li>Marketing and Labelling</li> </ul>
Government / Regulators	<ul style="list-style-type: none"> <li>Income Tax Filing</li> <li>Annual Return</li> <li>Progress Report to Housing Ministry</li> <li>Bursa Announcements</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>Quarterly and as and when needed</li> </ul>	<ul style="list-style-type: none"> <li>Socio Economic Compliance</li> <li>Anti-corruption measures</li> </ul>
Suppliers / Contractors	<ul style="list-style-type: none"> <li>Site Visits</li> <li>Workmanship, Progress and Quality Assessment Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Daily, Bi-monthly, and as and when needed</li> <li>Bi-monthly</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Supply Chain</li> <li>Occupational Health and Safety</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Charitable Contributions</li> </ul>	<ul style="list-style-type: none"> <li>As and when needed</li> </ul>	<ul style="list-style-type: none"> <li>Social Impact</li> </ul>

Table 1: Stakeholder Engagement Table for 2021

## Sustainability Statement *(cont'd)*

### ►► MATERIALITY ASSESSMENT

Aligned with our approach from previous year, Farlim has conducted a refresher on our materiality matrix to ascertain that our sustainability issues remained material to the Group pursuant to any developments, strategies, and achievements from our initiatives during the reporting year. The exercise also considered new feedback received from internal and external stakeholders via our engagement channels.

Through this year's exercise, we are able to reorganise and streamline our specific sustainability issues into seven (7) primary areas as compared to ten (10) in year 2020, with three (3) topics from the previous year which are the Customer Privacy and Marketing and Labelling merged under the aspect of Economic Performance and the topic of Market Presence was merged under Employment that are maintained for 2021. This approach was considered in order to facilitate our organisation in managing our actions more efficiently and making positive impacts while addressing these issues. In addition, we have acknowledged and included local procurement and emission as the rising sustainability issues in this year's report. As such, our material sustainability matters are broken down into seventeen (17) specific sustainability disclosures, as displayed in the materiality matrix and table below.

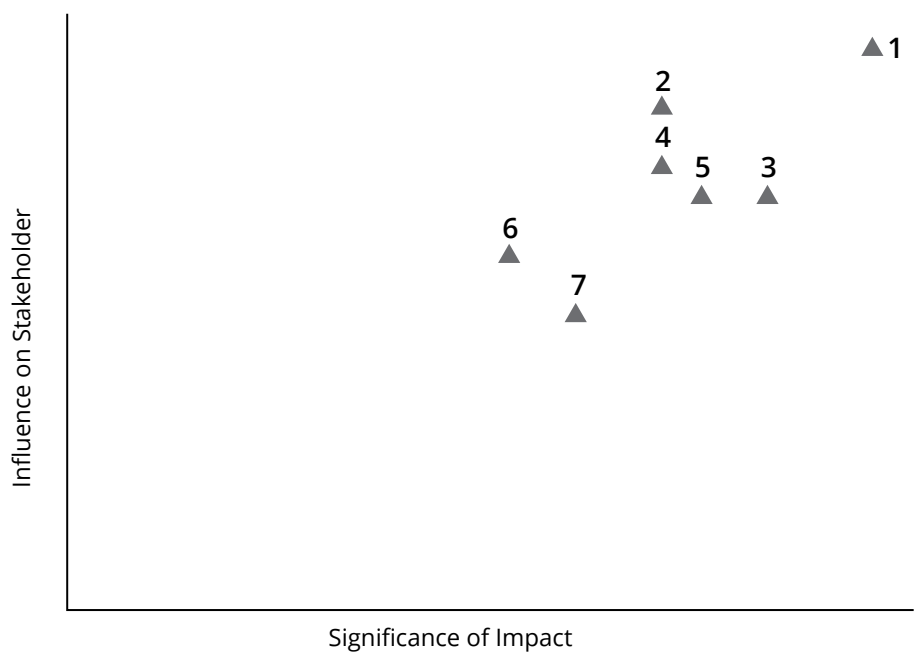


Figure 1: Farlim's Materiality Matrix

## Sustainability Statement (cont'd)

Ranking	Aspect	Index	Specific Disclosure
1	Economic Performance	201-1 204-1 417-2 417-3 418-1	Direct economic value generated and distributed Proportion of spending on local suppliers Incidents of non-compliance concerning product and service information and labelling Incidents of non-compliance concerning marketing communications Substantiated complaints concerning breaches of customer privacy and losses of customer data
2	Occupational Health and Safety	403-9	Work-related injuries
3	Anti-Corruption	205-1 205-2	Operations assessed for risks related to corruption Communication and training about anti-corruption policies and procedures
4	Employment	201-3 202-1 401-1 401-2	Defined benefit plan obligations and other retirement plans Ratios of standard entry level wage by gender compared to local minimum wage New employee hires and employee turnover Benefits provided to full-time employees that are not provided to temporary or part-time employees
5	Training and Education	404-1	Average hours of training per year per employee
6	Energy and Emissions	302-1 305-1 305-2	Energy consumption within the organisation Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions
7	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations

In the following sections of this report, we will be detailing our current practices and performance on the selected material sustainability topics of Farlim, which have been reviewed and approved by Farlim's Board of Directors accordingly.



## Sustainability Statement (cont'd)

### ►► ECONOMIC

#### ECONOMIC PERFORMANCE

##### Why It Matters

Farlim prides itself as a reliable developer in the property market where it constantly strives to provide high-quality yet affordable products to address the needs of both residential and commercial segments. Our business is aligned with the government's effort to deliver quality and affordable homes, as exemplified by our involvement in affordable housing projects in Bidor, Perak. We plan to extend our approach in providing quality products at affordable prices across Penang, Selangor and Perak with multiple potential developments in the pipeline in these areas, including apartments, landed properties, medium cost housing and affordable houses.

As a cornerstone of our business, our brand and reputation are also predicated on our ability to conduct ourselves with integrity. Farlim maintains our longstanding practice of ensuring that our marketing and labelling is reliable, transparent and in compliance with all relevant regulations across our products and services.

In addition, we take our responsibility seriously to protect our customers' data. We are determined to ensure that customers privacy is handled appropriately across our business operations, and that any customer data handled by us is dealt with in accordance with our values, policies, and relevant laws.

All these measures are to maintain a strong economic performance of the Group. With such objectives in view, we are also able to channel our profits back to the local communities in areas where we operate through creating employment and business opportunities.

##### How We Approach It

###### *Direct economic value generated and distributed*

In our effort to maximise our shareholders' returns, we continuously seek to improve the success of our business in line with the Group's objective on sustainable economic performance. It is always our highest priority to maintain the quality of our properties while strictly adhering to the project timeline.

The Project and Implementation Department actively monitors and tracks the progress of our ongoing constructions to ascertain the projects' timely completion while meeting the highest quality standard. It also keeps close tabs on all development projects and engages frequently with relevant authorities to ensure full conformance to local regulations.

Our business objectives are further supported by the Sales and Marketing Department that is responsible

for establishing and executing strategies to increase commercial awareness of our projects and strengthen our presence in the market. Our team also acts as a liaison between our customers and financial institutions by facilitating throughout the loan approval process and negotiating for attractive financing packages on behalf of prospective purchasers. By offering these services, we aim to provide a smooth and seamless home buying process for our customers besides boosting our sales.

As part of our business approach, we also appreciate the importance of supporting local suppliers as the key strategy towards ensuring a sustainable supply chain, creating long-term goodwill amongst the local community and sustaining the economic ecosystem within which we operate. Our approach towards this commitment is meaningful as we engage a significant number of suppliers in the course of doing business, from the appointment of contractors to the enlisting of consultancy services, amongst others. In line with our definition of a local vendor being one whose business and manufacturing operations are based in Malaysia, we are proud to report that all our suppliers are indeed local vendors. Our engagement with suppliers is well governed through our control procedures within the organisation which ensures that a transparent, fair and efficient means of procurement.

At Farlim, we believe that maintaining high standards of corporate governance is essential to ensure the future of our business as well as to safeguard shareholders' interest and maximise long term shareholders' value. To this end, we have implemented robust internal controls system and processes to monitor the compliance of our activities with relevant laws and regulations. Internal auditors are appointed to review the systems and processes throughout the year to ensure their effectiveness. The findings from the audits, along with our financial statement reviews, are presented regularly to the Audit Committee and Board of Directors for their evaluation and approval. These review results subsequently support the decision-making process for actions to be taken in addressing gaps and weaknesses identified within our operations.

###### *Compliance concerning product information and marketing communications*

Within Farlim, the Sales & Marketing Department are accountable for our advertising and promotional activities. Personnel within the Sales & Marketing Department operate to maintain compliance with applicable laws in relation to marketing and labelling; with the goal to achieve no incidence of non-compliance every year.

On average, the Sales & Marketing Department holds meetings at least twice a month. These departmental meetings are convened to monitor Farlim's marketing strategies and performance. Any potential problems identified are appropriately examined and addressed on

# Sustainability Statement (cont'd)

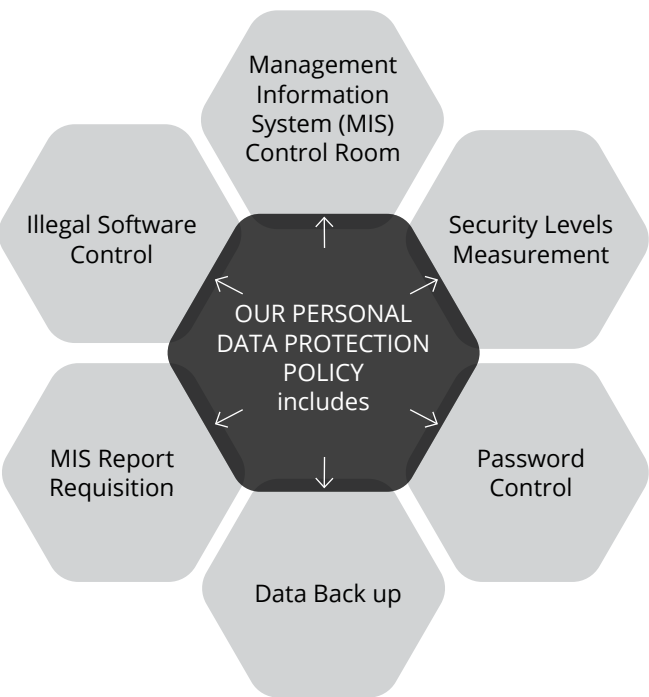
an ongoing basis. If further changes to marketing and labelling are required, such changes are documented and undergo a formal approval process. Furthermore, if regulatory authorities submit an inquiry related to Farlim's marketing and labelling activities, the management team will discuss and carry out the follow-up actions, if necessary.

Farlim has also established specific grievance channels for marketing and labelling complaints. Upon the submission of a grievance report, the necessary departments are swiftly notified. Following this, the report is reviewed and discussed amongst relevant employees incharge. Follow-up action is implemented, if needed.

Finally, in order to ensure that our employees are well equipped to execute their responsibilities with regards to marketing and labelling, Farlim also supports by providing various internal and external trainings. Such trainings primarily focus on compliance matters and notably include our participation in activities organised by the Real Estate & Housing Developers' Association (REHDA) Malaysia.

## Customer privacy and consumer data

Within Farlim, our Group's Personal Data Protection Policy (which is publicly available on our website) governs all our conducts in relation to customer data privacy. In establishing this policy, Farlim encourages employees to act ethically and appropriately with regards to our customers' personal data, as well as to maintain compliance with the Personal Data Protection Act 2010 (PDPA). The policy specifically includes our commitment not to share our customers' private data with any external parties, unless we are given expressed consent from the customers or are required by the authorities to do so.



Through a PDPA notice which is circulated to all our customers, our customers are made aware of our approach to data privacy. In addition to our notice, all customers are required to sign and submit our PDPA Consent Form. In the event a third party service is appointed by Farlim and requires access to customers' personal data, we will obtain a certification of the third party compliance through letters of undertaking to ensure the third party service provider adheres to our Group's Personal Data Protection Policy.

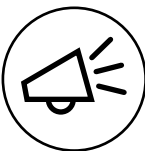
In terms of grievances relating to data privacy, our customers are able to lodge any complaints online through email or website. Upon receipt of a customer's complaint, our Management Information System (MIS) Department reviews the complaint closely and advances the grievances to the management team for further action, if necessary. Guided by our goal to achieve zero complaints in relation to customer privacy, we continually monitor our efforts to ensure alignment with our internal policies and any relevant laws.

## Our Performance

Full details of the Group's direct economic value generated and distributed can be found in the Financial Statements of the Annual Report.

In 2021, we are proud to report zero incidents of non-compliance of regulation and zero penalty, fine or warning from the authorities in relation to our marketing and labelling practices. We are also pleased to report zero complaints regarding breaches in customer privacy or loss of customer data.

As we move forward, we will continue to maintain best practices in order to lead with our core values and uphold a brand that is trusted across the market.



**ZERO**

Non-compliance cases related to marketing and labelling



**ZERO**

Complaints concerning breaches of customer privacy and loss of customer data

## Sustainability Statement (*cont'd*)

### ANTI-CORRUPTION

#### Why It Matters

At Farlim, we are dedicated to maintaining high ethical standards within our business conduct and activities. Hence, any instances related to corruption and bribery in our operations are strongly condemned. We believe that working with a high level of integrity not only enhances our corporate image, but also boosts our stakeholders' confidence in our business and products. Towards that goal, we strive to embed our Group's values on anti-corruption and anti-bribery throughout the organisation by means of policies and implementation of best practices to safeguard ourselves against any potential corruption risks.

#### How We Approach It

The Group adopts a zero-tolerance stance against any acts of bribery and corruption. In upholding our commitment to proper business conduct, we have implemented group-wide anti-corruption measures in compliance with all applicable laws and regulations, such as the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and all of its amendments or re-enactments.

Our efforts in fighting corruption and bribery are demonstrated by our policies and procedures, namely the Anti-Bribery Guidelines, Corruption Prevention Policy and Framework, as well as the Whistleblowing Policy. These policies outline measures and controls that guide us in conducting our business activities as well as provide avenues to gather feedback on how we can improve ourselves. Our Anti-Bribery Guidelines specify measures in handling the act of receiving and giving gifts, hospitality and entertainments, managing referral and facilitation payments as well as sponsorships and donation contributions. These policies are published on our corporate website and are easily accessible by our stakeholders.

To ensure effective communication of the Group's policies to the employees, internal briefing sessions are conducted on the stipulated anti-corruption policies and measures. Besides, in order to further promote awareness, memos are also distributed by the Management Committee to serve as regular reminders on such policies and procedures.

The Group's anti-corruption approach is extended to our external stakeholders, which include suppliers, vendors, consultants and contractors. For any external stakeholders' transactions with an aggregate amount of RM50,000 and above or with an engagement period of more than six (6) months, they are required to complete two compulsory forms, the Contractual Safeguard Form and On-Board Screening Form. Besides completing the forms, when a new external stakeholder is engaged during a business setting, they are required to participate in a briefing on our anti-corruption policies as part of the on-boarding process. Whenever there is a renewal of contract or agreement, the compulsory declaration forms are also to be resubmitted by the external stakeholders for assessment.

We also perform an internal quarterly risk assessment exercise to assess the Group's bribery and corruption risks as well as the relevant internal controls. The findings from the assessments are presented to the Risk Management Committee on a quarterly basis for further discussions and necessary actions.

#### Our Performance

Anti-corruption related communications are also enforced via various channels such as the company website, the company internal communication and others. For 2021, we had issued memorandum reminders to re-emphasise our anti-corruption policies and measures to all employees within our organisation. With the progress made within the year, all our employees have declared their acknowledgement of our anti-corruption practices. As we continue to operate as a responsible organisation, we will maintain close monitoring of all aspects of our affairs to avoid any risks or acts associated with corruption and bribery.

## Sustainability Statement (cont'd)

### ►► ENVIRONMENT

#### ENERGY AND EMISSIONS

##### Why It Matters

With the Group's commitment towards environmental preservation, we are mindful of the energy we consume throughout our daily operations and efforts are also placed on efficient energy consumption. In embracing our role, we acknowledge the challenges brought by climate change and are constantly proactive in addressing the impacts resulted. In order to meet our sustainability objectives in energy management, we regularly monitor our energy consumption and ensure effective implementation of best practices in managing our consumption. Ultimately, these efforts are setting the track towards achieving lower carbon footprint and greater operational efficiency for the Group.

##### How We Approach It

At Farlim, the responsibility to manage and monitor our energy consumption falls upon the Personnel & Administration Department. The department tracks and assesses our energy usage on a monthly basis as well as highlights any inconsistencies and discrepancies identified throughout the period of review so that remediation actions can take place in time.

Understanding that our goal for energy reduction can only be met with the involvement and support from all employees, we have introduced various initiatives to promote awareness on energy efficient measures in the office and at the construction sites. Besides, department heads are tasked to rigorously evaluate the energy saving initiatives implemented in their respective departments. The approach to involve employees at all levels in our energy saving efforts allows us to clearly articulate our goal across the organisation as well as encourages their participation and cooperation to achieve this group-wide objective.

In 2021, we continued to execute the existing energy conservation measures in place, such as sending out memos and constant reminders to the employees to turn off any lights and electrical appliances when they were not in use, replacing malfunctioned lightings with energy-saving alternatives i.e. LED bulbs, as well as prioritising energy efficient electrical appliances in our procurement practices.

##### Our Performance

For the current period of reporting, Farlim has observed its electricity consumption at 250,095 kWh, a 19.94% decrease compared to the previous year. As a result of the numerous movement controls implemented due to the Covid-19 pandemic, our annual electricity consumption reduced due to office closure and/or staff working from home.

Besides, for 2021 onwards, we have started monitoring the consumption of fuel by vehicles owned by Farlim as part of our energy monitoring initiatives. With that, we recorded a total consumption of 9,182 litres of petroleum and 139 litres of diesel utilised by the fleet of vehicles owned by the Group.

In addition to measuring our electricity consumption at its pure value, we have begun taking note on the total amount of greenhouse gas (GHG) emissions led by our operations. Hence, as our first step, for this reporting year, we have identified, assessed and recorded our GHG emissions as per the table below. Moving forward, we will actively monitor these practices and always be mindful of both elements of consumption and emission.

In the following years, we will further demonstrate our dedication to reduce our energy consumption by continuously expanding our existing energy conservation initiatives and looking into new ways of managing our energy usage effectively while the Group expands its operations further.

YEAR	2021		YEAR	2019	2020	2021
	Petroleum	Diesel				
Total Fuel Consumption by Company Owned Vehicles (litre)	9,182	139	Total Electricity Consumption (kWh)	327,705	312,398	250,095
Total GHG (CO <sub>2</sub> e) Emissions (Scope 1) (tonnes) <sup>1</sup>	22.32	0.36	Total GHG (CO <sub>2</sub> e) Emissions (Scope 2) (tonnes) <sup>2</sup>	191.71	182.75	146.31

<sup>1</sup> Scope 1 emissions are derived from our consumption of petrol- and diesel-powered company vehicles. The computation is based on emission factor published by Intergovernmental Panel on Climate Change (IPCC) 2007 and IPCC AR5.

<sup>2</sup> Scope 2 emissions are computed based on emission factor published by Institute for Global Environmental Strategies 2021 List of Grid Emissions Factor.

## Sustainability Statement (*cont'd*)

### ENVIRONMENTAL COMPLIANCE

#### Why It Matters

At Farlim, we consistently review our efforts to ensure a green and healthy environment for all stakeholders impacted by our projects. Our continuous endeavour in creating and maintaining an environment that contributes to the value enhancement of a project aligns with our commitment to create sustainable values for our stakeholders. In the midst of doing so, we prioritise the management of any impacts or consequences of our actions on the environment. Hence, regular reviews are performed by the Group on our environmental performance to ensure that we manage and keep track of our progress towards meeting the abovementioned objectives within our operations.

#### How We Approach It

In order to manage and align our approach towards compliance with relevant environmental laws and regulations and maintaining zero fines while contributing to a positive ecological footprint, Farlim has continued to pursue the execution of the following key initiatives as set forth from prior years:

- Implement a thorough review of the applicability, structure and components of an Environmental Management Plan before initiating any necessary course of action for a development project;
- Monthly submission of Environment, Safety & Health (ESH) Reports by the contractor's qualified Safety Health Officer (SHO) or Site Safety Supervisor (SSS) registered with the Department of Occupational Safety and Health (DOSH) under the Ministry of Human Resources, in line with applicable local legislations and guidelines (based on the size and value of the development project);
- Conduct regular Site Safety, Health & Environmental meeting at each construction site with all stakeholders to discuss any environmental issues related to the project or the construction operations. Issues discussed are recorded in monthly ESH reports and followed up closely with remediation actions, where necessary;
- Other practices maintained at construction sites to ensure environmental compliance include:
  - On-site housekeeping activities (bins and containers are set up at designated locations for all general rubbish and waste materials disposals);
  - Recycling and reusing site material (e.g. plywood) as and when necessary depending on the site progress;
  - Proper labelling, storage and disposal of scheduled wastes (e.g. paint and diesel);
  - Prohibition of open burning at sites; and
  - Training programmes to keep employees informed and updated with the latest environmental regulations.
- Project contractors are the designated parties tasked to ensure key environmental preservation activities are performed; and
- The Project and Implementation Department team for each project has the overall responsibility to manage and monitor execution of environmental-related practices on the site. In the event that any non-compliance is detected, the team has the authority to halt the operations and further investigate the matter.

Besides, internal audits of our environmental practices are conducted to ensure early detection of non-conformance. This is supported by the head of Project and Implementation Department who jointly carries out reviews and evaluations to identify areas for improvement and highlight any non-compliance to environmental laws for further actions.

#### Our Performance

Farlim is pleased to disclose that by the end of 2021, we have not received any fines or non-monetary sanctions with regards to the environmental laws and regulations. Moving forward, Farlim will continue to monitor changes to environmental regulations and work with local authorities to ensure that we are cognizant of the regulatory compliance rules in the areas we operate. Any regulatory updates will be reviewed, and our practices will be adapted accordingly to ensure environmental compliance.



## ZERO

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

## Sustainability Statement (cont'd)

### ► ► SOCIAL

#### EMPLOYMENT

##### Why It Matters

At Farlim, our employees are vital to our success. Employees satisfaction and retention are thus considered areas of crucial importance to our business as we recognise the significance of ensuring that our employees are productive and motivated within their roles. As such, we continually aim to foster a fair and inclusive work environment where every employee can reach their full potentials. We also place strong importance in ensuring that our people are well compensated for their contributions, in appreciation of their support for the organisation's growth. Through our commitment to our employees, we are able to maintain a capable and driven workforce that generates beneficial outcomes for the Group as a whole.

##### How We Approach It

###### *Key approaches for employees engagement and retention*

At Farlim, we utilise different methods to promote retention and encourage optimal job performance and productivity amongst our employees, such as mentorship programmes, recognition and rewards systems, attractive compensation, various employee engagement activities, team building exercises, regular feedback and open communication, as well as training and development opportunities. Notably, we have continued our efforts to nurture and develop our employees throughout the course of their tenure, setting the tone from day one. Starting with new hires, we begin with identifying employees' potentials and consequently help them to develop their skills through appropriate training activities.

Guided by our commitment to our employees, Farlim is strongly dedicated to creating a welcoming work environment that will benefit our employees and enable them to develop and thrive. Specifically, we have established various employee engagement channels where individuals can seek support or articulate potential grievances to their respective superiors. Department heads are also provided an opportunity to voice their views and opinions through monthly management meetings and the annual appraisal exercise. Matters related to employment and progress management are handled by the respective department heads and are discussed during the annual employee appraisal exercise.

Further, our retention practices are evaluated and reviewed as and when it is necessary based on a need basis. Within the context of the Covid-19 pandemic, we continue to assess our retention strategies and practices, adapting where necessary. In compliance with health and safety regulations, some employee engagement initiatives have been suspended or adapted to a remote format in 2021.



Figure 2: Farlim's Effective Employee Retention Strategies



## Sustainability Statement (cont'd)

### Fair and transparent remuneration framework

Farlim's remuneration framework is established based on the Group's corporate guidelines and are aligned with the industry's best practices as well as the requirements of relevant regulations and guidelines. As such, our fair and comprehensive remuneration system adheres to the Malaysia Minimum Wage Order 2020. We also keep ourselves informed of any regulatory updates by regularly observing announcements and/ or directives from the authorities. For any new changes introduced, a person from the Personnel and Administration Department is assigned to explore and gain an understanding of the amendments prior to formulating an action plan in response, if required.

Moreover, our Personnel Policies, including practices and remuneration tiers, are regularly reviewed and benchmarked against market references and we adopt a non-discriminatory approach when determining remuneration within the Group. We consistently evaluate base salaries and make necessary adjustments based on job requirements, market conditions, educational qualifications as well as experiences, subject to the Group's pre-allocated budget for this purpose.

In general, our remuneration structure is summarised as follows:

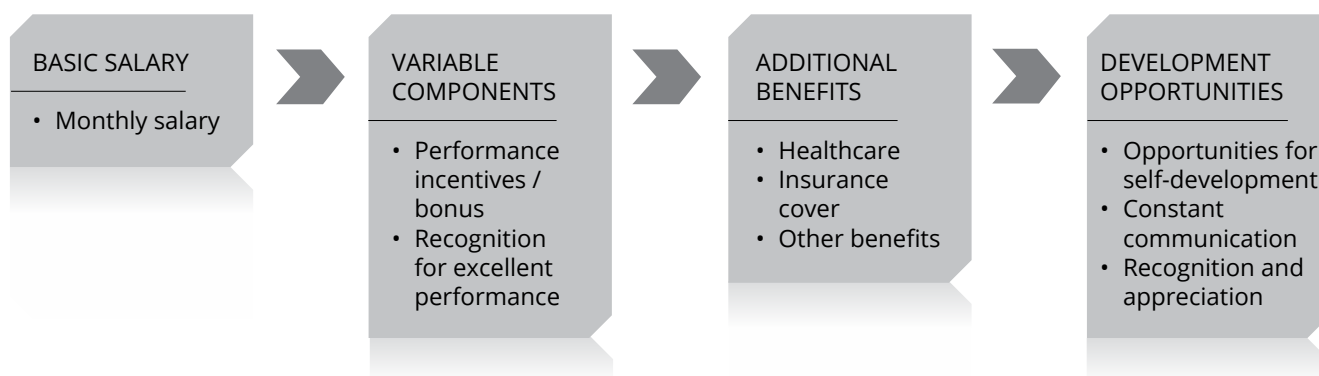


Figure 3: Remuneration Road Map

As in previous years, Farlim provides defined benefit and contribution plans that are in line with national requirements as part of the employee benefits package. We also review retirement benefits on a case-by-case basis and make adjustments as needed in recognition of the employee's performance and support for the Group.

Besides, the following benefits and incentives are provided across the Group:

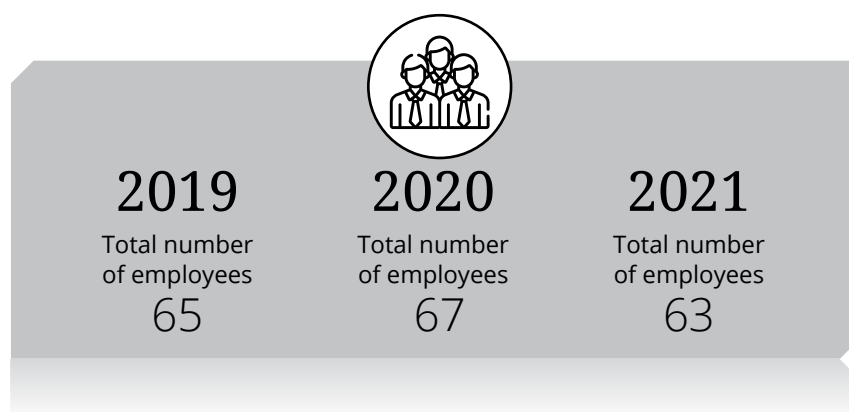
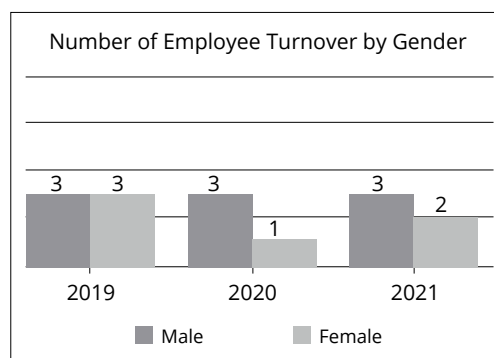
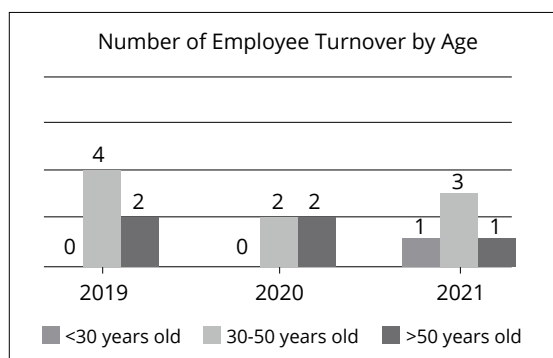
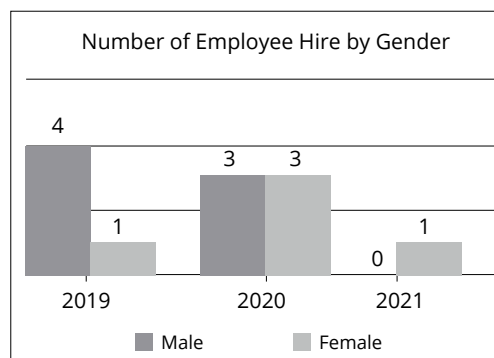
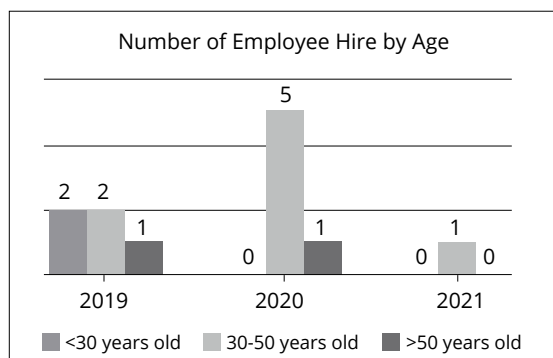
- Annual performance review;
- Staff appreciation long service monetary award;
- Annual leave entitlement above the requirements stipulated under the Employment Act and Labour Laws of Malaysia;
- Medical check-up entitlement of up to RM500 per year for employees aged 50 years and above;
- Ongoing on-job training for all employees;
- Training programmes and seminars; and
- Ongoing communication and feedback with employees at all levels.

To ensure compliance with the relevant Covid-19 regulations, some employee initiatives have been temporarily suspended in 2021. These included any activities which involved in-person group gathering, such as our annual dinner, birthday celebrations and lunch meetings. Other than this, Farlim's current set of employee benefits and initiatives have remained the same as compared to the last reporting year.

## Sustainability Statement (cont'd)

### Our Performance

For reporting year 2021, we have made strides towards upholding the welfare and wellbeing of our employees as we confront and overcome together the challenges brought about by the COVID-19 pandemic. Our key performance indicators, which are presented in the following pages, continue to appraise our accomplishment within workplace diversity and employee retention.



Similar to the previous reporting period, we continue to abide by the national regulatory minimum salary threshold by ensuring all employees were compensated with a rate no less than RM1,200 per month. Besides, we contributed approximately RM0.55 million towards the employees' benefit plan throughout 2021. Among the plans offered to the employees are the Employees Provident Fund (EPF), Social Security Organisation (SOCSO) and Employment Insurance System (EIS).

During the reporting year, as part of our pledge to the wellbeing of our employees, we continued with the provision of various direct and indirect incentives, amongst which were healthcare benefits and parental leave. A more detailed list of our compensation package is depicted below:

## Sustainability Statement (cont'd)


DIRECT COMPENSATION		INDIRECT COMPENSATION
<ul style="list-style-type: none"> <li>• Wages</li> <li>• Salaries</li> <li>• Bonuses</li> <li>• Allowances</li> <li>• Overtime</li> </ul>		<ul style="list-style-type: none"> <li>• Insurance Plans:               <ul style="list-style-type: none"> <li>– Group Hospitalisation and Surgical</li> <li>– Group Personal Accident</li> </ul> </li> <li>• Benefits:               <ul style="list-style-type: none"> <li>– EPF</li> <li>– Medical</li> <li>– SOCSO</li> <li>– Housing discount</li> </ul> </li> <li>• Paid absences               <ul style="list-style-type: none"> <li>– Sick leave</li> <li>– Marriage, maternity or paternity leave</li> <li>– Annual leave</li> </ul> </li> </ul>

Figure 4: Farlim's Compensation and Benefits Package in 2021

### OCCUPATIONAL HEALTH AND SAFETY

#### Why It Matters

At Farlim, we recognise our duty to keep our people safe and healthy at all times. We are thus strongly committed to creating a secured work environment where the health and safety of our stakeholders are never compromised. To achieve this, we adopt best practices to mitigate and eliminate any potential health and safety risks, with a clear aim of maintaining zero accidents across our operations.

#### How We Approach It

At all times, Farlim maintains strict compliance with the Occupational and Safety Health Act 1994 and regulations established by the Department of Occupational Safety and Health (DOSH) and Construction Industry Development Board (CIBD). Compliance with applicable regulatory requirements is regularly reviewed during onsite inspection and site meetings.

In general, health and safety matters are handled through our Environmental Health and Safety (EHS) Management System, which is applicable across our operations and stakeholders, such as employees, contractors, suppliers, consultants, customers and visitors. In addition to our management system, we also maintain an EHS Policy, which is reviewed where necessary to ensure efficacy and compliance with relevant regulations. In the event improvement to our EHS policy is required, changes need to be approved by the Group's Management before taking effect. Following this, changes are promptly communicated to all stakeholders.

On the construction site, an assigned safety supervisor is appointed by our contractor to monitor and supervise all site safety matters and activities. Besides this, the Group's Project and Implementation Department is assigned to closely monitor the Group's overall EHS performance. In the case of suspected non-compliance with Farlim's EHS policy, all employees are strongly encouraged to lodge a complaint using our dedicated channels. Grievances received are promptly assigned to a selected safety supervisor and discussed during bi-weekly site meetings. Safety supervisor is consequently responsible for performing a review and submitting his findings in relation to any grievances for further discussion amongst the project team.

On a bi-weekly basis, EHS related issues and risks alongside grievances reported are presented for discussion by the site safety supervisor with the various project stakeholders, such as the Project and Implementation Department alongside representatives from the project contractors and consultants. Following this, a monthly safety report is prepared to present an overview of the status of health and safety within the construction site that covers matters such as information on the standard operating procedures, reported accidents, issues of non-compliance and actions implemented as a result of addressing any gaps identified during inspections. Each report is then presented to the Group's Management for review and discussion prior to initiating any course of actions, where necessary.

## Sustainability Statement (cont'd)

As per Farlim's standard contract terms, the Group fully ensures that its contractors duly observe and comply with relevant employment and occupational health and safety laws, including requirements under the Employee Social Security Act 1969. Contractors are also required to purchase all risk insurance coverage for their respective project sites, which includes Workmen's Compensation (WC) to provide compensation if personal injury is sustained by workers at project sites.

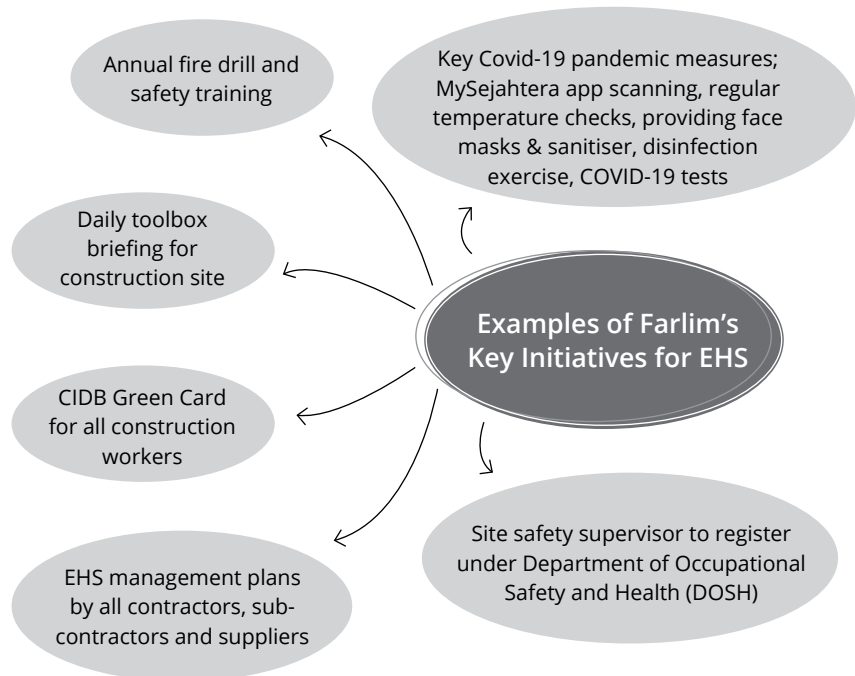
Farlim also adopts various measures to ensure employees and construction workers are aware of how to maintain a safe and secure work environment for themselves and others. This includes regular toolbox meetings, which are conducted by the project contractors and safety supervisor at our project sites. Typically, key health and safety matters are discussed during toolbox meetings, with the objective to educate workers on best

practices and to instil a safety first mindset. Any potential gaps in safety identified during such meetings are noted by the safety supervisor and promptly documented in the safety report. Additionally, the Group also offers external health and safety trainings to ensure that our employees are equipped with the necessary knowledge to work safely. This notably includes our CIDB Green Card Safety Course, a mandatory course required for all new hires who work at our project sites.

Finally, in order to ensure the holistic welfare of our people, Farlim also provides non-occupational health related benefits through its group-wide insurance for employees, which includes medical aid such as clinic visits and health check-ups. In 2021, we have continued to implement Covid-19 health and safety measures to maintain full compliance with all the relevant regulations issued by the government. These measures include:

- compulsory scanning of "MySejahtera" QR code and temperature checks upon entering our office premises and/or project sites;
- providing face masks and sanitisers for employees;
- encouraging our visitors to use sanitiser when they visit our office premises and/or project sites;
- physical (social) distancing at work place at all times;
- performing regular cleaning and disinfection at all operational sites;
- compulsory Covid-19 test to be taken by workers who work on-site, as required by government regulations, and for new hires;
- updating employees on the latest SOP announced by the Health Ministry;
- providing Covid-19 self-test kits to all employees bi-monthly; and
- mandating all employees to obtain full vaccination and booster shots are encouraged.

By the end of 2021, all our employees had been fully vaccinated against Covid-19, bringing the group-wide vaccination rate to 100%.

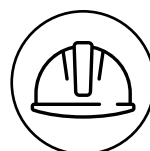


## Sustainability Statement (cont'd)

### Our Performance

We are delighted to report zero accidents leading to no injury cases in 2021, maintaining our impressive health and safety track record. Our performance acts as a testament to our dedication to health and safety, and we will continue to showcase our commitment to creating a safe and healthy work environment as we move forward.

	2019	2020	2021
Number of Injury	0	0	0
Injury Rate	0	0	0
Number of Case/Incident resulted in Lost Workdays	0	0	0
Lost Day Rate	0	0	0



**ZERO** injuries cases

### TRAINING AND EDUCATION

#### Why It Matters

Within a competitive market, our employees are our most valuable assets. Their growth and development directly contribute to our performance and success as a business. Hence, we always aim to develop a skilled, competent and driven workforce that is able to drive positive business outcomes. We continue to hold steadfast in our proactive approach to employee training and development, seeking to ensure that our employees' skills and abilities are aligned with their personal aspirations and our goals as a business.

#### How We Approach It

Primarily guided by our business strategy, we seek to provide our employees with the best opportunities to achieve their personal goals whilst developing their skillset and abilities. This includes targeted trainings to ensure our employees remain competitive and competent within their roles. Our training objectives are clearly defined and aligned with our Group's organisational strategy, as depicted below:

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

Figure 5: Farlim's Workforce Training Goals and Objectives

Generally, our training initiatives focus on providing managers and executives with trainings on relevant topics. This includes trainings focused on market outlook in the property market, changes in regulations and compliance requirements relevant to our business. Training plans are prepared and arranged by department heads, which include recommendations for certain employee to attend specific trainings, prior to the approval by the Senior Management. Besides this, employees are encouraged to pursue training opportunities which may be of interest to them. In such cases, the Training Requisition Form can be used by employees to submit a request for such trainings.

## Sustainability Statement (cont'd)

In 2021, all trainings had been conducted virtually in accordance with the prevailing Covid-19 health and safety guidelines. If trainings are to be held in-person, such sessions may only proceed under the circumstance if the trainers and attendees adhere closely with the standard operating procedures issued by applicable regulatory authorities.

For the reporting year of 2021, the following trainings were made available to our employees:

TRAINING DETAILS	
No.	Name/ Title
1	Virtual Engagement for Bank Negara Malaysia Annual Report 2020, Economic & Monetary Review & Financial Stability Review 2nd half 2020 (by Bank Negara Malaysia)
2	2021 Property Market Outlook
3	Mixed Used of Strata Developments - Understanding Multiple Rates of Maintenance Charges vs Uniform Flat Rate of Maintenance Charges
4	Review of Malaysia's Land Law
5	Malaysia's Sustainability: Key Considerations and Impact on Business
6	RHB Asset Management Exclusive Webinar: Investment Opportunities in a Low Yield Environment
7	The Repercussion of the Recent Federal Court Ruling on Liquidated Agreed Damages (LAD) for Property Developers
8	Malaysia's Tax and Budget 2022
9	Effective Landscape Design and Landscape Maintenance
10	SSM National Conference 2021 - Governing under New Normal
11	MAICSA Annual Conference 2021 - The New Norm: Managing Disruption - Resilience and Recovery
12	Budget 2022 Review (Real Estate, Construction, Property Development)
13	Onboarding Pengenalan Tanggungjawab Majikan, HRD Corp Onboarding Session, Onboarding Session for Employers
14	Briefing on Levy Payment Procedure and to Clean Up Misunderstanding on Levy Exemption
15	Briefing on Housing Integrated Management System (HIMS)
16	Mixed Used Strata Developments - Formation of SMCs
17	Persidangan Perlindungan Data Peribadi

In general, the frequency of trainings has reduced as a result of Covid-19 restrictions. However, we remain committed to maintaining our training and development opportunities for our employees. Notably, Farlim has recently received approval from Human Resources Development Fund (HRDF) as a registered member in 2021 and has commenced contributions to HRDF from 1 January 2022 onwards, as per relevant regulatory requirements.

### Our Performance

Despite continued restrictions related to Covid-19 in 2021, our employees collectively attended 261.5 hours of training, averaging 4.15 hours of training per employee (men: 6.15, women: 2.74). Moving forward, we remain resolute in our commitment to the development of our employees, and we will remain dedicated to the growth and enhancement of our training initiatives in order to fulfil our commitment.

### GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Page Reference	Omission
GRI 102: GENERAL DISCLOSURES 2016			
ORGANISATIONAL PROFILE			
GRI 102-1	Name of the organisation	60	
GRI 102-2	Activities, brands, products and services	Refer to Annual Report	
GRI 102-3	Location of headquarters	60	
GRI 102-4	Location of operations	Refer to Annual Report	
GRI 102-5	Ownership and legal form	Refer to Annual Report	
GRI 102-6	Markets served	Refer to Annual Report	
GRI 102-7	Scale of the organisation	Refer to Annual Report	



## Sustainability Statement (cont'd)

GRI Standard	Disclosure	Page Reference	Omission
GRI 102-8	Information on employees and other workers	72	
GRI 102-9	Supply chain	60	
GRI 102-10	Significant changes to organisation and its supply chain	-	There were no changes to the organisation and the supply chain during the reporting period.
GRI 102-11	Precautionary Principle or approach	Refer to Annual Report	
GRI 102-12	External initiatives	-	There were no external initiatives during the reporting period.
GRI 102-13	Membership of associations	60	
<b>STRATEGY</b>			
GRI 102-14	Statement from senior decision-maker	61	
<b>ETHICS AND INTEGRITY</b>			
GRI 102-16	Values, principles, standards and norms of behaviour	Refer to Annual Report	
<b>GOVERNANCE</b>			
GRI 102-18	Governance structure	Refer to Annual Report	
<b>STAKEHOLDER ENGAGEMENT</b>			
GRI 102-40	List of stakeholder groups	62	
GRI 102-41	Collective bargaining agreements	-	Collective bargaining agreements are not applicable to Farlim's nature of business.
GRI 102-42	Identifying and selecting stakeholders	62	
GRI 102-43	Approach to stakeholder engagement	62	
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<b>REPORTING PRACTISE</b>			
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GRI 102-47	List of material topics	64	
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GRI 102-49	Changes in reporting	-	There were no changes in reporting during the reporting period.
GRI 102-50	Reporting period	60	
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GRI 102-55	GRI content index	76 - 79	

## Sustainability Statement (cont'd)

GRI Standard	Disclosure	Page Reference	Omission
GRI 102-56	External assurance	–	The review was performed by the internal team and approved by the management.
<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	65 - 66	
GRI 103-2	The management approach and its components	65 - 66	
GRI 103-3	Evaluation of the management approach	65 - 66	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>			
GRI 201-1	Direct economic value generated and distributed	65 - 66	
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>			
GRI 204-1	Proportion of spending on local suppliers	65 - 66	
<b>GRI 417: MARKETING AND LABELLING 2016</b>			
GRI 417-2	Incidents of non-compliance concerning product and service information and labelling	65 - 66	
GRI 417-3	Incidents of non-compliance concerning marketing communications	65 - 66	
<b>GRI 418: CUSTOMER PRIVACY 2016</b>			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	66	
<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	67	
GRI 103-2	The management approach and its components	67	
GRI 103-3	Evaluation of the management approach	67	
<b>GRI 205: ANTI-CORRUPTION 2016</b>			
GRI 205-1	Operations assessed for risks related to corruption	67	
GRI 205-2	Communication and training about anti-corruption policies and procedures	67	
<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	68	
GRI 103-2	The management approach and its components	68	
GRI 103-3	Evaluation of the management approach	68	
<b>GRI 302: ENERGY 2016</b>			
GRI 302-1	Energy consumption within the organisation	68	
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<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	69	
GRI 103-2	The management approach and its components	69	
GRI 103-3	Evaluation of the management approach	69	
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>			
GRI 307-1	Non-compliance with environmental laws and regulations	69	
<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	70 - 73	
GRI 103-2	The management approach and its components	70 - 73	
GRI 103-3	Evaluation of the management approach	70 - 73	
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>			
GRI 201-3	Defined benefit plan obligations and other retirement plans	70 - 73	
<b>GRI 202: MARKET PRESENCE 2016</b>			

## Sustainability Statement (cont'd)

GRI Standard	Disclosure	Page Reference	Omission
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	70 - 73	
<b>GRI 401: EMPLOYMENT 2016</b>			
GRI 401-1	New employees hires and employee turnover	70 - 73	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70 - 73	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>			
GRI 403-1	Occupational health and safety management system	73 - 75	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	73 - 75	
GRI 403-3	Occupational health services	73 - 75	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	73 - 75	
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<b>GRI 103: MANAGEMENT APPROACH 2016</b>			
GRI 103-1	Explanation of the material topic and its Boundary	75 - 76	
GRI 103-2	The management approach and its components	75 - 76	
GRI 103-3	Evaluation of the management approach	75 - 76	
<b>GRI 404: TRAINING AND EDUCATION 2016</b>			
GRI 404-1	Average hours of training per year per employee	75 - 76	

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

### *Pursuant To Paragraph 15.26(a) Of Main Market Listing Requirements of Bursa Malaysia Securities Berhad*

#### *Responsibilities of the Directors in relation to financial statements*

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company for the financial year ended December 31, 2021 that give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the 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 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.

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.

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# 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 2021.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Loss for the financial year	(19,185,040)	(16,933,237)
Attributable to:		
Owners of the Company	(19,183,100)	(16,933,237)
Non-controlling interests	(1,940)	-
	<u>(19,185,040)</u>	<u>(16,933,237)</u>

## DIVIDENDS

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

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2021.

## RESERVES AND PROVISIONS

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



## Directors' Report (cont'd)

### **BAD AND DOUBTFUL DEBTS**

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

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

### **CURRENT ASSETS**

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

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

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

## 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

Other than as disclosed in Note 23 to the financial statements, in the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### ISSUE OF SHARES AND DEBENTURES

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

### TREASURY SHARES

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

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

As at 31 December 2021, the Company held 15,365,700 (2020: 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/- (2020: RM5,122,542/-). Further details are disclosed in Note 15 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

## Directors' Report (cont'd)

### DIRECTORS

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

Tan Sri Dato' Seri Lim Gait Tong\*  
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther\*  
Lim Chu Dick\*  
Koay Say Loke Andrew\*  
Khairilnuar Bin Abdul Rahman  
Adlina Hasni Binti Zainol Abidin

\* Directors of the Company and certain subsidiaries

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

Kwong Yook Faan  
Lim Hock Eng  
Chen Liang Xing

## 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 1.1.2021	Bought	Sold	At 31.12.2021
The Company				
<b>Farlim Group (Malaysia) Bhd.</b>				
<b>Direct</b>				
Tan Sri Dato’ Seri Lim Gait Tong	12,000	-	-	12,000
Datuk Seri Haji Mohamed Iqbal				
Bin Kuppa Pitchai Rawther	12,000	-	-	12,000
Koay Say Loke Andrew	2,400	-	-	2,400
Adlina Hasni Binti Zainol Abidin	38,000	-	-	38,000
<b>Indirect</b>				
Tan Sri Dato’ Seri Lim Gait Tong <sup>(1)</sup>	72,685,480	-	3,327,000	69,358,480
Lim Chu Dick <sup>(1)</sup>	72,685,480	-	3,327,000	69,358,480
The ultimate holding company				
<b>Farlim Holding Sdn. Bhd.</b>				
<b>Direct</b>				
Tan Sri Dato’ Seri Lim Gait Tong	45,773	-	-	45,773
Lim Chu Dick	3,582	-	-	3,582
The subsidiaries				
<b>Baka Suci Sdn. Bhd.</b>				
<b>Direct</b>				
Tan Sri Dato’ Seri Lim Gait Tong	10,002	-	-	10,002
<b>Victory Ace Sdn. Bhd.</b>				
<b>Direct</b>				
Tan Sri Dato’ Seri Lim Gait Tong	2	-	-	2
<b>Farlim Marketing Sdn. Bhd.</b>				
<b>Direct</b>				
Lim Chu Dick	245,000	-	-	245,000

<sup>(1)</sup> 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 and Mr. Lim Chu Dick are also deemed interested in shares in the Company and its related corporations to the extent that the ultimate holding company has an interest.

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

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 23 to the financial statements) 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.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

### **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 RM21,409/- respectively.

### **SUBSIDIARIES**

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

### **ULTIMATE HOLDING COMPANY**

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

### **SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Details of the significant events during and subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

## Directors' Report (cont'd)

### AUDITORS

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

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

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

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: 25 April 2022



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	3,411,657	3,608,995	836,777	966,307
Right-of-use assets	6	155,315	157,510	64,030	65,080
Investment properties	7	11,457,925	11,818,257	12,161,875	12,715,077
Inventories	8	52,492,990	52,600,060	27,243,519	27,761,222
Investment in subsidiaries	9	-	-	36,333,069	48,840,090
Other investments	10	43,379	33,899	-	-
Goodwill on consolidation	11	2,970,000	2,970,000	-	-
Trade and other receivables	12	-	-	10,997,150	-
<b>Total non-current assets</b>		<b>70,531,266</b>	<b>71,188,721</b>	<b>87,636,420</b>	<b>90,347,776</b>
<b>CURRENT ASSETS</b>					
Inventories	8	22,480,072	33,715,592	16,802,548	21,993,239
Other investments	10	41,455,935	45,375,508	39,070,961	43,321,198
Trade and other receivables	12	6,379,658	7,848,191	1,890,085	6,879,947
Prepayments		219,876	116,998	63,401	64,612
Contract assets	19	2,072,209	3,011,735	2,072,209	1,189,849
Tax recoverable		6,855	4,224	1,235	-
Cash and bank balances	13	5,477,610	6,599,347	3,478,981	4,868,121
<b>Total current assets</b>		<b>78,092,215</b>	<b>96,671,595</b>	<b>63,379,420</b>	<b>78,316,966</b>
<b>TOTAL ASSETS</b>		<b>148,623,481</b>	<b>167,860,316</b>	<b>151,015,840</b>	<b>168,664,742</b>

# Statements Of Financial Position (cont'd)

as at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	14	169,041,548	169,041,548	169,041,548	169,041,548
Treasury shares	15	(5,122,542)	(5,122,542)	(5,122,542)	(5,122,542)
Foreign exchange reserve		671,906	61,631	-	-
Accumulated losses		(27,762,820)	(8,579,720)	(17,984,547)	(1,051,310)
Shareholders' funds		136,828,092	155,400,917	145,934,459	162,867,696
Non-controlling interests		250,364	694,465	-	-
<b>Total equity</b>		<b>137,078,456</b>	<b>156,095,382</b>	<b>145,934,459</b>	<b>162,867,696</b>
<b>NON-CURRENT LIABILITY</b>					
Deferred tax liabilities	16	36,309	36,309	36,309	36,309
<b>Total non-current liability</b>		<b>36,309</b>	<b>36,309</b>	<b>36,309</b>	<b>36,309</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	17	5,312,588	6,463,511	2,701,329	3,606,857
Provisions	18	5,920,512	5,116,963	2,128,131	2,075,305
Contract liabilities	19	215,612	78,575	215,612	78,575
Tax payables		60,004	69,576	-	-
<b>Total current liabilities</b>		<b>11,508,716</b>	<b>11,728,625</b>	<b>5,045,072</b>	<b>5,760,737</b>
<b>Total liabilities</b>		<b>11,545,025</b>	<b>11,764,934</b>	<b>5,081,381</b>	<b>5,797,046</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>148,623,481</b>	<b>167,860,316</b>	<b>151,015,840</b>	<b>168,664,742</b>

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

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
		RM	RM	RM	RM
	Note				
Revenue	20	24,907,905	28,240,249	12,680,654	16,554,741
Cost of sales	21	(30,187,468)	(24,935,565)	(11,574,083)	(14,237,379)
<b>Gross (loss)/profit</b>		<b>(5,279,563)</b>	<b>3,304,684</b>	<b>1,106,571</b>	<b>2,317,362</b>
Other income		2,080,545	2,305,720	2,081,600	2,085,413
Administrative expenses		(10,271,186)	(10,652,734)	(7,614,535)	(7,788,019)
Impairment losses					
on financial instruments		(5,713,020)	-	-	-
Other operating expenses		-	-	(12,907,021)	(2,330,796)
<b>Operating loss</b>		<b>(19,183,224)</b>	<b>(5,042,330)</b>	<b>(17,333,385)</b>	<b>(5,716,040)</b>
Finance income	22	42,019	55,752	410,763	189,979
<b>Loss before taxation</b>	23	<b>(19,141,205)</b>	<b>(4,986,578)</b>	<b>(16,922,622)</b>	<b>(5,526,061)</b>
Income tax expense	24	(43,835)	(45,213)	(10,615)	-
<b>Loss for the financial year</b>		<b>(19,185,040)</b>	<b>(5,031,791)</b>	<b>(16,933,237)</b>	<b>(5,526,061)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operation		610,275	61,617	-	-
<b>Total comprehensive loss for the financial year</b>		<b>(18,574,765)</b>	<b>(4,970,174)</b>	<b>(16,933,237)</b>	<b>(5,526,061)</b>

## Statements Of Comprehensive Income (cont'd)

for the financial year ended 31 December 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Note</b>				
<b>Loss attributable to:</b>				
Owners of the Company	(19,183,100)	(5,052,776)	(16,933,237)	(5,526,061)
Non-controlling interests	(1,940)	20,985	-	-
	<u>(19,185,040)</u>	<u>(5,031,791)</u>	<u>(16,933,237)</u>	<u>(5,526,061)</u>
<b>Total comprehensive loss</b>				
<b>attributable to:</b>				
Owners of the Company	(18,572,825)	(4,991,159)	(16,933,237)	(5,526,061)
Non-controlling interests	(1,940)	20,985	-	-
	<u>(18,574,765)</u>	<u>(4,970,174)</u>	<u>(16,933,237)</u>	<u>(5,526,061)</u>
<b>Loss per share attributable</b>				
<b>to owners of the Company (sen)</b>				
- basic	25	(12.54)	(3.30)	
- diluted	25	(12.54)	(3.30)	

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

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

	← 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
<b>Group</b>						
<b>At 1 January 2020</b>	169,041,548	(3,983,773)	14	(3,526,944)	673,480	162,204,325
<b>Total comprehensive income for the financial year</b>						
Other comprehensive income	-	-	61,617	-	-	61,617
Loss for the financial year	-	-	-	(5,052,776)	20,985	(5,031,791)
Total comprehensive income/(loss)	-	-	61,617	(5,052,776)	20,985	(4,970,174)
<b>Transaction with owners</b>						
Share repurchased	-	(1,138,769)	-	-	-	(1,138,769)
Total transaction with owners	-	(1,138,769)	-	-	-	(1,138,769)
<b>At 31 December 2020</b>	169,041,548	(5,122,542)	61,631	(8,579,720)	694,465	156,095,382
<b>At 1 January 2021</b>	169,041,548	(5,122,542)	61,631	(8,579,720)	694,465	156,095,382
<b>Total comprehensive income for the financial year</b>						
Other comprehensive income	-	-	610,275	-	-	610,275
Loss for the financial year	-	-	-	(19,183,100)	(1,940)	(19,185,040)
Total comprehensive income/(loss)	-	-	610,275	(19,183,100)	(1,940)	(18,574,765)
<b>Transaction with owners</b>						
Dividend paid	-	-	-	-	(441,000)	(441,000)
Deconsolidation of a subsidiary	-	-	-	-	(1,161)	(1,161)
Total transaction with owners	-	-	-	-	(442,161)	(442,161)
<b>At 31 December 2021</b>	169,041,548	(5,122,542)	671,906	(27,762,820)	250,364	137,078,456

## Statements Of Changes In Equity (cont'd)

for the financial year ended 31 December 2021

	← Attributable to owners of the Company →			
	Share Capital RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
<b>Company</b>				
<b>At 1 January 2020</b>	169,041,548	(3,983,773)	4,474,751	169,532,526
<b>Total comprehensive loss for the financial year</b>				
Loss for the financial year	-	-	(5,526,061)	(5,526,061)
Total comprehensive loss	-	-	(5,526,061)	(5,526,061)
<b>Transaction with owners</b>				
Share repurchased	-	(1,138,769)	-	(1,138,769)
Total transaction with owners	-	(1,138,769)	-	(1,138,769)
<b>At 31 December 2020</b>	<b>169,041,548</b>	<b>(5,122,542)</b>	<b>(1,051,310)</b>	<b>162,867,696</b>
<b>At 1 January 2021</b>	169,041,548	(5,122,542)	(1,051,310)	162,867,696
<b>Total comprehensive loss for the financial year</b>				
Loss for the financial year	-	-	(16,933,237)	(16,933,237)
<b>At 31 December 2021</b>	<b>169,041,548</b>	<b>(5,122,542)</b>	<b>(17,984,547)</b>	<b>145,934,459</b>

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



# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Note</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Loss before taxation	(19,141,205)	(4,986,578)	(16,922,622)	(5,526,061)
Adjustments for:				
Depreciation of:				
- investment properties	291,976	167,141	259,869	135,028
- property, plant and equipment	276,188	320,064	151,276	153,591
- right-of-use assets	2,195	2,192	1,050	1,050
Dividend income	(108)	(246)	(459,000)	-
Fair value gain on financial assets	(9,480)	(2,516)	-	-
Loss/(Gain) on disposal of property, plant and equipment	24	(99)	-	(99)
Gain on disposal of investment property	(326,644)	-	(101,667)	-
Impairment losses on investment in subsidiaries	-	-	12,907,021	2,308,320
Impairment losses on trade receivables	5,713,020	-	-	-
Interest income	(42,019)	(55,752)	(410,763)	(189,979)
Income from cash management fund	(991,340)	(1,562,560)	(960,705)	(1,515,226)
Inventories written off	7,386,398	-	-	-
Property, plant and equipment written off	-	2,886	-	2,886
Provision for directors' retirement benefits	50,000	50,000	50,000	50,000
Write off of amount owing by subsidiary	-	-	-	22,476
Gain on deconsolidation of a subsidiary	(1,161)	-	-	-
Operating loss before working capital changes	(6,792,156)	(6,065,468)	(5,485,541)	(4,558,014)
Changes In Working Capital:				
Inventories	4,709,741	(2,619,735)	5,711,220	(3,954,135)
Receivables	(4,347,365)	(2,425,041)	2,683,923	(2,486,649)
Contract assets	939,526	(3,011,735)	(882,360)	(1,189,849)
Payables	(1,150,923)	1,039,352	(905,528)	(67,742)
Contract liabilities	137,037	(93,550)	137,037	(93,550)
Cash (used in)/generated from operations	(6,504,140)	(13,176,177)	1,258,751	(12,349,939)
Interest received	42,019	55,752	410,763	189,979
Tax paid	(56,038)	(48,514)	(11,850)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,518,159)</b>	<b>(13,168,939)</b>	<b>1,657,664</b>	<b>(12,159,960)</b>

## Statements Of Cash Flows (cont'd)

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM INVESTING</b>					
<b>ACTIVITIES:</b>					
Investment income received		991,340	1,562,560	960,705	1,515,226
Dividend received		108	246	459,000	-
Net change in amount owing by subsidiaries		-	-	(8,690,000)	(378,926)
Proceeds from disposal of property, plant and equipment		703	100	-	100
Proceeds from disposal of investment property		395,000	-	395,000	-
Investment in preference share in subsidiary		-	-	(400,000)	(493,640)
Acquisition of treasury shares		-	(1,138,769)	-	(1,138,769)
Redemption of other short term investments		3,919,573	17,484,871	4,250,237	17,682,227
Purchase of property, plant and equipment		(79,577)	(83,848)	(21,746)	(34,114)
Purchase of investment properties		-	(7,311,760)	-	(7,311,760)
<b>Net cash generated from/(used in) investing activities</b>		<b>5,227,147</b>	<b>10,513,400</b>	<b>(3,046,804)</b>	<b>9,840,344</b>
<b>CASH FLOWS FROM FINANCING</b>					
<b>ACTIVITIES:</b>					
Dividends paid to non-controlling interests		(441,000)	-	-	-
<b>Net cash used in financing activities</b>		<b>(441,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>(1,732,012)</b>	<b>(2,655,539)</b>	<b>(1,389,140)</b>	<b>(2,319,616)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>6,599,347</b>	<b>9,193,269</b>	<b>4,868,121</b>	<b>7,187,737</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>610,275</b>	<b>61,617</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	13	<b>5,477,610</b>	<b>6,599,347</b>	<b>3,478,981</b>	<b>4,868,121</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2022.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

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

## Notes To The Financial Statements (cont'd)

### 2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 January 2022 <sup>^</sup>
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flow	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> The Annual Improvements to MFRS Standards 2018-2020

<sup>#</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

# Notes To The Financial Statements (cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

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

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

#### ***Annual Improvements to MFRS Standards 2018–2020***

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

#### ***Amendments to MFRS 3 Business Combinations***

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

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

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

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

#### ***Amendments to MFRS 16 Leases***

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

# Notes To The Financial Statements (cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

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

#### ***Amendments to MFRS 101 Presentation of Financial Statements***

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

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. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

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

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

#### ***Amendments to MFRS 112 Income Taxes***

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

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



# Notes To The Financial Statements (cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

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

#### *Amendments to MFRS 116 Property, Plant and Equipment*

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

#### *Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets*

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

**2.3.2** The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and the Company.

### 2.4 Basis of measurement

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

### 2.5 Use of estimates and judgement

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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported 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, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

### 2.6 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.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Basis of Consolidation

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

##### (a) Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.2 to the financial statements.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of Consolidation (Continued)

##### (a) Subsidiaries and business combination (Continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Basis of Consolidation (Continued)

##### (b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

##### (c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.2 Goodwill on Consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previously-held equity interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Goodwill is stated at cost less any accumulated impairment losses. For the purpose of impairment assessment, goodwill is allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination. Each CGU represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with MFRS 8 Operating Segments. The carrying amount of goodwill is assessed annually for impairment, or more frequently if events or changes in carrying amount of its net assets, including attributable goodwill. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where the fair value of the Group's share of identifiable net assets acquired exceed the amount of consideration transferred, any non-controlling interest and the acquisition-date fair value of any previously-held equity interest, the entire resulting gain is recognised immediately in the statement of profit or loss.

#### 3.3 Separate Financial Statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

##### (a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

##### (i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

# Notes To The Financial Statements (cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Financial Instruments (Continued)

#### (a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

#### (i) Financial assets (Continued)

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and the Company classifies their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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



## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial Instruments (Continued)

##### (a) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows (Continued):

##### (i) Financial assets (Continued)

###### Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

##### (ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

###### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss through the amortisation process.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.4 Financial Instruments (Continued)

##### (b) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive the cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Property, Plant and Equipment

##### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### (b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

##### (c) Depreciation

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

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The annual rates used for this purpose are as follows:

	Useful lives
Buildings	2% - 4.5%
Buildings improvements	10% - 15%
Plant and machinery	9% - 20%
Motor vehicles	18% - 20%
Furniture, fittings and equipment	10% - 20%

The residual values useful lives and depreciation methods are reviewed at the end of each month reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the financial statements until the assets are no longer in use.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.5 Property, Plant and Equipment (Continued)

##### (d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

#### 3.6 Investment Properties

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

Investment properties on freehold land are stated at cost less accumulated impairment losses, if any, and are not depreciated as it has an indefinite life. Whereas, other investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Investment properties are depreciated on a straight line basis over their estimated useful life at an annual rate of 1.2% to 2%.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.15 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

#### 3.7 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined based on specific identification. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.7 Inventories (Continued)

##### Property under development

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

#### 3.8 Contract Assets/(Liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

#### 3.9 Leases

##### (a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

##### (b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 3.6 to the financial statements.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Leases (Continued)

##### (b) Lessee accounting (Continued)

###### Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

The annual rates used for this purpose are as follows:

	Useful lives
Leasehold land	84-94 years

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

###### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Leases (Continued)

##### (b) Lessee accounting (Continued)

###### Lease liability (Continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

###### Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.9 Leases (Continued)

##### (c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.9(a) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

#### 3.10 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Impairment of Assets

##### (a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost and lease receivables will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower 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.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Impairment of Assets (Continued)

##### (a) Impairment of financial assets and contract assets (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assess whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.11 Impairment of Assets (Continued)

##### (a) Impairment of financial assets and contract assets (Continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

##### (b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.12 Share Capital

##### (a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

#### 3.13 Employee Benefits

##### (a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

##### (b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

##### (c) Defined benefit plans

The Group and the Company operate an unfunded benefits scheme to the director.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation at each financial year end.

#### 3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.14 Provisions (Continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

#### 3.15 Borrowing Costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

#### 3.16 Revenue and Other Income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Revenue and Other Income (Continued)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

##### (a) Property development

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).



# Notes To The Financial Statements (cont'd)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.16 Revenue and Other Income (Continued)

#### (a) Property development (Continued)

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Revenue is recognised based on the transaction price agreed in the contracts, net of any marketing promotional packages offered to the customers which are to be incurred by the Group and the Company. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better compute the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any marketing promotional packages which are constrained.

#### (b) Interest income

Interest income is recognised using the effective interest method.

#### (c) Dividend income

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

#### (d) Rental income

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

#### (e) Sales of goods and completed properties

The Group sells completed properties and a range of building materials to local customers. Revenue from sales of completed properties and building materials are recognised at a point in time when control of the products has been transferred, being when the customers accept the delivery of the goods.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.16 Revenue and Other Income Recognition (Continued)

**(f) Inter-company transactions**

Inter-company transactions are excluded from the revenue of the Group.

**(g) Commission income**

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

#### 3.17 Income Tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(a) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.17 Income Tax (Continued)

##### (b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

##### (c) Sales and service tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and service tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 3.18 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee of operations who is responsible for allocating resources and assessing performance of the operating segments and recommends strategic decisions to the Board.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.19 Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 3.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.21 Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 3.22 Contract costs

##### (a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 Inventories, MFRS 116 Property, Plant and Equipment or MFRS 138 Intangible Assets, are recognised as part of contract costs when all of the following criteria are met:

- (a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- (b) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

##### (b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimate and Errors.

## Notes To The Financial Statements (cont'd)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.22 Contract costs (Continued)

##### (c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- (a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity would have recognised is one year or less.

### 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.

## Notes To The Financial Statements (cont'd)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

#### (a) Property development revenue and expenses (Note 20 and 21)

The Group and the Company recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group and the Company evaluates based on past experience and by relying on the work of specialists.

#### (b) Provisions (Note 18)

The Group and the Company recognise provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recognition of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's and the Company's current best estimate.

#### (c) Impairment of goodwill (Note 11)

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the CGU to which goodwill is allocated. The management requires the application of significant judgements in the recoverable amount and assumptions included within the fair value to sell model. The carrying amount of goodwill as at 31 December 2021 was RM2,970,000/-.



## Notes To The Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Freehold Land RM	Buildings RM	Buildings Improvements RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
<b>Cost</b>							
At 1 January 2021	1,869,244	1,903,915	1,576,825	12,900	3,141,401	2,796,008	11,300,293
Additions	-	-	36,839	-	6,869	35,869	79,577
Disposals	-	-	-	-	(4,346)	-	(4,346)
At 31 December 2021	1,869,244	1,903,915	1,613,664	12,900	3,143,924	2,831,877	11,375,524
<b>Accumulated Depreciation</b>							
At 1 January 2021	-	805,326	1,404,155	12,900	3,020,846	2,448,071	7,691,298
Charge for the financial year	-	41,276	65,479	-	66,026	103,407	276,188
Disposals	-	-	-	-	(3,619)	-	(3,619)
At 31 December 2021	-	846,602	1,469,634	12,900	3,083,253	2,551,478	7,963,867
<b>Carrying Amount</b>							
At 1 January 2021	1,869,244	1,098,589	172,670	-	120,555	347,937	3,608,995
At 31 December 2021	1,869,244	1,057,313	144,030	-	60,671	280,399	3,411,657

## Notes To The Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2020	Freehold Land RM	Buildings RM	Buildings Improvements RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
<b>Cost</b>							
At 1 January 2020	1,869,244	1,903,915	1,576,825	12,900	3,141,401	2,733,555	11,237,840
Additions	-	-	-	-	-	83,848	83,848
Disposals	-	-	-	-	-	(3,400)	(3,400)
Write-offs	-	-	-	-	-	(17,995)	(17,995)
At 31 December 2020	1,869,244	1,903,915	1,576,825	12,900	3,141,401	2,796,008	11,300,293
<b>Accumulated Depreciation</b>							
At 1 January 2020	-	764,475	1,306,239	12,900	2,955,018	2,351,110	7,389,742
Charge for the financial year	-	40,851	97,916	-	65,828	115,469	320,064
Disposals	-	-	-	-	-	(3,399)	(3,399)
Write-offs	-	-	-	-	-	(15,109)	(15,109)
At 31 December 2020	-	805,326	1,404,155	12,900	3,020,846	2,448,071	7,691,298
<b>Carrying Amount</b>							
At 1 January 2020	1,869,244	1,139,440	270,586	-	186,383	382,445	3,848,098
At 31 December 2020	1,869,244	1,098,589	172,670	-	120,555	347,937	3,608,995

## Notes To The Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2021	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
<b>Cost</b>						
At 1 January 2021	264,940	763,088	923,125	2,039,378	1,617,234	5,607,765
Additions	-	-	-	-	21,746	21,746
At 31 December 2021	264,940	763,088	923,125	2,039,378	1,638,980	5,629,511
<b>Accumulated Depreciation</b>						
At 1 January 2021	-	378,720	838,510	1,920,279	1,503,949	4,641,458
Charge for the financial year	-	15,940	26,654	64,959	43,723	151,276
At 31 December 2021	-	394,660	865,164	1,985,238	1,547,672	4,792,734
<b>Carrying Amount</b>						
At 1 January 2021	264,940	384,368	84,615	119,099	113,285	966,307
At 31 December 2021	264,940	368,428	57,961	54,140	91,308	836,777

## Notes To The Financial Statements (cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2020	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
<b>Cost</b>						
At 1 January 2020	264,940	763,088	923,125	2,039,378	1,604,515	5,595,046
Additions	-	-	-	-	34,114	34,114
Disposals	-	-	-	-	(3,400)	(3,400)
Write-offs	-	-	-	-	(17,995)	(17,995)
At 31 December 2020	264,940	763,088	923,125	2,039,378	1,617,234	5,607,765
<b>Accumulated Depreciation</b>						
At 1 January 2020	-	362,780	811,856	1,855,321	1,476,418	4,506,375
Charge for the financial year	-	15,940	26,654	64,958	46,039	153,591
Disposals	-	-	-	-	(3,399)	(3,399)
Write-offs	-	-	-	-	(15,109)	(15,109)
At 31 December 2020	-	378,720	838,510	1,920,279	1,503,949	4,641,458
<b>Carrying Amount</b>						
At 1 January 2020	264,940	400,308	111,269	184,057	128,097	1,088,671
At 31 December 2020	264,940	384,368	84,615	119,099	113,285	966,307

## Notes To The Financial Statements (cont'd)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (a) Property subject to operating lease

The Group and the Company leases some of its property to third party and its subsidiaries. Each of the leases contained an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee.

The Group and the Company generally do not require a financial guarantee on the leases arrangement. Nevertheless, the Group requires two months of advanced rental payment from the lessee. These leases do not include residual value guarantees.

The following are recognised in profit and loss:

	Group	
	2021	2020
	RM	RM
Lease income	84,300	63,880

The operating lease payment to be received are as follows:

	Group	
	2021	2020
	RM	RM
Less than one year	67,500	65,000
One to two years	77,800	59,500
Total undiscounted lease payments	145,300	124,500

#### (b) Buildings in relation to the leasehold land

The buildings in the Group and the Company of the carrying amount RM1,057,313/- (2020: RM RM1,098,589/-) and RM368,428/- (2020: RM384,368/-) 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 leases several assets and the information about leases of the Group and the Company as lessees are presented below:

	<b>Leasehold land RM</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January/31 December 2021	240,267
<b>Accumulated Depreciation</b>	
At 1 January 2020	80,565
Charge for the financial year	2,192
At 1 January 2021	82,757
Charge for the financial year	2,195
At 31 December 2021	84,952
<b>Carrying Amount</b>	
At 1 January 2021	157,510
At 31 December 2021	155,315
<b>Company</b>	
<b>Cost</b>	
At 1 January/31 December 2021	110,785
<b>Accumulated Depreciation</b>	
At 1 January 2020	44,655
Charge for the financial year	1,050
At 1 January 2021	45,705
Charge for the financial year	1,050
At 31 December 2021	46,755
<b>Carrying Amount</b>	
At 1 January 2021	65,080
At 31 December 2021	64,030

The long-term leasehold land of the Group has an unexpired lease period of more than 50 years.

## Notes To The Financial Statements (cont'd)

### 7. INVESTMENT PROPERTIES

<b>Group</b>	<b>Completed</b>	<b>Investment</b>	
<b>2021</b>	<b>Investment</b>	<b>Properties</b>	
<b>Cost</b>	<b>Properties</b>	<b>Under</b>	<b>Total</b>
	<b>RM</b>	<b>Construction</b>	<b>RM</b>
At 1 January 2021	12,909,030	236,830	13,145,860
Disposals	(95,023)	-	(95,023)
At 31 December 2021	12,814,007	236,830	13,050,837
<b>Accumulated Depreciation</b>			
At 1 January 2021	1,327,603	-	1,327,603
Charge for the financial year	291,976	-	291,976
Disposals	(26,667)	-	(26,667)
At 31 December 2021	1,592,912	-	1,592,912
<b>Carrying Amount</b>	11,221,095	236,830	11,457,925
<b>Group</b>			
<b>2020</b>			
<b>Cost</b>			
At 1 January 2020	5,597,270	236,830	5,834,100
Addition	7,311,760	-	7,311,760
At 31 December 2020	12,909,030	236,830	13,145,860
<b>Accumulated Depreciation</b>			
At 1 January 2020	1,160,462	-	1,160,462
Charge for the financial year	167,141	-	167,141
At 31 December 2020	1,327,603	-	1,327,603
<b>Carrying Amount</b>	11,581,427	236,830	11,818,257

## Notes To The Financial Statements (cont'd)

### 7. INVESTMENT PROPERTIES (CONTINUED)

<b>Company</b>	<b>Completed Investment Properties</b>	<b>Investment Properties Under Construction</b>	<b>Total</b>
<b>2021</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cost</b>			
At 1 January 2021	13,313,184	236,830	13,550,014
Disposals	(320,000)	-	(320,000)
At 31 December 2021	12,993,184	236,830	13,230,014
<b>Accumulated Depreciation</b>			
At 1 January 2021	834,937	-	834,937
Charge for the financial year	259,869	-	259,869
Disposals	(26,667)	-	(26,667)
At 31 December 2021	1,068,139	-	1,068,139
<b>Carrying Amount</b>	11,925,045	236,830	12,161,875
<b>2020</b>			
<b>Cost</b>			
At 1 January 2020	6,001,424	236,830	6,238,254
Addition	7,311,760	-	7,311,760
At 31 December 2020	13,313,184	236,830	13,550,014
<b>Accumulated Depreciation</b>			
At 1 January 2020	699,909	-	699,909
Charge for the financial year	135,028	-	135,028
At 31 December 2020	834,937	-	834,937
<b>Carrying Amount</b>	12,478,247	236,830	12,715,077

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Rental income	302,074	203,483	297,074	187,363
Direct operating expenses	263,006	151,395	260,531	137,929



## 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
<b>Group</b>				
<b>2021</b>				
Investment properties	15,328,905	-	-	15,328,905
<b>2020</b>				
Investment properties	16,022,071	-	-	16,022,071
<b>Company</b>				
<b>2021</b>				
Investment properties	13,682,998	-	-	13,682,998
<b>2020</b>				
Investment properties	13,982,836	-	-	13,982,836

#### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable input	Relationship of unobservable inputs
Commercial space	Sales comparison approach	Price per square foot RM116/- (2020: RM104/-)	The higher the price per square foot, the higher the fair value
Condominium	Sales comparison approach	Price per square foot RM280/- to RM 340/- (2020: RM304/- to RM377/-)	The higher the price per square foot, the higher the fair value
Shop office	Sales comparison approach	Price per square foot RM83/- (2020: RM83/-)	The higher the price per square foot, the higher the fair value

During the financial year ended 31 December 2021 or 31 December 2020, there have been no transfers of fair value measurements.

#### 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.

## Notes To The Financial Statements (cont'd)

### 8. INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>At lower of cost and net realisable value :</b>				
<b>Non-current</b>				
Property held for development				
- Freehold land at cost	853,876	853,876	-	-
- Leasehold land at cost	26,301,477	26,301,477	13,234,579	13,234,579
- Development costs	25,337,637	25,444,707	14,008,940	14,526,643
	<u>52,492,990</u>	<u>52,600,060</u>	<u>27,243,519</u>	<u>27,761,222</u>
<b>Current</b>				
Property under development				
- Freehold land at cost	2,126,103	2,126,103	-	-
- Leasehold land at cost	3,433,051	4,216,210	3,433,052	3,837,936
- Development costs	7,222,627	14,217,013	4,590,208	7,177,550
Completed properties	9,698,291	11,313,475	8,779,288	10,977,753
Building materials	-	1,842,791	-	-
	<u>22,480,072</u>	<u>33,715,592</u>	<u>16,802,548</u>	<u>21,993,239</u>

- (a) The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM17,662,156/- (2020: RM23,951,304/-) and RM11,574,083/- (2020: RM14,237,379/-) respectively.
- (b) The Group recognised inventories written off of RM7,386,398/- during the financial year in respect of obsolete inventories.

## Notes To The Financial Statements (cont'd)

### 9. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
<b>Unquoted shares, at cost</b>		
Ordinary shares	46,718,267	46,718,267
Preference shares	41,916,170	41,516,170
Less: Written off	(2)	-
	88,634,435	88,234,437
<b>Less:</b>		
Accumulated impairment losses	39,394,347	37,086,027
Impairment losses during the year	12,907,021	2,308,320
Written off	(2)	-
	52,301,366	39,394,347
<b>Carrying amount</b>	<b>36,333,069</b>	<b>48,840,090</b>

- (a) The Company's equity interest in the subsidiaries, country of incorporation and their respective principal activities are disclosed in Note 28 to the financial statements.
- (b) In the financial year, the Company had subscribed for 400,000/- (2020: 493,640) redeemable preference shares in a wholly owned subsidiary for a total consideration of RM400,000/-.

The redemption of preference shares and payment of preference dividends are based on the discretion of the issuer's directors up to 5% per annum and is non-cumulative.

## Notes To The Financial Statements (cont'd)

### 9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (c) Non-controlling interests in subsidiaries

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

Group 2021	Farlim Marketing Sdn. Bhd. RM	Other individually immaterial subsidiaries RM	Total RM
<b>NCI percentage of ownership interest and voting interest</b>	49%		
Carrying amount of NCI	266,450	(16,086)	250,364
(Loss)/Profit allocated to NCI in current financial year	(6,103)	4,163	(1,940)
<b>Summarised financial information before intra-group elimination</b>			
<b>As at 31 December 2021</b>			
Non-current assets	254,670	-	254,670
Current assets	1,175,642	54	1,175,696
Current liabilities	(886,537)	(81,539)	(968,076)
Net assets/(liabilities)	543,775	(81,485)	462,290
<b>Summarised statements of comprehensive (loss)/income</b>			
<b>Financial year ended 31 December 2021</b>			
Revenue	160,927	-	160,927
(Loss)/Profit for the financial year	(12,455)	26,833	14,378
Total comprehensive (loss)/profit	(12,455)	26,833	14,378
<b>Summarised statements of cash flows information</b>			
<b>Financial year ended 31 December 2021</b>			
Cash flows from/(used in) operating activities	1,054,440	(150)	1,054,290
Cash flows used in investing activities	(200,025)	-	(200,025)
Cash flows used in financing activities	(900,000)	-	(900,000)
Net decrease in cash and cash equivalents	(45,585)	(150)	(45,735)

## Notes To The Financial Statements (cont'd)

### 9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### (c) Non-controlling interests in subsidiaries (Continued)

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

Group 2020	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	713,555	(19,090)	694,465
Profit/(Loss) allocated to NCI in current financial year	24,085	(3,100)	20,985
<b>Summarised financial information before intra-group elimination</b>			
<b>As at 31 December 2020</b>			
Non-current assets	266,219	-	266,219
Current assets	1,357,462	206	1,357,668
Current liabilities	(167,452)	(108,524)	(275,976)
Net assets/(liabilities)	1,456,229	(108,318)	1,347,911
<b>Summarised statements of comprehensive income/(loss)</b>			
<b>Financial year ended 31 December 2020</b>			
Revenue	1,056,508	-	1,056,508
Profit/(Loss) for the financial year	49,154	(13,681)	35,473
Total comprehensive profit/(loss)	49,154	(13,681)	35,473
<b>Summarised statements of cash flows information</b>			
<b>Financial year ended 31 December 2020</b>			
Cash flows from operating activities	5,845	-	5,845
Cash flows used in investing activities	(50,018)	-	(50,018)
Cash flows from financing activities	-	-	-
Net decrease in cash and cash equivalents	(44,173)	-	(44,173)

## Notes To The Financial Statements (cont'd)

### 10. OTHER INVESTMENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-current</b>				
<b>Fair value through profit or loss:</b>				
Quoted shares in Malaysia	43,379	33,899	-	-
<b>Current</b>				
<b>Fair value through profit or loss:</b>				
Cash management fund investments with investment management companies	41,455,935	45,375,508	39,070,961	43,321,198

The market value of the quoted shares as at 31 December 2021 is RM43,379/- (2020: RM33,899/-).

### 11. GOODWILL ON CONSOLIDATION

	Group	
	2021	2020
	RM	RM
<b>Cost</b>		
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	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current:</b>					
<b>Non-trade</b>					
Amount owing by a subsidiary	(a)	-	-	10,997,150	-
<b>Current:</b>					
<b>Trade</b>					
Trade receivables from contracts with customers	(b)	9,878,051	5,944,065	993,477	3,914,804
Less: Impairment losses		(5,730,332)	(17,312)	-	-
		4,147,719	5,926,753	993,477	3,914,804
<b>Non-trade</b>					
Other receivables		134,640	94,994	117,477	77,421
Amount owing by a subsidiary	(a)	-	-	-	2,307,150
Deposits		2,097,299	1,826,444	779,131	580,572
		2,231,939	1,921,438	896,608	2,965,143
<b>Total trade and other receivables (current)</b>		6,379,658	7,848,191	1,890,085	6,879,947
<b>Total trade and other receivables (non-current and current)</b>		6,379,658	7,848,191	12,887,235	6,879,947

#### (a) Amount owing by a subsidiary

The amount owing by a subsidiary represents loan to subsidiary which is unsecured, subject to interest from 2.78% to 3.02% (2020: 3.08% to 4.35%) per annum and repayable in year 2024.

#### (b) Trade receivables from contracts with customers

The Group's trade receivables normal trade credit terms range from 21 to 90 (2020: 21 to 90) days terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.

## Notes To The Financial Statements (cont'd)

### 13. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	5,477,610	6,599,347	3,478,981	4,868,121

Included in cash and bank balances are the following:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	4,086,237	3,552,964	2,432,601	2,494,441

- (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 0.50% to 0.61% (2020: 0.50% to 1.95%) per annum.

### 14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2021	2020	2021	2020
	Units	Units	RM	RM
<b>Issued and fully paid up:</b>				
At 1 January/31 December	168,391,313	168,391,313	169,041,548	169,041,548

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### 15. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 26 June 2019 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan is applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.



## Notes To The Financial Statements (cont'd)

### 15. TREASURY SHARES (CONTINUED)

At 31 December 2021, the Company's treasury shares are held at as carrying amount of RM5,122,542/- (2020: RM5,122,542/-).

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

### 16. DEFERRED TAX LIABILITIES

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
At 1 January/31 December	36,309	36,309

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Tax effects of		
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	36,309	36,309
At 31 December	36,309	36,309

### 17. TRADE AND OTHER PAYABLES

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Trade</b>					
Trade payables	(a)	2,793,918	5,049,212	2,101,248	2,949,733
<b>Non-trade</b>					
Other payables		1,061,588	653,129	160,166	102,232
Deposits received		119,500	195,723	92,600	166,300
Accruals		592,700	524,506	347,315	388,592
Amount owing to directors	(b)	744,882	40,941	-	-
		2,518,670	1,414,299	600,081	657,124
<b>Total payables</b>		5,312,588	6,463,511	2,701,329	3,606,857

## Notes To The Financial Statements (cont'd)

### 17. TRADE AND OTHER PAYABLES (CONTINUED)

#### (a) Trade payables

Trade payables are normally settled on to 30 to 90 (2020: 30 to 90) days terms.

Included in trade payables of the Group and the Company is an amount of RM1,183,219/- (2020: RM1,819,229/-) and RM913,535/- (2020: RM1,316,360/-) respectively which represents retention sum payable.

#### (b) Amount owing to directors

The amount owing to directors represents advances and payments made on behalf, which are unsecured, interest free, repayable on demand and to be settled by cash.

### 18. PROVISIONS

	Compensation RM	Property Development Expenditure RM	Directors' Retirement Benefits RM	Total RM
<b>Group</b>				
<b>Current</b>				
At 1 January 2020	402,912	2,692,305	1,882,930	4,978,147
Addition during the financial year	-	132,676	50,000	182,676
Reversal/utilisation during the financial year	-	(43,860)	-	(43,860)
At 31 December 2020	402,912	2,781,121	1,932,930	5,116,963
Addition during the financial year	-	753,549	50,000	803,549
At 31 December 2021	402,912	3,534,670	1,982,930	5,920,512
		<b>Property Development Expenditure RM</b>	<b>Directors' Retirement Benefits RM</b>	<b>Total RM</b>
<b>Company</b>				
<b>Current</b>				
At 1 January 2020		9,699	1,882,930	1,892,629
Addition during the financial year		132,676	50,000	182,676
At 31 December 2021		142,375	1,932,930	2,075,305
Addition during the financial year		2,826	50,000	52,826
At 31 December 2021		145,201	1,982,930	2,128,131

## Notes To The Financial Statements (cont'd)

### 18. PROVISIONS (CONTINUED)

#### (a) Compensation

Provision for compensations are recognised for claims in relation to the legal suit with purchasers.

#### (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

Provision for directors' retirement benefits is based on existing contractual obligations with the director which is equivalent to two months salary of the director for every year of service.

### 19. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Contract assets relating to property development contracts	2,072,209	3,011,735	2,072,209	1,189,849
<b>Total contract assets</b>	<b>2,072,209</b>	<b>3,011,735</b>	<b>2,072,209</b>	<b>1,189,849</b>
Contract liabilities relating to property development contracts	(215,612)	(78,575)	(215,612)	(78,575)
<b>Total contract liabilities</b>	<b>(215,612)</b>	<b>(78,575)</b>	<b>(215,612)</b>	<b>(78,575)</b>

# Notes To The Financial Statements (cont'd)

## 19. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

### (i) Significant changes in contract balances

	2021		2020	
	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM
<b>Group</b>				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	2,072,209	-	3,011,735	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	10,325	-	172,125
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(147,362)	-	(78,575)
Transferred from contract assets recognised on the beginning of the year to receivables	(3,011,735)	-	-	-
<b>Company</b>				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	2,072,209	-	1,189,849	-
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	10,325	-	172,125
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(147,362)	-	(78,575)
Transferred from contract assets recognised on the beginning of the year to receivables	(1,189,849)	-	-	-

## Notes To The Financial Statements (cont'd)

### 20. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Revenue from contract customers:</b>				
Property development	10,272,521	25,438,492	3,320,654	14,864,741
Revenue from sales of completed development property/vacant lands	9,360,000	1,690,000	9,360,000	1,690,000
Sales of goods	5,220,964	1,056,508	-	-
Commissions	54,420	55,249	-	-
	<b>24,907,905</b>	<b>28,240,249</b>	<b>12,680,654</b>	<b>16,554,741</b>

#### (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
<b>Group</b>				
<b>2021</b>				
<b>Major goods and services:</b>				
Commercial units	8,800,000	-	-	8,800,000
Residential units	10,832,521	-	-	10,832,521
Trading of building material	-	5,220,964	-	5,220,964
Others	-	-	54,420	54,420
	<b>19,632,521</b>	<b>5,220,964</b>	<b>54,420</b>	<b>24,907,905</b>
<b>Timing of revenue recognition:</b>				
At a point in time	9,360,000	5,220,964	54,420	14,635,384
Over time	10,272,521	-	-	10,272,521
	<b>19,632,521</b>	<b>5,220,964</b>	<b>54,420</b>	<b>24,907,905</b>

## Notes To The Financial Statements (cont'd)

### 20. REVENUE (CONTINUED)

#### (a) Disaggregation of revenue (Continued)

	Property RM	Trading RM	Investment and Others RM	Total RM
<b>Group</b>				
<b>2020</b>				
<b>Major goods and services:</b>				
Commercial unit/land	1,690,000	-	-	1,690,000
Residential units	25,438,492	-	-	25,438,492
Trading of building material	-	1,056,508	-	1,056,508
Others	-	-	55,249	55,249
	<u>27,128,492</u>	<u>1,056,508</u>	<u>55,249</u>	<u>28,240,249</u>

#### Timing of revenue recognition:

At a point in time	1,690,000	1,056,508	55,249	2,801,757
Over time	25,438,492	-	-	25,438,492
	<u>27,128,492</u>	<u>1,056,508</u>	<u>55,249</u>	<u>28,240,249</u>

	Property	
	2021 RM	2020 RM
<b>Company</b>		
<b>Major goods and services:</b>		
Commercial units/land	8,800,000	1,690,000
Residential units	3,880,654	14,864,741
	<u>12,680,654</u>	<u>16,554,741</u>

#### Timing of revenue recognition:

At a point in time	9,360,000	1,690,000
Over time	3,320,654	14,864,741
	<u>12,680,654</u>	<u>16,554,741</u>

#### (b) Transaction price allocated to the remaining performance obligations

As of 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and the Company is an amount of RM3,885,279/- (2020: RM5,555,569/-) and RM3,885,279/- (2020: RM2,937,814/-) respectively and the Group and the Company will recognise these revenue as the building is completed, which is expected to occur over the next 12–18 months.

## Notes To The Financial Statements (cont'd)

### 21. COST OF SALES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cost of properties	17,662,156	23,951,304	11,574,083	14,237,379
Cost of trading	12,525,312	984,261	-	-
	<u>30,187,468</u>	<u>24,935,565</u>	<u>11,574,083</u>	<u>14,237,379</u>

### 22. FINANCE INCOME

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income from:				
- short-term deposits	42,019	55,752	30,881	41,537
- subsidiaries	-	-	379,882	148,442
	<u>42,019</u>	<u>55,752</u>	<u>410,763</u>	<u>189,979</u>

## Notes To The Financial Statements (cont'd)

### 23. LOSS BEFORE TAXATION

Loss before taxation has been arrived at:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	175,400	174,400	99,500	99,500
- under/(over) accrual in prior year	3,200	(17,200)	500	500
- non-statutory audit	14,000	14,000	14,000	14,000
Depreciation of:				
- investment properties	291,976	167,141	259,869	135,028
- property, plant and equipment	276,188	320,064	151,276	153,591
- right-of-use assets	2,195	2,192	1,050	1,050
Impairment losses on investment in subsidiaries	-	-	12,907,021	2,308,320
Impairment losses on trade receivables	5,713,020	-	-	-
Inventories written off	7,386,398	-	-	-
Property, plant and equipment written off	-	2,886	-	2,886
Provision for directors' retirement benefits	50,000	50,000	50,000	50,000
Loss on disposal of property, plant and equipment	24	-	-	-
Write off of amount owing by subsidiary	-	-	-	22,476
Expense relating to lease of low value assets	25,800	25,800	13,200	13,200
Directors' remuneration:				
- fees	136,800	136,800	136,800	136,800
- other emoluments	1,065,000	1,087,188	1,065,000	1,087,188
- employees' provident fund	60,192	61,665	60,192	61,665
- SOCSO and EIS	2,109	6,357	2,109	6,357
Staff costs:				
- salaries, bonuses and allowances	4,309,385	4,475,685	3,143,309	3,198,858
- employees' provident fund	440,007	467,235	311,666	330,185
- SOCSO and EIS	46,275	47,643	31,315	31,505
- other staff related expenses	95,911	138,304	88,095	116,035
Realised exchanged loss	9,938	34,901	-	-



## Notes To The Financial Statements (cont'd)

### 23. LOSS BEFORE TAXATION (CONTINUED)

Loss before taxation has been arrived at (Continued):

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
And crediting:				
Dividend income	108	246	459,000	-
Fair value gain on financial assets	9,480	2,516	-	-
Gain on disposal of property, plant and equipment	-	99	-	99
Gain on disposal of investment property	326,644	-	101,667	-
Income from cash management fund	991,340	1,562,560	960,705	1,515,226
Forfeiture income	-	54,186	-	54,186
Rental income	558,928	448,833	472,028	355,993
Waiver of debt	39,162	-	-	-
Gain on deconsolidation of a subsidiary	1,161	-	-	-

Directors' remuneration of the Group and of the Company excludes estimated monetary value of benefits in kind of RM48,400/- (2020: RM73,400/-) and RM32,900/- (2020: RM45,400/-) respectively.

### 24. INCOME TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Income tax				
- current year	(33,999)	(44,341)	-	-
- prior year	779	(872)	-	-
	(33,220)	(45,213)	-	-
Real property gain tax ("RPGT")				
- current year	(10,615)	-	(10,615)	-
	(10,615)	-	(10,615)	-
	(43,835)	(45,213)	(10,615)	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

## Notes To The Financial Statements (cont'd)

### 24. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(19,141,205)	(4,986,578)	(16,922,622)	(5,526,061)
Tax at applicable statutory tax rate of 24%	4,593,889	1,196,779	4,061,429	1,326,255
Tax effects arising from				
- non-taxable income	279,629	378,728	272,250	367,309
- non-deductible expenses	(3,587,945)	(566,899)	(3,387,913)	(914,664)
- origination of deferred tax assets not recognised	(1,319,572)	(1,052,827)	(945,766)	(778,900)
- RPGT	(10,615)	-	(10,615)	-
- under/(over) provision in prior year	779	(994)	-	-
Tax expense for the financial year	(43,835)	(45,213)	(10,615)	-

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised capital allowance	(909,567)	(826,155)	(148,847)	(107,150)
Deductible temporary differences	(1,775,623)	(1,686,271)	(1,909,306)	(1,841,450)
Unutilised tax losses	(62,129,369)	(56,803,917)	(13,784,805)	(9,953,667)
	(64,814,559)	(59,316,343)	(15,842,958)	(11,902,267)
Potential unrecognised deferred tax assets at 24%	(15,555,494)	(14,235,922)	(3,802,310)	(2,856,544)

## Notes To The Financial Statements (cont'd)

### 24. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Year of assessments</b>				
2028	42,810,481	42,810,481	-	-
2029	8,099,515	8,099,515	6,118,094	6,118,094
2030	5,893,921	5,893,921	3,835,573	3,835,573
2031	5,325,452	-	3,831,138	-
	<u>62,129,369</u>	<u>56,803,917</u>	<u>13,784,805</u>	<u>9,953,667</u>

### 25. LOSS PER SHARE

#### (a) Basic loss per ordinary share

Basic loss 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	
	2021 RM	2020 RM
Loss attributable to owners of the Company	(19,183,100)	(5,052,776)
Number of ordinary shares in issue at 1 January	153,025,613	156,568,613
Effect of shares repurchased	-	(3,362,440)
Weighted average number of shares in issue	<u>153,025,613</u>	<u>153,206,173</u>
Basic loss per share		
- per weighted average number of share (sen)	<u>(12.54)</u>	<u>(3.30)</u>

#### (b) Diluted loss per share

Diluted loss per share is equivalent to the basic loss per share as there were no potential dilutive ordinary shares.

## Notes To The Financial Statements (cont'd)

### 26. SIGNIFICANT RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control significant influence. Related parties may be individuals or other entities.

Related party of the Group include:

- (i) Directors;
- (ii) Subsidiaries;
- (iii) Ultimate holding company;
- (iv) Person connected to director;
- (v) Key management personnel which comprise persons (including the directors of the Company) have authority and responsibility for planning, directing, controlling the activities of the Group directly or indirectly.

#### (b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2021	2020
	RM	RM
Interest income received/receivable from subsidiaries		
- Bandar Subang Sdn. Bhd.	(379,882)	(148,366)
- Ria Bahagia Sdn. Bhd.	-	(76)
Rental income received/receivable from subsidiaries		
- Farlim Marketing Sdn. Bhd.	(2,400)	(3,120)
Accounting fee received/receivable from a subsidiary		
- Farlim Jaya Sdn. Bhd.	(9,000)	(9,000)
Investment of Redeemable Preference Share in subsidiaries		
- Farlim (Perak) Sdn. Bhd.	400,000	493,640
Dividend income received/receivable from a subsidiary		
- Farlim Marketing Sdn. Bhd.	(459,000)	-

## Notes To The Financial Statements (cont'd)

### 26. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

#### (b) Significant related party transactions (Continued)

Included in the total key management personnel expenses are:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors' fees <sup>(1)</sup>	136,800	136,800	136,800	136,800
Directors' salaries, bonuses and allowances <sup>(2)</sup>	1,065,000	1,087,188	1,065,000	1,087,188
Key management personnel expenses				
- short term employee benefits	896,536	927,585	752,040	780,392
- post-employment benefits:				
- defined contribution plan	127,685	147,684	109,079	127,229
- provision for directors' retirement benefits <sup>(3)</sup>	50,000	50,000	50,000	50,000

<sup>(1)</sup> Paid/Payable to Andrew Koay Say Loke, Khairilnuar Bin Abdul Rahman and Adlina Hasni Binti Zainol Abidin.

<sup>(2)</sup> Paid/payable to Tan Sri Dato' Seri Lim Gait Tong, Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther and Lim Chu Dick.

<sup>(3)</sup> Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther.

### 27. SEGMENTAL INFORMATION

#### Measurement of reportable segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax recoverable, tax payable and deferred tax liabilities.

#### Business segments

The Group's operating businesses are classified according to the nature of activities as follows:

Property	:	Comprise mainly property related activities.
Trading	:	Comprise mainly trading of building materials.
Investment and others	:	Comprise mainly investment holding and other inactive companies.

## Notes To The Financial Statements (cont'd)

### 27. SEGMENTAL INFORMATION (CONTINUED)

#### Primary Reporting – Business Segments (Continued)

	Property RM	Trading RM	Investment and Others RM	Eliminations and Adjustments RM	Consolidated RM
<b>2021</b>					
<b>Revenue</b>					
Sales to external customers	19,632,521	5,220,964	54,420	-	24,907,905
Inter-segment sales	-	-	-	-	-
Total revenue	19,632,521	5,220,964	54,420	-	24,907,905
<b>Cost of Sales</b>					
Cost of sales to external customers	17,662,156	12,525,312	-	-	30,187,468
Inter-segment cost of sales	-	-	-	-	-
Total cost of sales	17,662,156	12,525,312	-	-	30,187,468
<b>Results</b>					
Segment results	(8,074,415)	(13,184,701)	(4,653)	-	(21,263,769)
Other income	1,074,602	5,123	1,000,820	-	2,080,545
Finance income (net)	42,015	718	(714)	-	42,019
(Loss)/Profit before taxation	(6,957,798)	(13,178,860)	995,453	-	(19,141,205)
Taxation	(44,076)	241	-	-	(43,835)
(Loss)/Profit for the financial year	(7,001,874)	(13,178,619)	995,453	-	(19,185,040)
<b>Other Information</b>					
Segment assets	106,691,018	439,816	41,485,792	6,855 A	148,623,481
Segment liabilities	10,014,644	1,412,270	21,798	96,313 B	11,545,025
Capital expenditure	79,577	-	-	-	79,577
Depreciation and amortisation	565,376	4,983	-	-	570,359
Other significant non-cash items:					
Fair value loss on financial assets	-	-	(9,480)	-	(9,480)
Realised foreign exchange loss	-	9,938	-	-	9,938
Provision for directors' retirement benefits	50,000	-	-	-	50,000
Impairment losses on trade receivables	-	5,713,020	-	-	5,713,020
Inventories written off	-	7,386,398	-	-	7,386,398

## Notes To The Financial Statements (cont'd)

### 27. SEGMENTAL INFORMATION (CONTINUED)

#### Primary Reporting – Business Segments (Continued)

	Property RM	Trading RM	Investment and Others RM	Eliminations and Adjustments RM	Consolidated RM
<b>2020</b>					
<b>Revenue</b>					
Sales to external customers	27,128,492	1,056,508	55,249	-	28,240,249
Inter-segment sales	-	-	-	-	-
Total revenue	27,128,492	1,056,508	55,249	-	28,240,249
<b>Cost of Sales</b>					
Cost of sales to external customers	23,951,304	984,261	-	-	24,935,565
Inter-segment cost of sales	-	-	-	-	-
Total cost of sales	23,951,304	984,261	-	-	24,935,565
<b>Results</b>					
Segment results	(7,291,491)	(52,104)	(4,455)	-	(7,348,050)
Other income	737,327	3,318	1,565,075	-	2,305,720
Finance income (net)	56,170	306	(724)	-	55,752
(Loss)/Profit before taxation	(6,497,994)	(48,480)	1,559,896	-	(4,986,578)
Taxation	(43,693)	(1,520)	-	-	(45,213)
(Loss)/Profit for the financial year	(6,541,687)	(50,000)	1,559,896	-	(5,031,791)
<b>Other Information</b>					
Segment assets	119,573,519	2,893,257	45,389,316	4,224 A	167,860,316
Segment liabilities	11,330,260	296,756	32,033	105,885 B	11,764,934
Capital expenditure	83,848	-	-	-	83,848
Depreciation and amortisation	484,387	5,010	-	-	489,397
Other significant non-cash items:					
Fair value gain on financial assets	-	-	(2,516)	-	(2,516)
Realised foreign exchange (gain)/loss	(40,000)	74,901	-	-	34,901
Property, plant and equipment written off	2,886	-	-	-	2,886
Provision for directors' retirement benefits	50,000	-	-	-	50,000

## Notes To The Financial Statements (cont'd)

### 27. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

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

	2021 RM	2020 RM
Tax recoverable	6,855	4,224

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

	2021 RM	2020 RM
Tax payables	249,221	69,576
Deferred tax liabilities	36,309	36,309
	285,530	105,885

### 28. SUBSIDIARIES

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

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2021 %	2020 %	
<b>Direct Subsidiaries</b>				
Bandar Subang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Kanchil Jaya Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Farlim Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Farlim (Perak) Sdn. Bhd.	Malaysia	100	100	Property development and building construction
Farlim Marketing Sdn. Bhd.	Malaysia	51	51	Trading in building materials
Farlim Maju Sdn. Bhd.	Malaysia	70	70	Dormant
Baka Suci Sdn. Bhd.	Malaysia	80	80	Not commenced business operation
Victory Ace Sdn. Bhd.***	Malaysia	-	82	Not commenced business operation



## Notes To The Financial Statements (cont'd)

### 28. SUBSIDIARIES (CONTINUED)

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

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest 2021 %	2020 %	Principal Activities
<b>Indirect Subsidiaries</b>				
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Not commenced business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
Farlim Trading (Shandong) Co. Ltd.*#	People's Republic Of China	100	100	Trading in building materials
LJ Harta Sdn. Bhd.**	Malaysia	100	100	Property development
Kaplands Sdn. Bhd.**	Malaysia	100	100	Property development
Saga Realty & Development Sdn. Bhd.^	Malaysia	100	100	Property development

\* Held indirectly through Bandar Subang Sdn. Bhd..

\*\* Held indirectly through Kanchil Jaya Sdn. Bhd..

\*\*\* The subsidiary has been struck off during the financial year. As such, the management accounts had been used for the purpose of consolidation.

^ Held indirectly through Angkatan Wawasan Sdn. Bhd..

# Audited by auditors other than Baker Tilly Monteiro Heng PLT.

## Notes To The Financial Statements (cont'd)

### 29. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

The table below analyses the financial instruments in the statements of the financial position by the classes of the financial instruments to which they are assigned:

- (i) Financial assets at fair value through profit or loss ("FVPL");
- (ii) Amortised cost

	Carrying Amount RM	Amortised Cost RM	FVPL RM
<b>2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	41,499,314	-	41,499,314
Trade and other receivables	6,379,658	6,379,658	-
Cash and bank balances	5,477,610	5,477,610	-
	<b>53,356,582</b>	<b>11,857,268</b>	<b>41,499,314</b>
<b>Company</b>			
Other investments	39,070,961	-	39,070,961
Trade and other receivables	12,887,235	12,887,235	-
Cash and bank balances	3,478,981	3,478,981	-
	<b>55,437,177</b>	<b>16,366,216</b>	<b>39,070,961</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables*	5,123,371	5,123,371	-
<b>Company</b>			
Trade and other payables	2,701,329	2,701,329	-

\* Exclude VAT payables

## Notes To The Financial Statements (cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Classification of financial instruments (Continued)

The table below analyses the financial instruments in the statements of the financial position by the classes of the financial instruments to which they are assigned (Continued):

	Carrying Amount RM	Amortised Cost RM	FVPL RM
<b>2020</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	45,409,407	-	45,409,407
Trade and other receivables	7,848,191	7,848,191	-
Cash and bank balances	6,599,347	6,599,347	-
	<u>59,856,945</u>	<u>14,447,538</u>	<u>45,409,407</u>
<b>Company</b>			
Other investments	43,321,198	-	43,321,198
Trade and other receivables	6,879,947	6,879,947	-
Cash and bank balances	4,868,121	4,868,121	-
	<u>55,069,266</u>	<u>11,748,068</u>	<u>43,321,198</u>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	6,463,511	6,463,511	-
<b>Company</b>			
Trade and other payables	3,606,857	3,606,857	-

## Notes To The Financial Statements (cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

#### Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statement of financial position.

Trade receivables comprise substantially amounts due from house buyers with end financing facilities. In respect of house buyers with no end financing facilities, the Group and the Company retains with the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, 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)

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (Continued)

## (i) Credit risk (Continued)

## Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables as at 31 December 2021 and 31 December 2020 which are grouped together as they are expected to have similar risk nature.

2021	Gross Carrying Amount RM	Group Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM	Company Expected Credit Losses RM	Net Balance RM
<b>Trade receivables</b>						
Current (not past due)	4,032,517	-	4,032,517	993,477	-	993,477
1-30 days past due	-	-	-	-	-	-
31-60 days past due	-	-	-	-	-	-
61-90 days past due	-	-	-	-	-	-
More than 90 days past due	115,202	-	115,202	-	-	-
	4,147,719	-	4,147,719	993,477	-	993,477
<b>Credit impaired</b>						
Individually impaired	5,730,332	5,730,332	-	-	-	-
	9,878,051	5,730,332	4,147,719	993,477	-	993,477

## Notes To The Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial risk management (Continued)

## (i) Credit Risk (Continued)

## Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables as at 31 December 2021 and 31 December 2020 which are grouped together as they are expected to have similar risk nature. (Continued)

2020	Gross Carrying Amount RM	Group Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM	Company Expected Credit Losses RM	Net Balance RM
<b>Trade receivables</b>						
Current (not past due)	5,811,551	-	5,811,551	3,914,804	-	3,914,804
1-30 days past due	-	-	-	-	-	-
31-60 days past due	-	-	-	-	-	-
61-90 days past due	-	-	-	-	-	-
More than 90 days past due	115,202	-	115,202	-	-	-
	5,926,753	-	5,926,753	3,914,804	-	3,914,804
<b>Credit impaired</b>						
Individually impaired	17,312	17,312	-	-	-	-
	5,944,065	17,312	5,926,753	3,914,804	-	3,914,804

Included in trade receivables of RM115,202/- (2020: RM115,202/-) that are past due but not impaired consist mainly of amount owing by a purchaser where the Group still retain the legal titles until the full contracted sales value is settled.

## Notes To The Financial Statements (cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (i) Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

The movement of the allowance for impairment loss on trade receivables is as follows:

Group	Trade receivables		
	Lifetime	Credit	Total
	ECL allowance RM	impaired RM	allowance RM
At 1 January 2020	-	17,312	17,312
Addition	-	-	-
At 31 December 2020	-	17,312	17,312
Addition	-	5,713,020	5,713,020
At 31 December 2021	-	5,730,332	5,730,332

##### 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)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (i) Credit risk (Continued)

##### Other receivables and other financial assets (Continued)

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

The movement of the allowance for impairment loss on other receivables is as follows:

	Other receivables		
	Lifetime	Credit	Total
	ECL Allowance RM	Impaired RM	Allowance RM
<b>Company</b>			
At 1 January 2020	-	15,228	15,228
Write off for the year	-	(15,228)	(15,228)
At 31 December 2020	-	-	-
Write off for the year	-	-	-
At 31 December 2021	-	-	-

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

##### (ii) Liquidity risk (Continued)

###### Maturity analysis

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

	Carrying amount RM	Contractual cash flow RM	On demand or within one year RM	One to five years RM
<b>2021</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables*	5,123,371	5,123,371	5,123,371	-
Total undiscounted financial liabilities	5,123,371	5,123,371	5,123,371	-
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	2,701,329	2,701,329	2,701,329	-
Total undiscounted financial liabilities	2,701,329	2,701,329	2,701,329	-
<b>2020</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	6,463,511	6,463,511	6,463,511	-
Total undiscounted financial liabilities	6,463,511	6,463,511	6,463,511	-
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	3,606,857	3,606,857	3,606,857	-
Total undiscounted financial liabilities	3,606,857	3,606,857	3,606,857	-

\* Exclude VAT payables

## Notes To The Financial Statements (cont'd)

## 29. FINANCIAL INSTRUMENTS (CONTINUED)

## (c) Fair value measurement

The methods and assumptions used to determine the fair values of financial assets and liabilities are as follows:

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair values of the quoted share, investment in bond fund/cash management fund are determined by reference to prices provided by quoted price in stock exchange and investment banks respectively.

There have been no transfers between Level 1 and Level 2 during the financial year (2020: no transfer in either directions).

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

	Carrying amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value		
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>2021</b>							
<b>Group</b>							
<b>Financial assets</b>							
- Quoted shares	43,379	43,379	-	-	-	-	-
- Investment in bond fund/cash management fund	41,455,935	41,455,935	-	-	-	-	-
<b>Company</b>							
<b>Financial assets</b>							
- Investment in bond fund/cash management fund	39,070,961	39,070,961	-	-	-	-	-
- Amount owing by subsidiary	10,997,150	-	-	-	-	-	10,997,150

## Notes To The Financial Statements (cont'd)

### 29. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Fair value measurement (Continued)

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

	Carrying Amount RM	Fair value of financial instruments carried at fair value		
		Level 1 RM	Level 2 RM	Level 3 RM
<b>2020</b>				
<b>Group</b>				
<b>Financial assets</b>				
- Quoted shares	33,899	33,899	-	-
- Investment in bond fund/cash management fund	45,375,508	45,375,508	-	-
<b>Company</b>				
<b>Financial assets</b>				
- Investment in bond fund/cash management fund	43,321,198	43,321,198	-	-

### 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2021 and 31 December 2020 were as follows:

	Group	
	2021 RM	2020 RM
Total liabilities	11,545,025	11,764,934
Equity attributable to owners of Company	136,828,092	155,400,917
Debt-to-equity ratio (%)	8.44%	7.57%

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

## Notes To The Financial Statements (cont'd)

### 31. COMMITMENTS

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

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Investment properties	1,379,320	947,320

### 32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

## Notes To The Financial Statements (cont'd)

### 33. MATERIAL LITIGATION

The Company entered into a Sale and Purchase Agreement on 23 September 2013 with AIPSB 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 Ayer Itam Properties Sdn Bhd ("AIPSB") (formerly known as 1MDB RE (Ayer Itam) Sdn Bhd) 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. On 16 March 2022, the Court fixed the new trial dates on 12 to 14 September 2022.

The Writ and Statement of Claim are not expected to have any material financial and operational impact on the Company.

## 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 89 to 172 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 2021 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: 25 April 2022

## STATUTORY DECLARATION

*Pursuant to Section 251(1) of the Companies Act 2016*

I, **TAN SRI DATO' SERI LIM GAIT TONG**, 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 89 to 172 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 25 April 2022.

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 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 89 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and 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.

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### Goodwill (Note 4(c) and 11 to the financial statements)

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The Group has goodwill arising from the acquisition of a subsidiary. The goodwill is tested for impairment annually. We focused on this area because the impairment assessment of the goodwill requires the application of significant judgements and assumptions to determine the recoverable amount.

#### Our response:

Our audit procedures included, among others:

- considering the appropriateness of the method adopted by the Group in measuring the recoverable amount in accordance to the requirement of MFRS136 *Impairment of Assets*; and
- testing the mathematical accuracy of the impairment assessment.

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### Provision for liabilities (Note 4(b) and 18 to the financial statements)

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The appropriateness and adequacy of provisions made by the Group and the Company in respect of compensation and property development expenditure 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)

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### Revenue and expenses recognition for property development business (Note 4(a), 20 and 21 to the financial statements)

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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 28 to the financial statements.

## **Other Matters**

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

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA) & AF 0117  
Chartered Accountants

Ong Teng Yan  
No. 03076/07/2023 J  
Chartered Accountant

Kuala Lumpur

Date: 25 April 2022

# STATISTICS OF SHAREHOLDINGS

as at 25 March 2022

## Share Capital

Issued and Fully Paid-up\* : 153,025,613 shares

\* excluding 15,365,700 treasury shares

### 1. SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	No. of Shares	Direct	No. of Shares	Indirect
		%		%
Farlim Holding Sdn. Bhd.	69,358,480	45.32	–	–

### 2. DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interest of Directors in shares in the Company, holding company and subsidiaries are as follows:-

The Company Farlim Group (Malaysia) Bhd.	Ordinary Shares	
	Number	%
Tan Sri Dato' Seri Lim Gait Tong	12,000	0.008
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	12,000	0.008
Koay Say Loke Andrew	2,400	0.002
Adlina Hasni Binti Zainol Abidin	38,000	0.025
The Holding Company Farlim Holding Sdn. Bhd.		
Tan Sri Dato' Seri Lim Gait Tong	45,773	68.830
Lim Chu Dick	3,582	5.386
The Subsidiaries Baka Suci Sdn. Bhd.		
Tan Sri Dato' Seri Lim Gait Tong	10,002	20.004
Victory Ace Sdn. Bhd.		
Tan Sri Dato' Seri Lim Gait Tong	2	0.020
Farlim Marketing Sdn. Bhd.		
Lim Chu Dick	245,000	49.000

By virtue of their interest in shares in the holding company as substantial shareholder, Tan Sri Dato' Seri Lim Gait Tong and Mr Lim Chu Dick are also deemed interested in shares in the Company to the extent the holding company has an interest.

Other than as disclosed above, none of the Directors in office had any interest in shares in the Company and its related corporations.

### 3. NUMBER AND CLASS OF SHAREHOLDERS

Class of Shares	No. of Shareholders	Voting Rights
Ordinary Shares	4,482	One vote for each Ordinary Share

## Statistics Of Shareholdings (cont'd)

as at 25 March 2022

### 4. DISTRIBUTION SCHEDULE OF ORDINARY SHARES

Size of Holdings	Shareholders		Holdings	
	Number	%	Number	%
Less than 100	40	0.89	1,512	0.00
100 to 1,000	107	2.39	34,625	0.02
1,001 to 10,000	3,410	76.08	9,987,978	6.53
10,001 to 100,000	838	18.70	22,014,677	14.39
100,001 to 7,651,279	86	1.92	51,628,341	33.74
7,651,280 and above	1	0.02	69,358,480	45.32
Total	4,482	100	153,025,613	100

### 5. THIRTY LARGEST ACCOUNT HOLDERS OF ORDINARY SHARES

No.	Names of Shareholders	Shareholdings	
		Number	%
1.	Farlim Holding Sdn. Bhd.	69,358,480	45.32
2.	Bong Hon Liong	6,177,898	4.04
3.	Lim Su Tong @ Lim Chee Tong	4,800,000	3.14
4.	Cantum Apex Sdn. Bhd.	4,341,600	2.84
5.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim (8124136)</i>	2,977,300	1.95
6.	JF Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Witpro Sdn. Bhd. (STA 2)</i>	2,755,800	1.80
7.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	2,174,320	1.42
8.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Abdul Fareed Bin Abdul Gafoor</i>	2,041,580	1.33
9.	Lee Jooi Seng	1,603,400	1.05
10.	Lai Boon Kiat	1,374,000	0.90
11.	Reson Sdn. Bhd.	1,317,600	0.86
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Su Ming Yaw</i>	1,200,000	0.78
13.	Toh Su-N	1,196,100	0.78
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	1,078,320	0.70
15.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Choo Lai Ee</i>	1,020,000	0.67
16.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt AN for DBS Bank Ltd (SFS)</i>	990,120	0.65

## Statistics Of Shareholdings (cont'd)

as at 25 March 2022

### 5. THIRTY LARGEST ACCOUNT HOLDERS OF ORDINARY SHARES (cont'd)

No.	Names of Shareholders	Shareholdings	
		Number	%
17.	Radiance Perfect Intl. Sdn. Bhd.	984,000	0.64
18.	Tan Siew Luan	790,000	0.52
19.	Yeoh Chin Leng	780,000	0.51
20.	Lee Hong Choon & Sons Sdn. Bhd.	696,120	0.45
21.	Lee Jooi Seng	672,100	0.44
22.	Wong Chian Yong	583,200	0.38
23.	Yeoh Min Chee	510,600	0.33
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kan Yoon Keong</i>	400,000	0.26
25.	RPG Beauty Sdn. Bhd.	393,600	0.26
26.	Ta Kin Yan	380,400	0.25
27.	KL Radiance Sdn. Bhd.	324,360	0.21
28.	Yeoh Pooi Hoon	317,100	0.21
29.	Lim Swee Ing	300,000	0.20
30.	Teo Meng How	287,400	0.19



# LIST OF PROPERTIES

as at 31 December 2021

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 31-12-21 (RM)
Lot 10632 Mukim Bidor, Daerah Batang Padang, Perak Darul Ridzuan	Leasehold Expiring 2113	Ongoing and Future development	2014	81.36 acres	16,667,631
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: 4 years	2020	27,521 sf	4,483,589
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: 21 years	2016	11,909 sf	3,263,867
Mukim Kajang, Daerah Ulu Langat, Selangor Darul Ehsan	Freehold	Vacant Land (Future Development)	2006	6.36 acres	2,658,599
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: 19 years	2020	18,728 sf	1,946,936
Lot 4901-5021 Held under Geran 14748- 14815 & 14817-14869, Mukim of Kerteh Kemaman, Terengganu	Freehold	Vacant Land (Future Development)	1994	208 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: 19 years	2009	20,665 sf	1,510,655

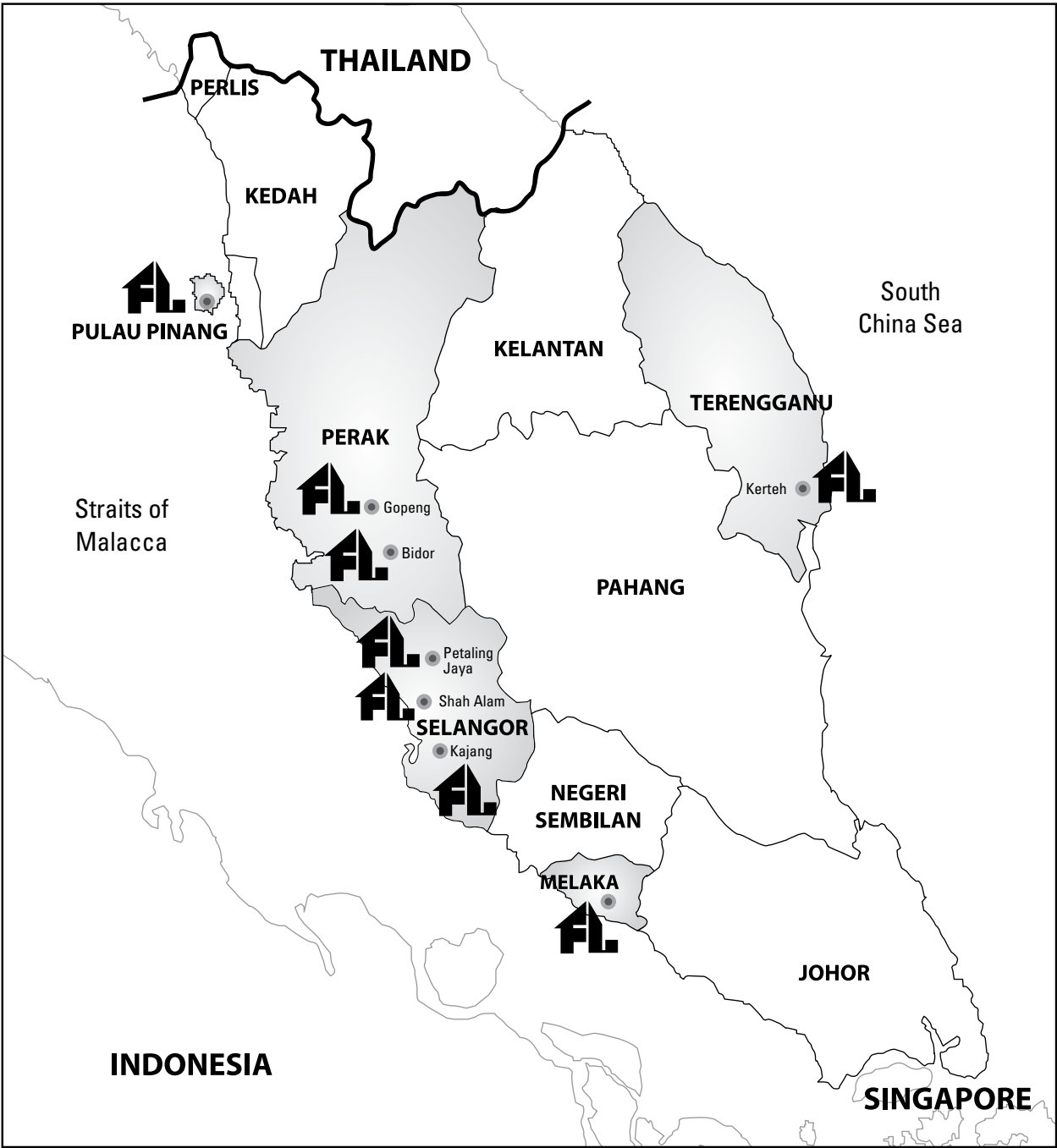
## List Of Properties (cont'd)

as at 31 December 2021

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 31-12-21 (RM)
No 5 Lintang Angsana, Bandar Baru Ayer Itam, Penang	Leasehold Expiring 2082	3/S Shophouse (Office Building) Age of Building: 31 years	2012	1,549 sf	720,133
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: 6 years	2020	3,498 sf	720,000
				<b>394.43 acres</b>	<b>46,575,711</b>

# LOCATION MAP

AS AT 31 DECEMBER 2021



**FARLIM GROUP (MALAYSIA) BHD**

Registration No. 198201002529 (82275-A)  
(Incorporated in Malaysia)

**Number of Shares Held****CDS Account No.****FORM OF PROXY**

I/We, \_\_\_\_\_ (NRIC/Passport/Co. No.: \_\_\_\_\_)  
(Block Letters)

of \_\_\_\_\_  
(Full Address)

being a member/members of FARLIM GROUP (MALAYSIA) BHD.

hereby appoint\* \_\_\_\_\_ (NRIC/Passport No.: \_\_\_\_\_) of

and/or failing him, \_\_\_\_\_ (NRIC/Passport No.: \_\_\_\_\_)

of \_\_\_\_\_

or failing him/them, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fortieth Annual General Meeting of the Company to be conducted on fully virtual basis via online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn. Bhd. on Thursday, 23 June 2022 at 11.00 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 2022 until the conclusion of the Forty-First Annual General Meeting	(Ordinary Resolution 1)		
2.	Re-election of Encik Khairilnuar Bin Abdul Rahman who retires as a Director pursuant to Clause 106	(Ordinary Resolution 2)		
3.	Re-appointment of Auditors Baker Tilly Monteiro Heng PLT	(Ordinary Resolution 3)		
4.	Approval for Directors to allot shares pursuant to Section 76 of the Companies Act, 2016	(Ordinary Resolution 4)		
5.	Retention of Mr. Koay Say Loke Andrew as Independent Director	(Ordinary Resolution 5)		
	Retention of Encik Khairilnuar Bin Abdul Rahman as Independent Director	(Ordinary Resolution 6)		

Please indicate with an "X" in the appropriate box against the resolution 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, 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 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 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 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.

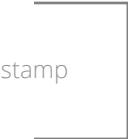
The form of proxy or instrument appointing a proxy duly completed and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia 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 of Bursa Malaysia Securities Berhad a Record of Depositors as at 9 June 2022 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



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**FARLIM GROUP (MALAYSIA) BHD**

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司

**Penang Office:**

No.1, Lintang Angsana, Bandar Baru Ayer Itam,  
11500 Penang, Malaysia

Tel : (60) 4-829 8899, Fax : (60) 4-829 8811

**Petaling Jaya Office:**

No.2-8, Bangunan Farlim, Jalan PJS 10/32,  
Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel : (60) 3-5635 5533, Fax : (60) 3-5635 0301

[www.farlim.com.my](http://www.farlim.com.my)