



FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

發林集團(馬)有限公司



**TOGETHER,
WE BUILD BETTER**



CONTENTS

02	Notice Of Forty-Fourth Annual General Meeting
06	Administrative Guide for the Forty-Fourth Annual General Meeting
09	Statement Accompanying Notice of the Forty-Fourth Annual General Meeting
10	Corporate Information
11	Corporate Structure
12	Financial Highlights
13	Board of Directors
14	Executive Committee
15	Audit Committee
16	Management Committee
17	Profile of Directors
23	Chairman's Statement
27	Management Discussion & Analysis Disclosure
38	Audit Committee Report
41	Corporate Governance Overview Statement
56	Statement on Risk Management and Internal Control
60	Statement on Additional Compliance Information
64	Sustainability Statement
94	Statement explaining the Board of Directors' Responsibility for preparing the Annual Audited Financial Statements
96	Financial Statements
184	Statistics of Shareholdings
186	List of Properties
188	Location Map
	Enclosed Form of Proxy



VISION

Farlim will capitalize on the opportunities of globalization and seek opportunities in international markets. We will create sustainable communities and balanced ecosystems both locally and abroad.



MISSION

Farlim believes in providing families with homes, not houses. We want homebuyers to raise families in homes that appreciate in value over years in caring and integrated communities. We are responsible to our shareholders, but even more so to our homeowners.

Farlim helps homeowners to achieve long-term financial stability in well-built homes within an eco-friendly environment.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth (“44th”) Annual General Meeting (“AGM”) of the Company will be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2026 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 and the Reports of the Directors and the Auditors thereon. *Please refer to Note B*
2. To approve the payment of Directors’ Fees of RM136,800.00 and benefits totaling RM380,000.00 for the period from 1 July 2026 until the conclusion of the next AGM of the Company. **ORDINARY RESOLUTION 1**
(Please refer to Note C)
3. To re-elect the following Directors who retire pursuant to Clause 106 of the Company’s Constitution:-
 - 3.1 Tan Sri Dato’ Seri Lim Gait Tong **ORDINARY RESOLUTION 2**
 - 3.2 Encik Amran Bin Ahmad **ORDINARY RESOLUTION 3***(Please refer to Note D)*
4. To reappoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 4**

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:-

5. **Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016** **ORDINARY RESOLUTION 5**

“**THAT** subject always to the Constitution of the Company, Companies Act 2016 (“**the Act**”), Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and approval of the relevant regulatory authorities, where required, the Board of Directors of the Company (“**Board**” or “**Directors**”) be and are hereby authorized and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new shares in the Company (“**New Shares**”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of such New Shares to be issued, does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being (“**Proposed General Mandate**”); **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT the Directors be and are empowered to obtain the approval from Bursa Securities for the listing of and quotation for the New Shares to be allotted on the Bursa Securities; **AND THAT** authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.

AND FURTHER THAT pursuant to Section 85 of the Act, read together with Clause 52 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer New Shares arising from the issuance and allotment of the New Shares pursuant to Sections 75 and 76 of the Act; **AND THAT** the Board is exempted from the obligation to offer such New Shares first to the existing shareholders of the Company."

(Please refer to Note E)

6. Retention of Independent Non-Executive Director, Miss Adlina Hasni Binti Zainol Abidin **ORDINARY RESOLUTION 6**

"**THAT** Miss Adlina Hasni Binti Zainol Abidin who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years from 23 April 2015 be and is hereby retained as an Independent Non-Executive Director of the Company."

(Please refer to Note F)

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

Lim Li Heong (MAICSA 7054716) (SSM PC No. 202008001981)
Wong Mee Kiat (MAICSA 7058813) (SSM PC No. 202008001958)
 Company Secretaries

Kuala Lumpur
 28 April 2026

Notes:

A. Participation and Appointment of Proxy

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

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

Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("SICDA"), he/she may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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 or at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours, i.e. latest by Monday, 22 June 2026 at 10.00 a.m., 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 the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue pursuant to Paragraph 7.16(2) of Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") a Record of Depositors ("**ROD**") as at 16 June 2026 and a depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his/her name appears in the said ROD.

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

B. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025

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 ("**the Act**") does not require approval of the shareholders for the Audited Financial Statements.

C. Ordinary Resolution 1 – Payment of Directors' Fees and Benefits

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

At the Forty-Third AGM of the Company, shareholders approved the payment of Directors' Fees of RM136,800.00 and benefits totaling RM380,000.00 to the Directors for the period from 1 July 2025 until the conclusion of the 44th AGM of the Company. The Ordinary Resolution 1, if passed, will give authority to the Company to pay the Directors' fees and benefits from 1 July 2026 until the next AGM of the Company.

Details of Directors' fees and benefits payable for the financial year ended 31 December 2025 are enumerated under the Corporate Governance Report 2025.

D. Ordinary Resolutions 2 and 3 – Re-election of Directors pursuant to Clause 106 of the Company's Constitution

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

Tan Sri Dato' Seri Lim Gait Tong and Encik Amran Bin Ahmad who are retiring in accordance with Clause 106 of the Company's Constitution (collectively referred to as "**retiring Directors**"), and being eligible, have offered themselves for re-election at the 44th AGM of the Company.

For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 44th AGM of the Company and in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021, the Board had, via the Nomination Committee ("**NC**") reviewed and assessed each of the retiring Directors during the annual assessment and evaluated the Board, Board Committees, Independent Director and individual Directors based on the fit and proper criteria as set out in the Directors' Fit and Proper Policy. Both NC and the Board were satisfied that the retiring Directors fulfilled the fit and proper criteria. The retiring Directors do not have any conflict of interest with the Company and they had also abstained from deliberation and decision making on their re-election. The profiles of the retiring Directors are set out in the Profiles of Board of Directors section of the Company's Annual Report 2025.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

E. Ordinary Resolution 5 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 5 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 Forty-Third AGM of the Company to allot shares. As at the date of this Notice, the previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom and will lapse at the conclusion of the forthcoming 44th AGM of the Company.

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

The said proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to allot and issue not more than ten per centum (10%) of the issued share capital of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the best interest of the Company. This approval will, unless revoked or varied by the Company at a General Meeting, expire at the next AGM of the Company.

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

F. Ordinary Resolution 6 – Retention of Independent Non-Executive Director

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

The NC, save for the interested Director who abstained from deliberation and decision, had undertaken an assessment of the independence of Miss Adlina. Based on the evaluation conducted and in accordance with its recommendation, the Board endorsed the NC's recommendation for Miss Adlina to be retained as an Independent Non-Executive Director ("**Independent Director**") of the Company. The Board's decision was premised on the following justifications: -

1. Miss Adlina meets the criteria of an Independent Director as prescribed under the MMLR of Bursa Securities and she continues to demonstrate the ability to provide effective oversight, proper checks and balances, and objective judgment in Board deliberations;
2. She has actively participated in Board and Board Committee meetings and providing independent views in the decision-making process. Notwithstanding that her cumulative tenure on the Board exceeded nine (9) years, her length of service has not impaired, and does not interfere with, the exercise of her independent and objective judgment;
3. Her wide experience as an Independent Director is accompanied by a commitment to maintaining independent viewpoints, free from external influence; and
4. She has exercised due care, diligence and professionalism in carrying out her responsibilities. She has consistently uphold her fiduciary duties in the best interests of the Company and its shareholders.

The Proposed Resolution 6, if passed, will enable Miss Adlina to continue in office as an Independent Director of the Company until 22 April 2027 [the expiry of twelve (12) years] pursuant to MMLR of Bursa Securities and the Company would be seeking the shareholders' approval through a two-tier voting process, pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021.

ADMINISTRATIVE GUIDE FOR THE FORTY-FOURTH ANNUAL GENERAL MEETING ("AGM" OR "THE MEETING")

Day and Date : Wednesday, 24 June 2026

Time : 10.00 a.m.

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

Entitlement to Participate in the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 June 2026 (General Meeting Record of Depositors) shall be eligible to participate in the Meeting or appoint proxy(ies) to participate on his/her behalf.

Form of Proxy

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

Please ensure that the original form is deposited at the Company's Registered Office situated at No. 2-8, Bangunan Farlim, Jalan PJS 10/32, Taman Sri Subang, 46150 Petaling Jaya, Selangor Darul Ehsan or at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the Form of Proxy may also be lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours, i.e. latest by Monday, 22 June 2026 at 10.00 a.m., before the time appointed for holding the said Meeting or any adjournment thereof. Please find the below steps for eProxy lodgement:

Step 1 – Register Online with BSIP (for first time registration only)

Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2.

- i. Access the website at <https://investor.boardroomlimited.com>;
- ii. Click "**Register**" to sign up as a user;
- iii. Complete registration with all the required information. Upload and attach a softcopy of your National Registration Identity Card ("**NRIC**") (front and back) or Passport. Click "**Register**";
- iv. You will receive an email from BSIP Online for email address verification. Click on "**Verify Email Address**" from the email received to continue with the registration;
- v. For corporate shareholder, kindly upload the authorisation letter as well. Click "**Sign up**";
- vi. Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number;
- vii. Click on "**Request OTP Code**" and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click "**Enter**" to complete the process;
- viii. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification;
- ix. An email will be sent to you to inform the approval of your BSIP account within one (1) business day; and
- x. Subsequently, you can login at <https://investor.boardroomlimited.com> with the email address and password filled up by you during the registration to proceed.

Step 2 – Appointment of Proxy

For Individual/ Corporate Shareholders

- i. Log in to <https://investor.boardroomlimited.com>;
- ii. Select "**FARLIM GROUP (MALAYSIA) BHD 44th ANNUAL GENERAL MEETING**" from the list of Meeting Event(s) and click "**Enter**";
- iii. Click "**Submit eProxy Form**";
- iv. For Corporate Shareholder, select the company you would like to represent (if more than one); (*Boardroom Smart Investor Portal now facilitates the registration of Corporate Shareholders*);
- v. Enter your CDS account no. and number of shares held. Read and accept the General Terms and Conditions by clicking "**Next**";
- vi. Then, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate "**Discretionary**";
- vii. Review and confirm your proxy/proxies appointment and click "**Next**"; and
- viii. Download or print the eProxy form as acknowledgement.

ADMINISTRATIVE GUIDE FOR THE FORTY-FOURTH ANNUAL GENERAL MEETING ("AGM" OR "THE MEETING") (CONT'D)

For Authorised Nominees and Exempt Authorised Nominees

- i. Log in to <https://investor.boardroomlimited.com>;
- ii. Select "**FARLIM GROUP (MALAYSIA) BHD 44th ANNUAL GENERAL MEETING**" from the list of Meeting Event(s) and click "Enter";
- iii. Click "**Submit eProxy Form**";
- iv. Select the company you would like to represent (if more than one);
- v. Proceed to download the file format for "**Submission of Proxy Form**";
- vi. Prepare the file for the appointment of proxy(ies) by inserting the required data;
- vii. Proceed to upload the duly completed Proxy Appointment file;
- viii. Review and confirm your proxy(ies) appointment(s) and click "**Submit**"; and
- ix. Download or print the eProxy form as acknowledgement.

Please be noted that eProxy Form shall be lodged not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by Monday, 22 June 2026 at 10.00 a.m.

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

Revocation of Proxy

If you have submitted your form of proxy and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to bsr.proxy@boardroomlimited.com or login to <https://investor.boardroomlimited.com> (as the case maybe) to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the Meeting i.e. latest by Monday, 22 June 2026 at 10.00 a.m.

Registration

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

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

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

Voting Procedure

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

ADMINISTRATIVE GUIDE FOR THE FORTY-FOURTH ANNUAL GENERAL MEETING ("AGM" OR "THE MEETING") (CONT'D)

Issuance of Documents by Electronic Means

The following documents are available for viewing and downloading from the Company's website at <https://farlim.com.my/notification-to-shareholders/>

1. Annual Report 2025;
2. Corporate Governance Report 2025;
3. Notice of the AGM;
4. Form of Proxy;
5. Administrative Guide; and
6. Requisition Form for printed copy of Annual Report 2025.

You may also request for a printed copy of the Annual Report 2025 by completing and submitting the Requisition Form via email to the Company Secretarial Department at corporateaffairs@farlim.com.my or facsimile transmission at 04-8298811. Barring any unforeseen circumstances, we will send the said printed copy to you as reasonably practicable from the date of receipt of your request. However, please consider the environment protection before requesting for the printed Annual Report.

Other Information For Attendees at the AGM

1. Parking

Parking bays are available at the open space outside Dorsett Grand Subang or Dorsett Waterfront. A flat parking fee will be charged subject to the hotel's validation.

2. Refreshment

Refreshment will be provided during the AGM.

3. Vouchers

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

4. No Recording or Photography

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

5. Seating

All participants are requested to be seated at least five (5) minutes before the scheduled commencement of the Meeting.

Enquiry

If you have any enquiries prior to the AGM, you may contact Boardroom Share Registrars Sdn. Bhd. during office hours from Monday to Friday (8.30a.m. to 5.30p.m.).

Boardroom Share Registrars Sdn. Bhd.

Address : 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the Meeting and/or submitting the instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclose of member's personal data by the Company (or its agents) for the purposes of processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournments thereof); and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively "**the Purposes**"). The member of the Company also warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF THE FORTY-FOURTH ANNUAL GENERAL MEETING

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

- 1.0 Save for re-election of Directors, there is no Director standing for election at the Forty-Fourth Annual General Meeting of the Company.

The Directors who retire pursuant to Clause 106 of the Company's Constitution at the Forty-Fourth Annual General Meeting of the Company are Tan Sri Dato' Seri Lim Gait Tong and Encik Amran Bin Ahmad.

Further details of the above Directors who are standing for re-election are set out on Pages 17 and 21 of this Annual Report.

- 2.0 Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2025:-


Names of Directors	No. of Meetings	
	Held	Attended/ Meetings applicable
1. Tan Sri Dato' Seri Lim Gait Tong	7	7/7
2. Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	7	7/7
3. Mr. Lim Chu Dick	7	6/7
4. Miss Adlina Hasni Binti Zainol Abidin	7	6/7
5. Encik Amran Bin Ahmad	7	7/7
6. Miss Koay Hooi Lynn	7	7/7

- 3.0 The details of the Forty-Fourth Annual General Meeting of the Company are as follows:-

Date of Meeting	Time of Meeting	Place of Meeting
Wednesday, 24 June 2026	10.00 a.m.	Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan

- 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 Forty-Fourth Annual General Meeting of the Company. Such mandate to be sought is a renewal of the general mandate and the previous mandate granted by the shareholders had not been utilized and hence, no proceed was raised therefrom.

CORPORATE INFORMATION

 BOARD OF DIRECTORS	NAME	DESIGNATION
	Tan Sri Dato' Seri Lim Gait Tong	Chairman & Chief Executive Non-Independent Executive Director
	Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	Deputy Chairman & Group Executive Director Non-Independent Executive Director
	Lim Chu Dick	Executive Director
	Adlina Hasni Binti Zainol Abidin	Independent Non-Executive Director
	Amran Bin Ahmad	Independent Non-Executive Director
Koay Hooi Lynn	Independent Non-Executive Director	

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARIES

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

AUDITORS

Baker Tilly Monteiro Heng PLT
(Registration Number: 201906000600)
(LLP0019411-LCA & AF0117)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia
T : (03) 2297 1000
F : (03) 2282 9980

WEBSITE

www.farlim.com.my

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRAR

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

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

CORPORATE STRUCTURE

As at 31 March 2026



FARLIM GROUP (MALAYSIA) BHD.

Registration No.: 198201002529 (82275-A)

發林集團(馬)有限公司

- *property development and investment holding*

100%

Bandar Subang Sdn. Bhd.

Registration No.: 198401002428 (114944-K)

- *property development and investment holding*

100%

Kertih-Paka Country & Golf Resorts Sdn. Bhd.

Registration No.: 197801004831 (41799-U)

- *pre-operation*

100%

Angkatan Wawasan Sdn. Bhd.

Registration No.: 199701006732 (422228-U)

- *investment holding*

100%

Saga Realty & Development Sdn. Bhd.

Registration No.: 199001000642 (192201-H)

- *property development*

100%

Kanchil Jaya Sdn. Bhd.

Registration No.: 197601000416 (26360-T)

- *property development and investment holding*

100%

LJ Harta Sdn. Bhd.

Registration No.: 199401033492 (319175-X)

- *property development*

100%

Farlim Jaya Sdn. Bhd.

Registration No.: 199101016449 (226761-V)

- *property development*

100%

Farlim (Perak) Sdn. Bhd.

Registration No.: 201201041551 (1026029-X)

- *property development and building construction*

60%

Entity Consolidated Sdn. Bhd.

Registration No.: 201401030988 (1107074-M)

- *property holding and trading of building materials*

51%

Farlim Marketing Sdn. Bhd.

Registration No.: 197601001862 (27791-V)

- *trading in building materials*

FINANCIAL HIGHLIGHTS

REVENUE

	2025	2024	2023	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
- Continuing Operations	47,686	11,784	15,376	16,789	19,848
- Discontinued Operations	-	-	-	-	5,060
(Loss)/Profit Before Tax					
- Continuing Operations	(139)	(6,195)	(6,740)	(10,741)	(5,983)
- Discontinued Operations	-	-	-	5,100	(13,158)
(Loss)/Profit After Tax	(3,034)	(6,444)	(6,795)	(5,682)	(19,185)
Weighted Average Number of Shares In Issue ('000 shares)	153,026	153,026	153,026	153,026	153,026
Gross (Loss)/Earnings Per Share					
- Continuing Operations (sen)	(0.09)	(4.05)	(4.40)	(7.02)	(3.91)
- Discontinued Operations (sen)	-	-	-	3.33	(8.60)
Net (Loss)/Earnings After MI Per Share					
- Continuing Operations (sen)	(2.08)	(4.21)	(4.47)	(7.05)	(3.94)
- Discontinued Operations (sen)	-	-	-	3.33	(8.60)

BALANCE SHEETS

	2025	2024	2023	2022	2021
	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	113,996	117,185	123,629	130,464	136,828
Net Tangible Assets	110,485	114,215	120,659	127,494	133,858
Net Tangible Assets Per Share (RM)	0.72	0.75	0.79	0.83	0.87
Net Assets Per Share (RM)	0.74	0.77	0.81	0.85	0.89

BOARD OF DIRECTORS



Encik Amran Bin Ahmad

Miss Koay Hooi Lynn

Mr. Lim Chu Dick

Miss Adlina Hasni
Binti Zainol Abidin

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

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

EXECUTIVE COMMITTEE

Mr. Lim Chu Dick



Tan Sri Dato' Seri
Lim Gait Tong
(Chairman)



Datuk Seri Haji Mohamed Iqbal
Bin Kuppa Pitchai Rawther



AUDIT COMMITTEE



MANAGEMENT COMMITTEE



PROFILE OF DIRECTORS



TAN SRI DATO' SERI LIM GAIT TONG

**Executive and Non-Independent,
Also as Chairman & Chief Executive and Key Senior
Management**

 Malaysian  Male, Aged 83

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

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

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

He joined Farlim Group (Malaysia) Bhd. ("the Company") as a first Director on 12 March 1982. Currently, he is the Chairman of the Board, Chief Executive and Managing

Director of the Company as well as the Chairman of the Executive Committee. He and his spouse hold 12,000 shares respectively and has deemed interest for 69,358,480 shares held by Farlim Holding Sdn. Bhd. ("FHSB") in the Company. He does not hold any shares in the subsidiaries of the Company, save for Farlim Marketing Sdn. Bhd. in which he holds 245,000 shares.

He does not hold any other directorship in public companies and listed issuers.

He is the father of Mr. Lim Chu Dick who is an Executive Director of the Company, and Miss Judy Lim Chu Dee, and the spouse of Puan Sri Datin Seri Chin Chew Lin; all of whom are Directors and shareholders of FHSB. Save as disclosed herein, he has no family relationship with any Directors and/or major shareholder of the Company.

He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

He is currently a director and/or holds direct or indirect interests through his family members in several private limited companies, which could lead to a potential conflict of interest, as these entities have been registered in the same industry and engage in related activities as the Company and/or Group. However, it has been assured that his involvement in these companies do not adversely impact the Company and/or Group, as the entities are not operational and do not intend to engage in housing development except for Shandong Farlim Tourism Development Co. Ltd.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2025.

PROFILE OF DIRECTORS (CONT'D)



**DATUK SERI HAJI MOHAMED IQBAL
BIN KUPPA PITCHAI RAWTHER**

**Executive and Non-Independent
Deputy Chairman & Group Executive Director**

 Malaysian  Male, Aged 82

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

Currently, he is a Fellow of the Chartered Institute of Bankers, London, and an Emeritus Fellow 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. ("the Company"). 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.

He joined the Company as a Director on 4 May 1982 and currently, he is the Deputy Chairman and Group Executive Director of the Company. He is one of the members of the Executive Committee and the Directors of FHSB. Apart from holding 12,000 shares in the Company, he does not hold any shares in subsidiaries of the Company and does not serve as a director in other public companies and listed issuers. In addition, he does not have any family relationship with any Director and/or major shareholder of the Company.

He has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2025.

PROFILE OF DIRECTORS (CONT'D)



He was appointed to the Board of Directors of Farlim Group (Malaysia) Bhd. ("the Company") on 22 June 2023 as an Executive Director and a Member of the Executive Committee since the date of his appointment. He is also the Chairman of Management Committee.

He does not hold any Directorship in other public companies and listed issuers. He is a Director and shareholder of Farlim Holding Sdn. Bhd. ("FHSB") and apart from this, he does not hold any shares in the Company and/or the subsidiaries of the Company.

He is the son of Tan Sri Dato' Seri Lim Gait Tong, Chairman, Chief Executive and Managing Director of the Company and Puan Sri Datin Seri Chin Chew Lin, and brother of Miss Judy Lim Chu Dee, all of them are the Directors and shareholders of FHSB. Save as disclosed herein, he has no family relationship with any Directors and/or major shareholder of the Company.

He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

He is currently a director and/or holds direct or indirect interests through his family members in several private limited companies, which could lead to a potential conflict of interest, as these entities have been registered in the same industry and engage in related activities as the Company and/or Group. However, it has been assured that his involvement in these companies do not adversely impact the Company and/or Group, as the entities are not operational and do not intend to engage in housing development except for Shandong Farlim Tourism Development Co. Ltd.

He attended six out of seven Board Meetings held during the financial year ended 31 December 2025.

PROFILE OF DIRECTORS (CONT'D)



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

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

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

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

She has no conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. 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 six out of seven Board Meetings held during the financial year ended 31 December 2025. She is among the Independent Directors who made up one-third of the total number of Directors and female director.

PROFILE OF DIRECTORS (CONT'D)



AMRAN BIN AHMAD

Independent and Non-Executive



Malaysian



Male, Aged 63

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

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

He does not hold any shares in the Company and/or its subsidiaries, nor any Directorship in other public companies and listed issuers. He does not have any family

relationship with any Director and/or major shareholder of the Company.

He does not have any conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He attended all of the seven Board Meetings held during the financial year ended 31 December 2025. He is among the Independent Directors who made up one-third of the total number of Directors.

PROFILE OF DIRECTORS (CONT'D)



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

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

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

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

In 2013, she obtained an Audit License and became a partner of KSL until now. She took over the operations of

KSL which covers various industries such as manufacturing, trading, information technology, construction, property development, investment holdings companies and other service industries. In 2014, she was involved in conducting internal audit and risk management of Public Listed Companies.

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

She also sits on the Board of Agricore CS Holdings Berhad and SWS Capital Berhad. Saved as disclosed herein, she does not hold any Directorship in other public companies and listed issuers.

She does not have any conflict of interest or potential conflict of interest with the Company and/or its subsidiaries. She has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended all of the seven Board Meetings held during the financial year ended 31 December 2025 and is among the Independent Directors who made up one-third of the total number of Directors and female director.

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors ("the Board") of Farlim Group (Malaysia) Bhd. ("Farlim" or "the Company"), I am pleased to present the Annual Report and Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2025.

During the financial year, despite challenges arising from an unstable and unpredictable domestic and global environment, Farlim remained resilient and geopolitical to strengthen its position.

The national economy displayed strong structural resilience. In 2025, Malaysia's gross domestic product ("GDP"), driven by a stronger-than-expected expansion in the last quarter, recorded a growth of 5.2% which exceeded the government's official forecast within the range of 4.5 to 5.5%. Furthermore, the domestic economy achieved an unprecedented trade volume of over RM3 trillion in the year and the value of Ringgit appreciated to the highest level of RM4.05 against the USD. From these developments, it can be said that our country is on the right track under the current political stewardship.

CHAIRMAN'S STATEMENT (CONT'D)

Financial Performance

In the financial year under review, the Group achieved a total turnover of RM47.686 million against RM11.784 million in the preceding year.

The Group registered a marginal loss before tax of RM0.139 million against the loss before tax of RM6.195 million in the previous year.

Overview of the Group's Operations

Throughout the year, the Group continued with its ongoing housing projects, while embarking on new ventures.

In January 2025, the shareholders unanimously endorsed and approved the disposal of a leasehold land parcel in Gopeng, Perak. This transaction provided an opportunity to recap earlier investments and deploy the funds for new ventures.

In May 2025, the Group expanded its corporate structure through the acquisition of additional equity shares in Entity Consolidated Sdn. Bhd., a property holding company. The integration will enhance our long-term growth and broaden the Group's revenue base.

In December 2025, the Group strategically embarked its new development project in Ayer Itam, Penang. A joint venture agreement had been entered into with Fortune Lander (M) Sdn. Bhd. to collaboratively undertake a commercial development in Ayer Itam.

Prospects

As we embrace 2026, Farlim remains firmly committed to delivering quality and price-competitive products – creating not merely houses, but homes; not merely business lots, but sustainable business enclaves. The Group will continue to grow while adopting sustainable practices that create long-term value. While challenges remain, the Company is in a good position to seize opportunities across its core business.

Environmental, Social and Governance ("ESG") Development and Commitment

Farlim recognizes the importance of conducting our daily operations in a sustainable and responsible manner, guided by sustainability values aligned with the ESG framework. A key area of focus within the Group's construction efforts is building design, whereby the Green Building Index ("GBI") assessment criteria are adopted for both residential and non-residential projects.

The details of the other ESG approaches towards sustainability are included in our Sustainability Statement section on pages 64 to 93.

Board and Management Composition

Mr. Lim Chu Dick, the Executive Director of the Company, was delegated with additional designation as the Chairman of the Management Committee with effect from October 24, 2025. We believe this delegation will further strengthen his leadership in steering the Company as a recognised and trusted property developer.

Acknowledgements

On behalf of the Board, I wish to extend my sincere appreciation to our management and staff for their dedication, hard work and unwavering commitment to the Group during the year under review.

I would also like to express my sincere thanks to my fellow Board Members for their commitment and dedication throughout the year in driving the achievement of our corporate objectives.

My gratitude further extends to our valued shareholders, customers, business associates and the relevant authorities for their continued support and confidence in the Group during the year 2025.

Tan Sri Dato' Seri Lim Gait Tong
Chairman

PENYATA PENERUSI

Bagi pihak Lembaga Pengarah ("Lembaga") Farlim Group (Malaysia) Bhd. ("Farlim" atau "Syarikat"), saya dengan sukacita membentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan kumpulan Syarikat-syarikat ("Kumpulan") bagi tahun kewangan berakhir 31 Disember 2025.

Sepanjang tahun kewangan, walaupun berdepan dengan pelbagai cabaran yang timbul daripada persekitaran domestik dan global yang tidak stabil serta sukar diramali, Farlim kekal berdaya tahan dan geopolitik untuk mengukuhkan kedudukannya.

Ekonomi nesional menunjukkan daya tahan struktur yang kukuh. Pada tahun 2025, keluaran dalam negara kasar ("KDNK") Malaysia, didorongi pengembangan yang lebih kukuh daripada jangkaan pada suku terakhir, mencatatkan pertumbuhan 5.2% yang melebihi julat ramalan rasmi kerajaan dalam tempoh 4.5 hingga 5.5%. Tambahan pula, ekonomi dalam negeri mencapai volum dagangan yang tidak pernah terjadi sebelum ini melebihi RM3 trilion pada tahun tersebut dan nilai Ringgit meningkat ke paras tertinggi RM4.05 berbanding USD. Daripada perkembangan tersebut, boleh dikatakan bahawa negara kita berada di landasan yang betul di bawah kendalian politik semasa.

Prestasi Kewangan

Dalam tahun kewangan yang ditinjau, Kumpulan mencatat jumlah perolehan sebanyak RM47.686 juta berbanding RM11.784 juta pada tahun sebelumnya.

Kumpulan merekodkan kerugian margin sebelum cukai sebanyak RM0.139 juta berbanding kerugian sebelum cukai sebanyak RM6.195 juta pada tahun lepas.

Tinjauan Operasi Kumpulan

Sepanjang tahun, Kumpulan meneruskan projek perumahannya yang sedang berjalan, sambil memulakan usaha niaga baharu.

Pada bulan Januari 2025, para pemegang saham sebulat suara mengesahkan dan meluluskan pelupusan petak tanah pegangan pajak di Gopeng, Perak. Urus niaga ini memberi peluang untuk mengimbas semula pelaburan terdahulu dan menggunakan dana untuk usaha niaga baharu.

Kumpulan telah mengembangkan struktur korporatnya, pada bulan Mei 2025, melalui pemerolehan tambahan saham ekuiti dalam Entity Consolidated Sdn. Bhd., sebuah syarikat pegangan hartanah. Penyepaduan itu akan meningkatkan pertumbuhan jangka panjang kami dan meluaskan asas hasil Kumpulan.

Pada bulan Disember 2025, Kumpulan secara strategik memulakan projek pembangunan baharunya di Ayer Itam, Pulau Pinang. Perjanjian usaha sama telah dimeterai dengan Fortune Lander (M) Sdn. Bhd. untuk bekerjasama menjalankan pembangunan komersial di Ayer Itam.

Prospek-prospek

Menjelang tahun 2026, Farlim kekal komited dengan teguh untuk menawarkan produk yang berkualiti dan berdaya saing dari segi harga – bukan sekadar membina rumah tetapi mewujudkan kediaman; bukan sahaja lot perniagaan, tetapi enklaf perniagaan yang mampan. Kumpulan akan terus berkembang sambil mengamalkan amalan mampan yang mampu mewujudkan nilai jangka panjang. Walaupun cabaran masih ada, Syarikat berada dalam kedudukan yang baik untuk merebut peluang merentasi perniagaan terasnya.

Pembangunan dan Komitmen Alam Sekitar, Sosial dan Tadbir Urus ("ESG")

Farlim mengiktiraf kepentingan menjalankan operasi harian kami dengan cara yang mampan dan bertanggungjawab, dipandu oleh nilai kemampanan yang sejajar dengan rangka kerja ESG. Bidang tumpuan utama dalam usaha pembinaan Kumpulan ialah reka bentuk bangunan, di mana kriteria penilaian Indeks Bangunan Hijau ("GBI") diguna pakai untuk kedua-dua projek kediaman dan bukan kediaman.

Butiran pendekatan ESG yang lain ke arah kemampanan disertakan dalam bahagian Penyata Kelestarian kami di halaman 64 hingga 93.

Komposisi Lembaga dan Pengurusan

Mr. Lim Chu Dick, Pengarah Eksekutif Syarikat, telah diperluaskan jawatan sebagai Pengerusi Jawatankuasa Pengurusan berkuat kuasa 24 Oktober 2025. Kami percaya delegasi ini akan mengukuhkan lagi kepimpinan beliau dalam mengemudi Syarikat sebagai pemaju hartanah yang diiktiraf dan dipercayai.

Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan kepada pihak pengurusan dan kakitangan kami atas dedikasi, kerja keras dan komitmen yang tidak berbelah bahagi kepada Kumpulan sepanjang tahun yang ditinjau.

Saya juga ingin merakamkan ucapan terima kasih yang tulus kepada rakan-rakan Ahli Lembaga Pengarah atas komitmen dan dedikasi mereka sepanjang tahun dalam memacu pencapaian objektif korporat kami.

Ucapan terima kasih saya selanjutnya ditujukan kepada para pemegang saham, pelanggan, rakan perniagaan dan pihak berkuasa yang berkaitan atas sokongan dan keyakinan berterusan mereka terhadap Kumpulan sepanjang tahun 2025.

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)有限公司及其属下公司截至2025年12月31日的常年报告和财务结册。

过去一年，本集团在伴随着国内外波动且难以预测的环境影响之下，应对重重挑战。然而，发林始终保持一贯抗压潜力，以地缘政治因素巩固其市场地位。

国民经济展现强化性的结构增长潜能。国内生产总值归功于第四季度的强劲增长，马来西亚于2025年的国内生产总值达5.2%，远远超越了政府的官方预计幅度的4.5%至5.5%。此外，国内贸易额逾越3万亿令吉亦创下了历史新高，令吉兑美元汇率也升至4.05令吉的历史性巅峰水平。由此可见，在现届政府的领导下，我国正走向正确的持续经济发展轨道上。

财务表现

回顾过去的财政年度，集团营业额为四千七百六十八万六千令吉，而前一年的营业额为一千一百七十八万四千令吉。

本集团的税前亏损为十三万九千令吉，相比较早一年的税前亏损为六百一十九万五千令吉。

集团营运总观

本集团在过去一年，除了发展现有的房屋项目，同时也涉足新的商业领域。

2025年1月，股东一致通过并批准出售位于霹雳州务边的一块租赁地契土地。此次交易为本集团提供了重新探讨早期的投资计划并再融资于新的商业项目的机会。

同年5月，集团通过股权投资，收购一间房地产控股公司 Entity Consolidated Sdn. Bhd. 的额外股份以拓宽企业架构。本次整合将促进集团的长期发展并强化集团收入基础。

2025年杪，本集团策略性地推出位于檳城亚依淡的新发展项目。发林与Fortune Lander (M) Sdn. Bhd. 达成协议，将合资共同开发位于亚依淡的商业项目。

前景

望眼2026，发林集团将致力于提供优质且具有价格竞争力的发展项目，塑造不仅仅房子，而是家园；不仅仅商店，而是持续性商机。集团在提升价值的同时，将继续秉持可持续发展的理念，创造深耕赋能。尽管挑战依然存在，公司将严阵以待，在其核心业务领域里好好把握住各项商机。

环境保护、社会责任及公司监管的发展与承诺

发林集团认可凭借可持续和负责任的概念进行日常运营的重要性，并符合环境、社会与公司治理框架的可持续发展的价值观。集团在建筑设计领域里，包括住宅和非住宅项目，均采用并重点关注绿色建筑指数的评估标准。

其他有关环境、社会与公司治理可持续发展举措的详情，请参阅年度报告里可持续发展报表第64至93页。

董事会和管理层结构

自2025年10月24日，本公司执行董事林珠德先生获委兼任管理委员会主席。藉此委任，为其在领导领域上可谓锦上添花，相信他可引导公司成为一家公认且可信赖的房屋发展商。

鸣谢

我谨代表董事会，衷心感谢公司管理层和员工在过去一年全力以赴为集团所奉献的忠诚和勤恳。

我亦感激董事会成员在本年度为实现公司目标所付出的努力与贡献。

同时，本人向尊贵的股东、客户、商业伙伴和有关当局在2025年对本集团的持续支持和信任，致于谢意。

丹斯里拿督斯里林玉唐

董事主席兼总裁

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Company Profile

- The Group is principally involved in property development, investment holding, marketing and distribution of building materials. Besides the property development in Penang, our Group also has development projects in Selangor and Perak.
- The main thrust of the Group's activities is the development of a new township known as Bandar Baru Ayer Itam ("**BBAI**") 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. BBAI 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 BBAI township is expected to be fully completed by 2029.
- Another development of township is strategically located between Kuala Lumpur and Shah Alam, this well-connected township of Taman Sri Subang is next to Subang Jaya. It covering 105 acres and comprising total 3,725 residential and commercial units. The development in the Taman Sri Subang township was fully completed in the year 2001.
- The acquisition of 92.74 acres of land in Bidor, Perak marked the Group's maiden venture into the state of Perak. We pride ourselves in our endeavour to provide quality and affordable housing in Perak. The Group's current township development, known as Taman Impiana Bidor, is a seven-phased mixed development project and it is a well-connected township in Bidor, Perak. The development of Taman Impiana Bidor will be a sustainable long term project for the Group.



Artist impression of Taman Impiana Bidor, Perak.

- Over the years, the Group has been conferred three 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)

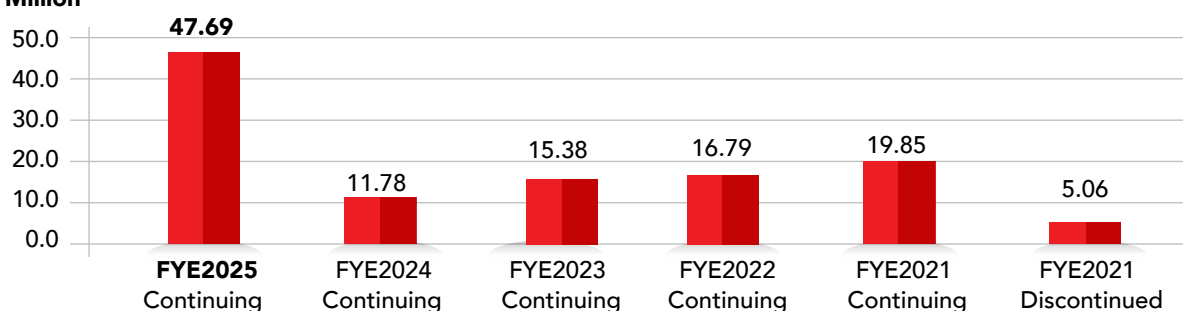
Highlights of Group Financial Information

Financial

Particulars	Year 2025	Year 2024	Year 2023	Year 2022	Year 2021
Revenue :					
- Continuing operation (RM'000)	47,686	11,784	15,376	16,789	19,848
- Discontinued operation (RM'000)	-	-	-	-	5,060
(Loss)/Profit before tax:					
- Continuing operation (RM'000)	(139)	(6,195)	(6,740)	(10,741)	(5,983)
- Discontinued operation (RM'000)	-	-	-	5,100	(13,158)
Finance costs (RM'000)	(139)	(17)	(8)	-	-
Net loss (RM'000)	(3,034)	(6,444)	(6,795)	(5,682)	(19,185)
Shareholders' equity (RM'000)	113,996	117,185	123,629	130,464	136,828
Total assets (RM'000)	158,148	143,120	146,369	152,330	148,623
Borrowings (RM'000)	3,991	352	441	-	-
Total Liabilities (RM'000)	37,205	25,639	22,443	21,607	11,545
Debt/Equity (%)	32.64	21.88	18.15	16.56	8.44
(Loss)/Earnings per share:					
- Continuing operation (Sen)	(2.08)	(4.21)	(4.47)	(7.05)	(3.94)
- Discontinued operation (Sen)	-	-	-	3.33	(8.60)
Net assets per share (RM)	0.74	0.77	0.81	0.85	0.89

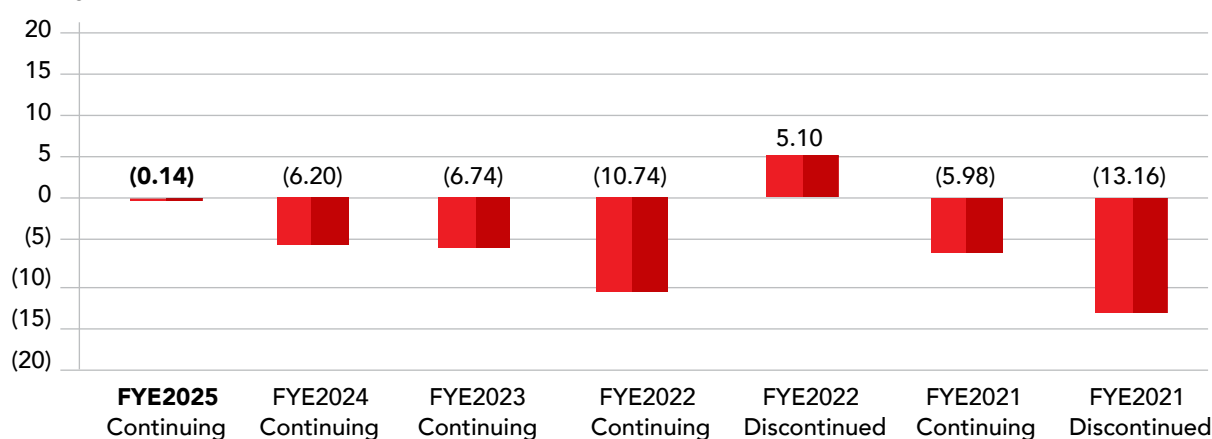
Revenue

RM 'Million



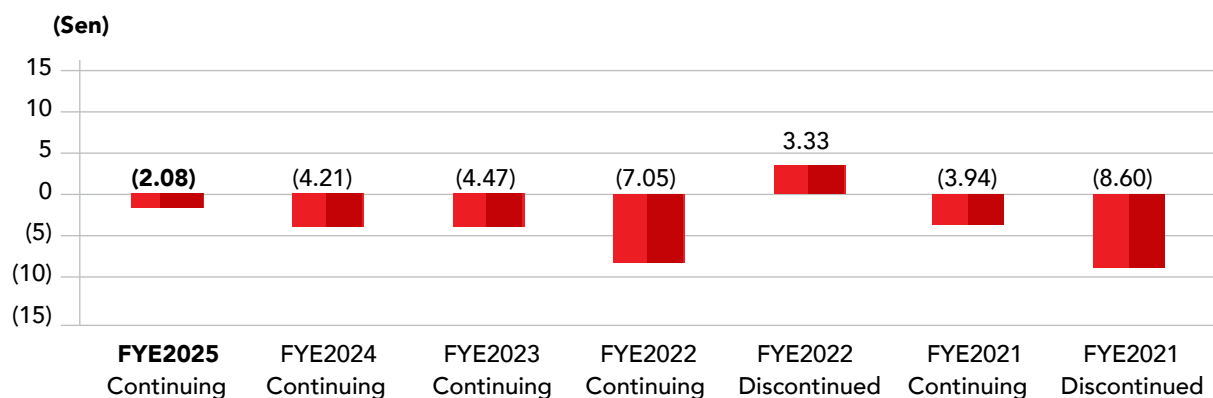
(Loss)/Profit Before Tax

RM 'Million



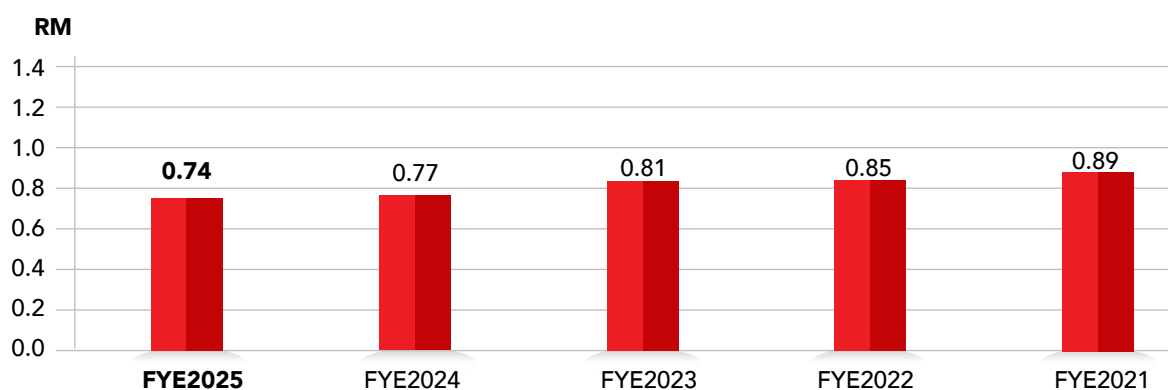
MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(Loss)/Earnings Per Share



Earnings per share for the financial year 2025 is calculated based on weighted average number of ordinary shares of 153,025,613 after deducting treasury shares of the Company.

Net Assets Per Share



Share Performance

	Year 2025	Year 2024	Year 2023	Year 2022	Year 2021
Year High (RM)	0.235	0.270	0.250	0.300	0.375
Year Low (RM)	0.155	0.195	0.190	0.215	0.215
Year close (RM)	0.160	0.210	0.220	0.235	0.250
Market capitalization (RM'000) (as at financial year end)	24,484	32,135	33,666	35,961	38,256

(Source: klse.i3investor.com)

The net assets per share and market capitalisation for the financial year 2025 is computed based on the ordinary shares of 153,025,613 after deducting 15,365,700 treasury shares of the Company.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

2. REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

a) Significant changes in performance, financial position and liquidity

(i) Revenue

The Group's revenue for the financial year 2025 of RM47.686 million was mainly attributable to its core business in property development.

The Group's property segment registered a revenue of RM46.035 million, representing 96.54% of the Group's total revenue of RM47.686 million. The Group's revenue from property segment was contributed by the following:

- i) sale of a leasehold housing scheme at Gopeng, Perak by a wholly-owned subsidiary;
- ii) sale and progress billings of the Company's ongoing housing projects:
 - a) Taman Impiana Bidor, namely 1-storey terrace houses in Phase 2B and Phase 4B, 1-storey semi-detached houses in Phase 7A, sale of completed units from 1-storey terrace houses in Phase 4A and 1-storey affordable terrace houses in Phase 3B and 3C, in Bidor, Perak;
 - b) 2-storey terrace house at BBAI, Penang;
 - c) 2-storey terrace houses at Pondok Upeh, Bandar Balik Pulau, Penang.
- iii) sale and progress billing of 2-storey terrace houses at Kajang, Selangor by a subsidiary company.

The balance of the revenue was attributable to the trading segment from the supply of building materials to contractors and other segments contributed by the rental income from investment properties of a newly acquired subsidiary on 25 April 2025.

The Group's revenue from the continuing operations in the financial year 2025 of RM47.686 million increased by RM35.902 million as compared to the revenue of RM11.784 million for the financial year 2024 (this is equivalent to a 304.67% increase). The increase was mainly contributed by the sales of a leasehold housing scheme at Gopeng, Perak by a wholly-owned subsidiary and sale and progress billings of the Group's housing development projects in Taman Impiana Bidor, Perak, BBAI and Balik Pulau, Penang and Kajang, Selangor.

(ii) Loss Before Tax

The loss before taxation of the Group from continuing operations for the financial year 2025 of RM0.139 million represents a net reduction of RM6.056 million (97.76%) from the loss before tax of RM6.195 million for the previous financial year. This net loss before taxation in the financial year 2025 was mainly attributable to the following:

- i) profit from the sale of a leasehold housing scheme in Gopeng, Perak by a wholly-owned subsidiary;
- ii) provision of impairment loss on trade and other receivables of RM2.063 million by a wholly-owned subsidiary;
- iii) additional provision of interest up to 31 December 2025 of RM0.425 million in relation to the material litigation between the Company and Ayer Itam Properties SB ("AIPSB") (formerly known as 1MDB RE (Ayer Itam) Sdn Bhd) where the judge had ruled in favour of AIPSB.
- iv) additional compensation of RM0.0673 million in relation to the material litigation between a subsidiary and a purchaser Norazila Kushairi and Kamaruddin Mohomed Bakhari upon resolving of the legal matter outside of court.

The Group's administrative expenses decreased by RM1.839 million to RM10.805 million during the year as compared to the administrative expenses of RM12.644 million in the previous financial year. The net decrease in the Group's administrative expenses in the current financial year were mainly due to reduction in legal cost incurred in previous financial year in relation to the Group's material litigation, disposal of 2 units investment properties and professional fees incurred for the corporate exercise in relation to the disposal of a leasehold housing scheme at Gopeng, Perak by a wholly owned subsidiary.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(iii) **Assets**

Inventories

The Group's non-current inventories of RM22.736 million was entirely attributable to the land held for development and development expenditure incurred for the development of projects in the pipeline.

Included in the Group's current inventories of RM35.673 million are land held under development and development expenditure incurred for projects that have already commenced construction works and launched in 2025. The balance of RM11.692 million comprises unsold completed properties.

Trade Receivables

The Group's trade receivables of RM1.785 million increased by RM0.118 million representing 7.08% increase as compared to trade receivables of RM1.667 million in the previous financial year. The trade receivables were primarily made up of receivables pending disbursement by end-financiers from the Group's ongoing housing projects in Taman Impiana Bidor, Perak, Taman Impiana Upeh, Penang, Saujana Impian, Kajang Selangor and stakeholder funds retained by solicitors.

Other Receivables & Deposits

The Group's other receivables decreased by RM2.974 million to RM2.229 million in the current financial year, representing a 57.16% decrease as compared to other receivables of RM5.203 million in the previous financial year. These other receivables were mainly attributable to advances to contractors for projects of the Company in Bidor, Perak.

The Group's deposits decreased by RM4.432 million to RM1.707 million in the current financial year, representing a 72.19% decrease as compared to deposits of RM6.139 million in the previous financial year. The decrease was primarily due to refund of repayable deposits paid for intended purchase of lands.

Other Investments

The Group's other investments comprise mainly of investments in cash management funds with investment management companies. During the financial year, the Group's other investments increased by RM11.833 million to RM30.401 million, representing a 63.73% increase as compared to other investments of RM18.568 million in the previous financial year. The increase was mainly due to the balance 90% proceeds from the disposal of Gopeng Land of RM29.7 million upon completion on 10 June 2025. However, the funds had been utilised for the following:

- i) Additional acquisition of 125,000 ordinary shares representing a 25% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM4.60 million representing RM36.8 per Sale Share.
- ii) Transfer RM12.0 million to Malayan Banking Berhad, Taiping Branch, Perak for placement of fixed deposit.
- iii) Refundable deposit paid of RM0.5 million upon execution of the Joint Venture Agreement with Fortune Lander (M) Sdn Bhd to jointly undertake a commercial development on land Lot 1182 MK13, DTL, Penang as announced on 5 December 2025.

Cash & Bank Balances

The Group's cash and bank balances increased by RM10.041 million to RM17.023 million in the current financial year, representing a 143.81% increase as compared to cash and bank balances of RM6.982 million in the previous financial year. The Group's cash and bank balances comprised a fixed deposit of RM12.0 million and substantially of cash held under the Housing Development Accounts for the residential project in Bidor, Perak, Balik Pulau, Penang and Kajang, Selangor.

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

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

(iv) Liabilities

Trade and Other Payables

The Group's trade and other payables increased by 57.66% from RM7.732 million in the previous financial year to RM12.190 million in the current financial year. The trade and other payables are comprised mainly of the following:

- a) construction works payable of RM1.974 million and retention sums payable of RM2.318 million for the Group's existing residential project in Bidor, Perak, BBAI and Balik Pulau, Penang and Kajang, Selangor.
- b) other payables of RM6.732 million comprised mainly the amount owing to a shareholder of RM3.789 million and a related company of RM2.099 million by a newly acquired subsidiary of the Company.
- c) accruals of RM0.645 million comprise mainly of remuneration for directors and staffs which were duly paid in early January 2026, statutory and non-statutory audit fees, consultancy fees, marketing promotion packages for Bidor and Balik Pulau project's units sold and other general administrative expenses.
- d) other deposits received of RM0.521 million mainly derived from the security deposit received from the tenants for lease of properties of the Group.

(v) Capital Structure and Capital Resources

The Group has no other borrowings as at the end of the financial year 2025 except for the following:

- a) a lease liability of RM0.259 million for the Right-of-use Assets of the Group.
- b) bank borrowing of RM3.732 million for an investment property of a newly acquired subsidiary.

The sale proceeds from the Disposal of Gopeng Land will enable the Group to acquire new strategic landbanks for future property development, other profitable joint venture projects and 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

- During the financial year, the Group managed to achieve the following despite the weak property market sentiments in Bidor, Perak:
 - (i) Completion of Phase 7A projects comprising of 14 units of 1-storey semi-detached houses with Certificate of Completion and Compliance ("CCC") issued on 12 August 2025 and sales achieved was 57.1%.



Phase 7A, 1-Storey Semi-Detached Houses, Taman Impiana Bidor, Perak.
(CCC issued on 12 August 2025).

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

- (ii) Phase 2B comprising 53 units of 1-storey terrace affordable houses was launched in early November 2024 and has achieved 35.8% sales. The construction stage has reached 72.5% and CCC is expected to be obtained in the third quarter of 2026.



*Phase 2B, 1-Storey Terrace Affordable Houses, Taman Impiana Bidor, Perak.
(Construction stage at 72.5% and CCC is expected to be obtained in the third quarter of 2026)*

- (iii) In early December 2025, the Company launched Phase 4B of Bidor project, comprising 62 units of 1-storey terrace houses. To-date, the Company achieved 4.8% of sales and the construction works was at foundation stage.



*Phase 4B, 1-Storey Terrace Houses, Taman Impiana Bidor, Perak.
(Construction works in progress)*

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Bandar Baru Ayer Itam ("BBAI"), Penang

- Completion of 1 unit of 2-storey terrace house at BBAI, Penang which was sold on 20 March 2024 with CCC issued on 5 December 2025.



2-Storey Terrace House at BBAI, Penang (CCC issued on 5 December 2025)

Taman Impiana Upeh, Balik Pulau, Penang

On 9th September 2024, the Company completed the acquisition of 2.23 acres of development land held under Lot 10393 to Lot 10418, at Mukim 6, Pondok Upeh, Bandar Balik Pulau, Penang. The planning permission and building plans for the proposed development of 24 units of 2-storey terrace houses was approved by the relevant authorities in the second quarter of 2025. The Company launched the project in early August 2025 upon obtaining the Developer License and Advertising Permit in end of July 2025. To-date, the Company has secured 16.7% of sales and construction works has reached the stage of 35% completion.



*2-Storey Terrace Houses, Taman Impiana Upeh, Balik Pulau, Penang.
(Construction works in progress)*

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Saujana Impian, Kajang, Selangor

A residential project in Saujana Impian Kajang, Selangor offering a total of 23 units of 2-storey terrace houses was launched during the third quarter of 2022. However, the sale and construction work was suspended due to obstruction by a Hindu Temple. The project resumed in September 2025 following resolution of the Hindu Temple matter. To date, construction works for the 16 units have been completed up to internal tiling works (wall and floor tiles) except car porch area for the 16 units and secured 26.1% of sales of total 23 units.



*2-Storey Terrace Houses, Saujana Impian, Kajang, Selangor.
(Construction works in progress)*

Property Developments In The Pipeline

- Product design and layout plan for Phase 6A in Bidor comprising 24 units of 1-storey semi-detached houses with an estimated gross development value of RM11.4 million have been finalized. The building plan had been approved in the first quarter of 2024. However, launching of the project originally scheduled sometime in 2025 has been put on hold due to soft demands for semi-detached houses in Bidor, Perak and property market conditions/sentiments.
- Within the Group's existing BBAI township in Penang, there are several balance pockets of development land where planning permission had been obtained in 2019 for the development of landed properties. In the fourth quarter of 2021, building plan for several 2-storey semi-detached houses had been obtained, out of which 2 units had been launched and completed with CCC issued on 4 October 2023 and 1 unit 2-storey terrace sold and completed with CCC issued on 5 December 2025.

Meanwhile, the Company's original proposed development of 48 units of condominium in BBAI, Penang, (with an estimated gross development value of RM33.5 million) which was earlier earmarked for commencement in early 2023, had lapsed. The Company had submitted application to Jabatan Perancangan Bandar dan Desa ("JPBD") for the proposed development of a 21-storey commercial building comprising 143 office units and 4 units of shoplots including 8-storey car parks and 1-storey community facilities. On 20 September 2024, the application to JPBD was approved. The planning permission submitted to Majlis Bandaraya Pulau Pinang on 17 April 2025 was subsequently approved on 11 December 2025 with reduction of units from 143 units to 100 units at a plot ratio of 2.5:1. However, the Company will carry out an interest indication preview to gauge potential purchasers' demands prior to formally launching the project.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

- The 96.8 acres of development lands in Mukim Teja, Daerah Kampar, Perak by one of the wholly owned subsidiaries of the Company, Farlim (Perak) Sdn Bhd, which had been earmarked for the initial development of (i) Phase 1A of 104 units of 1-storey terrace houses and (ii) Phase 1B of 67 units of 1-storey terrace houses was disposed on 25 September 2024 for a total cash consideration of RM33.0 million ("**the Disposal**"). The Disposal was completed on 10 June 2025.
- Another wholly-owned subsidiary of the Company has also submitted proposed amendment plans modifying the original development plan of 82 units of low-cost terrace houses to 437 units of Rumah Selangorku ("**RSKU**") apartments and shoplots in Saujana Impian, Kajang, Selangor. Approval was obtained from Lembaga Perumahan dan Hartanah Selangor ("**LPHS**") on 27 September 2022. Planning Permission/Kebenaran Merancang application ("**KM**") to Majlis Perbandaran Kajang ("**MPKJ**") had been submitted. However, the KM application for the 437 units of RSKU is being put on hold due to the fact that LPHS is currently revising the policy for RSKU with regards to selling price, amenities requirement and design specification of the apartments. These revisions may impact the overall configuration of the development. On 30 December 2025, LPHS had granted an extension of approval for RSKU, as such, the commencement of the project will be deferred until finalization of the revised proposal for the RSKU development.

4. ANTICIPATED OR KNOWN RISKS

Our Group anticipated that the year ahead will continue to be challenging for the local property market amid progress recovery of the economic momentum. The risks of slowing sales which is influenced by general economic conditions, construction and building materials cost fluctuations, changes in demand and cost, including the 6% Sale and Service Tax effective 1 July 2025 and strict banks' lending criteria remain significant impacts on the development cost, pricing and the demand for residential property. As such, the Group recognized that risk management forms an important part of the Group's integral process of achieving our business objectives.

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

5. FORWARD LOOKING STATEMENT

Malaysia's property market in 2026 is poised for moderate, focused growth, driven by strong fundamentals like infrastructure-led growth like East Coast Rail Link (ECRL), sustainability (ESG focus), economic stability and selective demand, with key drivers in selected areas where high economic activities are present, such as Johor, Batu Kawan in Penang and Klang Valley, while industrial/data centers and affordable housing particular strength with government initiatives continue to support this segment and a stable Overnight Policy Rate (OPR) of 2.75%-3% provides a conducive and positive platform for the Company's planned residential property development at its Taman Impiana Bidor, Perak township, BBAI and Balik Pulau, Penang, Kajang, Selangor and new project launches for the next financial year 2026.

On 2 December 2025, the Company entered into a Joint Venture Agreement to jointly undertake a commercial development on that piece and parcel of freehold land measuring approximately 4628.5847 square meters in Mukim 13, Daerah Timur Laut, Penang, with an estimated gross development value (GDV) of RM160 million. The project is planned as a mixed commercial development consist of commercial units, semi-detached shops and bungalow-style shops offices and will follow a transit-oriented development (TOD) concept, capitalizing on the demand for projects with good infrastructure and connectivity in mature commercial zones. By focusing on these developments and adapting to market trends such as the shift towards transit-oriented project in Penang, the Group aims for sustainable growth, diversification and enhanced market visibility. The Group is confident in achieving a satisfactory take-up rate of these developments in future launches.

MANAGEMENT DISCUSSION & ANALYSIS DISCLOSURE (CONT'D)

Despite the ongoing inflationary pressures, global economic and geopolitical uncertainties, the Group remains cautiously optimistic and is confident in its ability to remain resilient despite ongoing challenges, including a subdued property market and rising cost of living. The Group is committed to pursuing further efficiencies and strategic project launches in its various developments to align with evolving buyer preferences and market demands across its residential property development of the Company's Taman Impiana Bidor Perak township, Taman Impiana Upeh, Balik Pulau, Penang and the new joint venture development projects in Penang. The Group anticipates a gradual recovery in market sentiment, supported by positive initiatives introduced in the 2026 Budget, including the expansion of the RM20 billion Housing Credit Guarantee Scheme for first-time homebuyers.

The sale of a leasehold housing scheme in Gopeng Perak for RM33.0 million by a wholly-owned subsidiary company of the Group was completed on 10 June 2025, generating a gross profit of RM9.639 million. The profits from this sale had improved the Group's financial position and the sale proceeds will enable the Group to acquire new strategic landbanks for future property development, as well as going towards working capital and potential joint venture projects.

Moving forward, ongoing efforts to evaluate business plans and activities to further streamline the Group's operations, active sourcing of landbanks opportunities in Selangor, Perak and Penang by way of outright acquisition and/or joint venture, improve management effectiveness and efficiency, taking the appropriate measures to conserve financial resources, scale down expenses, reallocate resources and maximize value creation are the top priorities for the Group.

6. DIVIDEND POLICY

No dividend was paid in the year 2025 as the Board of Directors did not recommend the payment of any dividends in respect of the financial year ended 31 December 2024. The Board of Directors does not recommend the payment of any dividends in respect of the financial year ended 31 December 2025.

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

The Board of Directors of Farlim Group (Malaysia) Bhd. ("**Farlim**" or "**the Company**") is pleased to present the Audit Committee Report for the financial year ended 31 December 2025 in compliance with Paragraph 15.15 of Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

1. THE AUDIT COMMITTEE

The Audit Committee ("**AC**"), consisting of three members of the Board, all of whom are Independent Non-Executive Directors and no alternate director is appointed as a member of the AC, adheres to Paragraph 15.09 of MMLR of Bursa Securities.

The members during the financial year ended 31 December 2025 and as of the date of this Annual Report are as follows:-

Chairperson

Miss Koay Hooi Lynn (Independent and Non-Executive Director)

Members

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

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

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

2. MEETINGS AND ATTENDANCE

The AC meets at least four (4) times annually, or more frequently as circumstances dictate to carry out its functions and duties in accordance with its Terms of Reference. The AC held a total of five (5) meetings during the financial year ended 31 December 2025, with details of attendance provided for each meeting as follows:-

Names of Committee Members	No. of Meetings	
	Held	Attended
Miss Koay Hooi Lynn	5	5/5
Miss Adlina Hasni Binti Zainol Abidin	5	4/5
Encik Amran Bin Ahmad	5	5/5

During the financial year, the AC meetings were duly convened with advance notices given to all AC members, along with the agenda and relevant reports. The minutes of each meeting were circulated to all AC members electronically.

Representatives from both Internal and External Auditors were invited by the AC to attend the meetings to present their reports on financial results, audit and other matters for the information and/or approval of the AC. The Chairperson of the AC thereafter tabled the recommendations of the AC to the Board of Directors of the Company ("**Board**") and apprised the Board of relevant issues.

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

For the financial year ended 31 December 2025, the AC discharged its functions and duties accordingly. The summary of key activities undertaken by the AC, amongst others, included the following:-

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

AUDIT COMMITTEE REPORT (CONT'D)

- b) Reviewed the audit plans and AC Memorandum prepared by the External Auditors covering audit scope and approach, significant audit findings, potential key audit matters and significant outstanding matters from the audit field works;
- c) Reviewed the related party transaction, any conflict of interest ("**COI**") and/or potential COI situations that may arise within the Company and/or its subsidiaries ("**the Group**") on quarterly basis, including any transaction, procedure or course of conduct that raises question of Management integrity;
- d) Reviewed the COI declaration forms completed by all the Board members and reported the findings to the Board, as part of the measures taken to address, eliminate or mitigate conflicts for the financial year. The review identified certain entities which remain the same with previous financial years, namely Perumahan Farlim (Penang) Sdn. Bhd., Perumahan Farlim Sdn. Bhd., Cabaran Resorts Sdn. Bhd. and Shandong Farlim Tourism Development Co. Ltd. ("**SFTD**") as potential COI due to the involvement of specific Board members, Tan Sri Dato' Seri Lim Gait Tong and Mr. Lim Chu Dick, (referred to as "**Interested Directors**"), or their family members who hold positions as Director and/or Shareholder in these entities. The Interested Directors assured that their involvement in these entities do not adversely impact the Company and/or Group, as these entities are not operational and do not intend to engage in housing development, except for SFTD. The AC has implemented measures for SFTD in accordance with the Company's established COI Policy (e.g. restricting their participation in meetings, and requiring Interested Directors to sign a non-disclosure or confidentiality agreement);
- e) Deliberated the following Corporate Policies within the scope of the AC's roles and recommend to the Board for approval:-
- External Auditors Evaluation Policy
 - Conflict of Interest Policy
 - Corruption Prevention Policy and Framework
 - Anti-Bribery Guidelines
 - Whistleblowing Policy and Procedure
 - Terms of Reference of AC
- f) Deliberated on the quotation from the service provider that outlined the proposed fees for the preparation of the Financial Statements in accordance with the Companies Act 2016 using the Malaysian Business Reporting System tool via the designated online platform;
- g) Reviewed the quarterly results and annual audited financial statements of the Group including related announcements, compliance and/or change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements where explanations, clarifications and corrective action taken for significant variances are reported by the Management to the AC, before recommending to the Board for its approval;
- h) Reviewed the adequacy and effectiveness of the Group's internal control systems and procedures;
- i) Obtained written assurance from the External Auditors to confirm their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- j) Conducted an evaluation policy on the suitability, objectivity and independence of the External Auditors, and assessed their effectiveness, re-appointment, nature of non-audit services, and the appropriateness of the audit and non-audit fees against the policy;
- k) Reviewed and obtained assurance from the Management that Group's risk management framework is adequate and effective;
- l) Reviewed reports and statements for inclusion in the Annual Report, i.e. AC Report and Statement on Risk Management and Internal Control;

AUDIT COMMITTEE REPORT (CONT'D)

- m) Private sessions with the External Auditors without the presence of the Executive Directors and Management to discuss further with them issues of concern, if any, arising from the audit; and
- n) Considered other issues assigned by the Board.

4. TERMS OF REFERENCE

Detailed Terms of Reference of the AC, comprising its scope of duties and responsibilities, authority and other relevant matters, is made available on the Company's website at www.farlim.com.my.

5. INTERNAL AUDIT FUNCTION

The AC was assisted by the outsourced Internal Auditors, IA Essential Sdn. Bhd. ("**IASB**") 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, IASB attended four (4) out of five (5) AC meetings and reported to the AC its work and review carried out as follows:-

- i. Conflict of Interest compliance declaration form which completed annually by all Directors;
- ii. Internal Audit Report covered all Departments for the period from October 2024 to March 2025 have been completed, except for Bandar Subang Sdn. Bhd. which remains pending due to the implementation of the IT Asset Tagging Exercise;
- iii. Handover of vacant possession in Taman Impiana Bidor, with particular focus on Phase 4A; and
- iv. The review of the Anti-Corruption Report recorded an overall achievement of 85% with the remaining 15% required improvement on the following matters:-
 - 1. enhance the existing corruption risk assessment by considering various scenarios;
 - 2. plan, establish, implement, and maintain a monitoring programme; and
 - 3. develop a comprehensive communication plan.

None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence.

Total cost incurred on the outsourced internal audit function of the Group in respect of the financial year ended 31 December 2025 was at RM75,136.66.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of the Company, is pleased to present a summary of the Company's corporate governance practices for the financial year ended 31 December 2025 with reference to the following three (3) Principles of good governance practices as set out in the Malaysian Code on Corporate Governance ("**MCCG**") and the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"):-

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

The detailed application of each Practice as set out in the MCCG is disclosed in the Corporate Governance Report ("**CG Report**") which is available on the Company's website at www.farlim.com.my.

As to the three (3) Principles referred to above, appropriate action has been taken accordingly for adherence thereto as follows:

Principle 1 - Board leadership and effectiveness

1. Board and Board Committees

The Board is responsible for providing strategic leadership and overseeing the management of the Company and its subsidiaries ("**the Group**") to ensure long-term value creation and sustainable growth. The Board operates within a clearly defined governance framework and reserves specific matters for its decision, including corporate exercises, major investments and disposals, related party transactions, dividend declarations, succession planning, remuneration of directors and senior management, and governance policies.

To assist in discharging its duties, the Board has established the following Board Committees, each operating under approved Terms of Reference:-

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

The composition, effectiveness and performance of the Board and Board Committees are reviewed annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Roles and Responsibilities of the Board

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

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

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

3. Chairman, Chief Executive, Deputy Chairman and Executive Director of the Board

The Chairman and Deputy Chairman provide leadership to the Board, ensure its effectiveness and promotes a balanced composition of skills, knowledge and experience among Board members, as well as ensure that effective processes for deliberation, reporting and communication are in place to support informed decision-making. The role of Executive Director, inter-alia, ensures Board decision and strategic directions are implemented and responded to and keep the Board fully informed of the Group's operation. Further details of the roles and responsibilities of Chairman, Chief executive, Deputy Chairman and Executive Director are set out in the Board Charter.

The Chairman and Executive Director, Deputy Chairman and Executive Director are not a member of the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability and Risk Management Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

4. Chairman and Independent Directors

The roles of the Chairman and Independent Directors are clearly delineated to ensure a balance of authority and independent oversight. Independent Directors provide objective judgment, mitigate conflicts of interest and constructively challenge Management to safeguard the interests of the Company and its stakeholders.

The tenure and re-election of Independent Directors are governed by the MMLR of Bursa Securities, including the two-tier voting process where applicable.

5. Relationship Between Board and Management

Except for matters relating to the Board Committees or duties of the Company Secretaries, the communications between the Independent and Non-executive Directors and the senior management are communicated through the Chairman and Chief Executive, Deputy Chairman, or Executive Directors.

6. Company Secretaries

The Company Secretaries are qualified professionals who advise the Board on governance matters, regulatory compliance and corporate disclosure obligations. They ensure that Board procedures are followed, meetings are properly convened and documented, and that the Company complies with applicable laws and the MMLR.

The Company Secretaries undertake continuous professional development to maintain the requisite knowledge and competency.

7. Meetings of Board and Board Committees

The Board meets at least once every quarter, with additional meetings convened as necessary. Directors are required to attend at least 50% of meetings held in each financial year or such other percentage as prescribed by the MMLR.

Board papers are circulated in advance to enable informed decision-making. Minutes of meetings record deliberations, decisions and any abstentions. Directors have full and unrestricted access to information and may seek independent professional advice at the Group's expense, subject to Board approval.

8. Board Charter

The Board Charter sets out the Board's roles, responsibilities, composition, position descriptions of the board members, matters and decisions reserved for the Board and etc. It serves as a primary reference document for Directors in the discharge of their duties and is available on the Company's website at www.farlim.com.my.

9. Corporate Code of Conduct and Ethics

The Board has adopted a Corporate Code of Conduct and Ethics which promotes integrity, transparency and accountability. The Code aims to articulate the Group's specific principles against insider trading, money laundering, bribery and corruption, conflicts of interest, abuse of power and anti-competition only.

The Board and Management are responsible for ensuring compliance with the Code, which applies to Directors, officers, employees and relevant business associates.

The Code of Ethics and Conduct is published on the Company's website at www.farlim.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

10. Whistle Blowing Policy and Procedure

The Whistleblowing Policy and Procedure provides a structured and confidential channel for employees and stakeholders to report misconduct, unethical behaviour or regulatory breaches. The Policy ensures that reports are properly investigated and that whistleblowers are protected from retaliation, in line with the Malaysian Code on Corporate Governance and the Whistleblower Protection Act 2010.

11. Anti-Bribery Guidelines and Corruption Prevention and Policy and Framework

The Board has established Anti-Bribery Guidelines and a Corruption Prevention Policies and Framework ("**ABG**") which outlines the Group's commitment to preventing bribery and corruption and applies to Directors, Management, employees and business associates. It reinforces the Group's zero-tolerance stance against bribery and corrupt practices.

The ABG defines the Group's practices on receiving and offering gifts, hospitality and entertainment, referral, facilitation, sponsorship and donation (the "**offerings**") and all expenses to be incurred for offerings permitted under the ABG shall still be subjected to the authorisation, requisition, payment and reimbursement processes defined under the Group's standard operating procedures.

12. Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy sets out the criteria for appointment, re-election and continuation in office of Directors. The Policy ensures that Directors possess the appropriate integrity, competence, capability and commitment to effectively discharge their duties, while taking into account including but not limited to diversity in skills, knowledge and background.

Appointments and re-elections are subject to assessment by the Nomination Committee and compliance with the MMLR.

13. Performance Appraisal

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

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

All performance assessments of the Board, board committees and individual directors should be administered and conducted by the Nomination Committee in accordance with its Terms of Reference. Based on the results of the assessments, the Nomination Committee shall recommend the training needs of the directors to the Board.

14. Remuneration

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

15. Conflict of Interest Policy

The Conflict of Interest Policy provides guidance on identifying, declaring and managing actual or potential conflicts of interest. Directors and key senior management are required to disclose any direct or indirect interest in matters under consideration and abstain from deliberation and decision-making where a conflict arises.

The Policy promotes transparency, integrity and accountability in the Group's decision-making processes and is available on the Company's website at www.farlim.com.my.

16. General Meetings

The Board shall ensure that notice for annual general meeting is given to the shareholders at least twenty-eight (28) days before the meeting.

The Board shall leverage technology to facilitate voting in absentia to enable shareholders to participate remotely at general meetings appropriately and to ensure that good IT security measures, including data privacy, are implemented.

Minutes of the general meeting should be circulated to shareholders no later than thirty (30) business days after the general meeting.

17. Sustainability Policy

The Board recognizes the importance of minimising environmental impact, promoting social well-being and contributing to the communities in which the Company operates. Accordingly, the Board committed to integrating sustainability principles in managing the Company's core business in property development activities.

The adoption of the Sustainability Policy outlines the principles and approach to sustainability. It aims to provide the essential principles to guide and facilitate the Board, Board Committees and MC in discharging their responsibilities in:-

- Identifying, assessing and managing the sustainability material matters;
- Overseeing the sustainability plans; and
- Addressing the regulatory requirements and market expectations in sustainability management and reporting.

The Board shall review, update and approve the Sustainability Policy periodically to reflect changes in market practices, regulations and stakeholders' expectations.

Current Status of Board Composition and Meetings

The Board of the Company currently comprises six (6) members, including three (3) Executive Directors and three (3) Non-Executive and Independent Directors, two (2) of whom are female directors.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The Board is headed by the Chairman who is also the Chief Executive. The Chairman of the Board is not a member of the Audit Committee, Sustainability and Risk Management Committee, Nomination Committee or Remuneration Committee. To alleviate the risk where the roles of Chairman and Chief Executive are combined, adequate number of Independent Directors have been appointed to the Board. The Board comprises three (3) Independent Directors with at least two (2) Directors or one-third (1/3) on the Board which is in compliance to the MMLR of Bursa Securities.

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

Seven (7) Board Meetings were held during the financial year ended 31 December 2025. Details of attendance of each Director in respect of the meetings held are set out in the "Statement Accompanying Notice of Annual General Meeting" of this Annual Report. Additional Board Meetings will, as and when the need arises, be convened to consider and deliberate on issues requiring attention and/or decision of the Board. As revealed in the said Statement Accompanying Notice of Annual General Meeting, all Directors had attended the Board Meetings held during the year under review and complied with the minimum 50% attendance requirement in respect of Board Meetings pursuant to Paragraph 15.05(3)(c) of MMLR of Bursa Securities.

Training and Professional Development of Directors

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

The Directors who attended the seminars or programmes during the financial year ended 31 December 2025 and/or thereafter and the relevant details are as follows:-

Date	Seminar/Programme	Attended By
8 January 2025	Building and Strengthening your Directorship Competency with Aspiring Directors Immersion Programme (ADIP)	Miss Adlina Hasni Binti Zainol Abidin
19 March 2025 and 20 March 2025	Bursa Malaysia Mandatory Accreditation Programme Part II	Mr. Lim Chu Dick
19 August 2025 and 20 August 2025	SSM National Conference – Leading Governance for Sustainable Growth	Miss Koay Hooi Lynn
3 September 2025	Boardroom Blindspots: How our Perceptions of Risk Influence our Boardroom Effectiveness	Miss Adlina Hasni Binti Zainol Abidin
25 November 2025	Audit Oversight Board	Miss Koay Hooi Lynn
25 November 2025	Audit Oversight Board	Miss Adlina Hasni Binti Zainol Abidin
25 November 2025	Audit Oversight Board	Encik Amran Bin Ahmad
27 February 2026	From Curiosity to Control: Board Intelligence in the age of AI	Miss Adlina Hasni Binti Zainol Abidin
17 March 2026	Anti-Corruption and Bribery Awareness/Refresher Training	Mr. Lim Chu Dick

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Details of existing Board Committees:

Executive Committee

The prime function of the Executive Committee (“EXCO”) is to assist the Board in, inter alia, developing strategic direction of the Group for Board’s consideration, ensuring the implementation of Board decisions and provision of directions to the Management in the implementation of short and long-term business plans.

The EXCO currently comprises three (3) members as follows:-

Chairman

Tan Sri Dato’ Seri Lim Gait Tong

Members

Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther

Mr. Lim Chu Dick

The matters delegated by the Board to the EXCO for execution include the following:-

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

The EXCO held seven (7) meetings during the financial year ended 31 December 2025, details of attendance of which are as follows:-

Names of EXCO members	No. of Meetings	
	Held	Attended
Tan Sri Dato’ Seri Lim Gait Tong	7	7/7
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	7	7/7
Mr. Lim Chu Dick	7	7/7

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Audit Committee

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

Sustainability and Risk Management Committee

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

The Committee comprises three (3) members who are all Non-Executive and Independent Directors, as follows:-

Chairperson

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

Members

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

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

The duties, responsibilities and functions of the Sustainability and Risk Management Committee ("**SRMC**") are as appended hereunder:-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The SRMC held four (4) meetings during the financial year ended 31 December 2025, details of attendance of which are as follows:-

Names of SRMC Members	No. of Meetings	
	Held	Attended
Miss Koay Hooi Lynn	4	4/4
Miss Adlina Hasni Binti Zainol Abidin	4	3/4
Encik Amran Bin Ahmad	4	4/4

The details of Risk Management Policy are set out in Principle 2 of this Statement.

Nomination Committee

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

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

The NC of the Company comprises three (3) members, all of whom are Non-Executive and Independent Directors, is responsible for, inter alia, carrying out review and making recommendations on appropriate and adequate mix of skills, independence and diversity including diversity of gender, ethnicity and age of the members of the Board with the required expertise and experience as well as appropriate balance of Executive and Non-Executive Directors.

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

Chairman

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

Members

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

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

The NC shall carry out the functions including but not limited to the following and report to the Board:

- Review and make recommendations on the appropriate and adequate mix of skills, independence and diversity, including diversity of gender, ethnicity and age of the members of the Board with the required competencies and experiences as well as the appropriate balance of Executive, Independent and Non-Executive Directors;
- Review and evaluate the performance and tenure of each Director annually, including the Chairmen of the Board, the effectiveness of the individual directors and the Board as a whole, focusing on their historical performance and ability to contribute to the Board, Company and the sustainability agenda;
- Recommend the retention of its Independent Non-Executive Directors whose terms have exceeded nine (9) years of tenure for continuance in the office with justification and seek shareholders' approval through a two-tier voting process;
- Ensure that the recommendation of the re-election of a director retiring by rotation should be contingent on a satisfactory evaluation of the Director's performance and contribution to the Board;
- Review the term of office and performance of all Board Committees and each of their members annually to determine whether such committees and members have carried out their duties in accordance with their terms of reference;
- In consultation with the Executive Committee, review the performance, including the sustainability performance and succession plan of the members of the Management Committee;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- The Group's directors and management in keeping abreast of the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities; and
- Review the annual report on a statement regarding the activities of the NC in the financial year.

The NC held one (1) meeting during the financial year ended 31 December 2025, details of attendance of which are as follows:-

Names of NC Members	No. of Meetings	
	Held	Attended
Encik Amran Bin Ahmad	1	1/1
Miss Adlina Hasni Binti Zainol Abidin	1	1/1
Miss Koay Hooi Lynn	1	1/1

The Board Charter, Board Diversity Policy and Directors' Fit and Proper Policy of the Company set out the criteria and approach on identifying and evaluating the potential candidates for appointment and/or re-appointment as Directors.

STATEMENT ABOUT THE ACTIVITIES OF THE NOMINATION COMMITTEE IN THE DISCHARGE OF ITS DUTIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

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

On this note, the NC is pleased to report the following activities undertaken during the financial year ended in fulfilling its roles and responsibilities.

Directors' Fit and Proper Policy and Procedures

The Board has adopted a Directors' Fit and Proper Policy and Procedures which outlines the criteria and approach for evaluating the directors' suitability, effectiveness and performance. Broadly, the criteria covered in this policy are:

- Integrity in maintaining good personal character, ethics, honesty, independence of mind, fairness and high morals;
- Competency and capability in possessing the relevant knowledge, experience, qualification and understanding of the regulatory requirements, businesses and risks; and
- Commitment to devoting adequate time to Board's activities and developing, keeping abreast and acquiring the knowledge needed to discharge their duties professionally.

A copy of this Policy is available on the Company's website at www.farlim.com.my.

During the financial year, the NC applied the above criteria to evaluate the annual performance of all Directors, including the Executive Chairman and Chief Executive and other Executive Directors who are primarily responsible for the business and financial affairs of the Company and its subsidiaries (collectively referred to as the "Group" hereinafter).

The NC noted that all Directors had demonstrated satisfactory commitment and had devoted adequate time to their roles, as evidenced by their attendance and active participation in Board and Board Committees' meetings held during the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board Composition

In accordance with the Board Charter, the Board is responsible for determining an appropriate and composition of the Board, subject to the maximum number of directors stipulated in the Company's Constitution and compliance with the prevailing regulatory requirements, including the minimum number of independent non-executive directors and women directors.

In reviewing the Board's composition, the NC and the Board considered the mix of skills, experience, independence and diversity, including gender, ethnicity and age to ensure the Board is able to function effectively and meet the strategic and culture of the Group.

The Board currently comprises individuals with diverse professional backgrounds, including entrepreneurs and former bankers. Independent Directors make up at least half of the Board providing adequate checks and balances to the management. The Board also continues to take into account diversity considerations in strengthening its overall effectiveness.

Nomination and Election for suitable candidates

Any nomination and election as the members of the Board shall undergo a formal and transparent process of identification and evaluation of the candidates conducted by the NC.

The nomination and election process generally includes the following steps:-

- i. Identification of skills and other requisite qualities required to meet the needs of Board and Group;
- ii. Sourcing of suitable candidates from internal and/or external sources where appropriate;
- iii. Shortlisting and evaluation of candidates based on the criteria set out in the Company's Constitution, Directors' Fit and Proper Policy and Procedures, Board Diversity Policy, and the requirements of the MMLR;
- iv. Selection of suitable candidates; and
- v. Recommendation of the selected candidates to the Board for consideration and approval.

Assessment Conducted During the Financial Year

During the financial year, the NC conducted the following assessments and reviews: -

- a. The Board, Board Committees and individual directors' assessment

Pursuant to Paragraph 15.08A(3)(c) of the MMLR, the NC conducted an assessment on the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors.

Based on the results of the assessment, the NC concluded that the performance of the Board, the respective Board Committees, and individual Directors was satisfactory and effective in discharging their respective duties and responsibilities.

- b. The review of the terms of office and performance of the Audit Committee and its members.

As the members of the Audit Committee also sit on the NC, this review was done via self-assessment. It was shown that the performance of the Audit Committee and each of its members have carried out their duties in accordance with their terms of reference and Paragraph 15.20 of the MMLR and the overall performance was assessed to be satisfactory.

- c. The assessment of directors who are subject to the re-election at the forthcoming Annual General Meeting of the Company ("**AGM**") pursuant to Clause 106 of the Company's Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

The NC assessed the performance and contribution of Directors who are subject to retirement and re-election at the forthcoming AGM. Based on the assessments, the NC was satisfied with the performance and contribution of the retiring Directors and resolved to recommend their re-election to the Board for shareholders' approval at the forthcoming AGM.

In addition, the NC provided justification for retaining an Independent Director who has served beyond a cumulative tenure of nine (9) years. The NC reviewed her annual declaration of independence and was satisfied that she continues to exercise independent and objective judgement and acts in the best interests of the Company. Accordingly, shareholders' approval through a two-tier voting process will be sought in compliance with the MMLR.

d. The assessment in respect of sustainability performance of the Executive Committee

The NC also assessed the sustainability performance of the Executive Committee as part of the evaluation of the Board's and senior management's performance. This included a review of how material sustainability risks and opportunities are identified, managed and addressed, in accordance with Practice 4.4 of the Malaysian Code on Corporate Governance.

Remuneration Committee

The Remuneration Committee ("**RC**") should consist of at least three (3) members comprising Non-Executive and Independent Directors.

A vacancy in the Committee shall be filled out within three (3) months.

The RC comprises of three (3) Members, all of whom are Non-Executive and Independent Directors.

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

Chairperson

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

Members

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

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

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

The RC is responsible for:

- (a) Determining, developing and recommending to the Board a fair and transparent remuneration policy and procedures for the Board and senior management;
- (b) Recommending to the Board for remuneration and benefit in kind of executive directors and senior management in all its forms, drawing from external professional advice as necessary;
- (c) Assessing the remunerations of executive directors and senior management and ensuring that they are reflective of the Group's demands, complexities and performance as a whole, as well as skills and experience required in line with the strategic objectives of the Group and compensation offered by comparable companies and in the employment market;
- (d) Reviewing the disclosure of remuneration of the Board and senior management in the annual report and ensuring the disclosure is in the best interests of the Company taking into account diverse perspectives;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- (e) Reviewing and recommending to the Board regarding the Independent and Non-Executive Directors' remuneration (including directors' fees and other benefits payable), based on their respective contribution, expertise, commitment and responsibilities undertaken without conflicting with their objectivity and independent judgment on matters discussed; and
- (f) Recommending the engagement of external professionals to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.

The RC members shall meet at least annually. On the request of any member, the Secretaries shall summon a meeting at any time by giving all members seven (7) days' notice in writing. With the consent of the majority of the RC members, a meeting may be convened with shorter notice.

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

The RC held one (1) meeting during the financial year ended 31 December 2025, details of attendance of which are as follows:-

Names of RC Members	No. of Meetings	
	Held	Attended
Miss Adlina Hasni Binti Zainol Abidin	1	1/1
Encik Amran Bin Ahmad	1	1/1
Miss Koay Hooi Lynn	1	1/1

Detailed disclosure on name basis of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2025 is disclosed in the Corporate Governance Report and Statement on additional compliance information, which can be downloaded from the Company's website at www.farlim.com.my or Bursa Securities' website.

Principle 2 - Effective audit and risk management

1. External Auditors' Evaluation Policy

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

An External Auditor Evaluation Policy has been adopted by the Company to set out the considerations and procedures to evaluate the suitability, objectivity, and independence of the external auditor in order to safeguard the quality and reliability of audited financial statements.

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

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

In addition, the Company is concerned about the risk which the Group may be exposed in its operations and had formulated a Risk Management Policy as one of the Board Policies for implementation and the details of which is appended hereunder:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Group Risk Management Policy

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 employees in order to continuously strengthen the Group's risk management competency.

Sustainability and Risk Management Committee ("**SRMC**") is assisting the Board in assessing and overseeing the adequacy and effectiveness of risk management framework and policies in the Group. The composition of the SRMC shall comprise a majority of Independent Directors.

The responsibilities of the Management with respect to risk management including but not limited to the following:-

- i. To monitor and manage risk in accordance with the Group's overall risk appetite;
- ii. To identify changes in material or emerging risks and promptly bring these risks to the attention of the Board;
- iii. To present and brief the Board and SRMC on the Group's risk profile and register;
- iv. To assess, update and present the risk status, management action and result of the risk profile to the Board; and
- v. To integrate the risk management process to standard operating procedures and performance appraisal.

3. Internal Audit Function

The Board acknowledges the importance of the internal audit function and has engaged the services of an external independent professional consulting firm who reports directly to the Audit Committee. Further details of the Group's internal control system and framework are found in the Statement on Risk Management and Internal Control and the Audit Committee Report of this Annual Report respectively.

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

Communication with Stakeholders

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

The principles governing the Board's stakeholders' communication are including but not limited to the following:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Shareholders' Participation at General Meetings and Other Communications

The Board has taken reasonable steps whenever possible to encourage the shareholders' participation at general meetings including but not restricting to the provision of good facilities at a hotel as the venue of general meetings where the attendees are served with refreshments, comfort and easy accessible meeting venue.

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

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

The Board remains committed to enhancing the Company's sustainability practices, policies and procedures in line with the enhanced sustainability requirements. This includes preparing for the phased implementation of the Enhanced Sustainability Reporting Framework issued by Bursa Securities and the related amendments to the MMLR. The Board will oversee the integration of sustainability considerations into the Group's strategy and operations to ensure transparent, consistent and high-quality sustainability disclosures.

The Board continues to uphold high standards of corporate governance and safeguarding the interests of shareholders and stakeholders across the Group, by reviewing the Company's policies and procedures to ensure they remain relevant and aligned with regulatory requirements and best practices. The Board will continue to monitor developments and implement further improvements, where necessary to enhance oversight, accountability and transparency.

This Statement was approved by the Board of Directors on 25 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**the Board**") of Farlim Group (Malaysia) Bhd. and its subsidiaries ("**the Group**") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2025. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

Under the Malaysian Code on Corporate Governance, the Board is responsible to:

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve taking of appropriate risks;
- oversee the Group's risk management framework to ensure that significant financial and non-financial risks are appropriately identified, assessed and managed. This includes establishing and approving the Group's risk appetite to guide risk-taking activities; and
- ensure that the Management monitors, mitigates and reports risks on a regular basis and that both operational and strategic decisions are made with due consideration of potential risks and their impact on the Group.

The Board discharges its risk oversight duties with the assistance of the Audit Committee ("**AC**"), Executive Committee ("**EXCO**"), Sustainability and Risk Management Committee ("**SRMC**") and Management Committee ("**MC**").

RISK MANAGEMENT

The Board defined its Group Risk Management Policy and established the SRMC to oversee the Group's risk management and sustainability. The performance of the risk management processes covering risk identification, impact assessment, risk profiling and documentation are guided by the principles of the international risk management framework.

Presently, the SRMC comprises three (3) Independent Non-Executive Directors. During the financial year, the SRMC conducted quarterly meetings with the MC to deliberate on significant and high-risk factors, mitigation plans and the Management's implementation status.

Functionally, MC is accountable to the Board for:

- Identifying risks relevant to the Group's business objectives;
- Designing, implementing and monitoring risk management actions to ensure the objectives are met;
- Assuring the effectiveness and adequacy of the risk management and internal control systems; and
- Reporting the significant control deficiencies and changes in risks that could materiality affect the Group's objectives.

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

(i) Project Consultants' and Contractors' Meetings

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

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

(ii) Marketing & Credit Meetings

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

(iii) Accounts & Finance Meeting

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

(iv) Management Meeting

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

(v) EXCO Meeting

The MC briefs and updates the EXCO on the Group's financial performance and critical business operations. All significant matters deliberated at the MC, HODs, consultants and contractors meetings are summarised and reported at the EXCO meetings. During these meetings, project performance status is scrutinised and the EXCO will deliberate on the additional measures, actions and directions to manage any potential risks effectively.

The Risk Landscape

The Group operates in the residential property sector, which is influenced by general economic conditions, regulatory requirements and construction and building material cost fluctuations. While selected markets are expected to show gradual improvement, changes in demand and costs, including the 6% Sales and Service Tax effective 1 July 2025, may require adjustments to project pricing and timelines.

The Group's risk management considerations include operational and financial impact related to project execution, cash flow planning, capital allocation and the identification of suitable landbanks for future development. These factors are continuously monitored to ensure that development activities are aligned with market demand, available resources and the Group's long-term business objectives.

To support sustainable growth and manage potential risks, the Group's current business strategies are to:

- Adopt a prudent approach in planning and executing property development activities, including staggered project launches aligned with market demand.
- Focus on affordable residential market segment that is supported by sustainable economic activity.
- Continuously monitor construction costs and review project schedules and pricing strategies, implementing appropriate product value engineering to better manage the cost and align with market demand.
- Maintain cash reserve to meet working capital requirements, landbank acquisitions and potential joint venture opportunities.
- Actively assess suitable landbank opportunities in Selangor, Perak and Penang to support long-term sustainability.

The sustainability and climate-related risks are the Group's new areas of focus. The Management has undertaken industry benchmarking to identify gaps and improvement opportunities and will assess the climate and sustainability-related risks and opportunities in the coming financial year.

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

INTERNAL CONTROLS

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

- i) The organisational structure with defined lines of responsibility, hierarchical reporting and delegation of authorities at the MC and the HODs' level;
- ii) Financial and operational limit of authority ("**LOA**") is established for business units. The LOA is reviewed periodically and updated to reflect changes in the organisation;
- iii) Standard operating guidelines and procedures for operational functions. These guidelines and procedures are subject to periodic reviews and updates;
- iv) Job descriptions are established for employees to understand their responsibilities;
- v) External legal reviews are sought when needed to ensure that contractual risks are appropriately addressed and managed before entering into material contracts or agreements;
- vi) The formalisation of the Tender Committee with a tender procedure for evaluating and selecting tenders;
- vii) Contract budgeting details the construction budget, which is subject to be reviewed by MC and approved by the EXCO;
- viii) Independent statutory audit of the Group, including a review of Group's financial results performed by External Auditors. Any findings and recommendations are reviewed and considered by the AC to enhance oversight over the financial control and reporting;
- ix) The internal audit function supports the AC and the Board by independently assessing governance practices, risk management and internal control systems. Quarterly reports are submitted to the AC, outlining key observations and action plans to enhance the Group's internal control framework. Additionally, the AC reviews and discusses any internal control matters raised by the External Auditors during their statutory audit of the Group's financial statements;
- x) The AC reviews the internal control observations and follow-up audit reviews to ensure that appropriate corrective action plans are implemented accordingly by the HODs;
- xi) The SRMC was established to oversee the Company's sustainability initiatives and its Environmental, Social and Governance ("**ESG**") performance and to ensure compliance with internal policies, with half-yearly reporting to the Board;
- xii) Annual performance appraisal is in place to identify gaps and to provide training to the employees to improve their skills, knowledge and competency to meet the Group's performance expectations;
- xiii) Insurance programmes covering public liability insurance, fire and flood insurance, burglary insurance, group hospitalisation and surgical coverage insurance, money insurance, fidelity insurance and group personal accident to safeguard the interests of the Group;
- xiv) Procedures and controls to ensure compliance with personal data protection laws, including secure handling of employee, customer and stakeholder information;
- xv) Internal and external physical security controls are installed on the premises to prevent unauthorised access to the building and assets; and
- xvi) Formalised the Corruption Prevention Policy and Framework, Anti-Bribery Guidelines and Whistleblowing Policy and Procedure in the Group to guide staff members, employees and business associates in taking appropriate measures and steps to prevent association with bribery activities.

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

BOARD ASSURANCE AND LIMITATION

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

Nonetheless, due to the limitations inherent in any internal control and risk management systems, such systems are designed to manage and mitigate the risk within tolerable levels rather than eliminating every possible risk the Group encountered. Therefore, these systems can only reduce and provide reasonable but not absolute assurance against the possibility of material error, misstatement, fraud or loss. In respect of joint ventures, the Group does not have full control over their operations and internal control systems; therefore, the Board's assurance is limited to the extent of the Group's participation, governance rights and access to information.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("**AAPG3**") issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- a. has not been prepared in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b. is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement on Risk Management and Internal Control was approved by the Board on 25 March 2026.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION AS AT 31 MARCH 2026

1.0 Directors' Remuneration for the financial year ended 31 December 2025

The details of remuneration of Directors for the financial year ended 31 December 2025 are as follows:-

Directors	Company (RM)						Total (RM)
	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other Emoluments	
Executive Directors							
Tan Sri Dato' Seri Lim Gait Tong	–	–	525,000	–	15,500	–	540,500
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	–	–	420,000	105,000	–	–	525,000
Lim Chu Dick	–	–	180,000	–	–	–	180,000
Non-Executive Directors							
Adlina Hasni Binti Zainol Abidin	45,600	–	–	–	–	–	45,600
Amran Bin Ahmad	45,600	–	–	–	–	–	45,600
Koay Hooi Lynn	45,600	–	–	–	–	–	45,600
Total	136,800	–	1,125,000	105,000	15,500	–	1,382,300

Directors	Group (RM)						Total (RM)
	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other Emoluments	
Executive Directors							
Tan Sri Dato' Seri Lim Gait Tong	–	–	525,000	–	15,500	–	540,500
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	–	–	420,000	105,000	28,000	–	553,000
Lim Chu Dick	–	–	360,000	–	–	–	360,000
Non-Executive Directors							
Adlina Hasni Binti Zainol Abidin	45,600	–	–	–	–	–	45,600
Amran Bin Ahmad	45,600	–	–	–	–	–	45,600
Koay Hooi Lynn	45,600	–	–	–	–	–	45,600
Total	136,800	–	1,305,000	105,000	43,500	–	1,590,300

2.0 Utilisation of Proceeds

Save as disclosed below, there were no other proceeds raised from the corporate proposal during the financial year ended 31 December 2025:

- (i) Disposal by Farlim (Perak) Sdn. Bhd. ("**Farlim Perak**"), a wholly-owned subsidiary of the Company, of a leasehold housing scheme with individual title issued consisting of 1,201 pieces of individual leasehold titles, 3 pieces of Tenaga Nasional Berhad substation leasehold titles and 1 piece of sistem suis utama tapak pencawang elektrik leasehold title, held under title no. HSD 16599 to 17802 & 183566, lot no. pt 21779 to pt 22982 & pt 24754, mukim of Teja, district of Kampar, state of Perak together with reserved land for infrastructure, utilities, amenities and services (collectively referred to as the "**Gopeng Land**"), measuring total gross land area of approximately 39.174 hectares (96.800 acres) ("**Disposal of Gopeng Land**")

Farlim Perak had on 25 September 2024, entered into a conditional sale and purchase agreement with Gabong Holding Sdn Berhad for the Disposal of Gopeng Land for a total cash consideration of RM33,000,000.00 ("**Disposal Consideration**") satisfied entirely via cash. The Disposal of Gopeng Land has been completed on 10 June 2025.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

AS AT 31 MARCH 2026

The status of utilisation of the proceeds are set out below:

Details of utilisation of Proceeds	Original proposed utilisation ⁽ⁱ⁾ RM'000	Variation ⁽ⁱⁱ⁾ RM'000	Revised proposed utilisation of proceeds after Variation RM'000	Actual utilisation RM'000	Unutilized Proceeds RM'000	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
Acquisition of new landbank(s)	32,320	(8,000)	24,320	–	24,320	Within 36 months ⁽ⁱⁱⁱ⁾	No Change
Estimated expenses in relation to the Disposal	680	–	680	(680)	–	Within 1 month ⁽ⁱⁱⁱ⁾	No Change
General Working capital	–	8,000	8,000	(700)	7,300	Immediate	Within 36 months ^(iv)
Total	33,000	–	33,000	(1,380)	31,620		

Notes:

- (i) As per the Circular to Shareholders in relation to the Disposal of Gopeng Land dated 18 December 2024.
- (ii) The Company had on 2 December 2025 announced that the Board had deliberated and resolved to vary the utilisation of the Proceeds total amounting to RM8.0 million for the General Working capital ("**Variation**").
- (iii) From the date of receipt of the Balance Disposal Consideration on 10 June 2025.
- (iv) The Company had on 25 March 2026 announced that the Board had deliberated and resolved to extend the timeframe for the utilisation of the Proceeds from "Immediate" to "Within 36 months" from the date of receipt of the Balance Disposal Consideration on 10 June 2025.

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

	Audit Fees (RM)	Non-Audit Fees (RM)*
Company	117,000	20,150
Group	193,900	44,695

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

4.0 Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year 31 December 2025 or, entered into since the end of the previous financial year.

5.0 Recurrent Related Party Transactions ("RRPTs") and/or Related Party Transactions ("RPTs")

There was no RRPTs entered into by the Group which involves the interest of Directors, chief executive and/or major shareholders during financial year under review saved for the RPTs as disclosed in Note 30 to the Audited Financial Statements for the financial year ended 2025.

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

AS AT 31 MARCH 2026

6.0 Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Income			
Revenue		47,685,903	11,784,041
Other income		2,104,078	3,287,138
Interest/Finance income		146,493	86,898
Share of profit of associates		141,675	184,558
Total		50,078,149	15,342,635
Total Assets		158,148,146	143,120,473

(b) Business Activities

	Remarks	Group	
		2025 (RM)	2024 (RM)
Shariah Non-Compliant Activities			
Funds management, financial advisory and related services		329,000	294,631
Interest income		68,378	86,898
Rental income received from tenant involved in Shariah non-compliant activities		573,590	585,270
Insurance services		48,909	49,057
Total		1,019,877	1,015,856

(c) Component of Financial Position

(i) Cash Component

	Remarks	Group	
		2025 (RM)	2024 (RM)
Islamic Account/Instruments			
Cash in hand (to be placed under Islamic Account/ Instruments only)	Fixed Deposit	12,000,000	–
Investment in cash funds		30,233,928	4,169,118
Total Cash		42,233,928	4,169,118
Conventional Account/Instruments			
Cash at bank		1,925,022	907,927
Cash held under Housing Development Accounts		3,098,363	6,074,388
Investment in cash funds		166,888	14,398,686
Total Cash		5,190,275	21,381,001

STATEMENT ON ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

AS AT 31 MARCH 2026

(ii) Debt Component

	Remarks	Group	
		2025 (RM)	2024 (RM)
Conventional Borrowing			
Current			
Hire purchase payables		96,899	92,744
Bank borrowings		584,560	–
Non-Current			
Hire purchase payables		162,405	259,304
Bank borrowings		3,147,038	–
Total Debt		3,990,902	352,048

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Sustainability at Farlim

GRI 2-3

Sustainability is integrated into the business operations and stakeholder engagement of Farlim Group (Malaysia) Bhd. ("Farlim") and its subsidiaries ("the Group"), with a focus on regulatory compliance, workforce well-being and positive community engagement.

This Sustainability Statement ("Statement") outlines how sustainability matters are managed within the Group for the financial period from 1 January 2025 to 31 December 2025 ("FY 2025"). It summarises the Group's key sustainability practices, initiatives, and performance across environmental, social, governance and economic aspects.

In FY 2025, the Group's focus was on strengthening existing sustainability practices, improving internal consistency and ensuring that sustainability considerations were incorporated into business strategy and risk oversight processes.

Our Sustainability Focus

The Group's sustainability approach reflects its role as a property developer and the need to balance commercial objectives with environmental, social and governance considerations. Sustainability matters are incorporated into project planning, operational controls, regulatory compliance and stakeholder engagement, taking into account the Group's operating scale and risk profile.

The operating environment for the property and construction sector continues to be shaped by regulatory expectations, cost pressures, workforce considerations and increasing stakeholder expectations on sustainability. These factors influence how the Group plans projects, manages risks and engages with stakeholders across its operations.

During FY 2025, the Group managed ongoing construction activities while progressing new development phases. Sustainability efforts during the year focused on managing key sustainability impacts, alongside the Group's commitment to delivering affordable housing.

What This Statement Covers

GRI 2-2

This Statement covers the sustainability practices and performance of Farlim and its active wholly-owned subsidiary, namely Bandar Subang Sdn. Bhd., unless otherwise stated.

The reporting scope includes office operations and project sites, where applicable. The following entities were excluded due to limited or inactive business activities during the reporting period:

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

The sustainability data is presented on a consolidated basis, with separate breakdowns for office and project operations, where relevant, to provide clarity on performance.

SUSTAINABILITY STATEMENT (CONT'D)

How We Report

This Statement has been prepared in accordance with Paragraph 4.1 (b) of Practice Note 9A of Bursa Malaysia's ("Bursa") Main Market Listing Requirements and the applicable transitional disclosure requirements. This Statement is guided by Bursa's Sustainability Reporting Guide (3rd Edition). Reference was also made to the Global Reporting Initiative ("GRI") Standards to guide the structure and content of this Statement.

The Group will enhance its sustainability disclosures and report in accordance with the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) when these requirements become effective for the Group under the Main Market Listing Requirements.

Sustainability performance targets have not yet been set, as the Group continues to strengthen its data collection processes and reporting maturity for its material sustainability topics.

Statement of Assurance

The Board of Directors of Farlim ("the Board") has overall responsibility in overseeing the Group's sustainability matters. This Statement has been internally reviewed by the Management Committee and reported to the Sustainability and Risk Management Committee before submission to the Board for consideration and approval.

The Board continues to review the relevance of the Group's sustainability reporting approach. It will consider engaging independent assurance in due course, taking into account the maturity of the Group's sustainability data and reporting processes.

Staying Connected

GRI 2-3

The Group values feedback from its stakeholders and welcomes comments, suggestions or enquiries about matters discussed in this Statement.

Stakeholders may direct their feedback or enquiries to farlimsustain@farlim.com.my.

All feedback received will be reviewed and considered as part of the Group's ongoing efforts to improve its sustainability practices and disclosures.

SUSTAINABILITY STATEMENT (CONT'D)

OUR SUSTAINABILITY FRAMEWORK

The Group’s sustainability framework comprises a governance and management structure, stakeholder engagement processes and a materiality assessment process. Governance structures provide oversight and accountability for sustainability matters; stakeholder engagement enables the Group to understand relevant impacts, risks and expectations; and the materiality assessment identifies and prioritises sustainability matters most relevant to the Group and its stakeholders. Together, these elements guide the management, monitoring and reporting of sustainability matters across the Group.

Sustainability Oversight and Accountability GRI 2-12, 2-13, 2-14



SUSTAINABILITY STATEMENT (CONT'D)

Engaging Our Stakeholders

GRI 2-29

Stakeholder engagement supports the Group's understanding of sustainability-related impacts, risks and expectations. Engagement is conducted through formal and informal channels, with feedback considered by the Management and incorporated into sustainability planning where relevant.

Key stakeholder groups include shareholders and investors, employees, customers, suppliers and contractors, regulators and local communities. The following table summarises our engagement methods with these key stakeholders.

Key Stakeholders	Frequency	Engagement Platforms
Shareholders / Investors	Annually	<ul style="list-style-type: none"> Annual General Meeting Annual Report and Audited Accounts
	Quarterly	<ul style="list-style-type: none"> Quarterly Financial Report
	As and when needed	<ul style="list-style-type: none"> Extraordinary General Meetings Announcements to Bursa Malaysia and Corporate Website
Employees	Annually	<ul style="list-style-type: none"> Annual Performance Appraisal
	Weekly, bi-monthly, monthly	<ul style="list-style-type: none"> Departmental and Management Meetings
	Periodically	<ul style="list-style-type: none"> Events and birthdays / festive celebrations
	As and when needed	<ul style="list-style-type: none"> Briefings and trainings Employee Handbook
Customers	As and when needed	<ul style="list-style-type: none"> Feedback channels such as emails, phone calls and walk-ins Corporate website and social media Product launches and roadshows Sales gallery Customer satisfaction survey
Government / Regulators	Annually	<ul style="list-style-type: none"> Income tax filing Annual Return
	Half-Yearly	<ul style="list-style-type: none"> Semi-Annual Returns
	Quarterly	<ul style="list-style-type: none"> Progress reports to the Ministry of Housing and Local Government ("KPKT") Bursa announcements
	As and when needed	<ul style="list-style-type: none"> Bursa announcements
Suppliers / Contractors	Bi-monthly	<ul style="list-style-type: none"> Workmanship, progress and quality assessment meetings
	Daily, bi-monthly and as and when needed	<ul style="list-style-type: none"> Site visits and meetings
Local Communities	As and when needed	<ul style="list-style-type: none"> Charitable contributions Corporate Website and social media

SUSTAINABILITY STATEMENT (CONT'D)

Identifying What Matters Most

GRI 3-1

The Group conducted a structured materiality assessment in the financial year 2023 ("FY 2023") to identify sustainability matters relevant to its business and stakeholders. The assessment was guided by the materiality assessment process outlined in Bursa Malaysia's Sustainability Reporting Guide.

The materiality assessment involved engagement with internal and external stakeholders. The process comprised three key phases:

- 1 **Identification of sustainability matters**, based on the Group's operating context, stakeholder expectations and sustainability-related impacts;
- 2 **Prioritisation of material sustainability matters**, through stakeholder engagement and assessment of the significance of identified matters; and
- 3 **Review and validation**, where the outcomes of the assessment were reviewed and approved, and a process for periodic review was established.

In FY 2025, the Group reviewed its material sustainability topics by benchmarking against industry peers and considering changes in regulatory and operating conditions. The review indicated that the identified material matters remained consistent with industry practices.

Instead of reprioritising material topics, the Group's focus in FY 2025 was on strengthening internal ownership and on monitoring and managing existing material matters. The Group will continue to monitor the relevance of its material sustainability matters, taking into account its operating environment, regulatory developments and evolving sustainability disclosure expectations. This includes developments under Bursa's sustainability reporting requirements, which reflect the National Sustainability Reporting Framework issued by the Securities Commission Malaysia and are informed by the IFRS Sustainability Disclosure Standards (IFRS S1 and S2).

Managing Key Sustainability Topics

GRI 3-3

The Group's material sustainability topics are categorised into four key themes: Environmental, Social, Governance and Economic. These topics reflect the sustainability matters most relevant to the Group's business and stakeholders.

The following figure shows the Group's Sustainability Matrix, which remained unchanged from FY 2023.

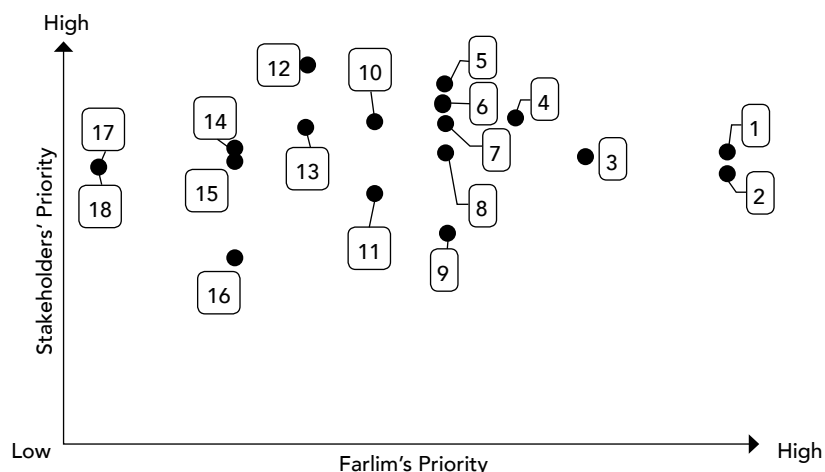
As in previous years, certain sustainability matters were addressed in greater detail in other sections of the Annual Report, including the Corporate Governance Overview Statement and the Corporate Governance Report.

The Group manages its material sustainability topics through a combination of policies, procedures, operational controls and monitoring mechanisms. Responsibility for managing specific sustainability matters is assigned to the relevant departments, with oversight provided through management reporting and committee review.

The following sections of this Statement outline the Group's approach, initiatives and performance for each material sustainability topic. Where applicable, disclosures are presented on a consolidated basis or separately for office and project operations, reflecting the nature of the Group's activities.

SUSTAINABILITY STATEMENT (CONT'D)

Farlim's Sustainability Matrix
GRI 3-2






Environmental		Social		Governance		Economic	
2	Resources Management ¹	9	Community and Social Involvement	1	Corporate Governance	4	Innovation ¹
3	Climate Resilience ²	12	Occupational Safety and Health	6	Regulatory and Legal Compliance ⁷	11	Sustainable Supplier Management ⁸
5	Emission and Pollution Management ³	15	Jobs, Upskilling, Enrichment and Development ⁶	10	Risk Management	13	Stakeholder Relationships
7	Greener Products ⁴	16	Diversity			14	Financial Operational Performance
8	Ecology Protection ⁵	17	Mental Health ⁶				
		18	Employee Welfare ⁶				

Notes:

1. Disclosed under the management of energy, water and materials.
2. Disclosed under emissions management.
3. Disclosed under the management of emissions and waste.
4. Disclosed under materials management.
5. Disclosed under biodiversity management.
6. Disclosed under labour practices and standards management.
7. Disclosed under environmental compliance, occupational health and safety, anti-corruption and data privacy and security.
8. Disclosed under supply chain management.

SUSTAINABILITY STATEMENT (CONT'D)

KEY SUSTAINABILITY HIGHLIGHTS IN FY 2025		
ENVIRONMENTAL STEWARDSHIP		
<p>1,355.78</p>  <p>gigajoules of total energy consumption</p>	<p>288.81</p>  <p>tonnes CO₂e of total emissions</p>	<p>4.08</p>  <p>megalitres of total water consumption</p>
<p>35.16</p>  <p>tonnes of generated construction and recycled waste</p>	<p>96.08</p>  <p>tonnes of construction materials used</p>	<p>Zero</p>  <p>cases of environmental non-compliance</p>
OUR PEOPLE AND COMMUNITIES		
<p>105,600</p>  <p>Ringgit Malaysia invested in communities</p>	<p>3</p>  <p>beneficiary organisations of community investment</p>	<p>Zero</p>  <p>cases of work-related fatalities</p>
<p>Zero</p>  <p>lost-time incident rate</p>	<p>52</p>  <p>full-time employees</p>	<p>1,235</p>  <p>hours of total employee training</p>
ETHICAL AND RESPONSIBLE GOVERNANCE		ECONOMIC SUSTAINABILITY
<p>Zero</p>  <p>cases of corruption incidents</p>	<p>Zero</p>  <p>breaches in data security</p>	<p>100%</p>  <p>spending on local suppliers</p>

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL STEWARDSHIP

The Group’s environmental responsibilities arise primarily from its property development activities and supporting office operations. Environmental management focuses on controlling environmental impacts from construction activities, ensuring compliance with applicable environmental requirements and managing the use of natural resources.

During FY 2025, environmental management was shaped by the Group’s operating context and project lifecycle stages. Efforts focused on practical operational controls, environmental monitoring and regulatory compliance, rather than standalone environmental programmes.

Managing Energy Use GRI 302-1

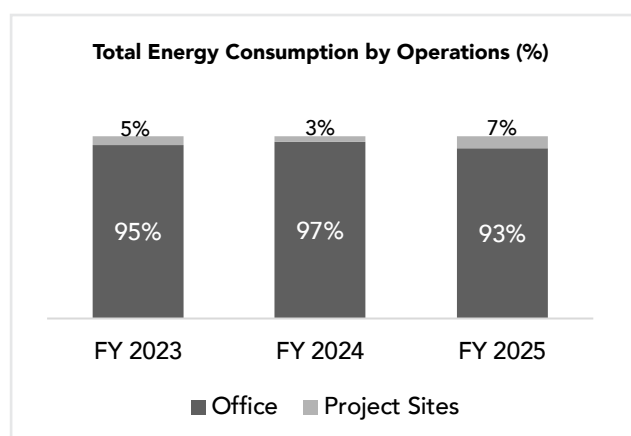
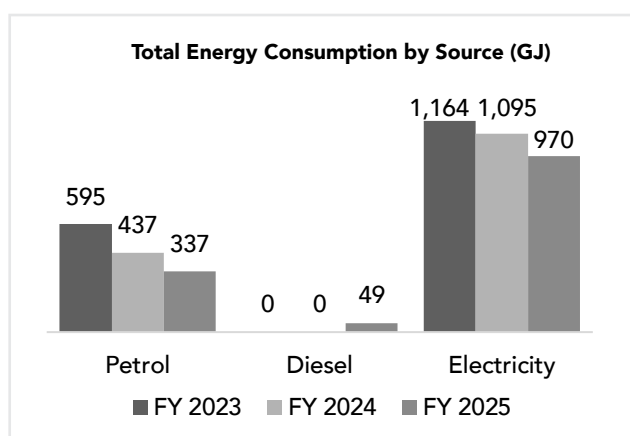
Energy consumption is a key operational consideration for the Group, arising mainly from electricity use at office premises and from fuel and electricity use at project sites. Managing energy use supports operational efficiency and reduces environmental impacts associated with the Group’s activities.

Energy use is managed through routine monitoring and operational oversight. Electricity and fuel consumption are reviewed periodically to identify irregular patterns, and energy efficiency considerations are incorporated into office operations through equipment maintenance and replacement planning. At project sites, energy use varies with construction stages, and planning considerations are applied to minimise unnecessary consumption.

In FY 2025, energy initiatives included monthly tracking of office electricity use, ongoing LED lighting installation and replacing faulty air-conditioning units with inverter models. Office seating was centralised and overall office space was reduced to improve air-conditioning efficiency. Staff working after hours are encouraged to use only necessary lighting. At project sites, building and construction planning incorporated the use of natural light to reduce reliance on artificial lighting.

In FY 2025, total energy consumption for office and project operations amounted to 1,355.78 gigajoules (GJ), equivalent to 376.6 megawatt-hour (MWh). Overall energy consumption decreased by around 11.5% compared to financial year 2024 (“FY 2024”), mainly due to lower electricity and petrol usage and partly offset by higher energy use at project sites in line with construction activities.

	FY 2023	FY 2024	FY 2025
Total energy consumption (GJ)	1,758.68	1,531.64	1,355.78



Note:

- Conversion of fuel from litres to megajoules (MJ) is based on the Carbon Development Project (“CDP”) Technical Note: Conversion of fuel data to MWh (Version 3.4).

SUSTAINABILITY STATEMENT (CONT'D)

Managing Greenhouse Gas (“GHG”) Emissions

GRI 305-1, 305-2, 305-3

Greenhouse gas emissions from the Group’s operations arise primarily from fuel use in company vehicles, electricity consumption in offices and at project sites and selected indirect activities. Emissions management is closely linked to energy management and operational efficiency.

The Group manages emissions by implementing measures to reduce fuel and electricity consumption and by improving the quality of emissions-related data collected. Emissions performance is monitored through energy consumption data, and efforts are made to strengthen the identification and reporting of indirect emissions in line with reporting requirements and internal capabilities.

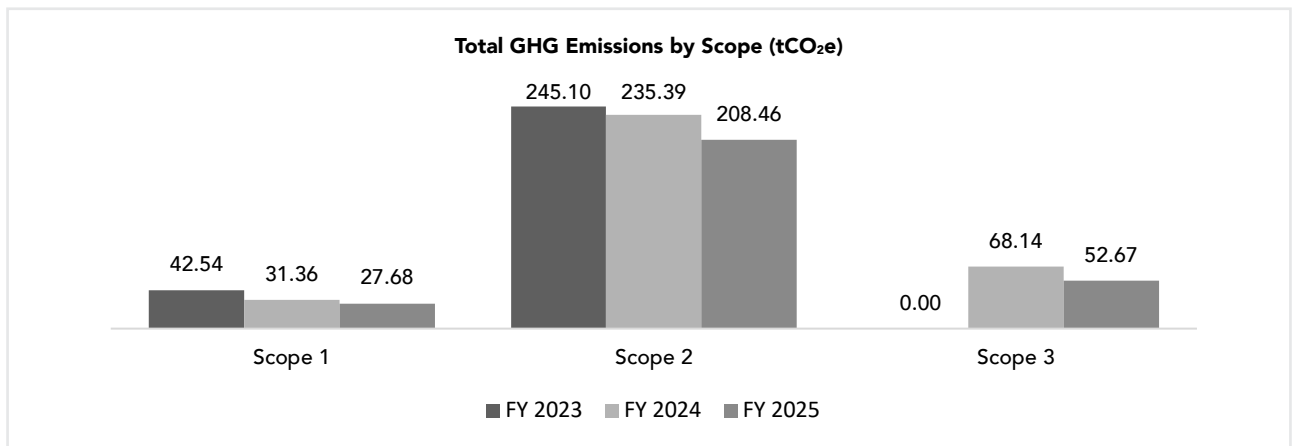
In FY 2025, emissions-related practices included ongoing monitoring of fuel and electricity consumption, increased use of virtual meetings to reduce business travel and refinement of data collection processes for Scope 1, Scope 2 and selected Scope 3 emissions categories. Environmental initiatives were also undertaken alongside project development activities. At Taman Impiana Bidor Phase 7A, 20 trees were planted to complement the development of 14 housing units.

For FY 2025, the Group’s total greenhouse gas emissions, comprising Scope 1, Scope 2 and selected Scope 3 categories (business travel and employee commuting), amounted to 288.81 tonnes carbon dioxide equivalent (tCO₂e). Overall greenhouse gas emissions decreased by approximately 13.8% in FY 2025 compared to FY 2024, mainly due to lower Scope 2 and Scope 3 emissions, in line with reduced electricity consumption and operational activities.

	FY 2023	FY 2024	FY 2025
Total GHG emissions (tCO ₂ e)	287.63*	334.90*	288.81

* Restatement of information:

1. FY 2023: Total Scope 3 GHG emissions were restated to align the emissions factors used with the corresponding reporting year, ensuring consistency between the emissions factors applied and the underlying calendar year data.
2. FY 2024: Total Scope 3 GHG emissions were restated following a data review to improve accuracy and reflect refined information.



Notes:

1. FY 2023 data only included Scope 1 and Scope 2 emissions, as Scope 3 was a new indicator in FY 2024.
2. Scope 1 emissions are derived from petrol used for our company-owned vehicles and diesel used for our project sites.
3. Scope 1 and Scope 3 emission factors are sourced from the UK Government GHG Conversion Factors for Company Reporting Version 1.0 (2023), (2024) and (2025) for the respective years, published by the UK Department for Environment, Food & Rural Affairs (“DEFRA”).
4. Scope 2 emissions are derived from our electricity consumption with the emission factor sourced from MY Energy Commission 2021 and 2022 Grid Emission Factor (“GEF”) in Malaysia, for the respective years.
5. Scope 3 emissions are derived from business travel and employee commuting based on the methodology provided in Technical Guidance for Calculating Scope 3 Emissions (version 1.0), published by GHG Protocol.

SUSTAINABILITY STATEMENT (CONT'D)

Water Use and Conservation

GRI 303-1, 303-2, 303-3

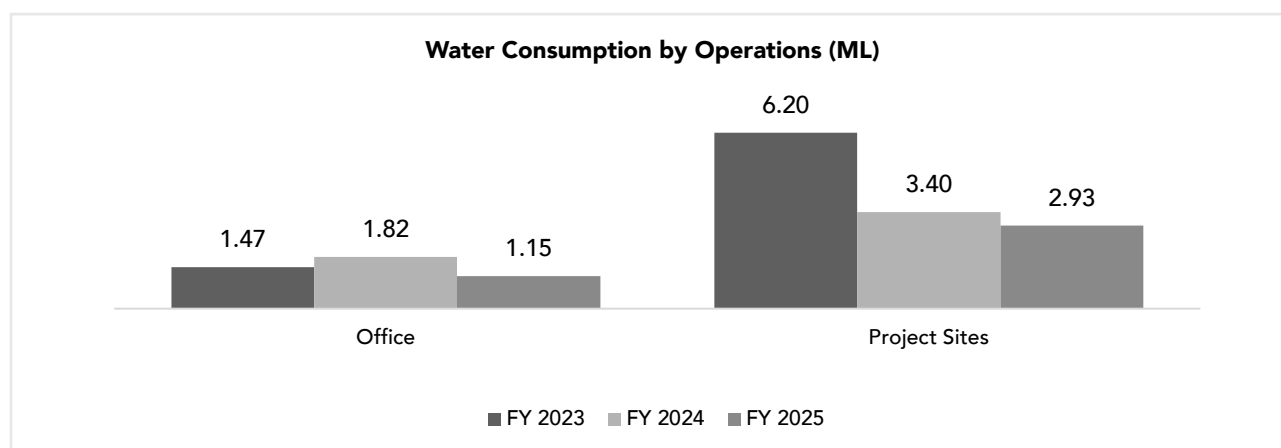
Water is used in the Group's office operations and construction activities. Water management focuses on monitoring consumption and preventing adverse impacts on surrounding water bodies.

Water for operations is supplied by local water authorities, and usage levels are influenced by operational and construction requirements. Water management practices include consumption monitoring, employee awareness measures and controls to prevent contamination.

In FY 2025, water-related practices included the installation and maintenance of water storage facilities, prompt rectification of leaks and reminders to staff to minimise water use during cleaning and maintenance. At project sites, sedimentation controls were implemented to prevent dust-contaminated water from being discharged directly into nearby waterways. Rainwater harvesting tanks were installed at project sites for site cleaning and construction use.

In FY 2025, total water consumption amounted to 4.08 megalitres (ML), representing a decrease of approximately 21.8% compared to the previous year. The reduction was mainly attributable to lower operational demand and ongoing water management practices.

	FY 2023	FY 2024	FY 2025
Total water consumption (ML)	7.67	5.22	4.08



Waste Handling and Disposal Practices

GRI 306-1, 306-2, 306-3, 306-4, 306-5

Effective waste management supports environmental protection and a safe, orderly working environment. Waste generated by the Group arises mainly from construction activities at project sites and from general office operations.

Waste is managed through segregation, reuse and disposal by licensed waste contractors. Waste-handling practices are applied across office and project site operations to ensure compliance with applicable regulations and internal requirements.

In FY 2025, waste-related initiatives included reducing paper use through digital communication and paperless practices, encouraging the use of reusable food containers and utensils at office events and segregating waste at project sites. Construction materials, such as plywood, were reused wherever possible, while scheduled waste was labelled, stored and disposed of in accordance with regulatory requirements. As part of project planning, recycling bins will be provided in all stratified properties within upcoming development projects to support proper waste segregation by future occupants.

SUSTAINABILITY STATEMENT (CONT'D)

In FY 2025, the Group generated a total of 35.2 tonnes, of which 29% was diverted through recycling. Total waste increased compared to FY 2024, mainly due to higher volumes of project-related waste from site works and office housekeeping exercise following the reduction in office space. The higher diversion rate was due to segregation and recycling carried out during the office downsizing process.

	FY 2024	FY 2025
Total waste generated (tonnes)	16.9	35.2
Total waste diverted from disposal (tonnes)	0.9	10.2
Total waste directed to disposal (tonnes)	16.0	25.0

Note:

1. New indicator in FY 2024, hence FY 2023 data unavailable for comparison.

Use of Construction Materials

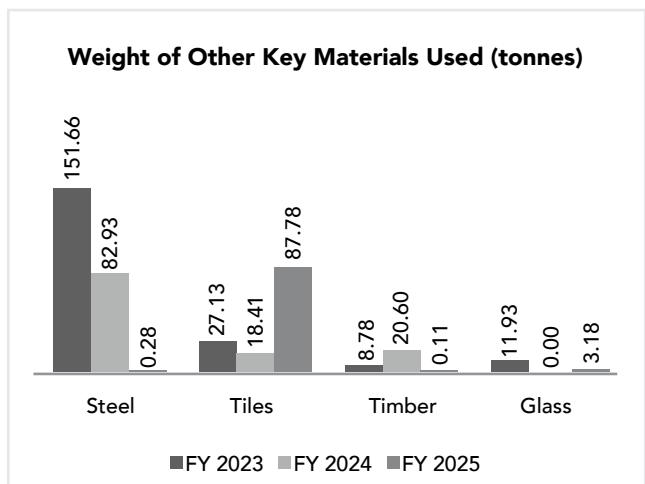
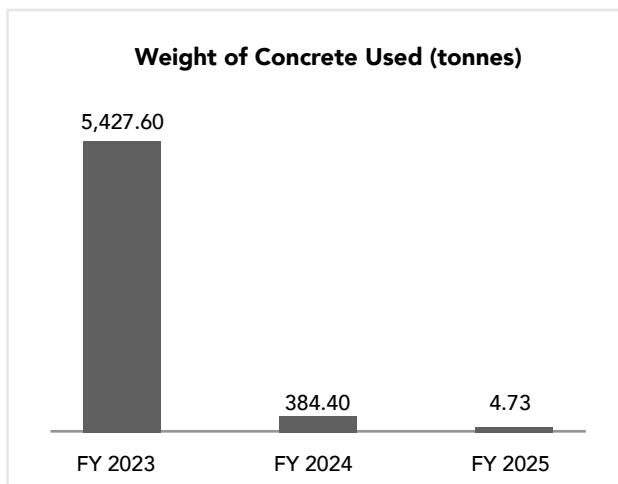
GRI 301-1

Construction materials are a significant component of the Group’s environmental footprint due to the nature of its property development activities. Materials management focuses on efficient use and waste minimisation at project sites.

The Group prioritises the reuse and efficient management of construction materials during project execution. Materials are sourced primarily from local suppliers, supporting the local businesses and reducing transport-related emissions. Materials suitable for reuse, such as timber and reinforcing bars, are stored for future use where feasible.

In FY 2025, the total quantity of construction materials used was 96.08 tonnes. Material usage declined significantly compared to FY 2024, reflecting the nature and stage of construction activities undertaken during the year. Usage was lower as construction works were more limited in scope, with reduced requirements for concrete and other key materials following the completion of major structural works in the preceding year.

	FY 2023	FY 2024	FY 2025
Total weight of materials used (tonnes)	5,627.1	506.3	96.08



SUSTAINABILITY STATEMENT (CONT'D)

Compliance with Environmental Requirements

GRI 2-27

Compliance with environmental laws and regulations underpins the Group's environmental management approach. Environmental compliance is maintained through established procedures to ensure environmental requirements are implemented across operations.

Compliance is supported through contractor reporting, routine site inspections and regular environmental, health and safety meetings at project sites. Contractors are required to submit periodic reports prepared by qualified personnel, and the Group retains the authority to suspend works in the event of non-compliance. Open burning is prohibited at all project sites.

Waste management controls are enforced in line with regulatory requirements. The Group also considers the use of alternative construction materials with lower environmental impact, including low-volatile organic compound materials, subject to project requirements and suitability.

In FY 2025, the Group recorded zero non-compliances, fines or sanctions related to environmental laws and regulations.

	FY 2023	FY 2024	FY 2025
Non-compliances with environmental laws and regulations	Nil	Nil	Nil

Managing Biodiversity Consideration

GRI 304-1, 304-2

Biodiversity considerations are incorporated into the Group's project planning and decision-making, taking into account regulatory requirements and site-specific conditions. While certain projects may be exempt from formal Environmental Impact Assessment requirements, the Group complies with applicable local regulations relating to biodiversity management.

During the planning stage, the Group engages with relevant authorities to ensure project sites avoid protected areas and locations of high biodiversity value. This approach supports the management of potential biodiversity impacts associated with development activities.

The Group's projects in Penang, including the new development in Balik Pulau, were undertaken on previously vacant land, while development activities in Bidor, Perak were carried out in phases on a former monoculture oil palm plantation. As development during the financial year remained within previously disturbed land, there were no additional biodiversity impacts or data to disclose.

OUR PEOPLE AND COMMUNITIES

The Group's people and the communities in which it operates are integral to its business sustainability. As a property developer, the Group's social focus includes workplace safety, employee development, an inclusive work environment and community engagement.

In FY 2025, social initiatives were guided by operational requirements, workforce profile and project activities. Efforts focused on maintaining a safe and supportive work environment, strengthening employee engagement and providing practical support to local communities where the Group operates.

SUSTAINABILITY STATEMENT (CONT'D)

Community Engagement and Contributions GRI 413-1

The Group contributes to the local communities where its development projects and offices are located through financial contributions and support for initiatives focused on education, welfare and community-based programmes.

In FY 2025, the Group supported community initiatives through contributions to welfare, youth and educational causes. Beneficiaries included the Penang Cheshire Home’s Foster Parents Scheme, which supports 10 residents; the Charity Fund for the Committee, Youth and Women of Penang and Hokkien Association; and Yayasan Pendidikan Islam. Contributions to Yayasan Pendidikan Islam supported an educational publication initiative, with materials distributed free of charge to community organisations and institutions. These contributions were provided primarily through financial support.

In FY 2025, the Group contributed a total of RM 105,600.00 to three beneficiary organisations.

	FY 2023	FY 2024	FY 2025
Total community contribution (MYR)	237,749	108,500	105,600
Number of beneficiary organisations	30	13	3



Contribution to the Penang Cheshire Home

SUSTAINABILITY STATEMENT (CONT'D)

Health and Safety at Work

GRI 403-1, 403-5, 403-9

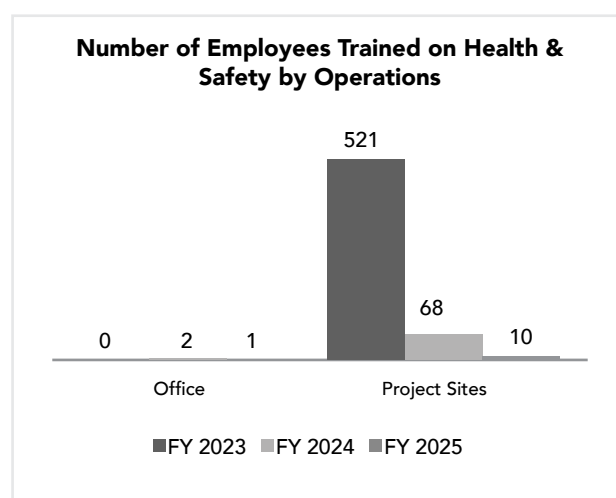
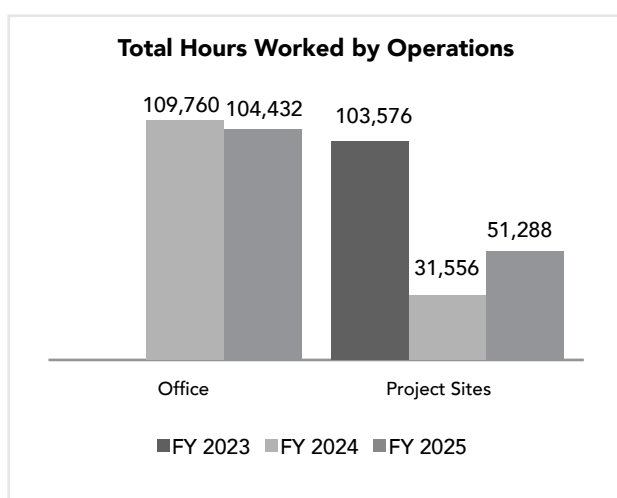
Safeguarding the health and safety of employees and contractors is a key operational priority for the Group. Health and safety requirements are applied across office premises and project sites in accordance with applicable occupational safety and health regulations.

Health and safety practices are guided by the Occupational Safety and Health Act 1994 and by relevant regulations issued by the Department of Occupational Safety and Health ("DOSH") and the Construction Industry Development Board ("CIDB"). These practices are supported by internal procedures, contractor requirements and regular monitoring. Health and safety considerations are integrated into daily operations, with oversight through management review. Key Environmental Health and Safety ("EHS") initiatives are implemented and updated by our Project and Implementation Department to remain aligned with regulatory requirements and include the following:

EHS management plans	DOSH registration for safety personnels	CIDB Green Card for all construction workers
Daily toolbox briefing at sites	Annual fire drill and safety training	Mosquito fogging at sites

In FY 2025, the Group recorded zero work-related fatalities. The lost-time incident rate ("LTIR") improved from 1.42 in FY 2024 to zero in FY 2025, as no work-related lost-time incidents were recorded during the year. Health and safety practices were applied consistently across office and project site operations, despite variations in site activity levels.

	FY 2023	FY 2024	FY 2025
Total hours worked	103,576	141,316	155,720
Number of work-related fatalities	Nil	Nil	Nil
Number of lost-time incidents	Nil	1	Nil
Lost-time incident rate ("LTIR")	Nil	1.42	Nil
Number of employees trained on health & safety	521	70	11



Note:

- FY 2023 data only consisted of project operation.
- LTIR is calculated as the number of lost time incidents multiplied by 200,000 and divided by the total manhours worked.
- Employees trained at project sites are contractors' employees.

SUSTAINABILITY STATEMENT (CONT'D)

Employment Practices and Development

GRI 2-7, 2-8, 401-1, 404-1

Fair employment practices, employee welfare and continuous staff development support the Group’s ability to maintain a stable and capable workforce. Labour practices are designed to support operational effectiveness, ensure compliance with labour laws and provide a supportive work environment. Employee retention is supported by workplace practices and initiatives that promote engagement, development and well-being, as outlined below:

Employee compensation	Mentorship programmes	Communication and feedback	Training and development
Engagement activities	Safe workplace	Teamwork	Recognition and awards

Employment practices are governed by internal policies and procedures and overseen by the Management. Employee engagement is supported through performance appraisals, regular communication and an internal grievance mechanism that allows employees to raise concerns confidentially.

The Group’s remuneration and benefits framework supports employee attraction and retention, taking into account job responsibilities, experience, prevailing market conditions and approved budget parameters. Remuneration practices comply with applicable regulatory requirements. Employee benefits include salaries and allowances, performance-related incentives and statutory and non-statutory benefits, such as healthcare coverage, long-service recognition, annual leave entitlements and medical check-up benefits for employees aged 50 and above. The key components of this framework are illustrated in the accompanying figure.

Wages and Salaries	<ul style="list-style-type: none"> • Minimum wages • Living wages • Bonuses • Allowances • Overtime pay 	Additional Benefits	<ul style="list-style-type: none"> • Healthcare • Insurance coverage • Paid absences • Housing discount • Other benefits
Variable Components	<ul style="list-style-type: none"> • Performance incentives/ bonus • Recognition for excellent performance 	Development Opportunities	<ul style="list-style-type: none"> • Opportunities for self-development • Regular feedback and engagement • Recognition and appreciation

Employee engagement activities, including staff gatherings, festive celebrations and internal events, were organised to boost morale and foster a positive workplace environment.

Training and development initiatives in FY 2025 focused on regulatory and compliance updates, financial and accounting competencies, digital systems implementation, professional and administrative skills development and occupational safety and health. Training programmes were identified based on operational needs and individual development requirements and were reviewed and approved by the Management.

SUSTAINABILITY STATEMENT (CONT'D)

The Group's training and development initiatives are guided by the following objectives:

- Strengthen employee competencies and address identified skill gaps
- Promote consistency in work practices and professional knowledge
- Enhance employee understanding of roles and responsibilities
- Support employee performance, confidence and morale
- Encourage innovation and continuous improvement
- Improve productivity and adherence to quality standards
- Support employee retention and workforce stability



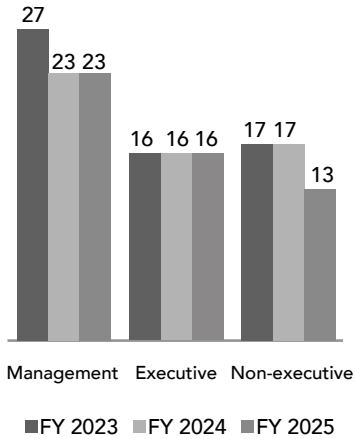
Staff training on
Microsoft Excel

In FY 2025, the Group employed 52 employees. Total training hours amounted to 1,235, with workforce statistics and training participation details provided in the accompanying table and figures.

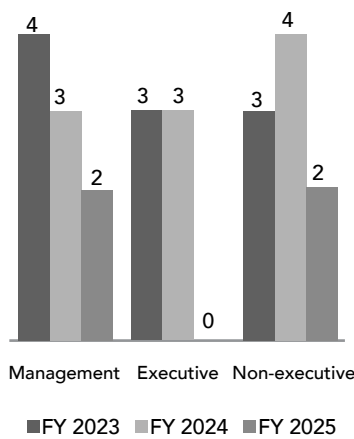
	FY 2023	FY 2024	FY 2025
Total number of employees	60	56	52
Total number of new hires	10	10	4
Total number of turnover	9	14	8
Percentage of contract-based or temporary staff	Nil	Nil	Nil
Number of human rights complaints	Nil	Nil	Nil
Total training hours	190	520	1,235
Average training hours per employee	3.17	9.29	23.75

SUSTAINABILITY STATEMENT (CONT'D)

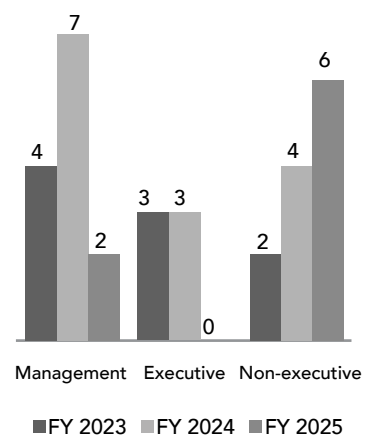
Number of Employees by Category



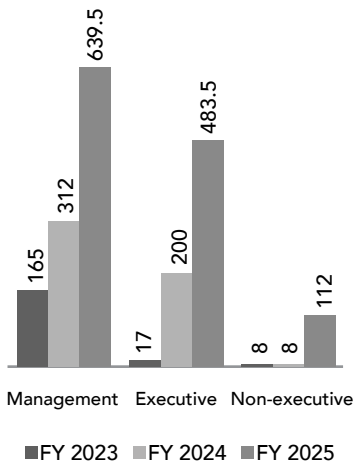
New Hires by Category



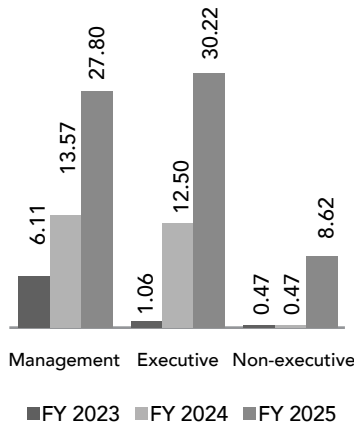
Turnover by Category



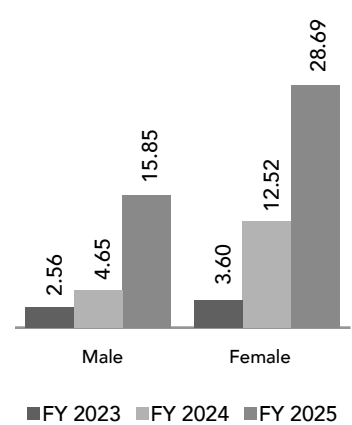
Total Training Hours by Category



Average Training Hours by Category



Average Training Hours by Gender



Note:

1. "Management" refers to the Management Committee members and managers.
2. "Executive" refers to officers.
3. "Non-executive" refers to clerical and non-clerical roles.

SUSTAINABILITY STATEMENT (CONT'D)

Workforce Diversity and Inclusion

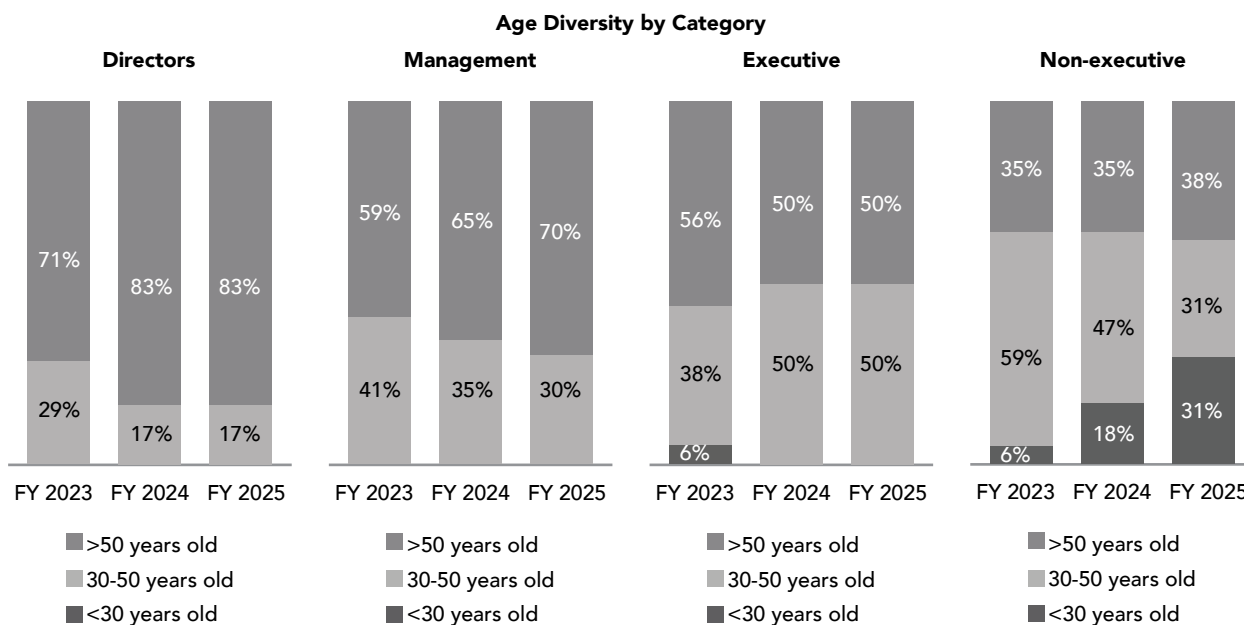
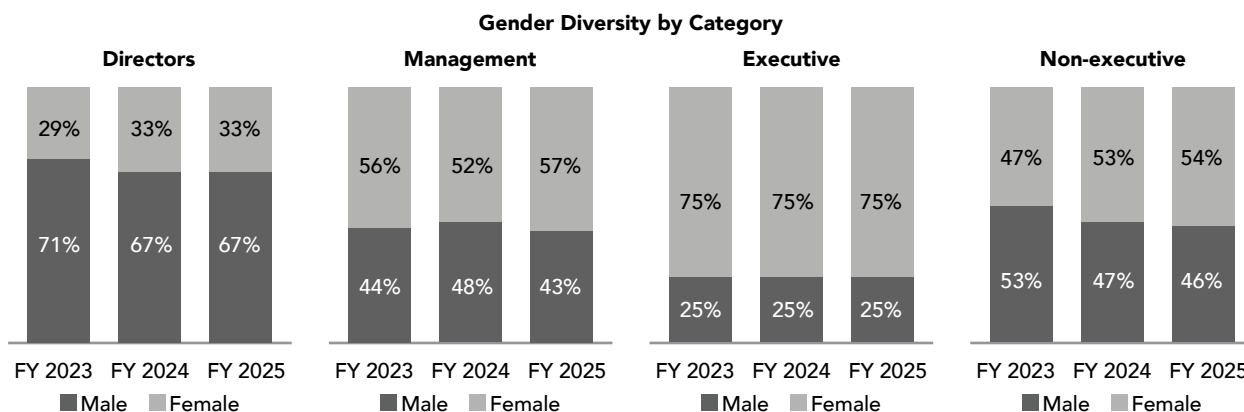
GRI 405-1, 406-1

The Group maintains a workplace approach that promotes respect, inclusion and equal opportunities. Diversity considerations are incorporated into recruitment, employment and development practices.

Grievance procedures are in place to address incidents of discrimination, harassment or unfair treatment. These procedures provide employees with confidential channels to raise concerns, which are reviewed and addressed by the Management in accordance with established processes.

In FY 2025, no incidents of discrimination were recorded.

Workforce diversity information, including gender and age profiles, is disclosed in the accompanying figures.



SUSTAINABILITY STATEMENT (CONT'D)

ETHICAL AND RESPONSIBLE GOVERNANCE

Strong governance and ethical conduct support stakeholder confidence and the Group's long-term business sustainability. Governance-related sustainability matters focus on preventing unethical conduct, safeguarding information and ensuring compliance with applicable laws, regulations and internal policies.

During FY 2025, governance practices were supported by established policies, oversight mechanisms and internal controls, with an emphasis on awareness, compliance and accountability across the Group's operations.

Preventing Corruption and Unethical Conduct

GRI 2-26, 205-1, 205-2, 205-3

The Group adopts a zero-tolerance approach to corruption, bribery and unethical business conduct. Anti-corruption measures are implemented to ensure compliance with applicable legislation, including the Malaysian Anti-Corruption Commission Act 2009 and to safeguard stakeholder confidence.

Anti-corruption practices are guided by the Group's Corruption Prevention Policy and Framework ("CPPF"), Anti-Bribery Guidelines and Corporate Code of Conduct and Ethics. These policies set out requirements relating to ethical behaviour, gifts, hospitality, donations, sponsorships and facilitation payments and apply to employees, directors, and where relevant, third parties engaged by the Group. The Group has also established a Whistleblowing Policy and Procedure, which provides confidential channels for employees and external parties to report suspected misconduct or breaches of laws and policies. All relevant policies are publicly available on the Group's corporate website.

In FY 2025, anti-corruption initiatives included induction briefings for new employees, periodic communications on ethical conduct expectations and the continued operation of whistleblowing channels. Anti-corruption clauses were incorporated into selected contracts, including construction-related agreements. Suppliers and consultants were subject to screening and declaration requirements in accordance with the Group's procedures.

In FY 2025, no confirmed incidents of corruption were recorded. During the year, four new employees received briefings on the CPPF and Anti-Bribery Guidelines as part of their orientation. The Group conducted quarterly review of its corruption risk assessment and identified no changes in the risk ratings.

Corruption-related training

	FY 2023	FY 2024	FY 2025
Management	100%	100%	100%
Executive	100%	100%	100%
Non-executive	100%	100%	100%
	FY 2023	FY 2024	FY 2025
Operations assessed for corruption risks	100%	100%	100%
Number of confirmed corruption incidents	Nil	Nil	Nil

SUSTAINABILITY STATEMENT (CONT'D)

Protecting Data and Information Security

GRI 418-1

Protecting personal data and safeguarding information systems is an operational requirement for the Group, given the increasing use of digital platforms across business operations.

Data protection practices are guided by the Group's Personal Data Protection Policy, which aligns with the requirements of the Personal Data Protection Act 2010. This policy governs the collection, use, storage and disclosure of personal data across the Group's operations, including customer, employee and stakeholder information. Key data protection mechanisms include:

Management Information System ("MIS") Control Room	Security Levels Measurement	Password Control
Data Backup	Illegal Software Control	MIS Report Requisition

In FY 2025, data protection and information security measures included system access controls, password management protocols and regular data backups. Controls were also implemented to prevent the use of unauthorised software and to monitor system usage. Personal data shared with third parties, such as solicitors or financial institutions, was handled with appropriate consent and safeguards.

Channels are available for customers and stakeholders to raise concerns or complaints relating to data privacy. Matters raised are reviewed and addressed in accordance with established procedures.

In FY 2025, no substantiated complaints relating to breaches of customer privacy or data loss were recorded.

	FY 2023	FY 2024	FY 2025
Number of substantiated complaints on breaches of customer privacy or data loss	Nil	Nil	Nil

ECONOMIC SUSTAINABILITY

Economic sustainability supports the Group's ability to operate responsibly, deliver long-term value to shareholders and support stakeholders across its value chain. As a property developer, the Group's economic approach emphasises financial discipline, regulatory compliance, prudent project execution and responsible supply chain practices.

During FY 2025, economic management was guided by prevailing market conditions, project development requirements and cost considerations, with a focus on maintaining business resilience while supporting local economic participation.

Economic Performance and Business Resilience

GRI 201-1, 201-4, 203-2

The Group's economic performance is driven by its ability to manage development costs, execute projects efficiently and respond to prevailing market conditions. Financial stability supports the Group's delivery of affordable housing, fulfilment of stakeholder obligations and contribution to broader economic activity.

As a property developer focused on accessible housing, the Group contributes to local economic participation through employment, engagement of local contractors and suppliers, tax contributions and support for infrastructure development in the areas where it operates.

SUSTAINABILITY STATEMENT (CONT'D)

Economic management is supported by budgeting, cost monitoring and internal control systems, with oversight by the Management, the Audit Committee and the Board. Internal controls and processes are subject to periodic review by appointed auditors, with findings reported to and reviewed by the Audit Committee and the Board. Any identified issues are addressed through established processes, including transparent procurement practices and supplier engagement.

During FY 2025, the Group focused on prudent cost management, timely project execution and compliance with regulatory and contractual requirements. Development activities during the year included ongoing phases of the affordable housing project in Bidor, Perak and a newly launched residential project in Balik Pulau, Penang. The Group has also entered into a joint venture agreement to undertake a commercial development in Bandar Baru Ayer Itam, Penang. Meanwhile, further potential developments in Perak and Selangor remain subject to prevailing market conditions.

The Group also contributes to economic sustainability through employment and employee benefits. Employee benefits are provided in accordance with statutory requirements, including contributions to the Employees Provident Fund ("EPF"), Social Security Organisation ("SOCSO") and Employment Insurance System ("EIS"). Oversight of employee benefits is provided by the Executive Directors and Senior Management, and related obligations are reflected in the Group's audited financial statements.

The Group's financial performance for FY 2025 is presented in detail in the audited financial statements contained in this Annual Report.

Responsible Supply Chain Practices GRI 204-1

Responsible procurement practices support operational efficiency, risk management and local economic participation. The Group's procurement activities primarily cover construction materials, professional services and operational support.

Supply chain practices are guided by internal procurement procedures that emphasise transparency, competitiveness and compliance with contractual requirements. The Group prioritises the engagement of local suppliers and contractors, subject to quality, cost and project requirements.

During FY 2025, the Group sourced construction materials and services primarily from local suppliers. Supplier performance and compliance were monitored through contractual arrangements and ongoing engagement throughout project execution.

In FY 2025, 100% of the Group's procurement spend was attributable to local suppliers.

	FY 2023	FY 2024	FY 2025
Proportion of spending on local suppliers	100%	100%	100%

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD
 BMLR Transition Period

 Date & Time: 2026-03-25_15:52:48
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Energy Management	Total energy consumption	Gigajoules	1,355.78	—	No assurance	
Emissions Management	Scope 1 emissions in tonnes of CO2e	tonnes CO2e	2788	—	No assurance	
Emissions Management	Scope 2 emissions in tonnes of CO2e	tonnes CO2e	208.46	—	No assurance	
Emissions Management	Scope 3 emissions in tonnes of CO2e	tonnes CO2e	52.67	—	No assurance	For categories of business travel and employee commuting
Water	Total volume of water used	Megallitres	4.08	—	No assurance	
Waste Management	Total waste generated	Tonnes	35.2	—	No assurance	
Waste Management	Total waste diverted from disposal	Tonnes	10.2	—	No assurance	
Waste Management	Total waste directed to disposal	Tonnes	25.0	—	No assurance	
Materials	Total weight or volume of materials that are used to produce and package products and services	Tonnes	9808	—	No assurance	
Environmental Compliance	Non-compliances with environmental laws and regulations	Number	0	—	No assurance	
Community / Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	105,600.00	—	No assurance	
Community / Society	Total number of beneficiaries of the investment in communities	Number	3	—	No assurance	
Health and Safety	Total hours worked	Hours	155,720	—	No assurance	

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-25_15:52:48

Page 1 of 6

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD BMLR Transition Period		Date & Time: 2026-03-25_15:52:48 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Health and Safety	Number of work-related fatalities	Number	0	—	No assurance	
Health and Safety	Number of lost-time incidents	Number	0	—	No assurance	
Health and Safety	Lost time incident rate	Rate	0	—	No assurance	
Health and Safety	Number of employees trained on health and safety standards	Number	11	—	No assurance	
Labour Practices and Standards	Total number of employees	Number	52	—	No assurance	
Labour Practices and Standards	Total number of new hires by employee category - Management	Number	2	—	No assurance	
Labour Practices and Standards	Total number of new hires by employee category - Executive	Number	0	—	No assurance	
Labour Practices and Standards	Total number of new hires by employee category - Non-executive	Number	2	—	No assurance	
Labour Practices and Standards	Total number of employee turnover by employee category - Management	Number	2	—	No assurance	
Labour Practices and Standards	Total number of employee turnover by employee category - Executive	Number	0	—	No assurance	
Labour Practices and Standards	Total number of employee turnover by employee category - Non-executive	Number	6	—	No assurance	
Labour Practices and Standards	Percentage of employees that are contract-based or temporary staff	Percentage	0	—	No assurance	

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD
 BMLR Transition Period

 Date & Time: 2026-03-25_15:52:48
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Labour Practices and Standards	Number of substantiated complaints concerning human rights violations	Number	0	—	No assurance	
Labour Practices and Standards	Total hours of training by employee category - Management	Hours	639.5	—	No assurance	
Labour Practices and Standards	Total hours of training by employee category - Executive	Hours	483.5	—	No assurance	
Labour Practices and Standards	Total hours of training by employee category - Non-executive	Hours	112.0	—	No assurance	
Labour Practices and Standards	Average training hours by employee category - Management	Hours	278	—	No assurance	
Labour Practices and Standards	Average training hours by employee category - Executive	Hours	30.22	—	No assurance	
Labour Practices and Standards	Average training hours by employee category - Non-executive	Hours	8.62	—	No assurance	
Labour Practices and Standards	Average training hours by gender - Male	Hours	15.85	—	No assurance	
Labour Practices and Standards	Average training hours by gender - Female	Hours	28.69	—	No assurance	
Diversity	Percentage of employees by gender for each employee category - Management Male	Percentage	.43	—	No assurance	
Diversity	Percentage of employees by gender for each employee category - Management Female	Percentage	.57	—	No assurance	

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-25_15:52:48

Page 3 of 6

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD BMLR Transition Period		Date & Time: 2026-03-25_15:52:48 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of employees by gender for each employee category - Executive Male	Percentage	25	—	No assurance	
Diversity	Percentage of employees by gender for each employee category - Executive Female	Percentage	75	—	No assurance	
Diversity	Percentage of employees by gender for each employee category - Non-executive Male	Percentage	46	—	No assurance	
Diversity	Percentage of employees by gender for each employee category - Non-executive Female	Percentage	54	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Management under 30	Percentage	0	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Management between 30-50	Percentage	30	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Management above 50	Percentage	70	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Executive under 30	Percentage	0	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Executive between 30-50	Percentage	50	—	No assurance	

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD
 BMLR Transition Period

 Date & Time: 2026-03-25_15:52:48
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Diversity	Percentage of employees by age group for each employee category - Executive above 50	Percentage	50	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Non-executive under 30	Percentage	31	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Non-executive between 30-50	Percentage	31	—	No assurance	
Diversity	Percentage of employees by age group for each employee category - Non-executive above 50	Percentage	38	—	No assurance	
Diversity	Percentage of directors by gender - Male	Percentage	67	—	No assurance	
Diversity	Percentage of directors by gender - Female	Percentage	33	—	No assurance	
Diversity	Percentage of directors by age group - Under 30	Percentage	0	—	No assurance	
Diversity	Percentage of directors by age group - Between 30-50	Percentage	17	—	No assurance	
Diversity	Percentage of directors by age group - Above 50	Percentage	83	—	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Management	Percentage	100	—	No assurance	
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Executive	Percentage	100	—	No assurance	

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-25_15:52:48

Page 5 of 6

SUSTAINABILITY STATEMENT (CONT'D)

FARLIM GROUP (MALAYSIA) BHD BMLR Transition Period		Date & Time: 2026-03-25_15:52:48 FYE 31/12/2025				
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category - Non-executive	Percentage	100	—	No assurance	
Anti-corruption	Percentage of operations assessed for corruption-related risks	Percentage	100	—	No assurance	
Anti-corruption	Confirmed incidents of corruption and action taken	Number	0	—	No assurance	
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	—	No assurance	
Supply Chain Management	Proportion of spending on local suppliers	Percentage	100	—	No assurance	

SUSTAINABILITY STATEMENT (CONT'D)

GRI CONTENT INDEX		
Statement of use	Farlim has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	Refer to Annual Report
	2-2 Entities included in the organisation's sustainability reporting	What This Statement Covers, page 64.
	2-3 Reporting period, frequency and contact point	Sustainability at Farlim, page 64; Staying connected, page 65.
	2-4 Restatements of information	Managing Greenhouse Gas ("GHG") Emissions, page 72.
	2-6 Activities, value chain and other business relationships	Refer to Annual Report
	2-7 Employees	Employment Practices and Development, pages 78-80.
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	Refer to Annual Report
	2-10 Nomination and selection of the highest governance body	Sustainability Oversight and Accountability, page 66.
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	Refer to Annual Report
	2-15 Conflicts of interest	
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	Preventing Corruption and Unethical Conduct, page 82.
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	Compliance with Environmental Requirements, page 75; Health and Safety at Work, page 77; Preventing Corruption and Unethical Conduct, page 82; Protecting Data and Information Security, page 83.
	2-29 Approach to stakeholder engagement	Engaging Our Stakeholders, page 67.

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Identifying What Matters Most, page 68.
	3-2 List of material topics	Farlim's Sustainability Matrix, page 69.
	3-3 Management of material topics	Managing Key Sustainability Topics, page 68.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Refer to Annual Report
	201-3 Defined benefit plan obligations and other retirement plans	Economic Performance and Business Resilience, pages 83-84.
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Responsible Supply Chain Practices, page 84.
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Preventing Corruption and Unethical Conduct, page 82.
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Use of Construction Materials, page 74.
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Managing Energy Use, page 71.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Use and Conservation, page 73.
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Managing Biodiversity Consideration, page 75.
	304-2 Significant impacts of activities, products and services on biodiversity	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Managing Greenhouse Gas ("GHG") Emissions, page 72.
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	

SUSTAINABILITY STATEMENT (CONT'D)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Handling and Disposal Practices, pages 73-74.
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment Practices and Development, pages 78-80.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Health and Safety at Work, page 77.
	403-5 Worker training and occupational health and safety	
	403-9 Work-related injuries	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employment Practices and Development, pages 78-80.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Workforce Diversity and Inclusion, page 81.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	Community Engagement and Contributions, page 76.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protecting Data and Information Security, page 83.

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

PURSUANT TO PARAGRAPH 15.26(A) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Responsibilities of the Directors in relation to the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company and its subsidiaries ("the Group") and of the Company for the financial year ended 31 December 2025 and ensure that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial results and cash flows of the Group and of the Company for the financial year then ended, in accordance with the applicable 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.

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

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

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

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

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



FINANCIAL STATEMENTS

96	Directors' Report
105	Statements of Financial Position
107	Statements of Comprehensive Income
109	Statements of Changes in Equity
111	Statements of Cash Flows
114	Notes to the Financial Statements
176	Statement by Directors
177	Statutory Declaration
178	Independent Auditors' Report

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of Farlim Group (Malaysia) Bhd. ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(3,033,645)	(8,799,303)
Attributable to:		
Owners of the Company	(3,189,120)	(8,799,303)
Non-controlling interests	155,475	-
	<u>(3,033,645)</u>	<u>(8,799,303)</u>

DIVIDENDS

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

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2025.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

DIRECTORS' REPORT (CONT'D)

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM193,900 and RM117,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

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

As at 31 December 2025, the Company held 15,365,700 (2024: 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/- (2024: RM5,122,542/-).

DIRECTORS' REPORT (CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Tan Sri Dato' Seri Lim Gait Tong*
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther*
Lim Chu Dick*
Adlina Hasni Binti Zainol Abidin
Amran Bin Ahmad
Koay Hooi Lynn

* 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:

Joanne Lim
Oon Teng Siah
Dato' Lim Si Boon
Wong Hon Weng

(Resigned on 10 October 2025)

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 1.1.2025/ date of appointment	Bought	Sold	At 31.12.2025
The Company				
Farlim Group (Malaysia) Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	12,000	-	-	12,000
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	12,000	-	-	12,000
Adlina Hasni Binti Zainol Abidin	38,000	-	-	38,000
Indirect				
Tan Sri Dato' Seri Lim Gait Tong ⁽¹⁾	69,358,480	-	-	69,358,480
Lim Chu Dick ⁽¹⁾	69,358,480	-	-	69,358,480
The ultimate holding company				
Farlim Holding Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	49,355	-	(3,582)	45,773
Lim Chu Dick	-	3,582	-	3,582
The subsidiary				
Farlim Marketing Sdn. Bhd.				
Direct				
Tan Sri Dato' Seri Lim Gait Tong	245,000	-	-	245,000

⁽¹⁾ Shares held through the ultimate holding company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONTINUED)

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

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

DIRECTORS' BENEFITS

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

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

	Group RM	Company RM
Directors of the Company:		
- Fees	136,800	136,800
- Remuneration	1,410,000	1,230,000
- Post-employment benefits	43,200	21,600
- Other emoluments	4,571	3,178
	1,594,571	1,391,578

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 RM25,255/- respectively.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

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

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

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2025 %	2024 %	
Direct Subsidiaries				
Bandar Subang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Kanchil Jaya Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Farlim Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Farlim (Perak) Sdn. Bhd.	Malaysia	100	100	Property development and building construction
Farlim Marketing Sdn. Bhd.	Malaysia	51	51	Trading in building materials
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Yet to commence business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
LJ Harta Sdn. Bhd.**	Malaysia	100	100	Property development
Saga Realty & Development Sdn. Bhd.^	Malaysia	100	100	Property development
Entity Consolidated Sdn. Bhd.	Malaysia	60	35	Property holding and trading of building materials

* Held indirectly through Bandar Subang Sdn. Bhd.

** Held indirectly through Kanchil Jaya Sdn. Bhd.

^ Held indirectly through Angkatan Wawasan Sdn. Bhd.

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

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 25 April 2025 announced that it had been entered into a Share Sale Agreement ("SSA") with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of an additional 125,000 ordinary shares ("Sale Shares") representing a 25% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM4,600,000 representing RM36.80 per Sale Share.

On 14 May 2025, the Company had announced that the acquisition has been completed whereby the Sale Shares have been transferred and registered in favour of the Company pursuant to Clause 3.3 of the SSA dated 25 April 2025 subsequent to the full payment made referred to in the SSA. Upon the completion of the step acquisition, Entity Consolidated Sdn. Bhd. ceased to be an associate of the Group and has become a 60% owned direct subsidiary of the Group.

ULTIMATE HOLDING COMPANY

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

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

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

TAN SRI DATO' SERI LIM GAIT TONG

Director

DATUK SERI HAJI MOHAMED IQBAL BIN KUPPA PITCHAI RAWTHER

Director

Date: 25 March 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	3,053,323	3,172,969	734,112	789,501
Right-of-use assets	6	447,834	566,641	59,832	60,882
Investment properties	7	38,138,010	8,622,853	8,902,824	9,105,809
Inventories	8	22,736,462	30,544,602	21,042,133	28,850,274
Investment in subsidiaries	9	-	-	38,558,683	40,667,837
Investment in an associate	10	-	5,784,558	-	5,600,000
Other investments	11	30,748	36,979	-	-
Goodwill on consolidation	12	3,510,698	2,970,000	-	-
Total non-current assets		67,917,075	51,698,602	69,297,584	85,074,303
CURRENT ASSETS					
Inventories	8	35,672,725	26,942,496	28,789,300	19,042,145
Other investments	11	30,400,816	18,567,804	7,898,813	15,389,780
Trade and other receivables	13	5,721,825	13,008,637	14,244,890	17,683,540
Prepayments		106,228	108,901	63,113	75,059
Contract assets	14	987,047	141,087	589,767	141,087
Tax recoverable		319,045	104,570	116,450	101,341
Cash and bank balances	15	17,023,385	6,982,315	15,981,578	6,202,047
		90,231,071	65,855,810	67,683,911	58,634,999
Asset classified as held for sale	16	-	25,566,061	-	-
Total current assets		90,231,071	91,421,871	67,683,911	58,634,999
TOTAL ASSETS		158,148,146	143,120,473	136,981,495	143,709,302

STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	169,041,548	169,041,548	169,041,548	169,041,548
Treasury shares	18	(5,122,542)	(5,122,542)	(5,122,542)	(5,122,542)
Accumulated losses		(49,923,416)	(46,734,296)	(45,469,207)	(36,669,904)
Shareholders' funds		113,995,590	117,184,710	118,449,799	127,249,102
Non-controlling interests		6,947,196	296,838	-	-
TOTAL EQUITY		120,942,786	117,481,548	118,449,799	127,249,102
NON-CURRENT LIABILITIES					
Loans and borrowings	19	3,309,443	259,304	-	-
Deferred tax liabilities	20	3,564,224	36,309	36,309	36,309
Total non-current liabilities		6,873,667	295,613	36,309	36,309
CURRENT LIABILITIES					
Trade and other payables	21	12,189,888	7,732,214	3,985,188	2,278,178
Provisions	22	17,246,582	17,457,580	14,510,199	14,145,713
Loans and borrowings	19	681,459	92,744	-	-
Tax payables		213,764	60,774	-	-
Total current liabilities		30,331,693	25,343,312	18,495,387	16,423,891
TOTAL LIABILITIES		37,205,360	25,638,925	18,531,696	16,460,200
TOTAL EQUITY AND LIABILITIES		158,148,146	143,120,473	136,981,495	143,709,302

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	23	47,685,903	11,784,041	11,561,661	10,563,667
Cost of sales	24	(36,473,960)	(7,802,218)	(9,128,746)	(7,134,954)
Gross profit		11,211,943	3,981,823	2,432,915	3,428,713
Other income		2,104,078	3,287,138	1,300,445	3,038,019
Administrative expenses		(10,805,171)	(12,644,402)	(8,131,840)	(9,395,207)
Net impairment losses on financial assets		(2,063,386)	-	(209,052)	-
Other operating expenses		(492,308)	(1,073,890)	(4,734,154)	(3,047,765)
Operating loss		(44,844)	(6,449,331)	(9,341,686)	(5,976,240)
Finance income	25	146,493	86,898	542,383	421,588
Finance costs	26	(138,975)	(17,192)	-	-
Share of results of an associate		141,675	184,558	-	-
Loss on remeasurement of a former associate		(243,210)	-	-	-
Loss before tax	27	(138,861)	(6,195,067)	(8,799,303)	(5,554,652)
Income tax expense	28	(2,894,784)	(249,338)	-	(198,682)
Loss for the financial year		(3,033,645)	(6,444,405)	(8,799,303)	(5,753,334)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss for the financial year		(3,033,645)	(6,444,405)	(8,799,303)	(5,753,334)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
(Loss)/profit attributable to:					
Owners of the Company		(3,189,120)	(6,443,925)	(8,799,303)	(5,753,334)
Non-controlling interests		155,475	(480)	-	-
		<u>(3,033,645)</u>	<u>(6,444,405)</u>	<u>(8,799,303)</u>	<u>(5,753,334)</u>
Total comprehensive					
(loss)/income attributable to:					
Owners of the Company		(3,189,120)	(6,443,925)	(8,799,303)	(5,753,334)
Non-controlling interests		155,475	(480)	-	-
		<u>(3,033,645)</u>	<u>(6,444,405)</u>	<u>(8,799,303)</u>	<u>(5,753,334)</u>
Loss per share attributable					
to owners of the					
company (sen):					
- Basic	29	(2.08)	(4.21)		
- Diluted	29	(2.08)	(4.21)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

|--- Attributable to owners of the Company ---|

	Share Capital RM	Treasury Share RM	Accumulated Losses RM	Non- Controlling Interests RM	Total Equity RM
Group					
At 1 January 2024	169,041,548	(5,122,542)	(40,290,371)	297,318	123,925,953
Total comprehensive loss for the financial year					
Loss for the financial year	-	-	(6,443,925)	(480)	(6,444,405)
Total comprehensive loss	-	-	(6,443,925)	(480)	(6,444,405)
At 31 December 2024	169,041,548	(5,122,542)	(46,734,296)	296,838	117,481,548
At 1 January 2025	169,041,548	(5,122,542)	(46,734,296)	296,838	117,481,548
Total comprehensive (loss)/ income for the financial year					
(Loss)/profit for the financial year	-	-	(3,189,120)	155,475	(3,033,645)
Transactions with owners for the financial year					
Arising from step acquisition	-	-	-	6,494,883	6,494,883
Total comprehensive (loss)/ income	-	-	(3,189,120)	6,650,358	3,461,238
At 31 December 2025	169,041,548	(5,122,542)	(49,923,416)	6,947,196	120,942,786

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	----- Attributable to owners of the Company -----			
	Share Capital RM	Treasury Shares RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2024	169,041,548	(5,122,542)	(30,916,570)	133,002,436
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(5,753,334)	(5,753,334)
At 31 December 2024	<u>169,041,548</u>	<u>(5,122,542)</u>	<u>(36,669,904)</u>	<u>127,249,102</u>
At 1 January 2025	169,041,548	(5,122,542)	(36,669,904)	127,249,102
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(8,799,303)	(8,799,303)
At 31 December 2025	<u>169,041,548</u>	<u>(5,122,542)</u>	<u>(45,469,207)</u>	<u>118,449,799</u>

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES:					
Loss before tax		(138,861)	(6,195,067)	(8,799,303)	(5,554,652)
Adjustments for:					
Bad debts written off		14,000	8,141	14,000	8,141
Depreciation of:					
- investment properties		484,843	262,256	202,985	227,477
- property, plant and equipment		138,483	165,938	75,835	80,904
- right-of-use assets		118,807	118,807	1,050	1,050
Dividend income		(161)	(203)	-	-
Fair value loss/(gain) on financial assets		6,231	(1,809)	-	-
Gain on disposal of property, plant and equipment		(73,993)	-	(1,299)	-
Gain on disposal of investment properties		-	(2,243,815)	-	(2,243,815)
Loss on remeasurement of a former associate		243,210	-	-	-
Share of results of an associate		(141,675)	(184,558)	-	-
Impairment losses on amount owing by subsidiary		-	-	209,052	-
Impairment losses on investment in subsidiaries		-	-	4,309,154	2,627,765
Impairment losses on receivables		2,063,386	-	-	-
Finance costs		138,975	17,192	-	-
Finance income		(146,493)	(86,898)	(542,383)	(421,588)
Income from cash management fund		(113,004)	(97,734)	(62,954)	(83,442)
Unrealised gain on fair value changes in other investment		(813,021)	(290,821)	(280,209)	(241,763)
Property, plant and equipment written off (Reversal)/provision for directors' retirement benefits		(13,075)	187,473	(13,075)	187,473
Provision for compensation		425,000	420,000	425,000	420,000
Settlement consideration		67,308	653,890	-	-
Operating profit/(loss) before working capital changes, carried forward		2,259,999	(7,267,190)	(4,462,111)	(4,992,436)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from operating activities					
(Continued)					
Operating profit/(loss) before working capital changes, brought forward		2,259,999	(7,267,190)	(4,462,111)	(4,992,436)
Changes in working capital:					
Inventories		24,463,741	(6,216,473)	(1,986,453)	(4,118,046)
Receivables		5,224,162	1,859,260	5,439,250	(673,749)
Contract assets		(845,960)	888,336	(448,680)	888,336
Payables		(1,875,015)	2,909,164	1,735,678	(861,286)
Net cash generated from/(used in) operations		29,226,927	(7,826,903)	277,684	(9,757,181)
Interest received		146,493	86,898	542,383	421,588
Compensation paid		(510,000)	-	-	-
Tax paid		(2,956,269)	(285,832)	(15,109)	(243,977)
Net cash generated from/(used in) operating activities		25,907,151	(8,025,837)	804,958	(9,579,570)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Arising from step acquisition from an associate to subsidiary		(4,155,027)	-	-	-
Investment income received		113,004	97,734	62,954	83,442
Dividend received		161	203	-	-
Net change in amount owing by subsidiaries		-	-	(2,211,706)	516,294
Net change in amount owing to subsidiaries		-	-	(28,668)	28,668
Net proceeds from disposal of property, plant and equipment		75,600	5,500,000	1,300	5,500,000
Investment in an associate		-	(5,600,000)	-	(5,600,000)
Acquisition of a subsidiary, net of cash acquired		-	-	(4,600,000)	-
Redemption of/(investment in) redeemable preference shares in a subsidiary		-	-	8,000,000	(200,000)
(Investment in)/redemption of other short term investments		(10,969,007)	10,612,460	7,771,176	12,023,456
Purchase of property, plant and equipment		(20,483)	(19,900)	(20,483)	(19,900)
Purchase of a investment property		-	(793,660)	-	(473,660)
Net cash (used in)/generated from investing activities		(14,955,752)	9,796,837	8,974,573	11,858,300

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of term loans	(a)	(678,610)	-	-	-
Repayment of lease liability	(a)	(92,744)	(88,767)	-	-
Interest paid	(a)	(138,975)	(17,192)	-	-
Net cash used in financing activities		(910,329)	(105,959)	-	-
NET CHANGES IN CASH AND CASH EQUIVALENTS		10,041,070	1,665,041	9,779,531	2,278,730
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		6,982,315	5,317,274	6,202,047	3,923,317
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		17,023,385	6,982,315	15,981,578	6,202,047

(a) Reconciliation of liabilities arising from financing activities:

	At 1 January RM	Cash Flows RM	Interest Expenses RM	Non-cash Acquisition RM	At 31 December RM
2025					
Lease liability	352,048	(105,960)	13,216	-	259,304
Term loan	-	(804,369)	125,759	4,410,208	3,731,598
	352,048	(910,329)	138,975	4,410,208	3,990,902
2024					
Lease liability	440,815	(105,960)	17,193	-	352,048

(b) Total cash outflows for lease

During the financial year, the Group and the Company had a total cash outflow for lease of RM129,360 (2024: RM129,360) and RM10,800 (2024: RM10,800) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 March 2026.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments to MFRS

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

Amendments to MFRS

MFRS 121 The Effects of Changes in Foreign Exchange Rates

The adoption of the above amendments to MFRS 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 to MFRSs that have been issued, but yet to be effective

- (a) The Group and the Company have not adopted the following new MFRS and amendments to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
 <u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2027
MFRS 128	Investments in Associates and Joint Ventures	Deferred

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

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONTINUED)

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

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

MFRS 18 Presentation and Disclosure in Financial Statements (Continued)

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the "operating" category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as "other" to be labelled and/or described in as faithfully representative and precise a way as possible.

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures

These narrow scope amendments to MFRS 9 clarify the requirements, including:

- clarify the classification of financial assets, particularly those with environmental, social and corporate governance and similar features. The amendments clarify how the contractual cash flows on such financial assets should be assessed, specifically the assessment of interest focuses on what an entity is being compensated for, rather than how much compensation it receives. Nonetheless, the amount of compensation the entity receives may indicate that it is being compensated for something other than basic lending risks and costs.
- clarify the date on which a financial asset or a financial liability settled via electronic payment systems is derecognised. The Amendments permit an entity to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Amendments to MFRS 7 introduces new disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of Consolidation

(a) Subsidiaries and business combination

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

(b) Non-controlling interests

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

(c) Associate

Investment in an associate is accounted for in the consolidated financial statements of the Group using the equity method.

3.2 Separate Financial Statements

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

3.3 Financial Instruments

Financial assets – subsequent measurements and gains and losses

Financial assets at fair value through profit or loss

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

Debt instruments at amortised cost

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

Financial liabilities – subsequent measurements and gains and losses

Financial liabilities are classified at amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4 Property, Plant and Equipment

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

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

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

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

3.5 Investment Properties

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

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

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

3.6 Inventories

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

Property under development and completed properties

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Leases

(a) Lessee accounting

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

Short-term leases and leases of low value assets

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

Right-of-use asset

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

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

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

(b) Lessor accounting

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

3.8 Revenue and Other Income

(a) Property development

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin approach.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Revenue and Other Income (Continued)

(a) Property development (Continued)

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

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have an enforceable right to payment for performance completed to date. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Revenue is recognised based on the transaction price agreed in the contracts, net of any marketing promotional packages offered to the customers which are to be incurred by the Group and the Company. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better compute the amount of consideration to which they will be entitled. The amount of revenue recognised does not include any marketing promotional packages which are constrained.

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.8 Revenue and Other Income (Continued)

(d) Rental income

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

(e) Sales of goods

The Group sells a range of building materials to local customers. Revenue from sales of building materials are recognised at a point in time when control of the products has been transferred, being when the customers accept the delivery of the goods.

(f) Inter-company transactions

Inter-company transactions are excluded from the revenue of the Group.

(g) Commission income

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

3.9 Contract costs

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

3.10 Provision

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill (Note 12)

Goodwill is tested for impairment annually and at other times when such indication exists. This requires an estimation of the recoverable amount of the cash generating unit to which goodwill is allocated. The management requires the application of significant judgements in the recoverable amount and assumptions included the fair value to sell model. The carrying amount of goodwill as at 31 December 2025 was RM3,510,698/-.

(b) Property development revenue and expenses (Notes 23 and 24)

The Group and the Company recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists.

(c) Provisions (Note 22)

The Group and the Company recognise provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recognition of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's and the Company's current best estimate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2025	Freehold Land RM	Buildings RM	Buildings Improvements RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost							
At 1 January 2025	1,869,244	1,903,915	1,613,664	12,900	2,604,804	2,608,831	10,613,358
Additions	-	-	-	-	7,100	13,383	20,483
Disposals	-	-	-	-	(347,664)	-	(347,664)
Write-offs	-	-	-	-	-	(114,081)	(114,081)
At 31 December 2025	1,869,244	1,903,915	1,613,664	12,900	2,264,240	2,508,133	10,172,096
Accumulated Depreciation							
At 1 January 2025	-	970,431	1,544,173	12,900	2,461,391	2,451,494	7,440,389
Charge for the financial year	-	41,276	5,526	-	38,221	53,460	138,483
Disposals	-	-	-	-	(346,057)	-	(346,057)
Write-offs	-	-	-	-	-	(114,042)	(114,042)
At 31 December 2025	-	1,011,707	1,549,699	12,900	2,153,555	2,390,912	7,118,773
Carrying Amount							
At 1 January 2025	1,869,244	933,484	69,491	-	143,413	157,337	3,172,969
At 31 December 2025	1,869,244	892,208	63,965	-	110,685	117,221	3,053,323

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2024	Freehold Land RM	Buildings RM	Buildings Improvements RM	Plant and Machinery RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost							
At 1 January 2024	1,869,244	1,903,915	1,613,664	12,900	2,604,804	2,634,656	10,639,183
Additions	-	-	-	-	-	19,900	19,900
Write-offs	-	-	-	-	-	(45,725)	(45,725)
At 31 December 2024	1,869,244	1,903,915	1,613,664	12,900	2,604,804	2,608,831	10,613,358
Accumulated Depreciation							
At 1 January 2024	-	929,155	1,534,040	12,900	2,424,016	2,420,047	7,320,158
Charge for the financial year	-	41,276	10,133	-	37,375	77,154	165,938
Write-offs	-	-	-	-	-	(45,707)	(45,707)
At 31 December 2024	-	970,431	1,544,173	12,900	2,461,391	2,451,494	7,440,389
Carrying Amount							
At 1 January 2024	1,869,244	974,760	79,624	-	180,788	214,609	3,319,025
At 31 December 2024	1,869,244	933,484	69,491	-	143,413	157,337	3,172,969

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2025	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost						
At 1 January 2025	264,940	763,088	923,125	2,080,175	1,512,744	5,544,072
Additions	-	-	-	7,100	13,383	20,483
Disposals	-	-	-	(4,448)	-	(4,448)
Write-offs	-	-	-	-	(109,692)	(109,692)
At 31 December 2025	264,940	763,088	923,125	2,082,827	1,416,435	5,450,415
Accumulated Depreciation						
At 1 January 2025	-	442,481	923,123	1,939,169	1,449,798	4,754,571
Charge for the financial year	-	15,940	-	37,420	22,475	75,835
Disposals	-	-	-	(4,447)	-	(4,447)
Write-offs	-	-	-	-	(109,656)	(109,656)
At 31 December 2025	-	458,421	923,123	1,972,142	1,362,617	4,716,303
Carrying Amount						
At 1 January 2025	264,940	320,607	2	141,006	62,946	789,501
At 31 December 2025	264,940	304,667	2	110,685	53,818	734,112

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2024	Freehold Land RM	Buildings RM	Buildings Improvements RM	Motor Vehicles RM	Furniture, Fittings and Equipment RM	Total RM
Cost						
At 1 January 2024	264,940	763,088	923,125	2,080,175	1,535,603	5,566,931
Additions	-	-	-	-	19,900	19,900
Write-offs	-	-	-	-	(42,759)	(42,759)
At 31 December 2024	264,940	763,088	923,125	2,080,175	1,512,744	5,544,072
Accumulated Depreciation						
At 1 January 2024	-	426,541	918,517	1,903,169	1,468,185	4,716,412
Charge for the financial year	-	15,940	4,606	36,000	24,358	80,904
Write-offs	-	-	-	-	(42,745)	(42,745)
At 31 December 2024	-	442,481	923,123	1,939,169	1,449,798	4,754,571
Carrying Amount						
At 1 January 2024	264,940	336,547	4,608	177,006	67,418	850,519
At 31 December 2024	264,940	320,607	2	141,006	62,946	789,501

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Property subject to operating lease

The Group and the Company lease some of its property to third party and its subsidiaries. Each of the leases contained an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee.

The Group and the Company generally do not require a financial guarantee on the lease 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	
	2025	2024
	RM	RM
Lease income	94,200	102,000

The operating lease payment to be received are as follows:

	Group	
	2025	2024
	RM	RM
Less than one year	51,000	69,600
One to two years	34,200	5,400
Total undiscounted lease payments	85,200	75,000

(b) Buildings in relation to the leasehold land

The buildings in the Group and the Company of the carrying amount RM892,208/- (2024: RM933,484/-) and RM304,667/- (2024: RM320,607/-) respectively are related to the leasehold land classified as right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS

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

	Leasehold Land RM	Motor Vehicle RM	Total RM
Group 2025			
Cost			
At 1 January/31 December 2025	240,267	583,100	823,367
Accumulated Depreciation			
At 1 January 2025	91,522	165,204	256,726
Charge for the financial year	2,192	116,615	118,807
At 31 December 2025	93,714	281,819	375,533
Carrying Amount			
At 1 January 2025	148,745	417,896	566,641
At 31 December 2025	146,553	301,281	447,834
Group 2024			
Cost			
At 1 January/31 December 2024	240,267	583,100	823,367
Accumulated Depreciation			
At 1 January 2024	89,330	48,589	137,919
Charge for the financial year	2,192	116,615	118,807
At 31 December 2024	91,522	165,204	256,726
Carrying Amount			
At 1 January 2024	150,937	534,511	685,448
At 31 December 2024	148,745	417,896	566,641

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS (CONTINUED)

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

	Leasehold Land RM
Company 2025 Cost	
At 1 January/31 December 2025	110,785
Accumulated Depreciation	
At 1 January 2025	49,903
Charge for the financial year	1,050
At 31 December 2025	50,953
Carrying Amount	
At 1 January 2025	60,882
At 31 December 2025	59,832
Company 2024 Cost	
At 1 January/31 December 2024	110,785
Accumulated Depreciation	
At 1 January 2024	48,853
Charge for the financial year	1,050
At 31 December 2024	49,903
Carrying Amount	
At 1 January 2024	61,932
At 31 December 2024	60,882

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES

Group 2025	Completed Investment Properties RM	Investment Properties Under Construction RM	Total RM
Cost			
At 1 January 2025	10,290,063	-	10,290,063
Arising from step acquisition from an associate to subsidiary (Note 9)	32,950,565	-	32,950,565
At 31 December 2025	<u>43,240,628</u>	<u>-</u>	<u>43,240,628</u>
Accumulated Depreciation			
At 1 January 2025	1,667,210	-	1,667,210
Charge for the financial year	484,843	-	484,843
Arising from step acquisition from an associate to subsidiary (Note 9)	2,950,565	-	2,950,565
At 31 December 2025	<u>5,102,618</u>	<u>-</u>	<u>5,102,618</u>
Carrying Amount	<u>38,138,010</u>	<u>-</u>	<u>38,138,010</u>
2024			
Cost			
At 1 January 2024	12,814,007	710,490	13,524,497
Addition	320,000	473,660	793,660
Disposals	(4,028,094)	-	(4,028,094)
Reclassification	1,184,150	(1,184,150)	-
At 31 December 2024	<u>10,290,063</u>	<u>-</u>	<u>10,290,063</u>
Accumulated Depreciation			
At 1 January 2024	2,176,863	-	2,176,863
Charge for the financial year	262,256	-	262,256
Disposals	(771,909)	-	(771,909)
At 31 December 2024	<u>1,667,210</u>	<u>-</u>	<u>1,667,210</u>
Carrying Amount	<u>8,622,853</u>	<u>-</u>	<u>8,622,853</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

Company 2025	Completed Investment Properties RM	Investment Properties Under Construction RM	Total RM
Cost			
At 1 January/At 31 December 2025	10,149,240	-	10,149,240
Accumulated Depreciation			
At 1 January 2025	1,043,431	-	1,043,431
Charge for the financial year	202,985	-	202,985
At 31 December 2025	1,246,416	-	1,246,416
Carrying Amount	8,902,824	-	8,902,824
2024			
Cost			
At 1 January 2024	12,993,184	710,490	13,703,674
Addition	-	473,660	473,660
Disposals	(4,028,094)	-	(4,028,094)
Reclassification	1,184,150	(1,184,150)	-
At 31 December 2024	10,149,240	-	10,149,240
Accumulated Depreciation			
At 1 January 2024	1,587,863	-	1,587,863
Charge for the financial year	227,477	-	227,477
Disposals	(771,909)	-	(771,909)
At 31 December 2024	1,043,431	-	1,043,431
Carrying Amount	9,105,809	-	9,105,809

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Rental income	1,460,221	275,970	199,160	243,350
Direct operating expenses	273,322	195,855	129,952	174,733

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

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

	Fair Value Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
2025				
Investment properties	42,442,046	-	-	42,442,046
2024				
Investment properties	11,958,372	-	-	11,958,372
Company				
2025				
Investment properties	10,143,330	-	-	10,143,330
2024				
Investment properties	9,689,929	-	-	9,689,929

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
Condominium	Sales comparison approach	Price per square foot RM340/- to RM724/- (2024: RM313/- to RM733/-)	The higher the price per square foot, the higher the fair value
Shop office	Sales comparison approach	Price per square foot RM155/- to RM614/- (2024: RM189/- to RM264/-)	The higher the price per square foot, the higher the fair value
Residential unit	Sales comparison approach	Price per square foot RM257/- to RM267/- (2024: RM223/- to RM389/-)	The higher the price per square foot, the higher the fair value

During the financial year ended 31 December 2025 or 31 December 2024, there have been no transfers of fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONTINUED)

Valuation processes applied by the Group and the Company

The fair value on the investment properties of the Group and of the Company, which are determined by the directors of the Company based on sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot.

8. INVENTORIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At lower of cost and net realisable value :				
Non-current				
Property held for development				
- Freehold land at cost	-	6,253,876	-	5,400,000
- Leasehold land at cost	10,438,527	23,861,409	9,517,753	10,794,511
- Development costs	12,562,274	25,995,378	11,524,380	12,655,763
Transfer to assets held for sale (Note 16)	(264,339)	(25,566,061)	-	-
	<u>22,736,462</u>	<u>30,544,602</u>	<u>21,042,133</u>	<u>28,850,274</u>
Current				
Property under development				
- Freehold land at cost	6,600,959	1,672,213	5,039,481	-
- Leasehold land at cost	2,018,177	1,610,985	2,018,177	1,610,985
- Development costs	15,362,067	10,941,872	10,405,076	5,104,909
Completed properties	11,691,522	12,717,426	11,326,566	12,326,251
	<u>35,672,725</u>	<u>26,942,496</u>	<u>28,789,300</u>	<u>19,042,145</u>

- (a) The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year was RM36,089,006/- (2024: RM7,515,624/-) and RM9,128,746/- (2024: RM7,134,954/-) respectively.
- (b) In previous financial year, an estimated land cost amounting to RM453,890/-, classified under property development costs was charged out as settlement consideration. The settlement consideration was included in other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
Unquoted Shares, at cost		
Ordinary shares	45,970,067	45,970,067
Preference shares	41,966,170	41,766,170
Add: Addition during the financial year	10,200,000	200,000
Less: Redemption during the financial year	(8,000,000)	-
	90,136,237	87,936,237
Less:		
Accumulated impairment losses	47,268,400	44,640,635
Impairment losses during the financial year	4,309,154	2,627,765
	51,577,554	47,268,400
Carrying Amount	38,558,683	40,667,837

- (a) The Company's equity interest in the subsidiaries, country of incorporation and their respective principal activities are disclosed in Note 32 to the financial statements.
- (b) Acquisition of non-controlling interest of Entity Consolidated Sdn. Bhd.

The Company had on 25 April 2025 announced that it had been entered into a Share Sale Agreement ("SSA") with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of an additional 125,000 ordinary shares ("Sale Shares") representing a 25% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM4,600,000 representing RM36.80 per Sale Share.

On 14 May 2025, the Company had announced that the acquisition has been completed whereby the Sale Shares have been transferred and registered in favour of the Company pursuant to Clause 3.3 of the SSA dated 25 April 2025 subsequent to the full payment made referred to in the SSA. Upon the completion of the step acquisition, Entity Consolidated Sdn. Bhd. ceased to be an associate of the Group and has become a 60% owned direct subsidiary of the Group.

- (i) Fair value of the identifiable assets acquired and liabilities recognised:

	Entity Consolidated Sdn. Bhd. RM
Assets	
Other investment	50,984
Deposits and prepayment	12,063
Cash and bank balances	444,973
Investment properties	30,000,000
Total assets	<u>30,508,020</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of non-controlling interest of Entity Consolidated Sdn. Bhd. (Continued)

(i) Fair value of the identifiable assets acquired and liabilities recognised: (Continued)

	Entity Consolidated Sdn. Bhd. RM
Liabilities	
Other payables	10,599
Deposit received	327,355
Accruals	8,100
Amount owing to shareholders	5,888,259
Borrowings	4,410,208
Deferred tax liability	3,527,915
Provision for taxation	98,376
Total liabilities	14,270,812
Total net identifiable assets acquired	16,237,208
Non-controlling interest at proportionate value	(6,494,883)
Amount previously accounted as associate (Note 10)	(5,926,233)
Loss on derecognition of a former associate	243,210
Goodwill on acquisition (Note 12)	540,698
Fair value of consideration transferred	4,600,000

(ii) Effects of acquisition on cash flows:

	RM
Consideration paid, satisfied by cash	4,600,000
Cash and cash equivalent of a subsidiary acquired	(444,973)
Net cash outflows on acquisition	4,155,027

(iii) Effects of acquisition in statements of comprehensive incomes:

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	1,208,381
Profit for the financial year	367,851

If the acquisition had occurred on 1 January 2025, the consolidated results for the financial year ended 31 December 2025 would have been as follows:

	RM
Revenue	1,812,571
Profit for the financial year	740,755

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 2025	Farlim Marketing Sdn. Bhd. RM	Entity Consolidated Sdn. Bhd. RM	Total RM
NCI percentage of ownership interest and voting interest	49%	40%	
Carrying amount of NCI	305,173	6,642,023	6,947,196
Profit allocated to NCI in current financial year	8,335	147,140	155,475
Reconciliation of net assets to carrying amount			
Opening carrying amount/share of the net assets at the acquisition date	296,838	6,494,883	6,791,721
Share of post-acquisition profit	8,335	147,140	155,475
Carrying amount in the statement of financial position	305,173	6,642,023	6,947,196
Group's share of profit/(loss)			
Group's share of total comprehensive income	8,335	147,140	155,475
Summarised financial information before intra-group elimination			
As at 31 December 2025			
Non-current assets	235,518	15,057,009	15,292,527
Current assets	431,742	501,088	932,830
Non-current liabilities	-	(3,147,038)	(3,147,038)
Current liabilities	(44,461)	(6,977,731)	(7,022,192)
Net assets	622,799	5,433,328	6,056,127
Summarised statements of comprehensive income			
Financial year ended 31 December 2025			
Revenue	400,374	1,208,381	1,608,755
Profit for the financial year	17,010	367,851	384,861
Total comprehensive profit	17,010	367,851	384,861

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 2025	Farlim Marketing Sdn. Bhd. RM	Entity Consolidated Sdn. Bhd. RM	Total RM
Summarised statements of cash flows information			
Financial year ended 31 December 2025			
Cash flows from operating activities	11,295	796,133	807,428
Cash flows from investing activities	215	47	262
Cash flows used in financing activities	-	(804,369)	(804,369)
Net increase in cash and cash equivalents	11,510	(8,189)	3,321
Group 2024			Farlim Marketing Sdn. Bhd. RM
NCI percentage of ownership interest and voting interest			
Carrying amount of NCI			49%
Loss allocated to NCI in current financial year			296,838
Summarised financial information before intra-group elimination			
As at 31 December 2024			
Non-current assets			242,538
Current assets			400,370
Current liabilities			(37,119)
Net assets			605,789
Summarised statements of comprehensive income			
Financial year ended 31 December 2024			
Revenue			300,475
Loss for the financial year			(979)
Total comprehensive loss			(979)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

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

Group 2024	Farlim Marketing Sdn. Bhd. RM
Summarised statements of cash flows information	
Financial year ended 31 December 2024	
Cash flows from operating activities	8,938
Cash flows from investing activities	534
Net increase in cash and cash equivalents	<u>9,472</u>

10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Unquoted shares, at cost	5,784,558	5,600,000	5,600,000	5,600,000
Arising from step acquisition from an associate to a subsidiary (Note 9)	(5,926,233)	-	(5,600,000)	-
Share of post acquisition profit	141,675	184,558	-	-
	<u>-</u>	<u>5,784,558</u>	<u>-</u>	<u>5,600,000</u>

(a) Detail of associate is as follows:

Name of the Company	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2025 %	2024 %	
Entity Consolidated Sdn. Bhd.	Malaysia	-	35	Property holding and trading of building materials

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. INVESTMENT IN ASSOCIATES (CONTINUED)

(b) Effects of acquisition on statements of comprehensive income:

From the date of acquisition on 23 February 2024, the associate's consolidated revenue and profit net of tax of previous financial year are as follows:

	RM
Revenue	1,510,476
Profit from the date of acquisition	<u>527,309</u>

If the acquisition had occurred on 1 January 2024, the share of results for the financial year ended 31 December 2024 would have been as follows:

	RM
Revenue	1,812,571
Profit for the financial year	<u>706,008</u>

(c) The Group's share of results of the material associates and summarised financial information of previous financial year are as follows:

Group	Entity Consolidated Sdn. Bhd. RM
As at 31 December 2024	
Assets and liabilities	
Current assets	289,978
Non-current asset	15,422,027
Current liabilities	(7,333,468)
Non-current liabilities	(3,717,846)
Net assets	<u>4,660,691</u>
Reconciliation of net assets to carrying amount:	
Group's share in %	35%
Group's share of net assets	<u>1,631,242</u>
Goodwill on acquisition	4,153,316
Carrying amount	<u>5,784,558</u>
Results:	
Profit for the financial year from the date of acquisition	527,309
Total comprehensive income from the date of acquisition	<u>527,309</u>
Group's share of profit	
Group's share of total comprehensive income	<u>184,558</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. OTHER INVESTMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-current				
Fair value through profit or loss:				
Quoted shares in Malaysia	30,748	36,979	-	-
Current				
Fair value through profit or loss:				
Cash management fund				
investments with investment management companies	30,400,816	18,567,804	7,898,813	15,389,780

The market value of the quoted shares as at 31 December 2025 is RM30,748/- (2024: RM36,979/-).

12. GOODWILL ON CONSOLIDATION

	Group	
	2025 RM	2024 RM
Cost		
At 1 January	17,797,926	17,797,926
Add : Addition	540,698	-
Accumulated impairment losses	(14,827,926)	(14,827,926)
Carrying amount at 31 December	3,510,698	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. ("CGU 1") and Entity Consolidated Sdn. Bhd. ("CGU 2").

CGU 1

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 1 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. GOODWILL ON CONSOLIDATION (CONTINUED)

CGU 2

The recoverable amount of the CGU 2 was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets and forecasts approved by management covering a five-year period using a discount rate of 8.91% per annum. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 0% per annum.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in key assumptions would cause the carrying values of the CGU 2 to exceed its recoverable amounts.

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Current:					
Trade					
Trade receivables from contracts with customers	(a)	1,802,683	1,684,148	1,494,495	1,666,836
Less: Impairment losses		(17,312)	(17,312)	-	-
		1,785,371	1,666,836	1,494,495	1,666,836
Non-trade					
Other receivables		29,022	152,913	26,550	37,800
Advance payment to contractors		4,200,000	5,050,000	2,200,000	3,050,000
Amount owing by a subsidiary	(b)	-	-	9,745,412	7,533,706
Deposits	(c)	1,770,818	6,138,888	987,485	5,395,198
Less: Impairment losses		(2,063,386)	-	(209,052)	-
		3,936,454	11,341,801	12,750,395	16,016,704
Total trade and other receivables		5,721,825	13,008,637	14,244,890	17,683,540

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables from contracts with customers

The Group's trade receivables normal trade credit terms range from 21 to 90 (2024: 21 to 90) days terms. They are recognised on their original invoice amount which represents their fair values on initial recognition.

(b) Amount owing by a subsidiary

The amount owing by a subsidiary represents loan to subsidiary which is unsecured, subject to interest from 4.19% to 4.70% (2024: 4.48% to 4.65%) per annum and repaid during the year.

(c) Deposits

Included in the deposits of the previous financial year of the Group and the Company with a total of RM5,000,000/- and RM5,000,000/- respectively are refundable deposits paid for the intended purchase of lands.

The information about the credit exposure are disclosed in Note 33(b)(i) to the financial statements.

14. CONTRACT ASSETS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Contract assets relating to property development contracts	987,047	141,087	589,767	141,087
Total contract assets	987,047	141,087	589,767	141,087

(a) Significant changes in contract balances

	2025		2024	
	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM	Contract Assets Increase/ (Decrease) RM	Contract Liabilities (Increase)/ Decrease RM
Group and Company				
Increases due to revenue recognised, for unbilled goods or services transferred to customers	987,047	-	141,087	-
Transferred from contract assets recognised on the beginning of the year to receivables	(141,087)	-	(1,029,423)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. CASH AND BANK BALANCES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Fixed deposits with licensed banks	12,000,000	-	12,000,000	-
Cash and bank balances	5,023,385	6,982,315	3,981,578	6,202,047
	<u>17,023,385</u>	<u>6,982,315</u>	<u>15,981,578</u>	<u>6,202,047</u>

Included in cash and bank balances are the following:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966	3,098,363	6,074,388	2,841,386	5,810,860

- (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 0.75% to 1.28% (2024: 0.54% to 1.98%) per annum.
- (c) The short-term deposits of the Group and the Company bore interest rates of 3.60% per annum as at the end of the reporting date. The fixed deposits of the Group and the Company have maturity periods of three (3) months.

16. ASSETS CLASSIFIED AS HELD FOR SALE

	2025 RM	2024 RM
Group		
Assets classified as held for sale		
At 1 January	25,566,061	-
Addition:		
Transfer from land held under property development costs	264,339	25,566,061
Less:		
Sold during the year	(25,830,400)	-
At 31 December	<u>-</u>	<u>25,566,061</u>

On 25 September 2024, the Group had entered into a sale and purchase agreement with Gabong Holding Sdn. Berhad, for the proposed disposal of approximately 96.8 acres of leasehold land located at Mukim of Teja, District of Kampar, State of Perak, for a total consideration of RM33,000,000. The transaction was completed on 10 June 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares		Amounts	
	2025 Units	2024 Units	2025 RM	2024 RM
Issued and fully paid up (no par value):				
At 1 January/31 December	168,391,313	168,391,313	169,041,548	169,041,548

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was first approved by the Company's shareholders in the Annual General Meeting held on 26 June 2019 for the Company to repurchase 10% of its issued ordinary shares. The directors of the Company believe that the repurchase plan is applied in the best interests of the Company and its shareholders. The mandate for share buybacks was renewed in each subsequent Annual General Meeting of shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

At 31 December 2025, the Company's treasury shares are held at as carrying amount of RM5,122,542/- (2024: 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.

19. LOANS AND BORROWINGS

		Group	
		2025 RM	2024 RM
Non current			
Lease liability	(a)	162,405	259,304
Term loans	(b)	3,147,038	-
		<u>3,309,443</u>	<u>259,304</u>
Current			
Lease liability	(a)	96,899	92,744
Term loans	(b)	584,560	-
		<u>681,459</u>	<u>92,744</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. LOANS AND BORROWINGS (CONTINUED)

		Group	
		2025	2024
		RM	RM
Total loans and borrowings			
Lease liability	(a)	259,304	352,048
Term loans	(b)	3,731,598	-
		3,990,902	352,048

(a) Lease liability

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

		Group	
		2025	2024
		RM	RM
Minimum lease payments:			
Not later than one year		105,960	105,960
Later than one year and not later than five years		167,799	273,759
		273,759	379,719
Less: Future finance charges		(14,455)	(27,671)
Present value of minimum lease payments		259,304	352,048
Present value of minimum lease payments:			
Not later than one year		96,899	92,744
Later than one year and not later than five years		162,405	259,304
		259,304	352,048
Less: Amount due within 12 months		(96,899)	(92,744)
Amount due after 12 months		162,405	259,304

(b) Term loans

The term loans of the Group bear interest ranging from 4.72% to 4.92% (2024: 4.72% to 4.92%) per annum.

The term loans are secured as follows:

- (i) First registered charge over the Group's investment properties;
- (ii) Joint and several guarantee by the directors of the Group;
- (iii) Corporate guarantee by the shareholders; and
- (iv) Legal assignment of rental proceeds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	36,309	36,309	36,309	36,309
Arising from step acquisition from an associate to subsidiary (Note 9)	3,527,915	-	-	-
At 31 December	<u>3,564,224</u>	<u>36,309</u>	<u>36,309</u>	<u>36,309</u>

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Tax effects of - excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	<u>3,564,224</u>	<u>36,309</u>	<u>36,309</u>	<u>36,309</u>

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Trade					
Trade payables	(a)	4,292,345	2,335,549	3,205,001	1,455,465
Non-trade					
Other payables		6,732,075	819,604	249,509	275,819
Deposits received	(b)	520,827	3,435,600	124,360	93,700
Accruals	(c)	644,641	1,141,461	406,318	424,526
Amount owing to a subsidiary	(d)	-	-	-	28,668
		<u>7,897,543</u>	<u>5,396,665</u>	<u>780,187</u>	<u>822,713</u>
Total payables		<u>12,189,888</u>	<u>7,732,214</u>	<u>3,985,188</u>	<u>2,278,178</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

Trade payables are normally settled on to 30 to 90 (2024: 30 to 90) days terms.

The retention sums which is payable upon the expiry of the defect liability period as provided in the contracts with contractors are expected to be settled as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Within one year	1,317,612	714,818	1,317,612	714,818
Later than one year	1,000,695	577,912	885,170	462,387
	<u>2,318,307</u>	<u>1,292,730</u>	<u>2,202,782</u>	<u>1,177,205</u>

- (b) Included in deposits of the Group in the previous financial year representing 10% of the purchase consideration received by the Group for the disposal of leasehold land as disclosed in Note 16 to the financial statements.
- (c) Included in the Group's accruals in the previous financial year is an amount of RM200,000/-, representing the settlement consideration for resolving a legal matter. The settlement consideration was included in other operating expenses.
- (d) The amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest free, repayable on demand and to be settled by cash.

22. PROVISIONS

	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Group				
Current				
At 1 January 2024	10,975,326	3,497,754	2,812,494	17,285,574
Addition during the financial year	420,000	96,649	187,473	704,122
Reversal/utilisation during the financial year	-	(532,116)	-	(532,116)
At 31 December 2024	<u>11,395,326</u>	<u>3,062,287</u>	<u>2,999,967</u>	<u>17,457,580</u>
Addition during the financial year	425,000	209,196	-	634,196
Reversal/utilisation during the financial year	(442,692)	(389,427)	(13,075)	(845,194)
At 31 December 2025	<u>11,377,634</u>	<u>2,882,056</u>	<u>2,986,892</u>	<u>17,246,582</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. PROVISIONS (CONTINUED)

Company	Compensation RM	Property Development Expenditure RM	Director's Retirement Benefit RM	Total RM
Current				
At 1 January 2024	10,435,000	477,966	2,812,494	13,725,460
Addition during the financial year	420,000	96,649	187,473	704,122
Reversal/utilisation during the financial year	-	(283,869)	-	(283,869)
At 31 December 2024	10,855,000	290,746	2,999,967	14,145,713
Addition during the financial year	425,000	209,196	-	634,196
Reversal/utilisation during the financial year	-	(256,635)	(13,075)	(269,710)
At 31 December 2025	11,280,000	243,307	2,986,892	14,510,199

(a) Compensation

Provision for compensations are recognised for claims in relation to the legal suit with purchasers. Included in the compensation amounting to RM11,280,000/- (2024: RM10,855,000/-) is the provision of compensation relating to the material litigation with Ayer Itam Properties Sdn. Bhd. ("AIPSB") as mentioned in Note 36 to the financial statements.

(b) Property Development Expenditure

Provision for property development expenditure is made in respect of probable outflow of resources related to land and development activities of the Group and of the Company.

(c) Director's Retirement Benefits

	Group and Company	
	2025	2024
	RM	RM
Net defined benefit liability	2,986,892	2,999,967

The Group provides retirement benefits for a director who joined the Company in year 1982. Under the Scheme, the retired/resigned director is entitled to receive an annual payment equal to 2 months of the last drawn salary for each year of service the director provided.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. PROVISIONS (CONTINUED)

(c) Director's Retirement Benefits (Continued)

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefit pension plan and post-employment healthcare benefit plan are as follows:

	Group and Company 2025 %
Discount rate	3.7
Future salary growth	<u>4.8</u>

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Reasonably possible change in assumption %	Effect on defined benefit obligation Increase/(Decrease)	
		RM	RM
Group and Company 2025			
Discount rate	1.0	(85,120)	88,736
Future salary growth	1.0	65,788	<u>(64,542)</u>
2024			
Discount rate	1.0	(92,645)	97,351
Future salary growth	1.0	127,115	<u>(121,654)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Revenue from contract customers:				
Property development	8,449,643	9,099,025	6,976,095	9,099,025
Revenue from sales of completed development properties	4,585,566	1,183,602	4,585,566	625,602
Sales of land	33,000,000	1,299,040	-	839,040
Sales of goods	393,404	153,317	-	-
Rental	1,208,381	-	-	-
Commissions	48,909	49,057	-	-
	<u>47,685,903</u>	<u>11,784,041</u>	<u>11,561,661</u>	<u>10,563,667</u>

(a) Disaggregation of revenue

The Group reports the following major segments: property development and trading in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services and timing of revenue recognition.

	Property RM	Trading RM	Investment and Others RM	Total RM
Group				
2025				
Major goods and services:				
Residential units	13,035,209	-	-	13,035,209
Vacant land	33,000,000	-	-	33,000,000
Trading of building material	-	393,404	-	393,404
Others	-	-	1,257,290	1,257,290
	<u>46,035,209</u>	<u>393,404</u>	<u>1,257,290</u>	<u>47,685,903</u>
Timing of revenue recognition:				
At a point in time	37,585,566	393,404	1,257,290	39,236,260
Over time	8,449,643	-	-	8,449,643
	<u>46,035,209</u>	<u>393,404</u>	<u>1,257,290</u>	<u>47,685,903</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

Group	Property RM	Trading RM	Investment and Others RM	Total RM
2024				
Major goods and services:				
Residential units	10,282,627	-	-	10,282,627
Vacant land	1,299,040	-	-	1,299,040
Trading of building material	-	153,317	-	153,317
Others	-	-	49,057	49,057
	<u>11,581,667</u>	<u>153,317</u>	<u>49,057</u>	<u>11,784,041</u>

Timing of revenue recognition:

At a point in time	2,482,642	153,317	49,057	2,685,016
Over time	9,099,025	-	-	9,099,025
	<u>11,581,667</u>	<u>153,317</u>	<u>49,057</u>	<u>11,784,041</u>

Company	Property	
	2025 RM	2024 RM
Major goods and services:		
Residential units	11,561,661	9,724,627
Vacant land	-	839,040
	<u>11,561,661</u>	<u>10,563,667</u>

Timing of revenue recognition:

At a point in time	4,585,566	1,464,642
Over time	6,976,095	9,099,025
	<u>11,561,661</u>	<u>10,563,667</u>

(b) Transaction price allocated to the remaining performance obligations

As of 31 December 2025, the aggregate amount of the transaction price allocated to the remaining performance obligation of the Group and the Company is an amount of RM2,720,994/- (2024: RM600,279/-) and the Group and the Company will recognise these revenue as the building is completed, which is expected to occur over the next 10-22 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. COST OF SALES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cost of sales of property development units	6,947,003	6,490,447	5,710,573	6,637,605
Cost of completed property development units	3,311,602	1,012,862	3,418,173	485,033
Cost of sales of land	25,830,400	12,316	-	12,316
Cost of trading	384,955	286,593	-	-
	<u>36,473,960</u>	<u>7,802,218</u>	<u>9,128,746</u>	<u>7,134,954</u>

25. FINANCE INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest income from:				
- short-term deposits	144,572	86,721	139,810	77,978
- amount owing by subsidiaries	-	-	400,652	343,433
- others	1,921	177	1,921	177
	<u>146,493</u>	<u>86,898</u>	<u>542,383</u>	<u>421,588</u>

26. FINANCE COSTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest expense on:				
- Lease liability	13,216	17,192	-	-
- Borrowing	125,759	-	-	-
	<u>138,975</u>	<u>17,192</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. LOSS BEFORE TAX

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
After charging:				
Auditors' remuneration - statutory audit				
- Baker Tilly Monteiro Heng PLT	193,900	185,400	117,000	117,000
Other services				
- Baker Tilly Monteiro Heng PLT	14,000	14,000	11,000	11,000
- Member firm of Baker Tilly International	30,695	27,360	9,150	8,850
Bad debts written off	14,000	8,141	14,000	8,141
Depreciation of:				
- investment properties	484,843	262,256	202,985	227,477
- property, plant and equipment	138,483	165,938	75,835	80,904
- right-of-use assets	118,807	118,807	1,050	1,050
Impairment losses on investment in subsidiaries	-	-	4,309,154	2,627,765
Impairment losses on amount owing by subsidiaries	-	-	209,052	-
Impairment losses on receivables	2,063,386	-	-	-
Property, plant and equipment written off	39	18	36	14
Provision for directors' retirement benefits	-	187,473	-	187,473
Provision for compensation	425,000	420,000	425,000	420,000
Fair value loss on financial assets	6,231	-	-	-
Loss on remeasurement of a former associate	243,210	-	-	-
Settlement consideration	67,308	653,890	-	-
Expense relating to lease of low value assets	23,400	23,400	10,800	10,800
Directors' remuneration:				
- fees	136,800	136,800	136,800	136,800
- other emoluments	1,410,000	1,305,000	1,230,000	1,125,000
- employees' provident fund	43,200	43,200	21,600	21,600
- SOCSO and EIS	4,571	3,818	3,178	2,778
Staff costs:				
- salaries, bonuses and allowances	3,890,651	4,268,866	2,869,732	3,133,315
- gratuity	21,350	-	-	-
- employees' provident fund	402,366	454,288	301,669	338,245
- SOCSO and EIS	51,889	49,061	37,288	35,732
- other staff related expenses	84,829	135,021	61,445	108,566

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. LOSS BEFORE TAX (CONTINUED)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
And crediting:				
Rental income	573,590	585,270	431,510	455,450
Reversal for directors' retirement benefits	13,075	-	13,075	-
Dividend income	161	203	-	-
Fair value gain on financial assets	-	1,809	-	-
Gain on disposal of property, plant and equipment	73,993	-	1,299	-
Gain on disposal of investment properties	-	2,243,815	-	2,243,815
Income from cash management fund	113,004	97,734	62,954	83,442
Unrealised gain on fair value changes in other investment	813,021	290,821	280,209	241,763
Shares of results of an associate	141,675	184,558	-	-

Directors' remuneration of the Group and of the Company excludes estimated monetary value of benefits in kind of RM43,500/- (2024: RM53,400/-) and RM15,500/- (2024: RM25,400/-) respectively.

28. INCOME TAX EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Income tax:				
- current year	(406,624)	(53,945)	-	-
- prior year	(2,488,160)	3,289	-	-
	(2,894,784)	(50,656)	-	-
Real property gain tax ("RPGT"):				
- current year	-	(198,682)	-	(198,682)
	-	(198,682)	-	(198,682)
	(2,894,784)	(249,338)	-	(198,682)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Loss before tax	(138,861)	(6,195,067)	(8,799,303)	(5,554,652)
Tax at applicable statutory tax rate of 24%	33,327	1,486,816	2,111,833	1,333,116
Adjustments:				
- non-taxable income	195,215	70,075	67,250	58,023
- non-deductible expenses	605,758	(624,216)	(1,427,895)	(979,197)
- deferred tax not recognised on tax losses and capital allowances	(1,240,924)	(986,620)	(751,188)	(411,942)
- RPGT	-	(198,682)	-	(198,682)
- adjustment in respect of current income tax of prior year	(2,488,160)	3,289	-	-
Tax expense for the financial year	(2,894,784)	(249,338)	-	(198,682)

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Deductible temporary differences	(2,858,041)	(2,833,708)	(2,986,894)	(2,999,967)
Unabsorbed capital allowances	(1,073,499)	(1,048,141)	(218,658)	(189,386)
Unutilised tax losses	(84,161,244)	(79,040,419)	(27,785,786)	(24,672,034)
	(88,092,784)	(82,922,268)	(30,991,338)	(27,861,387)
Potential unrecognised deferred tax assets at 24%	(21,142,268)	(19,901,344)	(7,437,921)	(6,686,733)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Year of assessments				
2028	42,724,732	42,751,836	-	-
2029	8,091,535	8,091,535	6,118,094	6,118,094
2030	5,884,099	5,884,099	3,835,573	3,835,573
2031	5,283,066	5,283,066	4,702,249	4,702,249
2032	6,182,469	6,182,469	3,938,209	3,938,209
2033	5,908,093	5,908,093	3,289,536	3,289,536
2034	4,939,321	4,939,321	2,788,373	2,788,373
2035	5,147,929	-	3,113,752	-
	<u>84,161,244</u>	<u>79,040,419</u>	<u>27,785,786</u>	<u>24,672,034</u>

29. 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	
	2025 RM	2024 RM
Loss attributable to owners of the Company	(3,189,120)	(6,443,925)
Weighted average number of shares in issue	<u>153,025,613</u>	<u>153,025,613</u>
Basic loss per share		
- per weighted average number of share (sen)	<u>(2.08)</u>	<u>(4.21)</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)

30. RELATED PARTY

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Directors;
- (ii) Subsidiaries;
- (iii) Associate;
- (iv) Ultimate holding company;
- (v) Person connected to director;
- (vi) 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	
	2025	2024
	RM	RM
Interest income received/receivable from a subsidiaries		
- Bandar Subang Sdn. Bhd.	(391,600)	(343,433)
- LJ Harta Sdn. Bhd.	(9,052)	-
Rental income received/receivable from a subsidiary		
- Farlim Marketing Sdn. Bhd.	(4,800)	(4,800)
Accounting fee received/receivable from a subsidiary		
- Farlim Jaya Sdn. Bhd.	(9,000)	(9,000)
Purchase of goods/services from a subsidiary		
- Farlim Marketing Sdn. Bhd.	6,970	147,159
(Redemption)/investment of redeemable preference share in a subsidiary		
- Farlim (Perak) Sdn. Bhd.	(8,000,000)	200,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. RELATED PARTY (CONTINUED)

(b) Significant related party transactions (Continued)

Included in the total key management personnel expenses are:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors' fees ⁽¹⁾	136,800	136,800	136,800	136,800
Directors' salaries, bonuses and allowances ⁽²⁾	1,410,000	1,305,000	1,230,000	1,125,000
Key management personnel expenses				
- short term employee benefits	921,986	1,172,511	773,290	1,023,815
- post-employment benefits:				
- defined contribution plan	141,473	192,024	106,261	150,311
- (reversal)/provision for directors' retirement benefits ⁽³⁾	(13,075)	187,473	(13,075)	187,473

⁽¹⁾ Paid/Payable to Adlina Hasni Binti Zainol Abidin, Amran Bin Ahmad and Koay Hooi Lynn.

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

⁽³⁾ Paid/payable to Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther.

31. SEGMENT INFORMATION

Measurement of reportable segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax recoverable, tax payable and deferred tax liabilities.

Business segments

The Group's operating businesses are classified according to the nature of activities as follows:

Property	:	Comprise mainly property related activities.
Trading	:	Comprise mainly trading of building materials.
Investment and others	:	Comprise mainly investment holding and other inactive companies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENT INFORMATION (CONTINUED)

Primary Reporting – Business Segments

2025	Property RM	Trading RM	Investment and Others RM	Eliminations and Adjustments RM	Consolidated RM
Revenue					
Sales to external customers	46,035,209	393,404	1,257,290	-	47,685,903
Inter-segment sales	-	6,970	-	(6,970)	-
Total revenues	46,035,209	400,374	1,257,290	(6,970)	47,685,903
Cost of Sales					
Cost of sales to external customers	36,089,005	384,955	-	-	36,473,960
Inter-segment cost of sales	6,970	-	-	(6,970)	-
Total cost of sales	36,095,975	384,955	-	(6,970)	36,473,960
Results					
Segment results	(56,037)	(24,140)	(5,359)	-	(85,536)
Net impairment losses on financial instrument	(2,063,386)	-	-	-	(2,063,386)
Other income	1,147,841	36,000	920,237	-	2,104,078
Finance income (net)	146,493	-	-	-	146,493
Finance costs	(138,975)	-	-	-	(138,975)
Share of results of an associate	-	-	141,675	-	141,675
Loss on remeasurement of a former associate	-	-	(243,210)	-	(243,210)
(Loss)/Profit before tax	(964,064)	11,860	813,343	-	(138,861)
Income tax expense	(2,892,689)	(2,095)	-	-	(2,894,784)
(Loss)/Profit for the financial year	(3,856,753)	9,765	813,343	-	(3,033,645)
Other Information					
Segment assets	127,046,543	350,995	30,431,563	319,045 A	158,148,146
Segment liabilities	33,355,456	44,460	27,456	3,777,988 B	37,205,360

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

	Property	Trading	Investment and Others	Eliminations and Adjustments	Consolidated
2025	RM	RM	RM	RM	RM
Capital expenditure	32,971,048	-	-	-	32,971,048
Depreciation and amortisation	737,821	4,312	-	-	742,133
Other significant non-cash items:					
Gain on disposal of property, plant and equipment	(73,993)	-	-	-	(73,993)
Fair value loss on financial assets	-	-	6,231	-	6,231
Unrealised income from cash management fund	-	-	(813,021)	-	(813,021)
Reversal for directors' retirement benefits	(13,075)	-	-	-	(13,075)
Provision for compensation	425,000	-	-	-	425,000
Settlement consideration	67,308	-	-	-	67,308
Bad debts written off	14,000	-	-	-	14,000
Property, plant and equipment written off	39	-	-	-	39

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SEGMENTAL INFORMATION (CONTINUED)

Primary Reporting – Business Segments (Continued)

	Property RM	Trading RM	Investment and Others RM	Eliminations and Adjustments RM	Consolidated RM
2024					
Revenue					
Sales to external customers	11,581,668	153,316	49,057	-	11,784,041
Inter-segment sales	-	147,159	-	(147,159)	-
Total revenues	11,581,668	300,475	49,057	(147,159)	11,784,041
Cost of Sales					
Cost of sales to external customers	7,515,624	286,594	-	-	7,802,218
Inter-segment cost of sales	147,159	-	-	(147,159)	-
Total cost of sales	7,662,783	286,594	-	(147,159)	7,802,218
Results					
Segment results	(9,697,854)	(34,744)	(3,871)	-	(9,736,469)
Other income	2,867,975	28,800	390,363	-	3,287,138
Finance income (net)	86,898	-	-	-	86,898
Finance costs	(17,192)	-	-	-	(17,192)
Share of results of an associate	-	-	184,558	-	184,558
(Loss)/Profit before tax	(6,760,173)	(5,944)	571,050	-	(6,195,067)
Income tax expense	(243,133)	(6,205)	-	-	(249,338)
(Loss)/Profit for the financial year	(7,003,306)	(12,149)	571,050	-	(6,444,405)
Other Information					
Segment assets	118,316,005	310,558	24,389,340	104,570 A	143,120,473
Segment liabilities	25,482,090	37,119	22,633	97,083 B	25,638,925
Capital expenditure	813,560	-	-	-	813,560
Depreciation and amortisation	542,521	4,480	-	-	547,001
Other significant non-cash items:					
Gain on disposal of investment properties	(2,243,815)	-	-	-	(2,243,815)
Fair value gain on financial assets	-	-	(1,809)	-	(1,809)
Unrealised income from cash management fund	-	-	(290,821)	-	(290,821)
Provision for directors' retirement benefits	187,473	-	-	-	187,473
Provision for compensation	420,000	-	-	-	420,000
Settlement consideration	653,890	-	-	-	653,890
Bad debts written off	8,141	-	-	-	8,141
Property, plant and equipment written off	18	-	-	-	18

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. 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:

	2025	2024
	RM	RM
Tax recoverable	319,045	104,570

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

	2025	2024
	RM	RM
Tax payables	213,764	60,774
Deferred tax liabilities	3,564,224	36,309
	<u>3,777,988</u>	<u>97,083</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. 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
		2025 %	2024 %	
Direct Subsidiaries				
Bandar Subang Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Kanchil Jaya Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Farlim Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Farlim (Perak) Sdn. Bhd.	Malaysia	100	100	Property development and building construction
Farlim Marketing Sdn. Bhd.	Malaysia	51	51	Trading in building materials
Kertih-Paka Country & Golf Resorts Sdn. Bhd.*	Malaysia	100	100	Yet to commence business operation
Angkatan Wawasan Sdn. Bhd.*	Malaysia	100	100	Investment holding
LJ Harta Sdn. Bhd.**	Malaysia	100	100	Property development
Saga Realty & Development Sdn. Bhd.^	Malaysia	100	100	Property development
Entity Consolidated Sdn. Bhd.	Malaysia	60	35	Property holding and trading of building materials

* Held indirectly through Bandar Subang Sdn. Bhd..

** Held indirectly through Kanchil Jaya Sdn. Bhd..

^ Held indirectly through Angkatan Wawasan Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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
2025			
Financial assets			
Group			
Other investments	30,431,564	-	30,431,564
Trade and other receivables [^]	1,521,825	1,521,825	-
Cash and bank balances	17,023,385	17,023,385	-
	<u>48,976,774</u>	<u>18,545,210</u>	<u>30,431,564</u>
Company			
Other investments	7,898,813	-	7,898,813
Trade and other receivables [^]	12,044,890	12,044,890	-
Cash and bank balances	15,981,578	15,981,578	-
	<u>35,925,281</u>	<u>28,026,468</u>	<u>7,898,813</u>
Financial liabilities			
Group			
Trade and other payables	12,189,888	12,189,888	-
Loans and borrowings ^{^^}	3,731,598	3,731,598	-
	<u>15,921,486</u>	<u>15,921,486</u>	<u>-</u>
Company			
Trade and other payables	3,985,188	3,985,188	-

[^] Exclude advance payment to contracts

^{^^} Exclude lease liability

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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
2024			
Financial assets			
Group			
Other investments	18,604,783	-	18,604,783
Trade and other receivables [^]	7,958,637	7,958,637	-
Cash and bank balances	6,982,315	6,982,315	-
	<u>33,545,735</u>	<u>14,940,952</u>	<u>18,604,783</u>
Company			
Other investments	15,389,780	-	15,389,780
Trade and other receivables [^]	14,633,540	14,633,540	-
Cash and bank balances	6,202,047	6,202,047	-
	<u>36,225,367</u>	<u>20,835,587</u>	<u>15,389,780</u>
Financial liabilities			
Group			
Trade and other payables	7,732,214	7,732,214	-
	<u>7,732,214</u>	<u>7,732,214</u>	<u>-</u>
Company			
Trade and other payables	2,278,178	2,278,178	-
	<u>2,278,178</u>	<u>2,278,178</u>	<u>-</u>

[^] Exclude advance payment to contracts

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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 and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk(Continued)

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

Trade receivables comprise substantially amounts due from house buyers with end financing facilities. In respect of house buyers with no end financing facilities, the Group and the Company retain with the legal title to all properties sold until the full contracted sales value is settled. Accordingly, under normal circumstances, amounts due from house buyers are not impaired.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables and contract assets as at 31 December 2025 and 31 December 2024 which are grouped together as they are expected to have similar risk nature.

	Group			Company		
	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM
2025						
Contract assets	987,047	-	987,047	589,767	-	589,767
Trade receivables						
Current (not past due)	853,733	-	853,733	659,939	-	659,939
1-30 days past due	-	-	-	-	-	-
31-60 days past due	110,100	-	110,100	110,100	-	110,100
61-90 days past due	67,890	-	67,890	-	-	-
More than 90 days past due	753,648	-	753,648	724,456	-	724,456
	1,785,371	-	1,785,371	1,494,495	-	1,494,495
Credit impaired						
Individually impaired	17,312	17,312	-	-	-	-
	1,802,683	17,312	1,785,371	1,494,495	-	1,494,495
Total	2,789,730	17,312	2,772,418	2,084,262	-	2,084,262

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit Risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the exposure of credit risk and impairment losses for trade receivables and contract assets as at 31 December 2025 and 31 December 2024 which are grouped together as they are expected to have similar risk nature. (Continued)

	Group		Company	
	Gross Carrying Amount RM	Expected Credit Losses RM	Net Balance RM	Gross Carrying Amount RM
				Expected Credit Losses RM
				Net Balance RM
2024				
Contract assets	141,087	-	141,087	-
Trade receivables				
Current (not past due)	131,469	-	131,469	-
1-30 days past due	-	-	-	-
31-60 days past due	25,827	-	25,827	-
61-90 days past due	782,810	-	782,810	-
More than 90 days past due	726,730	-	726,730	-
	1,666,836	-	1,666,836	-
Credit impaired				
Individually impaired	17,312	17,312	-	-
	1,684,148	17,312	1,666,836	-
Total	1,825,235	17,312	1,807,923	-
			1,807,923	1,666,836

Included in trade receivables of RM563,216/- (2024: RM1,295,011/-) that are past due but not impaired consist mainly of stakeholder sum retained by the stakeholder solicitor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The movement of the allowance for impairment loss on trade receivables is as follows:

	Trade receivables		
	Lifetime ECL Allowance RM	Credit Impaired RM	Total Allowance RM
Group			
At 1 January 2025/			
31 December 2025	-	17,312	17,312

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

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. The Group and the Company determines the probability of default for these loans or advances using internally available information.

As at the end of reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

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

	Carrying Amount RM	Contractual cash flows		
		On demand or within one year RM	Between 1 and 5 years RM	Total RM
2025				
Group				
Financial liabilities				
Trade and other payables	12,189,888	12,189,888	-	12,189,888
Lease liability	259,304	105,960	167,799	273,759
Term loans	3,731,598	753,300	3,522,927	4,276,227
Total undiscounted financial liabilities	16,180,790	13,049,148	3,690,726	16,739,874
Company				
Financial liabilities				
Trade and other payables	3,985,188	3,985,188	-	3,985,188
Total undiscounted financial liabilities	3,985,188	3,985,188	-	3,985,188
2024				
Group				
Financial liabilities				
Trade and other payables	7,732,214	7,732,214	-	7,732,214
Lease liabilities	352,048	105,960	273,759	379,719
Total undiscounted financial liabilities	8,084,262	7,838,174	273,759	8,111,933
Company				
Financial liabilities				
Trade and other payables	2,278,178	2,278,178	-	2,278,178
Total undiscounted financial liabilities	2,278,178	2,278,178	-	2,278,178

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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)

2024	Carrying Amount RM	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	
Group								
Financial assets								
- Quoted shares	36,979	36,979	-	-	-	-	-	-
- Investment in bond fund/cash management fund	18,567,804	18,567,804	-	-	-	-	-	-
Company								
Financial assets								
- Investment in bond fund/cash management fund	15,389,780	15,389,780	-	-	-	-	-	-
- Amount owing by a subsidiary	7,533,706	-	-	-	-	-	7,533,706	7,533,706

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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 2025 and 31 December 2024 were as follows:

	Group	
	2025 RM	2024 RM
Total liabilities	37,205,360	25,638,925
Equity attributable to owners of Company	113,995,590	117,184,710
Debt-to-equity ratio (%)	32.64%	21.88%

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

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 25 April 2025 announced that it had been entered into a Share Sale Agreement ("SSA") with Lim Gait Tong Holdings Sdn. Bhd. for the acquisition of an additional 125,000 ordinary shares ("Sale Shares") representing a 25% equity interest in Entity Consolidated Sdn. Bhd. for a total purchase consideration of RM4,600,000 representing RM36.80 per Sale Share.

On 14 May 2025, the Company had announced that the acquisition has been completed whereby the Sale Shares have been transferred and registered in favour of the Company pursuant to Clause 3.3 of the SSA dated 25 April 2025 subsequent to the full payment made referred to in the SSA. Upon the completion of the step acquisition, Entity Consolidated Sdn. Bhd. ceased to be an associate of the Group and has become a 60% owned direct subsidiary of the Group.

36. MATERIAL LITIGATION

The Company entered into a Sale and Purchase Agreement on 23 September 2013 with Ayer Itam Properties Sdn. Bhd. ("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").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. MATERIAL LITIGATION (CONTINUED)

On 29 April 2019, the Company received from its solicitors Messrs V.M. Mohan, Fareed & Co. a copy of Writ and Statement of Claim filed at the Penang High Court by AIPSB against the Company.

In the Statement of Claim, AIPSB alleged that it had paid an excess of RM8,455,810/- in relation to the lodged caveats on 76,871 square feet of land in Lot 1561.

The case management originally fixed on 20 June 2019 was adjourned to 15 July 2019. The Court fixed 18 March 2020 for both parties to file their statement of witness. The trial dates fixed from 6 April 2020 until 8 April 2020 were postponed due to Movement Control Order. The case management fixed on 5 June 2020 to determine the new trial dates was adjourned to 26 June 2020. The new trial dates were fixed from 18 January 2021 until 20 January 2021 have been rescheduled to 13 December 2021 until 15 December 2021 and was postponed again. Case management to fix the new trial dates is on 16 March 2022. Trial has been conducted on 13 and 14 September 2022.

The Court fixed for clarification on 30 January 2023 and was fixed for decision on 7 March 2023. The Penang High Court ruled in favour of AIPSB. The Penang High Court has also awarded in favour of AIPSB interest at the rate of 5%, on the judgement sum of RM8,455,810/- commencing from 24 April 2019 and costs of RM40,000. The Company has on 8 March 2023 filed an appeal against the Penang High Court's decision at the Court of Appeal. Pending the appeal process running its course, the Penang High Court's award in favour of AIPSB for damages and costs will be stayed. In the event that the Company is ultimately found to be liable to AIPSB, it is expected that this will have a material impact on the financial results of the Company.

The Group has provided a provision for compensation amounting to RM11,280,000 as at reporting date.

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

We, **TAN SRI DATO' SERI LIM GAIT TONG** and **DATUK SERI HAJI MOHAMED IQBAL BIN KUPPA PITCHAI RAWTHER**, being two of the directors of Farlim Group (Malaysia) Bhd., do hereby state that in the opinion of the directors, the financial statements set out on pages 105 to 175 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 2025 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 March 2026

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

I, **TAN SRI DATO' SERI LIM GAIT TONG (NRIC NO. 430128-10-5363)**, being the director primarily responsible for the financial management of Farlim Group (Malaysia) Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 105 to 175 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 March 2026.

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 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 105 to 175.

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 2025, 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit for the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill (Notes 4(a) and 12 to the financial statements)

The Group has goodwill arising from the acquisition of a subsidiary. The goodwill is tested for impairment annually. We focused on this area because the impairment assessment of the goodwill requires the application of significant judgements and assumptions to determine the recoverable amount.

Our response:

Our audit procedures included, among others:

- considering the appropriateness of the method adopted by the directors in measuring the recoverable amount; and
- testing the mathematical computation of the impairment assessment.

Provision for liabilities (Notes 4(c) and 22 to the financial statements)

The appropriateness and adequacy of provisions made by the Group and the Company in respect of compensation, property development expenditure and director retirement benefit which are subject to inherent uncertainty. We focused on this area because there is significant judgement involved in the assumptions used to estimate the provisions.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of the controls over the identification and calculation of the provisions;
- reading the legal opinion obtained; and
- considering the assumptions used and the reasonableness of the provision based on the documents provided.

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

Key Audit Matters (Continued)

Revenue and expenses recognition for property development business (Notes 4(b), 23 and 24 to the financial statements)

The amount of revenue and corresponding costs of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- considering the reasonableness of computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

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.

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

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.

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.

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)

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.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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.

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

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 32 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Jou Yin
No. 03460/11/2027 J
Chartered Accountant

Kuala Lumpur

Date: 25 March 2026

STATISTICS OF SHAREHOLDINGS AS AT 31 MARCH 2026

Share Capital

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

1. DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%*	No. of Shares	%*
Less than 100 shares	75	1.849	2,243	0.001
100 to 1,000 shares	185	4.561	52,000	0.034
1,001 to 10,000 shares	2,963	73.052	8,598,918	5.619
10,001 to 100,000 shares	739	18.220	19,965,611	13.047
100,001 to less than 5% of issued shares	93	2.293	55,048,361	35.973
5% and above of issued shares	1	0.025	69,358,480	45.325
Total	4,056	100.00	153,025,613*	100.00

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

2. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Name of Shareholder	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
Farlim Holding Sdn. Bhd.	69,358,480	45.325	–	–

3. LIST OF DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the interest of Directors in shares in the Company, holding company and subsidiary are as follows:-

The Company	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
Farlim Group (Malaysia) Bhd.				
Tan Sri Dato' Seri Lim Gait Tong	12,000	0.008	69,358,480 ⁽ⁱ⁾	45.325
Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	12,000	0.008	–	–
Lim Chu Dick	–	–	–	–
Adlina Hasni Binti Zainol Abidin	38,000	0.025	–	–
Amran Bin Ahmad	–	–	–	–
Koay Hooi Lynn	–	–	–	–
The Holding Company				
Tan Sri Dato' Seri Lim Gait Tong	45,773	68.830	–	–
Lim Chu Dick	3,582	5.386	–	–
The Subsidiary				
Farlim Marketing Sdn. Bhd.				
Tan Sri Dato' Seri Lim Gait Tong	245,000	49.000	–	–

Notes:-

* Calculated based on 153,025,613 ordinary shares.

(i) Deemed interest by virtue of his shareholdings in Farlim Holding Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

Other than as disclosed above, none of the Directors had any interest in shares in the Company and its related corporations.

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 31 MARCH 2026

4. LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Names	No. of Shares	%*
1.	Farlim Holding Sdn. Bhd.	69,358,480	45.325
2.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeoh Chin Leng (M01)</i>	4,930,600	3.222
3.	Lim Su Tong @ Lim Chee Tong	4,800,000	3.137
4.	Cantum Apex Sdn. Bhd.	4,341,600	2.837
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong King Seng</i>	4,130,700	2.699
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	3,264,238	2.133
7.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Kim Joon (M01)</i>	2,443,700	1.597
8.	Lee Jooi Seng	1,639,400	1.071
9.	Apex Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Witpro Sdn. Bhd. (STA 2)</i>	1,632,300	1.067
10.	Lee Jooi Seng	1,572,100	1.027
11.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong King Seng (MY4735)</i>	1,490,080	0.974
12.	Toh Su-N	1,448,300	0.946
13.	Reson Sdn. Bhd.	1,317,600	0.861
14.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ooi Phaik Sim</i>	1,316,000	0.860
15.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Su Ming Yaw</i>	1,200,000	0.784
16.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt AN for DBS Bank Ltd (SFS)</i>	990,120	0.647
17.	Radiance Perfect Intl. Sdn. Bhd.	984,000	0.643
18.	Tan Siew Luan	818,800	0.535
19.	Yeoh Chin Leng	780,000	0.510
20.	Lee Hong Choon & Sons Sdn. Bhd.	696,120	0.455
21.	Ang Huat Beng	587,100	0.384
22.	Wong Chian Yong	583,200	0.381
23.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	563,900	0.369
24.	Yeoh Min Chee	510,600	0.334
25.	Ong Yeng Tian @ Ong Weng Tian	498,500	0.326
26.	RPG Beauty Sdn. Bhd.	393,600	0.257
27.	Ta Kin Yan	380,400	0.249
28.	Lim Swee Ing	360,700	0.236
29.	Maybank Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for Yap Peck Yee</i>	341,000	0.223
30.	Yeoh Pooi Hoon	317,100	0.207
	Total	113,690,238	74.295

Note:-

* Excluding 15,365,700 treasury shares and calculated based on 153,025,613 ordinary shares.

LIST OF PROPERTIES AS AT 31 DECEMBER 2025

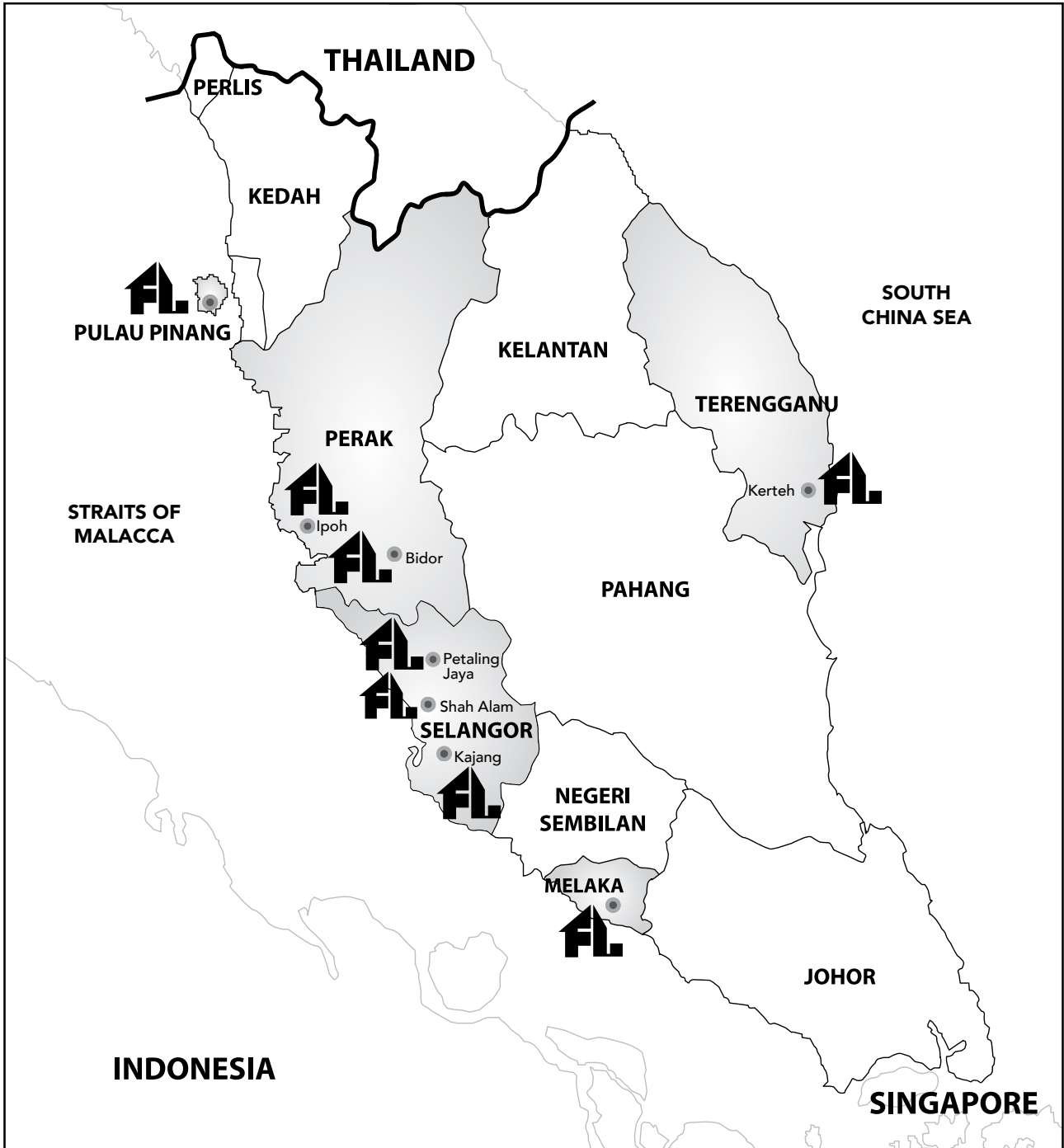
Location	Tenure	Existing Use	Age of Building (Years)	Date Of Acquisition	Area	Net Book Value (RM)
Lot 10632 Mukim Bidor, Daerah Batang Padang, Perak Darul Ridzuan	Leasehold Expiring 2113	Ongoing and Future development	N/A	2014	56.31 acres	11,535,930
No. E-G-8, E-1-8, E-2-8, E-3-8, E-4-8, E-5-8, E-6-8, E-7-8, E-8-8, E-7-6, E-8-6, SOHO Ipoh 2, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan	Leasehold Expiring 2113	9/S Soho building 11 units rented	8	2016	1.09 acres	15,057,009
Lot 10393-10418, Tempat Pondok Upeh, Mukim 6, Daerah Barat Daya, Pulau Pinang	Freehold	Ongoing development	N/A	2024	2.08 acres	5,039,481
No 102A-3A (FLSQ/02) Jalan Pisang Berangan, 11500 Ayer Itam, Pulau Pinang together with 205 car parking bays	Leasehold Expiring 2117	Shoplot and car park bays	8	2020	27,521 sf	4,117,582
No. 101, 103, 108, 109, 111, 113, 115, 119, 120 & 121, Kompleks Kelab, Pangsapuri Ridzuan, Petaling Jaya, Selangor Darul Ehsan	Leasehold Expiring 2093	Arcades	25	2016	11,909 sf	2,972,667
Mukim Kajang, Daerah Ulu Langat, Selangor Darul Ehsan	Freehold	Vacant Land (Ongoing/Future Development)	N/A	2006	5.56 acres	2,089,824
Lot 4901-5021 held under Geran 14748- 14815 & 14817-14869, Mukim of Kerteh, Kemaman, Terengganu Darul Iman	Freehold	Vacant Land (Future Development)	N/A	1994	200.08 acres	1,604,301
Unit A-39-02, Sunshine Residence, Jalan Thean Teik, Bandar Baru Ayer Itam, 11500 Ayer Itam, Pulau Pinang	Leasehold Expiring 2123	Service Apartment	2	2024	1,615 sf	1,152,573

LIST OF PROPERTIES (CONT'D)

AS AT 31 DECEMBER 2025

Location	Tenure	Existing Use	Age of Building (Years)	Date Of Acquisition	Area	Net Book Value (RM)
No. 5, Lintang Angsana, Bandar Baru Ayer Itam, 11500 Ayer Itam, Pulau Pinang	Leasehold Expiring 2082	3/S Shophouse (Office Building)	35	2012	1,549 sf	649,733
No. 5, Jalan Pulau Indah U10/58, Seksyen U10, 40710 Shah Alam, Selangor Darul Ehsan	Leasehold Expiring 2101	D/S Semi- detached house	10	2020	3,498 sf	660,000
266.17 acres						44,879,100

LOCATION MAP AS AT 31 DECEMBER 2025



This page is intentionally left blank

**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/Company No.: _____)
 (Full Name in Block Letters)

of _____
 (Full Address)

_____ being a member/members of FARLIM GROUP (MALAYSIA) BHD. hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Contact Number			

and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Contact Number			

or failing him/them, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Forty-Fourth Annual General Meeting of the Company ("**the Meeting**") to be held at Melati 1, 2 & 3, Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2026 at 10.00 a.m. or any adjournment thereof in the manner indicated below:

No.	Description of Resolutions	Ordinary Resolution	Proportion of Shareholdings	
			For	Against
1.	Payments of Directors' Fees and Benefits for the period from 1 July 2026 until the conclusion of the next Annual General Meeting of the Company	1		
2.	Re-election of the following Directors who are retiring pursuant to Clause 106 of the Company's Constitution:-			
	2.1 Tan Sri Dato' Seri Lim Gait Tong	2		
	2.2 Encik Amran Bin Ahmad	3		
3.	Reappointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	4		
4.	Authority to the Company Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	5		
5.	Retention of Miss Adlina Hasni Binti Zainol Abidin as Independent Non-Executive Director	6		

Please indicate with "X" in the appropriate box against the resolutions how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.

_____ **Date**

_____ **Signature(s) of member(s)**

Notes :

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

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

Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depository) Act, 1991 ("**SICDA**"), he/she may appoint one (1) proxy in respect of each security account it holds with ordinary shares of the Company standing to the credit of the said security account.

Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under the SICDA who is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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 or at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Alternatively, the form of proxy may also be lodged electronically via <https://investor.boardroomlimited.com> not less than forty-eight (48) hours, i.e. latest by Monday, 22 June 2026 at 10.00 a.m., 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 the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue pursuant to Paragraph 7.16(2) of Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") a Record of Depositors ("**ROD**") as at 16 June 2026 and a depositor shall not be regarded as a member entitled to attend the Meeting and to speak and vote thereat unless his/her name appears in the said ROD.

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

Personal data privacy:

By registering for the Meeting and/or submitting the instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclose of member's personal data by the Company (or its agents) for the purposes of processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournments thereof); and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively "**the Purposes**"). The member of the Company also warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

Please fold across the lines and close

stamp

The Company Secretary

FARLIM GROUP (MALAYSIA) BHD.

Registration No. 198201002529 (82275-A)

No. 2-8, Bangunan Farlim

Jalan PJS 10/32

Taman Sri Subang

46150 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Please fold across the lines and close



FARLIM GROUP (MALAYSIA) BHD

Registration No: 198201002529 (82275-A)

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