



富佳木業有限公司
FOCUS LUMBER BERHAD
Registration No.: 198901011405 (188710-V)



EVOLVE
STRATEGICALLY

Annual Report

2024

35th

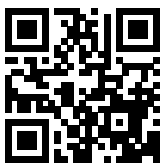
ANNUAL GENERAL MEETING



Zara Boutique Hotel,
Harbour City,
Jalan Pantai Baru,
Sembulan,
88100 Kota Kinabalu, Sabah



Friday, 23 May 2025
10.00 a.m.



Access the full version of this report, or view a summary of our FYE 2024 performance at www.focuslumber.com.my

INSIDE this Report

- 02** Corporate Information
 - 03** Group Structure
 - 04** Directors' Profile
 - 07** Key Senior Management's Profile
 - 08** 5-Years Financial Highlights
 - 09** Management Discussion & Analysis
 - 15** Sustainability Statement
 - 38** Corporate Governance Overview Statement
 - 48** Audit Committee Report
 - 52** Statement on Risk Management & Internal Control
 - 56** Additional Compliance Information
 - 57** Directors' Responsibility Statement
 - 58** Financial Statements
 - 103** List of Properties
 - 104** Analysis of Shareholdings
 - 106** Notice of 35th Annual General Meeting
 - 111** Statement Accompanying Notice of Thirty-Fifth Annual General Meeting
 - 112** Administrative Guide
- PROXY FORM**

CORPORATE INFORMATION

BOARD OF *Directors*



DATUK AZNAM BIN MANSOR
*Chairman /
Non-Independent Non-Executive Director*

LIN, HAO-WEN
Managing Director

LIN, HAO-YU
Executive Director

LIN, PEI-WEN
Executive Director

TEH YONG KHIM
*Executive Director
(Resigned on 5 August 2024)*

CHONG SHU PHIN
Independent Non-Executive Director

KENNETH CHIN KAH KIONG
Independent Non-Executive Director

NAR CHIN KEOW
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Kenneth Chin Kah Kiong

Member

**Nar Chin Keow
Chong Shu Phin**

REGISTERED OFFICE

12A, Jalan Teluk Likas,
88450 Kota Kinabalu, Sabah
Tel : 088-393255/393257/393258
Fax : 088-393169
Email : focuskk@focuslumber.com.my

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Amlslamic Bank Berhad
Public Bank Berhad
Agro Bank (Malaysia) Berhad
UOB (Malaysia) Berhad

REMUNERATION COMMITTEE

Chairman

Chong Shu Phin

Member

**Kenneth Chin Kah Kiong
Nar Chin Keow**

FACTORY

Mile 3, Jalan Masak,
Kampung Ulu Patikang,
Locked Bag 13 SM-88,
89009 Keningau, Sabah
Tel : 087-335457/ 335458 /334761
/334764 /334766
Fax : 087-335459
Email : focuskgu@focuslumber.com.my

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn Bhd**
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia
Tel : 03-2783 9299
Fax : 03-2783 9222

NOMINATION COMMITTEE

Chairperson

Nar Chin Keow

Member

**Kenneth Chin Kah Kiong
Chong Shu Phin**

AUDITOR

PKF PLT (202206000012
(LLP0030836-LCA) & AF 0911)
Lot 23-1 & 25-1, 1st Floor,
Lintas Plaza, Lorong Lintas Plaza,
88300 Kota Kinabalu, Sabah
Tel : 088-267 723
Fax : 088-267 721

STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia
Securities Berhad**

COMPANY SECRETARIES

Fong Seah Lih (MAICSA 7062297)
SSM PC NO. 202008000973

Tham Yin Tong (MAICSA 7049718)
SSM PC NO. 202008001314

STOCK NAME/CODE

FLBHD / 5197

WEBSITE

www.focuslumber.com.my

GROUP STRUCTURE



UNTUNG RIA SDN BHD
 199701018819 (434316-V)

- Incorporated on 9 June 1997
- Generation and sale of electricity and investment in monetary instruments

FORMING PLANTATION SDN BHD
 202301050259 (1544173-X)

- Incorporated on 18 December 2023
- Plantation of timber, extraction and sales of timber logs



DIRECTORS' PROFILE

DATUK AZNAM BIN MANSOR

Chairman /
Non-Independent Non-Executive Director

Appointed on 24 November 2010

Nationality 

Gender 

Age 66

Datuk Aznam Bin Mansor is the Chairman and Non-Independent Non-Executive Director of the Company.

He is an Advocate and Solicitor by profession having been admitted as a Barrister at Law of Lincoln's Inn in 1984 and admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1986. Upon his admission to the Malaysian Bar, he commenced his legal practice and he has been a partner of his present legal practice, Lee Hishammuddin Allen & Gledhill since 1993.

He has no family relationship with any Director and/or major shareholder of the Company.

LIN, HAO-WEN

Managing Director

Appointed on 14 July 2009

Nationality 

Gender 

Age 46

Mr Lin, Hao-Wen graduated from Yuan-Ze University, Taiwan with a Bachelor of Computer Science in 2001 and subsequently pursued his Master in Business Administration (Major in Supply Chain Management) in Eastern Michigan University, USA. He graduated in 2006 and started his career with our Group in 2007 as Assistant to the Managing Director overseeing the business operation in the area of production and marketing. Subsequently, on 1 March 2013, he was appointed as the Managing Director of the Company.

He holds directorship in the subsidiary of the Company.

He is the spouse of Ms Lin, Pei-Wen, (Executive Director) and brother of Mr Lin, Hao-Yu, (Executive Director and major shareholder).

LIN, HAO-YU

Executive Director

Appointed on 15 July 2016

Nationality 

Gender 

Age 48

Mr Lin, Hao-Yu graduated from Advanced Vocational School of Agriculture & Technology in Sheng Li Gung Shan Taiwan major in Electrical & Mechanical Engineering. He has about twenty five (25) years of working experience in the timber industry. Prior joining to our Group, he started his working career with the Company in 1998 as a General Production Manager. Then he left to join a veneer production factory in Cambodia from 2000 to 2003 as a Production and Human Resource Manager. He returned to Malaysia to join a company involved in sawmilling from 2004 to 2008, holding the position as a Production Manager and also in charge of the sales and marketing department.

From 2009 till 2015, he started his own business of sawmill factory. He possesses a sufficient and broad experience in production, marketing, and human resource. In addition, he is familiar with Sabah timber industry and lumber concession and trading operation.

He holds directorship in the subsidiaries of the Company.

He is the brother of Mr Lin, Hao-Wen, (Managing Director) and the brother-in-law of Ms Lin, Pei-Wen, (Executive Director).

DIRECTORS' PROFILE

LIN, PEI-WEN*Executive Director**Appointed on 1 June 2022***Nationality** **Gender** **Age** 42

Ms Lin, Pei-Wen our Executive Director graduated from Chang Jung Christian University with the Bachelor Degree of Accounting and Information System. She obtained her Master Degree in Business Administration in April 2018 from the National Sun Yat-Sen University in Taiwan.

She started her career in Ernst & Young Global Limited (E&Y) from September 2005 to December 2007 as junior auditor and was promoted to the audit team leader subsequently.

She joined Untung Ria Sdn. Bhd., a wholly owned subsidiary company of Focus Lumber Berhad, as Financial Controller from January 2008 to January 2016. In January 2016, she joined Da Yuan Yang Industrial Co., Ltd. as International Marketing Manager. Her job scopes cover international marketing, Customer Relationship Management and managing risks in relation to Environmental, Social and Governance (ESG) matters.

She holds directorship in the subsidiary of the Company.

She is the spouse of Mr Lin, Hao-Wen, (Managing Director) the sister-in-law of Mr Lin, Hao-Yu, (Executive Director and major shareholder).

NAR CHIN KEOW*Independent Non-Executive Director**Appointed on 1 June 2022***Nationality** **Gender** **Age** 57

Ms Nar Chin Keow, our Independent Non-Executive Director, is also the Chairperson of Nomination Committee and a member of Audit Committee and Remuneration Committee of the Company.

Ms Nar has over 30 years of working experience in the legal profession. She started her legal career as an intern with Bakers & McKenzie, an international law firm in Sydney, Australia in 1988. She obtained an Ordinary Degree of Bachelor of Laws from University of Adelaide in 1990 and an Honours Degree of Bachelor of Laws with First Class Honours in 1991. She received a Butterworths Book Prize from the University of Adelaide in 1986 and was the recipient of the Taxation Institute of Australia Prize in 1989.

Ms Nar was admitted to the High Court of Malaya on 10 January 1992. In 1994, she was admitted to the High Court in Sabah and Sarawak, then practised as a lawyer and partner in the legal firm Alex Pang & Co. in Kota Kinabalu until April 2002 when she started her own legal practice. On 18 July 2017, she was admitted as an Australian lawyer in the Supreme Court of Victoria, Australia.

In 2014, she served in the Sabah Law Association Ethics and Etiquette subcommittee that oversees the legal course and examination for pupils which is a prerequisite for admission to the High Court in Sabah and Sarawak. In 2019, she was appointed as the Registrar of the Anglican Diocese of Sabah which post she still holds to date. In March 2024 she was selected by Property Hunter, a property portal and media agency under their annual recognition program WIRE as one of 8 women in Sabah recognised for their contribution in the real estate industry for 2024.

Currently, she is the Managing Partner of a legal firm, C.K. Nar & Co which specialises in property, banking, and contract law. She is also a Director of VFChin Interior Sdn Bhd.

She has no family relationship with any Director and/or major shareholder of the Company.

KENNETH CHIN KAH KIONG*Independent Non-Executive Director**Appointed on 19 May 2023***Nationality** **Gender** **Age** 51

Mr Kenneth Chin Kah Kiong, our Independent Non-Executive Director, is also the Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

He graduated with a professional degree in Association of Chartered Certified Accountants ("ACCA") and is member of ACCA and Malaysian Institution of Accountants ("MIA").

He has more than 24 years of extension experience in various spectrum of finance functions encompassing accounting, taxation, financial reporting, corporate finance across industries including construction, property development, hotel, retail and food & beverages in public listed companies. Senior leadership positions held by him included Executive Director of the Benalec Holdings Berhad, Chief Financial Officer of Focus Point Holdings Berhad, and Group Financial Controller in Karambunai Corp Bhd.

He has no family relationship with any Director and/or major shareholder of the Company.

DIRECTORS' PROFILE

CHONG SHU PHIN

Independent Non-Executive Director

Appointed on 19 May 2023

Nationality 

Gender 

Age 56

Mr Chong Shu Phin, our Independent Non-Executive Director, is also the Chairman of Remuneration Committee and a member of Nomination Committee and Audit Committee of the Company.

He holds a Bachelor Degree in Electronic and Computer Engineering from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He started his career with Sony TV Industries (M) Sdn. Bhd. in April 1990 as a design Engineer. He joined a consultancy firm in January 1995 as an Electrical Engineer involving in M&E engineering consultancy works mainly on design and project management. Currently, he is one of the Director of Jurutera Perunding M&E NTM (S) Sdn. Bhd.

He is also a Registered Energy Manager (REM1) registered with the Energy Commission in February 2010 and ECoS Registered Electrical Energy Manager (EREEM) registered with Energy Commission of Sabah (ECoS) in September 2024. He involved in Sustainable Energy Management System Program mainly as an Energy Manager and perform Energy Audit for commercial and Industrial buildings.

He has no family relationship with any Director and/or major shareholder of the Company.

None of the Directors has:

- Any conviction for offences within the past 5 years other than traffic offences and particulars at any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
- Any conflict of interest with the Company.

KEY SENIOR MANAGEMENT'S PROFILE

SU PEI SZE

Chief Financial Officer

Nationality 
Gender 
Age 44

Ms Su Pei Sze holds a Bachelor of Arts (Honours) in Accounting from the University of Hertfordshire, United Kingdom in 2002. She is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”), and also Fellow of the Association of Chartered Certified Accountants (“ACCA”).

Ms Su has more than twenty (20) years of experience in financial reporting, accounting and corporate finance. She commenced her career with Ernst & Young PLT, Malaysia in 2004, and has held senior management positions in several companies, predominantly in property development and construction and F&B sector. During her career, she was also involved in the Companies finance and accounting functions, which encompassing core areas such as statutory reporting, corporate governance, management reporting, business planning, risk management, fund raising exercise and related business initiatives, budgeting and forecasting. She is currently responsible for the management of financial affairs of the Group.

She has no family relationship with any Director and/ or major shareholder of the Company.

MENG QING QUAN

Assistant General Manager

Nationality 
Gender 
Age 51

Mr Meng Qing Quan hold a Diploma in Faculty of Management Engineering from Huaiyin Institute of Technology, China. He was appointed as Assistant General Manager for the Company on 20 February 2020.

Before joining the Company, he started as a Machine Operator at Jiangsu Longteng Chemical Co., Ltd., China in 1992. He was then promoted to Production Manager in 1998. In 2000, he worked as a Factory Manager of Lianyun Gangbaiyi Wooden Industry Limited Company, a plywood factory in China for nine (9) years.

He joined Focus Lumber Berhad in 2009 as a Senior Technical Supervisor and get promoted to the Assistant Factory Manager in 2015. He was responsible for machinery maintenance and repair as well as plywood production.

He has no family relationship with any Director and/ or major shareholder of the Company.

LIN, FU-MAO

Purchasing Manager (Store Department)

Nationality 
Gender 
Age 69

Mr Lin Fu Mao, origins from Kaohsiung, Taiwan, was appointed as Purchasing Manager on 1 July 2016 mainly to take over Lu Kuan-Cheng’s job, our previous Executive Director who resigned on 03 August 2016. He graduated from Gang Shan Secondary School, Taiwan in 1971.

Before working in Malaysia, he was the Purchasing Supervisor of Pheapimex Fu-Chan (Cambodia) Co. Ltd., a timber related company located in Cambodia from 1995 till 2008. He then moved to Miri, Sarawak, Malaysia in 2011 for his career and worked in Country Forest Industries Sdn. Bhd., a plywood and veneer manufacturing company as a Purchasing Manager till 2016.

He has no family relationship with any Director and/ or major shareholder of the Company.

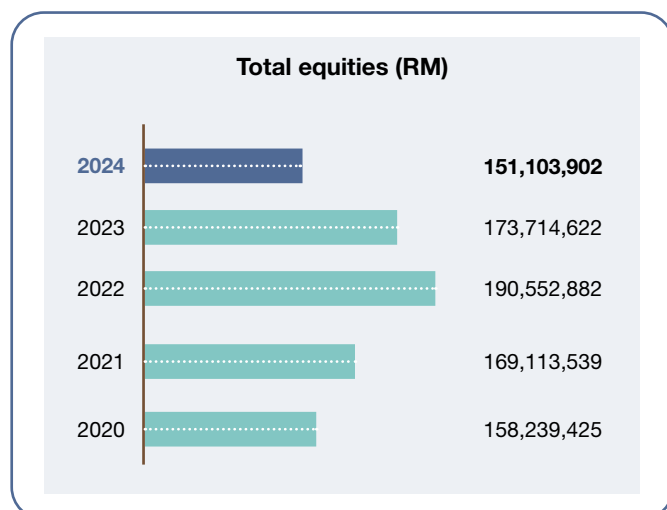
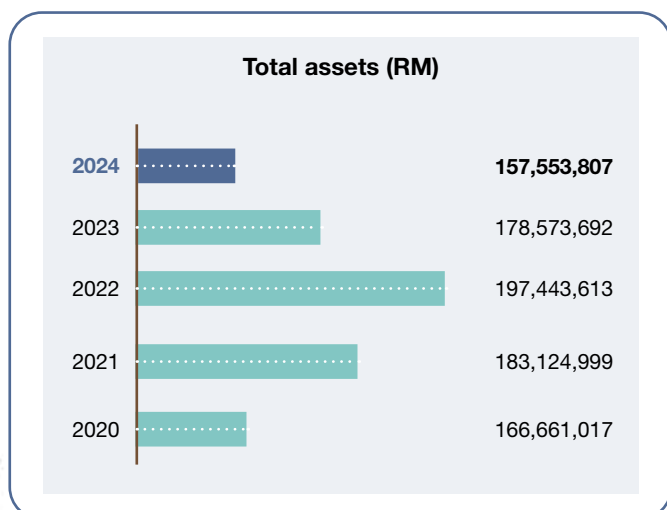
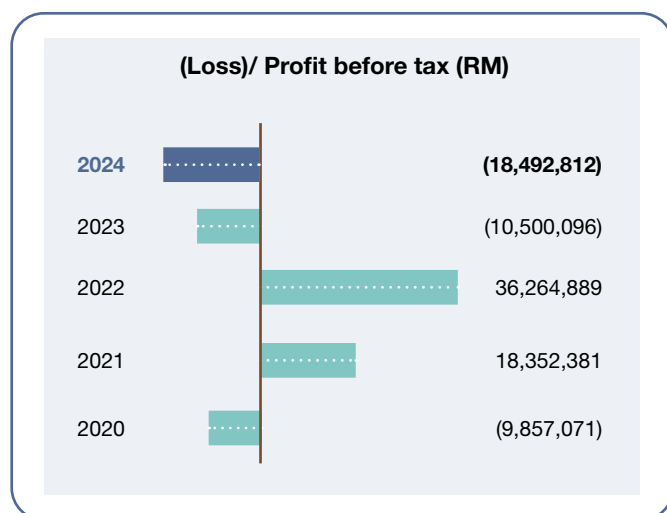
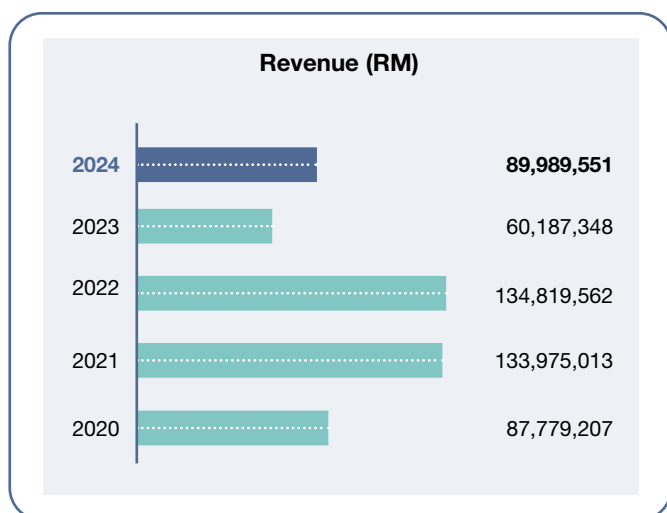
None of the Key Senior Management has:

- Any conviction for offences within the past 5 years other than traffic offences and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year;
- Any conflict of interest with the Company; and
- Any directorship in public companies and listed issuers

5-YEARS FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
Operating Results (RM)					
Revenue	89,989,551	60,187,348	134,819,562	133,975,013	87,779,207
Gross (loss)/ profit	(11,066,038)	(6,581,714)	39,585,948	22,295,730	(6,128,073)
Operating (loss)/ income	(20,832,533)	(13,513,968)	34,623,194	17,405,601	(11,130,714)
(Loss)/ Profit before tax	(18,492,812)	(10,500,096)	36,264,889	18,352,381	(9,857,071)
(Loss)/ Profit after tax	(18,242,087)	(7,888,421)	27,669,710	15,402,991	(9,038,899)
Key Balance Sheet Data (RM)					
Total assets	157,553,807	178,573,692	197,443,613	183,124,999	166,661,017
Total liabilities	6,449,905	4,859,070	6,880,731	14,011,460	8,421,592
Total equities	151,103,902	173,714,622	190,552,882	169,113,539	158,239,425
Valuation					
Basic (loss)/ earnings per share* (sen)	(8.35)	(3.61)	13.52	7.56	(4.51)
Net dividend per share* (sen)	2.00	2.00	8.64	4.00	1.50
Net assets per share* (RM)	0.69	0.80	0.88	0.86	0.80

* The comparative basic (loss)/ earnings per share, net dividend per share and net assets per share have been restated to reflect the effect of bonus issue on the basis of one new ordinary share for every one existing ordinary share which was completed on 2 November 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Focus Lumber Berhad (“FLBHD” or “the Company”) is a leading manufacturer of high-quality wood products, including plywood, veneer, and laminated veneer lumber (“LVL”) in Malaysia.

Our plywood is designed for a wide range of applications that require durable, high-strength sheet materials. We specialise in producing thin panel plywood with a thickness of less than 6mm, which is ideal for further processing by laminate factories. This type of plywood is particularly favored in the Recreational Vehicle (“RV”) market in the United States (“US”), where the majority of our products are exported. Additionally, we manufacture thick panel plywood ranging from 6mm to 18mm, catering to various industries such as RV manufacturing (mainly in the US market), home renovation, furniture production, and house construction. Beyond plywood, we also supply core veneer and LVL to customers across Asia, reinforcing our presence in the regional market.

Our plywood is environmentally friendly, and we were the first Malaysian plywood mill to be certified as a California Air Resources Board (“CARB”) Certified Manufacturer by an independent accreditation firm. Additionally, our plywood complies with the formaldehyde emission requirements outlined in the US Environmental Protection Agency (“EPA”) Toxic Substances Control Act (“TSCA”) Title VI, Formaldehyde Emission Standards for Composite Wood Products.

In addition, we comply with the requirements of the Sabah Timber Legality Assurance System (“TLAS”), specifically Principle 5 (Mill Operations) and Principle 6 (Trade and Customs). We remain committed to adhering to these regulations, as our customers highly value the quality of our products, the legality of our raw materials, and the sustainability of our business.

Our wholly-owned subsidiary, Untung Ria Sdn Bhd (“Untung Ria”), is primarily engaged in electricity generation, sales, and investment in monetary instruments. Untung Ria reuses bulk waste to produce biomass energy, supplying electricity to the Group’s manufacturing plant. This initiative has led to significant cost savings for the Group while reducing our dependence on costly fossil fuels.

In prior financial year, the Company had entered into an Industrial Tree Planting Agreement (“ITPA”) with Rakyat Berjaya Sdn Bhd where permission is granted to the Company to plant, rehabilitate and harvest forests under the principles of sustainable forest management and environmental conservation for economic, environmental and social purpose. A new wholly-owned subsidiary, Forming Plantation Sdn Bhd was set up with the purpose of undertaking the planting, rehabilitating and harvesting of forests under the ITPA.

OBJECTIVES AND STRATEGIES

Our strategy focuses on leveraging our competitive strengths to expand into both existing and new markets. We continuously strive to enhance product quality and minimise reliance on labour by investing in advanced machinery and automation.

FINANCIAL AND OPERATION REVIEW

For financial year (“FY”) ended 31 December 2024, the Group recorded a revenue of RM89.99 million, an increase of 50% as compared to RM60.19 million recorded in FY 2023.

FY 2024 presents a more favorable outlook for the Group, as the global lumber market shows signs of recovery following the downturn in late 2022 and throughout FY 2023. Easing inflationary pressures and interest rate cuts in the US have improved consumer confidence, leading to a rebound in discretionary spending and a more positive market environment.

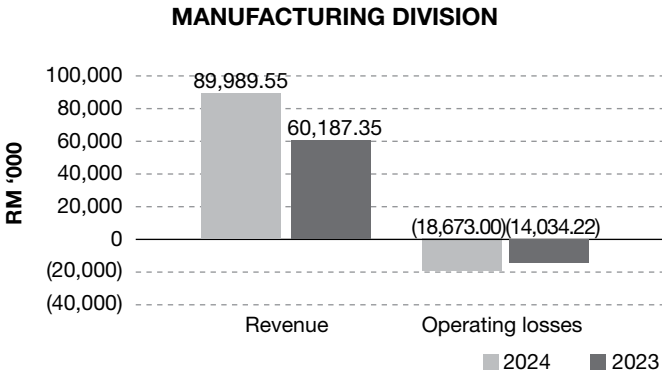
Non-operating income for the financial year ended 31 December 2024 was RM2.34 million, reflecting a 22% decline compared to the previous financial year. Non-operating income, primarily derived from gains on money market funds, declined due to lower return rates and reduced principal balances.

Despite an increase in revenue, the Group reported a net loss after tax of RM18.24 million in FY 2024, compared to RM7.89 million in FY 2023. The results for FY 2024 were mainly affected by provisions for slow-moving inventories, rising raw material costs, overhaul of the biomass power plant, allowances for impairment losses on receivables and the expensing of pre-operating costs, as harvesting activities under the new subsidiary had not yet commenced.

MANAGEMENT DISCUSSION AND ANALYSIS

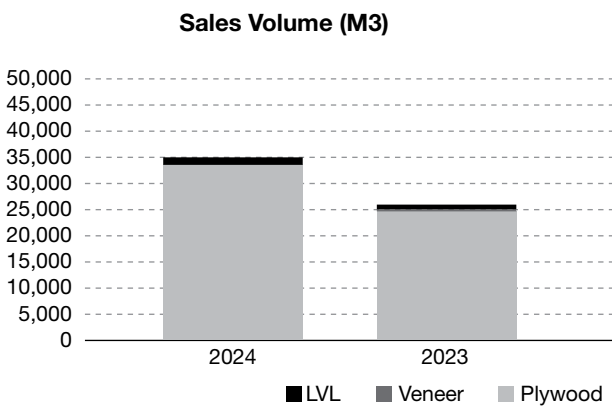
MANUFACTURING DIVISION

Financial Performance



Sales from the manufacturing division increased by 50%, reflecting a resilient recovery for the Group, driven by rising demand for our plywood products, particularly in the US market. Interest rates cut in the US supported a rebound in the RV sectors in FY 2024. Despite higher sales, the manufacturing division recorded a deeper loss in the current financial year, mainly due to increased production costs and provisions for slow-moving inventory. Sales from the manufacturing division contributed close to 100% of the Group’s total revenue, as the subsidiary’s electricity generation continued to be supplied almost entirely to the holding company.

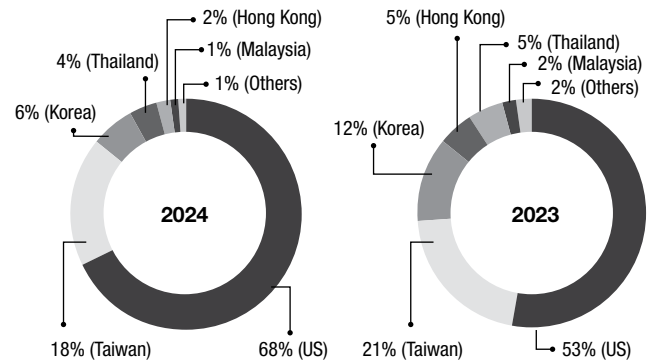
Sales and Shipments



Driven by rising demand for plywood, total sales volume increased by 36% in FY 2024 compared to FY 2023.

The average selling price of plywood and LVL remained comparable to the previous financial year. However, the slight price improvement in US dollar was offset by unfavorable exchange rates during the current financial year.

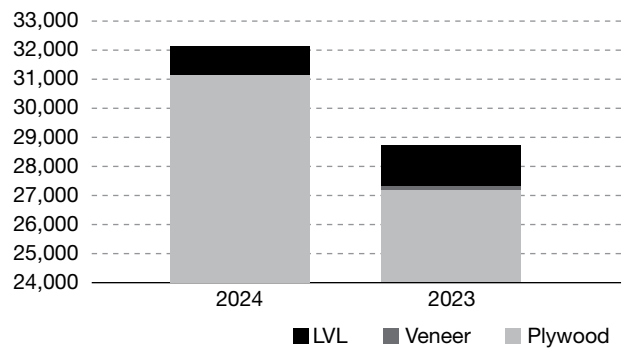
Sales Volume by Destination



In 2024, our exports to the US grew by 15% year-over-year, supported by the recovery of the US RV sector. The US continues to be our largest market, followed by Taiwan, Korea, Thailand, and Hong Kong. Most of our customers are loyal partners who have established long-term relationship and trust in us, an essential criterion amidst the challenging economy. Our revenue information based on the geographical location of customers is disclosed under Note 37 to the Financial Statements.

Production and Costs

Production Volume (M3)



In 2024, the Group’s total production volume increased by 12% compared to 2023, driven by the recovery of market demand for plywood, leading to higher production levels throughout the year. Despite a 36% increase in sales volume, total production volume rose by only 12% as the Group focused on reducing accumulated inventories.

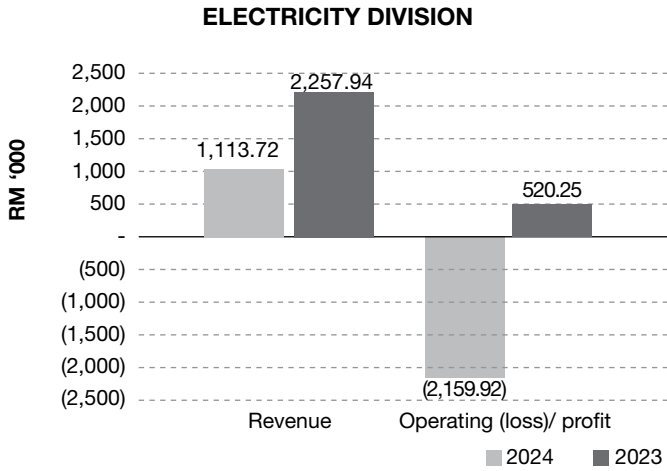
Production cost per m3 in FY 2024 was higher compared to FY 2023 due to the weaker production recovery rate, rising raw material costs and provisions for slow-moving inventories.

Total freight charges rose by 350% in FY 2024, driven by increased sales volume and higher ocean freight rates compared to FY 2023. The surge in ocean freight costs was particularly pronounced during the first nine months of FY 2024, primarily due to supply chain disruptions and geopolitical tensions.

MANAGEMENT DISCUSSION AND ANALYSIS

ELECTRICITY DIVISION

Financial Results



Revenue from the electricity segment in 2024 decreased by 50% to RM1.11 million from RM2.26 million. Nearly all the electricity generated during the year was supplied to the Group’s manufacturing division. Additionally, an overhaul of the biomass power plant was carried out in FY 2024, contributing to higher repair and maintenance costs. As a result, the electricity division recorded a loss in the current financial year.

Sales, Production and Costs

In 2024, Untung Ria generated 4,904,700 kWh of electricity, with 40% used for its own operations, including the control room and machinery. A negligible portion was sold to a third party, while the remaining 60% was supplied to its holding company at a rate of RM0.376 per kWh.

In recent years, the wood waste generated from our operations has been insufficient to sustain biomass energy production, leading the Group to procure additional wood waste from third parties. However, with the gradual increase in wood waste prices, in FY 2024, the Group discontinued external purchases and opted to rely solely on internally generated wood waste. Additionally, the Group secured an electricity supply from Sabah Electricity Sdn Bhd (“SESB”) to power its office, hostel, and manufacturing plant in Keningau.

The Group actively contributes to a greener environment by recycling wood waste from its operations and optimising the use of biomass energy.

RISKS AND UNCERTAINTIES

Product Demand and Price Fluctuations

Our revenue and financial performance are primarily driven by the demand for and selling prices of our products, both of which are subject to significant fluctuations. The demand and pricing for wood products are highly volatile and influenced by various factors, including global economic conditions, particularly within the US housing and RV sectors, changes in industry production capacity, inflationary pressures, and other external factors beyond our control. A decline in demand, accompanied by a corresponding reduction in prices, may adversely impact our financial condition and operating results.

While we have faced challenges due to past declines in product pricing, we have proactively implemented cost management strategies and optimised production scheduling to enhance operational efficiency and safeguard our financial stability. These measures have strengthened our ability to navigate market fluctuations and adapt to changing demand.

Although external factors beyond our control make it difficult to predict future market conditions with certainty, we remain confident in our ability to respond effectively to industry dynamics, capitalize on emerging opportunities, and maintain long-term resilience.

Reliance on the US Market

In 2024, 75% of our revenue (2023: 58%) was generated from exports to the US market. This reflects our strategic focus on the US, where we can achieve premium pricing for our plywood due to the high-quality standards required by the RV sector, including superior finishing and low formaldehyde emissions.

While future economic slowdowns in the US or the potential loss of key customers could impact our financial performance, we remain committed to strengthening our market position, diversifying our customer base, and enhancing our value proposition to mitigate such risks.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES (CONTINUED)

Costs and Availability of Raw Materials

Our manufacturing processes rely on key raw materials, including logs, resin, and energy sources such as wood chips and diesel fuel. While competition and supply constraints may lead to increased demand and costs for these inputs, we remain proactive in managing procurement strategies to ensure a stable supply chain. Factors such as weather conditions may occasionally disrupt supply, and we have experienced cost inflation across several inputs, including raw materials and energy, impacting operating costs and margins.

We continuously refine our supply chain management and operational efficiencies to mitigate potential disruptions related to the procurement of logs, resin, production inputs, and other essential materials. Additionally, we actively address challenges related to skilled labour availability and inflationary pressures to safeguard our financial performance.

Although there is no absolute assurance that we can fully offset rising raw materials and energy costs through hedging, price adjustments, productivity enhancements, or cost-reduction initiatives, we remain committed to implementing strategic measures to enhance resilience and sustain long-term profitability.

Foreign Currency Exchange Rates Fluctuation

A substantial portion of our sales is denominated in USD, while a significant share of our operational costs and expenses is incurred in MYR. As a result, any appreciation of the MYR against the USD may impact our revenue in MYR, affecting operating margins and cash flow availability.

Additionally, we are exposed to exchange rate fluctuations when purchasing machinery, spare parts, and covering certain expenses denominated in foreign currencies such as JPY and EUR. These fluctuations may lead to exchange gains or losses, which can influence our earnings.

Foreign currency exchange rates are influenced by a wide range of factors, making precise forecasting challenging. However, we remain proactive in managing currency risks through strategic financial planning and risk mitigation measures to safeguard our financial performance.

Labour Shortage

We operate in a labour-intensive industry that relies on a skilled workforce to ensure efficient production. Any labour shortages, whether due to supply constraints or government regulations on foreign worker employment, may pose challenges to our operations, potentially leading to production delays or reductions. However, we remain committed to proactively addressing these challenges through workforce planning, process automation, and operational efficiency improvements to sustain productivity and minimise disruptions to our operating performance.

Competition

We operate in a competitive global market, particularly against producers from Southeast Asia who may benefit from greater financial resources and lower production costs. Currency devaluations in certain regions can further reduce competitors' costs, potentially impacting the competitiveness of our products in specific markets.

To strengthen our market position, we focus on optimising production efficiency, maintaining cost-effective operations, and ensuring timely delivery of our products. Key factors influencing our success include the cost and availability of raw materials, energy, and labour, as well as our ability to sustain high production rates and low per-unit costs. Additionally, the quality of our products and customer service plays a crucial role in maintaining strong customer relationships.

By continuously enhancing our competitive advantages, we aim to differentiate ourselves in the market. While increased competition could pose challenges, we remain committed to innovation, efficiency, and customer satisfaction to drive sustainable growth and long-term business success.

Compliance with Laws and Regulations

We operate in compliance with stringent environmental laws and regulations governing air emissions and pollutants, which are essential for sustainable business operations. Environmental considerations in our industry include the management of bulk waste from timber materials, emissions from wood chip combustion in boilers, and sawdust in work areas. We have made, and will continue to make, strategic capital investments and operational enhancements to ensure compliance with these regulations. Additionally, we actively minimise our environmental impact by recycling bulk waste to generate biomass energy, which supports the sustainability of our production plant and office operations.

Beyond environmental compliance, we adhere to strict workplace safety and occupational health regulations. To safeguard our employees, we have implemented comprehensive safety and health standard operating procedures and maintain employees' liability and workmen's compensation insurance coverage. These proactive measures help mitigate workplace risks while fostering a safe and productive work environment.

While evolving regulatory requirements may lead to increased administrative costs, we remain committed to meeting compliance standards efficiently. By continuously enhancing our operational practices and aligning with regulatory expectations, we aim to strengthen our resilience, maintain business continuity, and support long-term growth.

MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND UNCERTAINTIES (CONTINUED)

Shipping and Transportation Challenges

Our business success relies on the efficient and timely delivery of a high volume of products to our customers. To achieve this, we primarily depend on third-party transportation providers, including truckers, bulk carriers, and container shippers. While factors such as equipment availability, weather disruptions, and labour disputes may pose challenges, we actively work to strengthen our logistics partnerships and optimise transportation planning to mitigate potential disruptions.

Shipping and container capacity constraints could impact our ability to fulfill customer orders efficiently, leading to higher inventories and increased transportation and storage costs. However, we remain committed to proactive supply chain management and strategic logistics solutions to minimise such risks. Ensuring that third-party transportation providers deliver finished goods on schedule is crucial to maintaining our strong reputation, customer relationships, and seamless production operations.

Freight charges and transportation costs are influenced by market competition and fluctuating fuel prices. While these factors may affect overall costs, we continuously explore cost-effective shipping strategies, alternative logistics solutions, and efficiency improvements to safeguard our operational performance. By staying agile and adaptable in our transportation strategies, we aim to sustain business growth and maintain reliable product delivery to our customers.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

Our capital management strategy is centred on maintaining adequate liquidity and financial flexibility, particularly during the lower phases of the business cycle. We continuously monitor and assess our financial performance to uphold a strong financial position while anticipating market trends. To achieve this, the Group may adjust its capital structure in response to evolving economic conditions, including optimising dividend payments, returning capital to shareholders, or issuing new shares when necessary.

Over the next twelve months, we anticipate that our primary capital investments will be directed toward property, plant, and equipment. Our key sources of liquidity will be cash flows generated from sales and operating activities. Given our prudent financial management and strong operational foundation, we are confident that these sources will be sufficient to meet our ongoing financial commitments for the foreseeable future, including at least the next twelve months.

Share Repurchases

The Company had at its 34th Annual General Meeting held on 24 May 2024, obtained the approval from the shareholders to purchase its own shares up to 10% of the total issued share capital of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. The said approval will be expiring at the conclusion of the forthcoming 34th Annual General Meeting of the Company unless the approval is renewed. During the year, the Company did not undertake any repurchase of ordinary shares. As at 31 December 2024, a total of 11,988,332 ordinary shares amounting to RM7.39 million are held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

Sources and Uses of Cash and Cash Equivalents

OPERATING (RM6.63 million used)

- RM6.00 million cash used in operations
- RM0.28 million interest collected
- RM0.91 million income tax paid

INVESTING (RM9.78 million used)

- RM7.94 million addition of PPE
- RM1.85 million investment in unquoted shares
- RM0.01 million other proceeds

FINANCING (RM4.37 million used)

- RM4.37 million dividends paid

NET MOVEMENT (RM20.77 million increase)

- RM88.11 million opening balance
- RM0.04 million unrealised loss
- RM67.38 million closing balance

Operating Activities

In 2024, cash flows used in operating activities amounted to RM6.63 million. This was primarily driven by a net loss before taxation of RM18.49 million, adjusted for non-cash items such as depreciation, provisions for slow-moving inventory, and allowances for impairment losses approximately RM8.04 million. Additionally, changes in working capital components and tax payments of RM0.91 million contributed to the cash outflows, partially offset by interest income of approximately RM0.28 million received during the year. The changes in working capital resulted in a net increase in cash, primarily due to a reduction in inventory, other current assets, payables, and contract liabilities, amounting to RM8.56 million. However, this was partially offset by an increase in trade and other receivables of RM3.78 million. Compared to FY 2023, net cash used in operating activities amounted to RM22.98 million, primarily resulting from the operating loss and a reduction in working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

Investing Activities

During FY 2024, net cash used in investing activities amounted to RM9.78 million, primarily due to cash outflows for investments in property, plant, and equipment, as well as unquoted shares. In comparison, net cash used in investing activities in 2023 was RM4.30 million, mainly for the acquisition of property, plant, and equipment.

Financing Activities

During FY 2024, net cash used in financing activities amounted to RM4.37 million, solely for dividend payments. In contrast, net cash used in financing activities in FY 2023 was RM8.25 million, primarily due to share repurchases and dividend payments, partially offset by proceeds from the exercise of the Employee Share Option Scheme (“ESOS”).

Working Capital and Cash and Cash Equivalents

Working capital is an important measurement used to determine the efficiencies of our operations and our ability to readily convert assets in to cash. Working capital is defined as current assets less current liabilities. Management of working capital helps us monitor our goals to enhance our return on working capital assets.

Working capital decreased to RM120.18 million as at 31 December 2024 from RM149.11 million as at 31 December 2023. Cash and cash equivalents as at 31 December 2024 amounted to RM67.38 million (2023: RM88.11 million). Under normal business cycles, and assuming no major acquisitions apart from investments in access infrastructure and operational facilities within the forest designated area granted under ITPA, our cash and cash equivalents, along with cash generated from operations, should be sufficient to meet our financial requirements.

BUSINESS OUTLOOK

As we step into 2025, the plywood industry is entering a period of cautious optimism. Signs of recovery are emerging across several key end-user markets, particularly in the US recreational vehicle (RV) sector. According to the RV Industry Association (RVIA), RV shipments are projected to rise in 2025, supported by growing consumer interest in outdoor travel and lifestyle shifts favoring domestic tourism. With interest rates on a downward trajectory, credit conditions are expected to ease, bolstering consumer spending and supporting RV sales growth. As a result, demand for plywood in this segment is set to improve, directly benefiting our business.

We are evaluating an upward adjustment to our average selling price (ASP) in the coming year, in line with recovering demand and improved market sentiment. The expected easing of interest rates in 2025 is likely to stimulate broader economic activity, supporting a rebound in construction, housing, and furniture sectors, all of which are key drivers of plywood demand.

However, 2025 also brings new challenges. Global market dynamics remain volatile amid shifting trade policies under the new Trump administration, including renewed talk of tariffs and tighter trade terms with key Asian exporters. Currency fluctuations and geopolitical uncertainty continue to affect raw material pricing and cross-border trade flows. Additionally, competition from lower-cost Southeast Asian producers remains intense.

In response, we are proactively strengthening our cost control strategies, enhancing operational efficiencies, and expanding our presence in diversified markets. Our focus remains on value creation, innovation, and resilience, ensuring that we are not only reacting to change but strategically positioned to thrive within it.

Regarding the ITPA signed in 2023, the environmental impact assessment and preparation of the plantation development plan are currently in progress. Meanwhile, we are developing the access infrastructure to our designated forest area. Harvesting activities are expected to commence in the second half of the year.

In 2025, our key focus areas will include:

- ✓ Enhancing production efficiency through process optimisation and automation;
- ✓ Expanding our market presence in high-growth regions while maintaining our strong foothold in the US market;
- ✓ Promoting sustainability by optimising raw material usage, leveraging biomass energy to reduce environmental impact and promote a greener workplace;
- ✓ Strengthening financial resilience through disciplined capital expenditure management and maintaining a healthy cash flow; and
- ✓ Ensuring a steady raw material supply by executing responsible and sustainable harvesting practices within our designated forest areas, in full compliance with environmental and regulatory standards.

With these strategic initiatives in place, we remain cautiously optimistic about our path to recovery and profitability in 2025 and are committed to delivering long-term value to our stakeholders.

SUSTAINABILITY STATEMENT

About this Sustainability Statement

The Group is pleased to present its Sustainability Statement which showcases its sustainability progress for the financial year ended 31 December 2024 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Introduction

Business environment has presently evolved with greater emphasis on how businesses and business operations are impacting the economic, environmental and social issues that are related to their respective businesses. Sustainability evaluation will provide the various stakeholders with a better understanding and critical information on the environment which the businesses are operating in. This would enable a more in-depth analysis of the risks and the potential impact that the businesses are having on the stakeholders.

Any successful corporation must follow sound corporate governance principles. A risk assessment was carried out to detect potential danger for corruption inside operations in order to provide a firm foundation for ethics and integrity.

Our Commitment to Business Sustainability

Sustainability is an inherent component of running a successful company, and we constantly work to conduct our business in an ethical, open, and responsible manner, expecting our business partners to act in a similar manner.

The Group is in the journey towards building a sustainable impact on the economy, environment and the local community. This statement focuses on the sustainability risks and opportunities that we have faced in 2024. Through this Sustainability Statement, we provide the focus on the Group's commitments on the aspects of economic, environmental and social ("EES"), and ensure that we have disclosed our performance on these issues transparently. This statement is intended to go into further depth about our strategy for sustainable business. Additionally, it refers stakeholders to additional, more in-depth information on environmental, social, and ethical issues in our Annual Report 2024.

Reporting Standards

This Sustainability Statement was prepared in accordance with the following regulatory and guidance:

- Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities");
- Sustainability Reporting Guide, 2nd Edition ("SRG") issued by Bursa Malaysia Securities;
- Malaysian Code on Corporate Governance, updated on 28 April 2021 ("MCCG 2021");
- Global Reporting Initiative ("GRI") 2021; and
- The Greenhouse gas ("GHG") Protocol – A Corporate Accounting and Reporting Standard.

Efforts were made to meet the core principles of the GRI standards and improve the sustainability disclosure.

Reporting Period

Complementing the Annual Report, this Sustainability Statement discloses all relevant sustainability information from 1 January 2024 to 31 December 2024 ("FY2024"), unless otherwise specified.

Reporting Scope

This statement covers sustainability matters of our 2 business divisions (manufacturing of wood products and generation of electricity) as illustrated below. The GHG emissions reporting scope covers the production site of the Group in Keningau.



富佳木業有限公司

FOCUS LUMBER BERHAD
Registration No.: 198901011405 (188710-V)

UNTUNG RIA SDN BHD

FORMING PLANTATION SDN BHD[^]

[^] Incorporated on 18 December 2023, as at the reporting date the Company has not yet commenced business operations.

SUSTAINABILITY STATEMENT

Assurance Statement

The data presented in this Sustainability Statement is sourced internally from within the Group. It is compiled and measured against industry standards in alignment with our sustainability targets. To the best of our ability, the results are verified by the Management and undergo a review by the management level Sustainability Committee before being presented to the Board.

As part of our continuous improvement efforts, the Group is actively working to enhance our data collection processes, address any reporting gaps and expand our assurance has been sought for the disclosures made in this report.

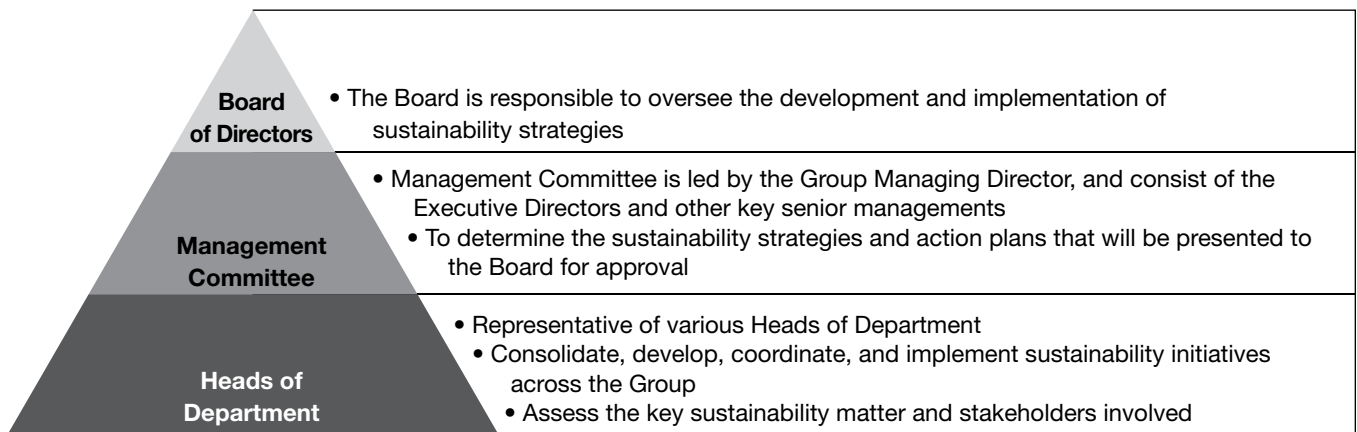
Governance

We embrace a strong governance structure and a clear line of accountability enables the Group to deliver its commitment to sustainability. The Group's efforts towards sustainable operations are driven by the directives and inputs from the Board and management. A strong governance structure also enables a consistent approach towards sustainability efforts and initiatives as well as gaining the confidence and trust of our shareholders, business partners, employees and stakeholders.

Sustainability Governance

Sustainability governance helps a company implement sustainability strategy across the business, manage goal setting and reporting processes, strengthen relations with external stakeholders, and ensure overall accountability.

A three-tier sustainability governance structure was formed in year 2022, comprising the Board of Directors, the Management Committee and the Heads of Department. Their roles and responsibilities are described in more detail below.



Sustainability Policy

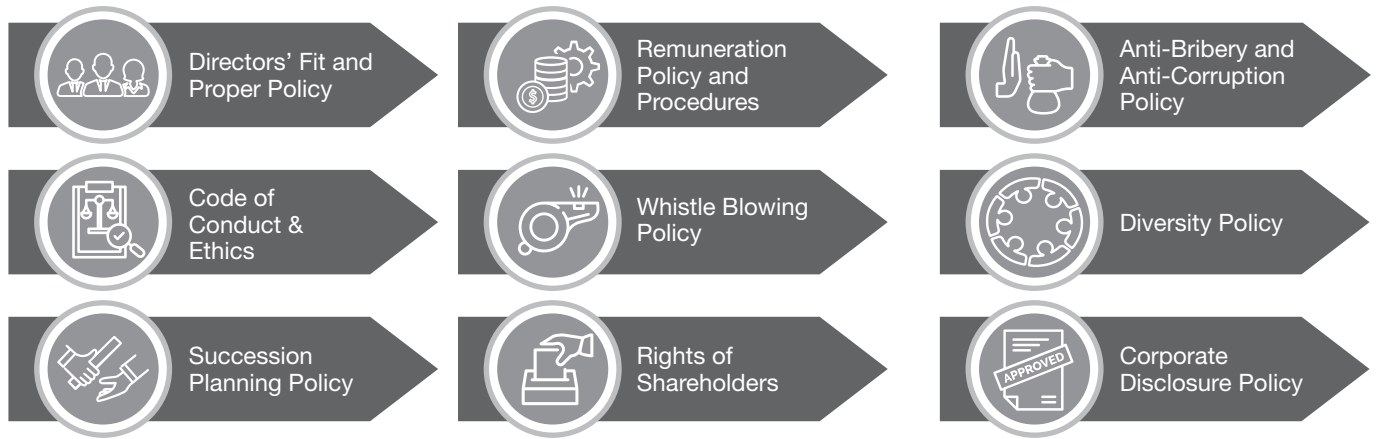
A sustainability policy is developed within the framework of economic, social, and environmental sustainability. This Policy was established and approved by the Board on 11 April 2013, that aims to guide the Group's action towards achieving a sustainable future for both the Group and our community as a whole. This policy is reviewed annually by the Board. It ensures ethical practices of the Group's financial performance, management and operation with the view to contributing to the overall environmental sustainability while creating value from sustainable practices. Below are the principles of the sustainability policy.

<p>Compliance Requirement</p> <ul style="list-style-type: none"> To observe and comply with relevant legislation, regulations and codes of practice. 	<p>Incorporating Sustainability in Business Planning</p> <ul style="list-style-type: none"> To consider sustainability issues and integrate these considerations into our business decisions. 	<p>Employee Engagement for Sustainability</p> <ul style="list-style-type: none"> To promote and ensure that all employees are aware of and are committed to implementing and measuring sustainability activities considering environment, social, economic and governance factors. 	<p>Annual Sustainability Performance Reporting and Improvement</p> <ul style="list-style-type: none"> To annually report, review and to continuously strive to improve our sustainability performance.
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SUSTAINABILITY STATEMENT

Policies and Procedures

The Group has also established several other policies to establish guidelines and requirements to support ethical laws and regulations, aid in governance, and demonstrate the reliability of our company. They are as follows:



Stakeholders' Engagement

We see ourselves as a local company with a big worldwide reach. Our operations, which are influenced by our business, in turn, are greatly influenced by our stakeholders. The Group continue with its focus to enhance its relationship with all the stakeholders as stakeholders would have significant influences in the Group's business sustainability. The Group had undertaken several initiatives to address some of the stakeholders' needs and expectations towards the achievement of a long-term sustainable growth.

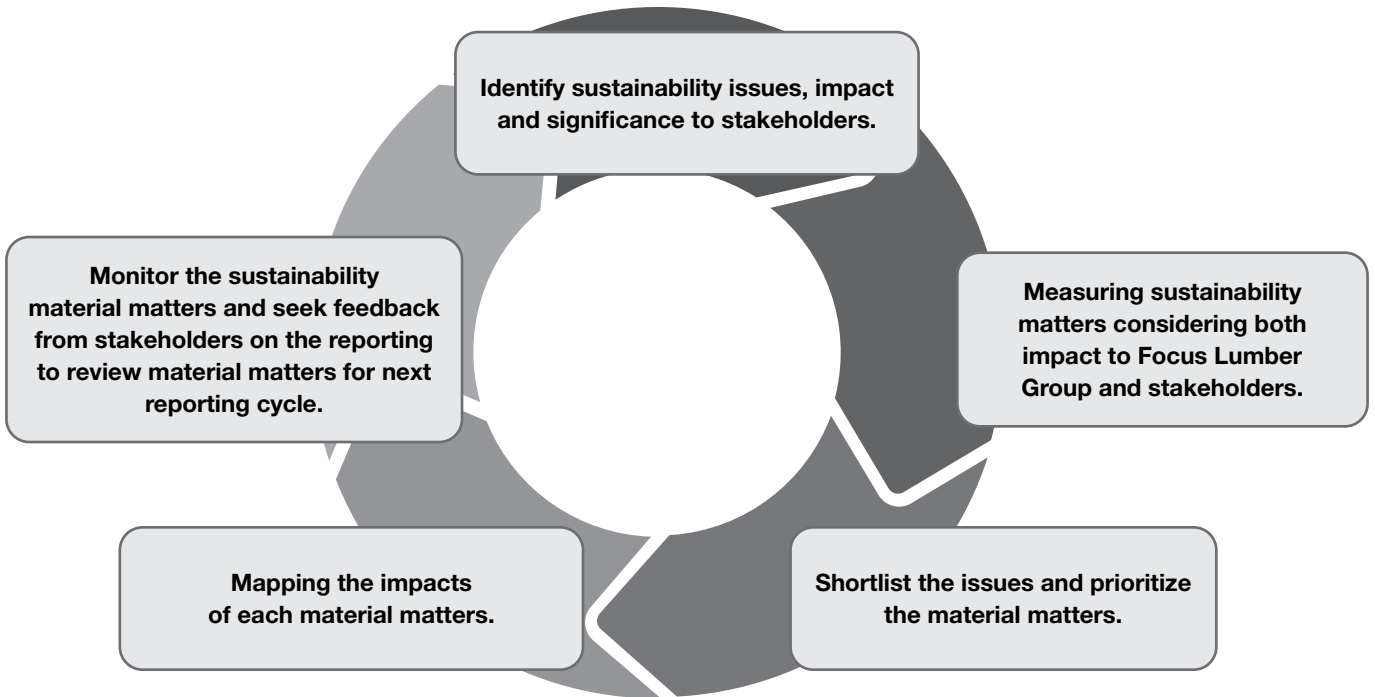
Below are the highlights of Stakeholders' area of interest and initiatives undertaken by the Group:

Key Stakeholders	Areas of Interest	Engagement Methodology	Frequency of Engagement
 Customers	<ul style="list-style-type: none"> • Product pricing • Product quality • Compliance with International Quality Standards 	<ul style="list-style-type: none"> • Visit customers to understand their needs on our products • Continuous engagement with customers for better customer experience 	<ul style="list-style-type: none"> • As needed • On-going
 Shareholders and Investors	<ul style="list-style-type: none"> • Group financial performance • Business strategy and governance 	<ul style="list-style-type: none"> • Annual general meeting • Company website • Annual Reports • Quarterly Report 	<ul style="list-style-type: none"> • Annually • On-going • Annually • Quarterly
 Suppliers	<ul style="list-style-type: none"> • Service delivery • Payment schedule • Pricing of services • Services/products quality 	<ul style="list-style-type: none"> • Purchasing contract • Purchasing policy • Correspondences • Conflict of Interest Declaration Form 	<ul style="list-style-type: none"> • On-going • As needed • On-going
 Employees	<ul style="list-style-type: none"> • Career development • Employee welfare and health and safety 	<ul style="list-style-type: none"> • Training • Meeting/ discussion • Informal or festival gathering 	<ul style="list-style-type: none"> • As needed • On-going • On-going
 Government	<ul style="list-style-type: none"> • Compliance • Labour practices • Environmental impact 	<ul style="list-style-type: none"> • Active engagement with agencies/ associations • Attend seminars on related regulatory issues 	<ul style="list-style-type: none"> • On-going • On-going
 Community	<ul style="list-style-type: none"> • Community living issue • Corporate social responsibilities activities 	<ul style="list-style-type: none"> • Donations • Charitable events 	<ul style="list-style-type: none"> • On-going • On-going

SUSTAINABILITY STATEMENT

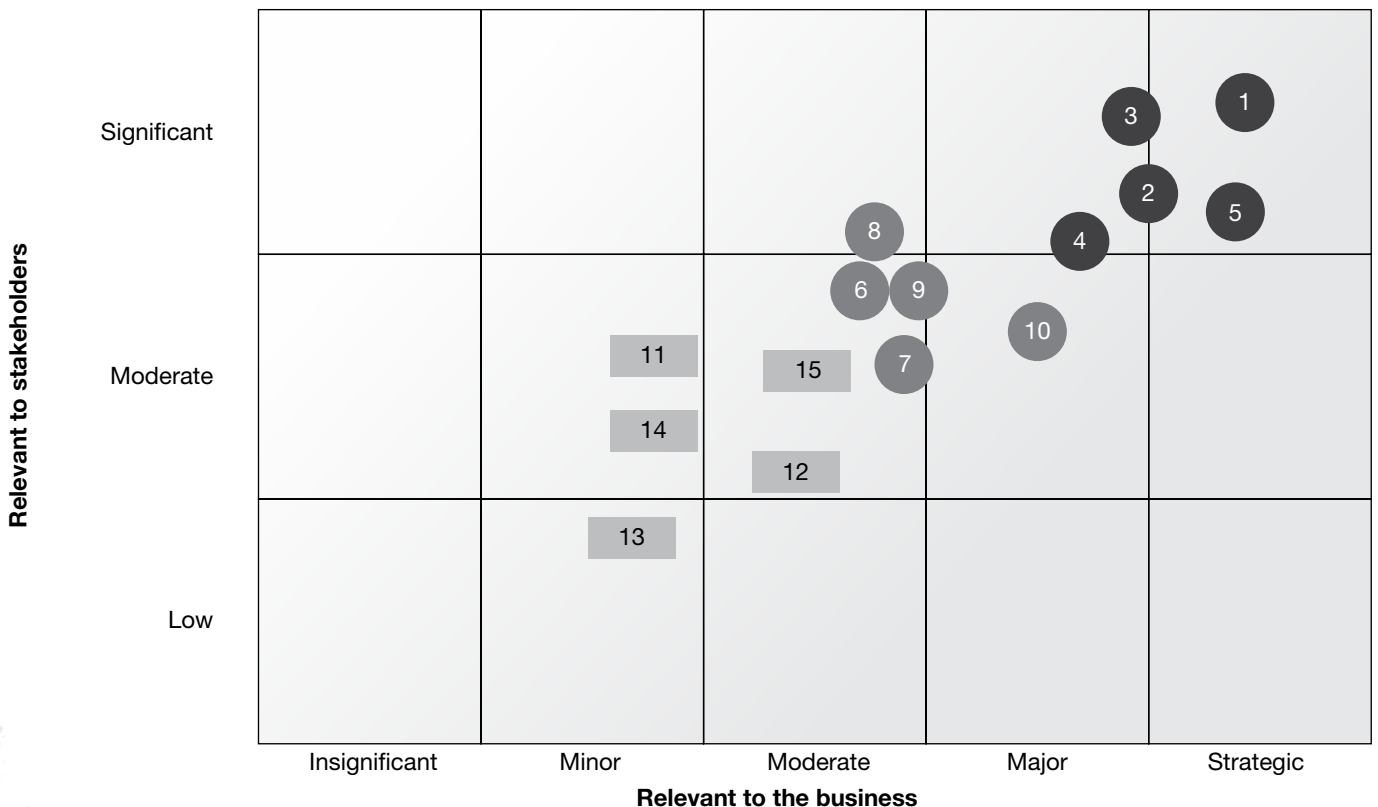
Materiality Assessment and Key Sustainability Matters

Focus Lumber applied the GRI Standards to identify and prioritise the key sustainability topics, to tailor its approach taken in relation to sustainability on the management of the ESG impacts of its business operations on its stakeholders. 5 steps were taken by Focus Lumber to arrive at the list of material factors for reporting:



Based on the above assessment process, it resulted in the identification of 15 material matters, of which 8 were ranked as highly material.

SUSTAINABILITY MATERIALITY PROFILE



Materiality Assessment and Key Sustainability Matters (continued)

ECONOMIC		ENVIRONMENT		SOCIAL	
1	Economic Presence	6	Energy	11	Employment
2	Market Presence	7	Water	12	Diversity and Equal Opportunities
3	Product and Service Quality	8	Emissions	13	Training and Education
4	Procurement Practices	9	Effluent and Waste Management	14	Occupational Health and Safety
5	Anti-Corruption	10	Environment Compliance	15	Local Communities

Risk, Opportunities and Management Action Plans

By conducting a material assessment, the Group identifies the most significant sustainability issues that address and prioritise actions accordingly. This process enables the Group to identify potential risks that could negatively impact its operations, as well as opportunities to create a positive impact on its communities and key stakeholders. By effectively managing risks and capitalising on opportunities, the Group creates long-term value for its key stakeholders while also contributing to sustainable development to achieve its goals and thrive in the long run.

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
ECONOMIC				
Economic presence	<ul style="list-style-type: none"> • Potentially affect financial performance • Changes in consumer demand • Fluctuations in raw material prices • Competition from existing and new players 	<ul style="list-style-type: none"> • Re-assess the Group’s strategies • Collaboration with stakeholders to address the opportunities 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Diversifying product portfolio • Hedging against price fluctuations • Regularly monitoring and adapting to changes in the economic environment
Market presence	<ul style="list-style-type: none"> • Change in consumer preferences • Changes in economic conditions, or competition can lead to fluctuations in demand for plywood products 	<ul style="list-style-type: none"> • Growing consumer demand for products • Entry into new markets 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Diversifying customer base • Closely monitor market trends • Investing in new technologies and processes
Product and service quality	<ul style="list-style-type: none"> • Reputational damage • Reduce in customers’ satisfaction • Legal claims and regulatory fines 	<ul style="list-style-type: none"> • Increased customer loyalty • Expansion into new markets • Higher profit margins 	<ul style="list-style-type: none"> • Shareholders and investors • Customers • Suppliers 	<ul style="list-style-type: none"> • Leverage on customers’ feedback • Monitoring on quality control processes • Suppliers are adhering to Focus Lumber’s quality control standards
Procurement practices	<ul style="list-style-type: none"> • Supply chain disruptions • Selecting suppliers who are unable to meet our expectation and requirements, or may have financial or legal issues • Overpaying for goods or material and not obtaining the best value for money 	<ul style="list-style-type: none"> • Reducing costs through effective sourcing and negotiation • Streamlining the supply chain and reducing waste 	<ul style="list-style-type: none"> • Shareholders and investors • Suppliers 	<ul style="list-style-type: none"> • Diversifying supplier base • Constantly assessing suppliers’ performance • Implementing strict compliance and quality control processes

SUSTAINABILITY STATEMENT

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Anti-Corruption	<ul style="list-style-type: none"> • Reputational risk 	<ul style="list-style-type: none"> • Establish reputation as an ethical employer who practices transparency and accounting measures 	<ul style="list-style-type: none"> • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • Review ABAC Policy annually • Develop legal framework and enforcement mechanisms • Provide awareness training on anti-bribery and anti-corruption annually to all management and employees
ENVIRONMENT				
Energy	<ul style="list-style-type: none"> • Power outages and disruptions in energy supply • Increase price of energy commodities. • Increase in the amount of greenhouse gases released into the atmosphere 	<ul style="list-style-type: none"> • Develop competitive advantage in renewable energy such as biomass to generate electricity 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • To reuse wood waste to generate biomass energy to supply electricity to operation • To replace existing lights to LED lights
Water	<ul style="list-style-type: none"> • Water supply shortages leading to disruption of production processes and daily usage 	<ul style="list-style-type: none"> • Constructing rainwater harvesting system. • To use renewable resources (river water) 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • Consider alternative water sources (river water) for daily usage
Emissions	<ul style="list-style-type: none"> • Public health affected • Climate change effects can disrupt supply chain and operations • Shift in customer preferences toward low-carbon products can reduce demand for carbon-intensive goods 	<ul style="list-style-type: none"> • Transition to clean energy transition • Improving energy efficiency • Sustainable sourcing and transportation reduce emissions and improve cost efficiency • Strong environmental policies can improve brand reputation and attract eco-conscious customers 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees • Customers 	<ul style="list-style-type: none"> • Deploy appropriate tools and equipment to filter and/or purify air • Monitoring and keeping pollution below allowable limits • Work with suppliers to reduce Scope 3 emissions • Monitoring emissions data, set and commit to reduction targets
Effluent and waste management	<ul style="list-style-type: none"> • Lead to pollution of air, water and soil • Serious public health 	<ul style="list-style-type: none"> • Recycling efforts help cut cost due to reduce purchasing and selling off reusable wastes generate small revenue 	<ul style="list-style-type: none"> • Government • Shareholders and investors • Employees 	<ul style="list-style-type: none"> • To ensure compliance with regulatory requirements • Manage waste properly with reduce, reuse and recycle practice

SUSTAINABILITY STATEMENT

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Environmental compliance	<ul style="list-style-type: none"> Increased production costs due to compliance measures Lead to regulatory penalties and fines if not complied 	<ul style="list-style-type: none"> Increased brand reputation and customer loyalty Potential costs savings through the implementation of eco-friendly processes and technologies Improved long-term viability and competitiveness in the market 	<ul style="list-style-type: none"> Government Shareholders and investors 	<ul style="list-style-type: none"> Regularly monitoring and staying up-to-date with environmental regulations Implementing internal controls and systems to ensure compliance Conducting regular environmental audits and assessments
SOCIAL				
Employment	<ul style="list-style-type: none"> Inadequate pool of qualified and capable personnel to contribute to growth and core business 	<ul style="list-style-type: none"> Effective talent management methods and plans to create a reliable talent pipeline 	<ul style="list-style-type: none"> Shareholders and investors Employees 	<ul style="list-style-type: none"> To recruit and retain potential and performing employees To prioritise local employees hired
Diversity and equal opportunities	<ul style="list-style-type: none"> Employee retention Challenges in recruiting the right talents 	<ul style="list-style-type: none"> Gaining a competitive advantage in having a diverse pool of employees with various skills and experiences 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> To achieve average gender ratio of employees To ensure age balance in the workplace
Occupational health and safety (“OHS”)	<ul style="list-style-type: none"> Accidents and injuries result in regulatory penalties and reputational damage 	<ul style="list-style-type: none"> Emphasis on health and safety culture attracts and retains top industry talent Reputation as a safe and reputable manufacturer attracts investors 	<ul style="list-style-type: none"> Shareholders and investors Employees 	<p>A strengthening of OHS practices in identified key focus areas, which include:</p> <ul style="list-style-type: none"> Creating track record of zero non-compliance to OHS regulatory, zero fatalities at all worksites, reduce number of accidents and LTI Upskilling OHS capability An effective communication programme
Training and education	<ul style="list-style-type: none"> May lead to high wastes of resources and financial loss. Lack of relevant skills and competencies hinders growth 	<ul style="list-style-type: none"> Effective talent development programmes retain and attract top-quality industry talent. Develop a learning culture in the organisation that is tied to KPI and career progression 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Plan and execute the training and development activities, and continuously improve the programs based on feedback and evaluation Setting a target to provide an average of 8 training hours per employee

SUSTAINABILITY STATEMENT

Risk, Opportunities and Management Action Plans (continued)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Local communities	<ul style="list-style-type: none"> Estranged relationship with local community that leads to unawareness of the Group's noble courses for sustainable environment and future 	<ul style="list-style-type: none"> Social responsibility programmes increase visibility and safeguard reputation as a caring and environmentally-responsible organisation 	<ul style="list-style-type: none"> Shareholders and investors Community 	<ul style="list-style-type: none"> Continue donations for charity and organise more community related activities for enhanced engagement

Sustainability Targets and Performance

To ensure effective implementation of sustainability initiatives across the Group, Focus Lumber has set the targets for our material matters and monitor the progress of our approach towards the targets throughout FY2024. The table below presents our targets developed for our material matters for FY2024 and FY2025 as well as our performance against the targets set for FY2024:

Material Matters	Target for FY2024	Performance for FY2024	Target for FY2025
ECONOMIC			
Product and service quality	<ul style="list-style-type: none"> Quality claim below 0.35% of total revenue 	<ul style="list-style-type: none"> Achieved 	<ul style="list-style-type: none"> Quality claim below 0.35% of total revenue
Procurement practices	<ul style="list-style-type: none"> To ensure appointed waste management supplier has DOE license Perform evaluation on suppliers and monitor their performance on annual basis to ensure vendors meet minimum quality requirement and compliance requirement 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To ensure appointed waste management supplier has DOE license Perform evaluation on suppliers and monitor their performance on annual basis to ensure vendors meet minimum quality requirement and compliance requirement
Anti-Corruption	<ul style="list-style-type: none"> To maintain zero corruption and bribery case To brief all new employees about our ABAC and Whistleblowing Policy To maintain zero whistleblowing case reported to Chairman of the Board and Audit Committee 	<ul style="list-style-type: none"> Achieved Achieved Achieved 	<ul style="list-style-type: none"> To maintain zero corruption and bribery case To brief all new employees about our ABAC and Whistleblowing Policy To maintain zero whistleblowing case reported to Chairman of the Board and Audit Committee
ENVIRONMENT			
Energy	<ul style="list-style-type: none"> To reduce diesel consumption to 12.00 litre per m3 To reuse available wood waste to generate biomass energy 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To maintain diesel consumption below 12.00 litre per m3 with long-term target of 8.00 litre per m3 by year 2030 To reuse available wood waste to generate biomass energy
Water	<ul style="list-style-type: none"> To use treated river water for factory operation 	<ul style="list-style-type: none"> Achieved 	<ul style="list-style-type: none"> To continue using treated river water for factory operation

SUSTAINABILITY STATEMENT

Sustainability Targets and Performance (continued)

Material Matters	Target for FY2024	Performance for FY2024	Target for FY2025
Emissions	<ul style="list-style-type: none"> To achieve dust loads below the required limit of 150mg/Nm³ To achieve zero fine imposed by environmental authorities To compute GHG emission on Scope 1, 2 and 3, with the aim to monitor and gradually reduce the emissions level annually 	<ul style="list-style-type: none"> Achieved Achieved Achieved 	<ul style="list-style-type: none"> To achieve dust loads below the required limit of 150mg/Nm³ To achieve zero fine imposed by environmental authorities To reduce GHG emissions level by 2%
Effluent and Waste Management	<ul style="list-style-type: none"> To reduce glue waste from production activities to 0.48 kg per m3 To recycle available wood waste from production 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To reduce glue waste from production activities to 0.45 kg per m3 with long-term target of 0.40 kg per m3 by year 2030 To recycle available wood waste from production
Environment Compliance	<ul style="list-style-type: none"> To achieve zero case of non-compliance to environmental regulatory To achieve zero fined imposed by environmental authorities 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To achieve zero case of non-compliance to environmental regulatory To achieve zero fined imposed by environmental authorities
SOCIAL			
Employment	<ul style="list-style-type: none"> To achieve employee turnover rate below 32% To achieve at least 35% local employees from total workforce 	<ul style="list-style-type: none"> Achieved Not achieved 	<ul style="list-style-type: none"> To maintain employee turnover rate below 32% To achieve at least 35% local employees from total workforce
Diversity and Equal Opportunities	<ul style="list-style-type: none"> To maintain at least 2 females at Board level To achieve gender ratio of at least 1/3 for female in the Group 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To maintain at least 2 females at Board level To achieve gender ratio of at least 1/3 for female in the Group
Occupational Health and Safety	<ul style="list-style-type: none"> To achieve zero case of non-compliance to OHS regulatory To achieve zero case of fatalities Reduce accident cases to below 5 cases and reduce severity rate by comparing with year 2023 Reduce LTIFR to below 0.44 	<ul style="list-style-type: none"> Achieved Achieved Achieved Achieved 	<ul style="list-style-type: none"> To achieve zero case of non-compliance to OHS regulatory To achieve zero case of fatalities Continue to maintain low accident cases and low severity rate ie below 5 cases and severity rate not more than 3 cases To maintain LTIFR to below 0.44 with long-term target of LTIFR below 0.40 by year 2030
Training and Education	<ul style="list-style-type: none"> To achieve 4 training hours average per employee per year for all levels except general workers and security guards (Total 276 hours with 65 employees and 4 NEDs) To allocate at least RM8,000 for training and development 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To achieve 4 training hours average per employee per year for all levels except general workers and security guards (Total 244 hours with 57 employees and 4 NEDs) To allocate at least RM10,000 for training and development
Local Communities	<ul style="list-style-type: none"> To allocate RM50,000 budget on community engagement such as charitable events, donations, etc To organise at least 4 employee engagement activities 	<ul style="list-style-type: none"> Achieved Achieved 	<ul style="list-style-type: none"> To allocate RM50,000 budget on community engagement such as charitable events, donations, etc To organise at least 4 employee engagement activities

SUSTAINABILITY STATEMENT

ECONOMIC



Our principal activities are manufacturing and sale of plywood, veneer and laminated veneer lumber (“LVL”). Plywood is the core product, generating the bulk of the Group’s revenue. We place the utmost importance on achieving a sustainable business that continue to grow and thrive despite changes and challenges in the global economic environment.

Despite the challenging economic and business environment, the Group continues to invest in new and advanced machinery with the aim to increase its production efficiency and enhance its product quality and efficiency to comply with the buyers’ quality requirements.

- **Economic Presence and Market Presence**

In FY2024, the Group’s revenue, which was fully contributed from its manufacturing segment, increase by 50% as compared to FY2023.

Plywood demand strengthened in FY 2024, driven by the recovery of the recreational vehicle sector, particularly in the United States (“US”), amid easing inflationary pressures and interest rate cuts.

Despite higher revenue, the Group reported a wider loss due to increased production costs and accounting adjustments, including rising raw material costs, provisions for slow-moving inventory and allowances for impairment losses on receivables.

The Group anticipates continued recovery in demand for its products, supported by the revitalisation of the RV sector, particularly in the US. Additionally, the Group is evaluating a potential increase in the average selling price (“ASP”) for FY 2025. With ongoing productivity enhancements and cost-reduction initiatives, and in light of the recent global market challenges, the Group maintains a cautiously optimistic outlook regarding the achievement of a positive turnaround in the forthcoming year.

- **Product and Service Quality**

Product and service quality is essential for the success of our business, and it is particularly important in the manufacturing industry, like us, where defects or poor workmanship may have serious consequences. We pay close attention to the quality of our products and ensure we meet our customers’ expectations.

We ensure quality is invested in quality control processes that check for defects and other issues at every stage of the production process. In November 2024, our Quality Control Manual was revised and reviewed by Benchmark Holdings, LLC (BMH) upon their visit for the purpose of third-party certification audit. This certification covers the production and quality control processes used for manufacturing composite wood panels. However, the scope of this certification only applies to the specific range of composite wood products, resin systems, and/or production lines as identified in valid MH certification documents. Composite wood products that are not specifically included within the Group’s scope of the certification are not eligible to be manufactured, labelled, distributed, or sold by the Group as certified products.

Focus Lumber is responsible for assuring that appropriate records are generated and maintained to demonstrate the production and quality control processes conform to the procedures defined or referenced in the quality control manual. The Group will continue adhering to legislations as most of our customers are concerned about the quality of our products, legality of our raw materials and sustainability of our business.

During the FY2024, the customers had made a quality claim of approximately RM0.08 million, equivalent to 0.09% of the sales for FY2024. The claim was mainly due to poorer than expected quality of plywood especially for inventory which had been kept for some time as a result of weak market demand since the second half of FY2022. We take note of this issue and will continue to streamline our manufacturing and quality control process. We will continue to keep the quality claim from customers at below 0.35% of total sales for FY2025.

- **Procurement Practices**

We rely on our suppliers as the main support system to ensure that we offer high-quality products and services. Our mission is to provide the best possible quality to our customers while also promoting sustainable business practices, and we work closely with our suppliers to achieve this goal. In order to maintain uninterrupted business operations, we evaluated our suppliers for potential sustainability risks. Our suppliers are required to undergo a performance evaluation process using a specific set of assessment criteria which evaluates their invoicing and pricing, products, staff, delivery, payment term, schedule, regulatory compliance, and after sale service. We are also committed to collaborating with local suppliers whenever feasible, which helps to support the sustainability of the local economy and products.

During the FY2024, the Group had conducted evaluation on 14 suppliers which were selected based on their business transaction value with the Group in previous year. The result of the evaluation showed that the average rating of these suppliers was above 4 out of the full score of 5.

In the manufacturing process of plywood and laminated veneer lumber, glue waste will be generated from the clean-up of glue spreader equipment and glue mixing tanks. The Group has appointed a company which is approved by Department of Environment for to manage our glue waste on a scheduled basis.

- **Anti-Corruption**

ABAC Policy

It is the policy of the Group to conduct all of its business in an honest and ethical manner and to act in good faith. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and is committed to counter bribery.

The Group has put in place an ABAC Policy to set out its responsibilities, and of those working for it, in observing and upholding its position on bribery and corruption; and provide information and guidance to those working for it on how to recognise and deal with bribery and corruption issue. The ABAC Policy and its framework was established and it applied to the Company and its subsidiaries at all levels, including Directors, employees (whether permanent or temporary) and trainees.

This Policy is also applicable to contractors, suppliers, agents and third parties who hold themselves as representing the Group. The Board has the responsibility of reviewing and approving the Group's ABAC at least once every 3 years, or earlier if deemed necessary, to ensure that the policy continues to remain relevant. The Group upholds all relevant laws related to anti-corruption in all the jurisdictions where it conducts its business. This includes not only Malaysian laws, such as Companies Act 2016 (Malaysia), and the Malaysian Anti-Corruption Commission Act (MACCA) 2009 and its Amendment Act 2018 but also any relevant international laws and regulations.

Several awareness briefing sessions were conducted in FY2023 with all employees, and newly recruited employees in FY2024 were briefed on the policy. We achieved our target set for FY2024 with no bribery and corruption case reported and we strive to maintain our clean track record for FY2025.

Whistleblowing Policy

As the Group expects the highest standards of integrity, probity, transparency and accountability from all employees to preserve and protect the Group's interests and reputation, the Group takes a serious view of any acts of wrongdoing by any of its employees.

The Board has established Whistleblowing Policy, enforced with effect from 11 April 2013, to allow employees to raise concerns without fear of reprisals on possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way. Under the Group's Whistleblowing Policy, the employee should immediately report any malpractice that exists in the workplace to his/ her manager. However, if the employee feels reluctant to do so, the employee has an option to either report it to the Chairman of the Board or the Chairman of Audit Committee.

The contact details of the Chairman of the Board and Audit Committee are as follows:

- (a) Chairman of the Board (Email address: am@lh-ag.com); or
- (b) Chairman of Audit Committee (Email address: kenneth.ckk73@gmail.com).

Several awareness briefing sessions were conducted in FY2023 with all employees, and newly recruited employees in FY2024 were briefed on the policy. We achieved our target set for FY2024 with no whistleblowing case reported to the Chairman of the Board and Audit Committee and we strive to maintain our clean track record for FY2025.

Full details of the Group's ABAC Policy and Whistleblowing Policy are published in the Company's website at www.focuslumber.com.my.

SUSTAINABILITY STATEMENT

ENVIRONMENT



Addressing Task Force on Climate Related Financial Disclosures (“TCFD”)

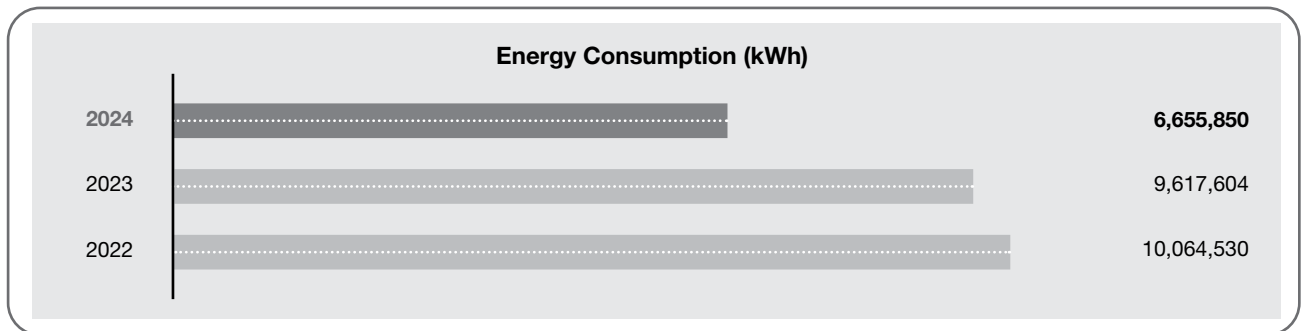
We are evaluating the impact of climate change on our business operations and are committed to assessing climate-related risks and disclosing pertinent financial information.

In compliance with Bursa Malaysia’s enhanced Listing Requirements, our Group will adopt the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) for our financial year ending 31 December 2026. These standards align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), reflecting our commitment to transparent and responsible sustainability reporting.

- Energy**

We rely on electricity as our primary energy source to operate our business and commercial centres. Therefore, we acknowledge that the consumption of electricity is a significant factor in our energy emissions. One of the initiatives that we have considered and executed to reduce the overall consumption of electricity as a general practice is to switch off lights, air-conditioners and electrical appliances when not in use. We also have security guards around the sites. As part of their routine duties, the security guards conduct a thorough inspection of the premises to ensure that the property is secure and free from any potential threats. This includes checking all areas of the building and outdoor spaces to identify any unauthorised individuals or suspicious activity. Additionally, the security guards are responsible for verifying that all lights and electrical equipment have been properly switched off at the end of each day. We have adopted energy saving initiatives by using LED lights and in FY2024, we have also replaced a total 1,055 units of lights to LED lights.

The following chart shows the year-on-year energy consumption for the Group:



The energy consumption in FY2024 was 6,655,850 kWh, representing a 46% decrease compared to the energy consumption of 9,617,604 kWh in FY2023.

During FY2024, the Group obtained electricity supply from Sabah Electricity Sdn Bhd (“SESB”) for its office, hostel, and manufacturing plant in Keningau. The Group consumed more electricity from SESB because its energy cost was lower. In addition, there was insufficient wood waste generated from our operations to produce biomass energy and supply electricity to the Group

In the FY2024, the Group achieved the target of reducing diesel consumption to 12 litres per m3 with total consumption of diesel reduced significantly from 267,895 litres in FY2023 to 190,909 litres in current financial year. The decrease was mainly coming from the lower consumption from generator set for generating electricity. Total diesel consumption by net production per cubic metre in current financial year was 11.97 litres per m3. The Group will continue to aim for a diesel consumption target of below 12.00 litres per m3 in FY2025.

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- Energy (continued)**

The following table illustrates the electricity generated from biomass and diesel, as well as the electricity supplied by SESB for FY2022 to FY2024:

Year	FY2022	FY2023	FY2024
	kWh	kWh	kWh
Electricity generated from biomass	8,771,900	9,172,400	4,894,966
Estimated generation from diesel	1,254,123	405,902	289,256
Electricity supplied from SESB	38,507	38,924	1,471,628

- Water**

The Group is committed to responsible water resource management and is actively taking steps to optimise our water consumption. This is especially important in our line of industry, where water is a valuable resource and proper management is necessary to protect the surrounding ecosystems.

We closely monitor the water consumption in all our sites as it is a step in reducing water usage and identifying areas where improvements can be made. The use of river water is a positive step towards reducing water consumption, as it reduces the need for treated water from other sources. We also recycle the use of water through the condensation of steam generated from the boiler. We regularly assess our water consumption and are working towards setting a method to correlate our production activity with the water consumption.

The table below shows water consumption from each sites:

	FY2022	FY2023	FY2024
Sites	(m ³)	(m ³)	(m ³)
Focus Lumber Berhad (“FLBHD”) Keningau office & hostel	1,634	2,418	1,964
FLBHD Keningau factory	Use river water	Use river water	Use river water
FLBHD Kota Kinabalu	1,265	1,627	1,870
Untung Ria Sdn Bhd (“URSB”)	Use river water	Use river water	Use river water
Total Water Consumption	2,899	4,045	3,834

SUSTAINABILITY STATEMENT

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- Emissions**

Dust Emissions

Dust emissions are a common issue in our operations due to the nature of the process. During our manufacturing process, dust particles are generated and released into the air, which can pose a health hazard to workers and the environment. The Group is taking measures to ensure that the plant processes are in compliance with any emission limits set by regulatory authorities to prevent macro environmental pollution. The dust emissions are monitored from the Group’s factory and power plant at Keningau.

The following table shows the average result of emissions at the Group from FY2022 to FY2024:

Site	Year	Quarter	Dust Load (mg/Nm3)	Permissible Dust Load Limit (mg/Nm3)
FLBHD Keningau Factory	2022	Q1	70.99	150
	2022	Q3	15.87	150
	2023	Q2	54.56	150
	2023	Q4	145.09	150
	2024	Q2	116.47	150
	2024	Q4	109.66	150
URSB	2022	Q1	145.64	150
	2022	Q3	19.14	150
	2023	Q2	75.01	150
	2023	Q4	147.44	150
	2024	Q2	76.05	150
	2024	Q4	98.93	150

The dust emission measurements were carried out according to the Malaysian Standard MS1596:2003. The dust emission measurements were carried out at the power plant boiler by a third party where reports on results will be provided at the end of testing. The tests were conducted on a semi-annual basis for FY2024 and FY2023. The results show that the emission results are within the required permissible limit of 150 mg/Nm3. We are committed to preserving the environment by adhering to the legal guidelines set forth in environmental regulations and continually monitoring our emissions to ensure they remain within acceptable limits.

There are zero fines in FY2024 for non-compliance on emissions. We strive to continue to have zero case and zero fines in the future.

Greenhouse Gas (“GHG”) Emission

Climate change is a critical global issue that affects every aspect of life. It is primarily caused by long-term changes in the Earth’s climate, driven by human activities such as fossil fuel combustion, deforestation, and industrial processes.

As part of our commitment to sustainability, the Group has taken a proactive approach in FY2024 to measuring and disclosing GHG emissions. Recognising the growing importance of environmental responsibility, we began our GHG emission disclosure journey by assessing our operational carbon footprint.

The Group has developed methods to measure and analyse its carbon footprint (CO₂e), distinguishing between the three scopes. Our emission data is reported in carbon dioxide equivalent (CO₂e):

Total GHG Emissions of the Group	2024 (tCO ₂ e)
Scope 1 – Direct GHG emissions (a)	1,046.90
Scope 2 – Indirect GHG emissions (b)	686.47
Scope 3 – Other indirect GHG emissions (c)	10,428.05
Total GHG emissions	12,161.42

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)• **Emissions (continued)****Greenhouse Gas (“GHG”) Emission (continued)**

- a. Scope 1 direct emissions originate from sources owned or controlled by the Group. Most Scope 1 emissions come from stationary combustion, such as generators or packing machines. However, mobile combustion, fugitive emissions, and process emissions are also included in Scope 1 if the Group owns or controls the activities or equipment. Activity data is calculated based on fuel purchase records or equipment specifications from relevant entities. Emission factors are determined with reference to Malaysia’s Fourth Biennial Update Report under the United Nations Framework Convention on Climate Change.
- b. Scope 2 indirect emissions arise from the:
 - i. Generation of purchased energy from SESB - Emissions from the production of grid electricity are accounted for under Scope 2. Activity data is based on invoice amounts or measured meter readings, where available. Emission factors are determined with reference to the Grid Emission Factor (GEF) in Malaysia (GEF for Sabah, 2022).
 - ii. Generation of biomass energy from own plant - the Group reuses bulk waste to generate biomass energy and supply electricity to the manufacturing plant. Activity data for supplied electricity (kWh) is based on power generation records. Emission factors are determined with reference to the latest 2024 Department for Environment, Food and Rural Affairs (DEFRA) Guidelines (UK).
- c. Scope 3 emissions cover data from various indirect sources, including purchased goods and services, upstream and downstream transportation and distribution, employee commuting, business travel, and other energy-related activities. Activity data is based on purchase records, travel ledgers, and other related invoices. Emission factors are determined with reference to the latest 2024 Department for Environment, Food and Rural Affairs (DEFRA) Guidelines (UK).

Moving forward, we remain committed to refining our data collection processes and improving our emissions management processes. By embracing GHG disclosure, the Group strengthens its sustainability strategy while aligning with global climate action efforts.

• **Effluent and Waste Management**

The Group is committed to protecting the environment by reducing waste generated from its production activities, through adoption of waste management and recycling programs. By converting wood waste into biomass energy, the Group is able to reduce its reliance on traditional energy fuels and cut down on energy costs.

Several efforts are taken to handle and dispose of its glue waste that is generated during the manufacturing of plywood in a responsible and sustainable way. This includes engaging a company specialising in waste management services to manage the glue waste. In addition, the production and quality control team are also working towards reducing the amount of glue waste generated from production activities.

Total Hazardous Waste (Glue waste) (kg)	FY2022	FY2023	FY2024
Generated	17,190	16,972	12,350
Equivalent to (kg per m ³)	0.48 kg per m ³	0.59 kg per m ³	0.38 kg per m ³
Disposed	20,919	18,668	10,963
Recycled	-	-	-
Total Non-Hazardous Waste (Wood waste) (m ³)	FY2022	FY2023	FY2024
Generated	46,074	31,833	36,692
Disposed	-	-	-
Recycled	46,074	31,833	35,317

During FY2024, glue waste generated amounted to 12,350 kg, equivalent to 0.385 kg per m³ of net wood product production. The Group achieved its target of reducing glue waste from production activities from 0.59 kg per m³ in FY2023 to 0.38 kg per m³ in the current financial year.

There are zero case and zero fines in FY2024 for non-compliance on waste management. We strive to continue to have zero case and zero fines in FY2025.

SUSTAINABILITY STATEMENT

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- **Environmental Compliance**

The Group acknowledges the direct impact of its manufacturing and sales of plywood activities on the environment and has been taking measures to reduce and mitigate pollution. Our commitment to strict compliance with environmental regulations is a crucial step towards a healthier ecosystem. To maintain a healthy ecosystem, we are dedicated to reducing and mitigating environmental pollution within our business divisions. Therefore, we are committed to ensure that we have strict compliance with regulatory requirements.

In FY2024, we achieved zero case of non-compliance and fines imposed by the environmental authorities. It demonstrates that our Group is making progress towards sustainability (FY2023: 0 case). We have maintained our target to achieve zero reports and penalties for FY2025.

SOCIAL



Focus Lumber continues to embrace the importance of prioritising the well-being of our employees and creating a safe and discrimination-free workplace. We recognise that employees are a valuable asset for the Group, and their health, safety and well-being are important to achieving business and sustainability goals. By committing to creating a safe and supportive working environment, the Group ensures that our employees are engaged and motivated, which contribute to increased productivity and profitability.

The Group takes cognizance of the importance of social sustainability, which involves developing processes and structures to meet the needs of our employees, customers and local communities, while supporting the needs of future generations. Prioritising social sustainability as part of our overall sustainability strategy, enables the Group to contribute to the development of healthy and sustainable communities and secure our sustainable business.

- **Employment, Diversity and Equal Opportunities**

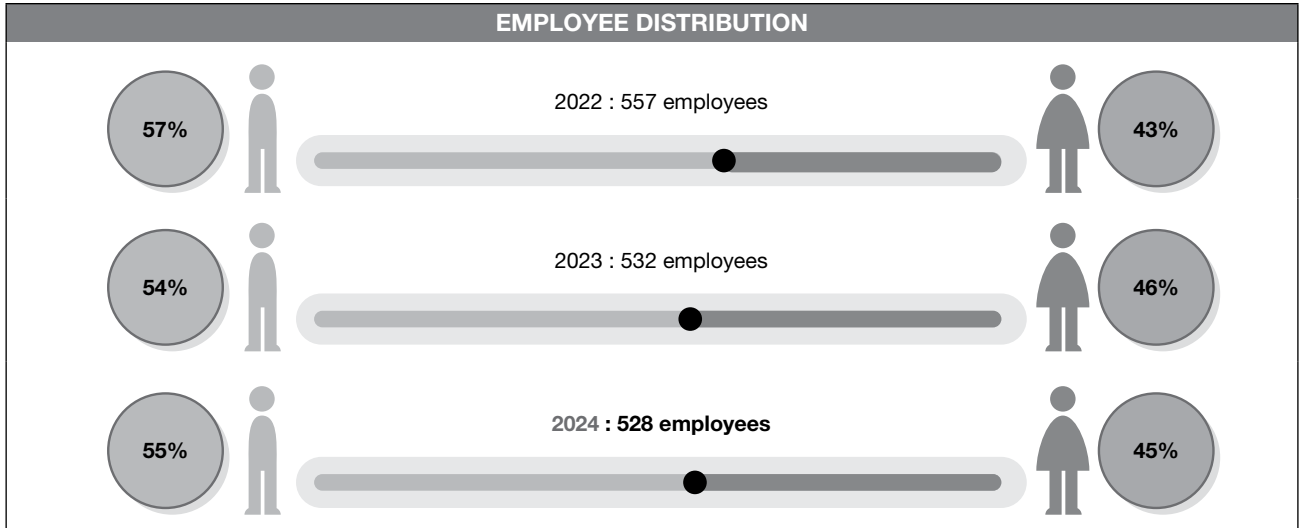
The Group encourages diversity in employment to ensure that the Group has an appropriate mix of skills and talent to conduct its business and achieve the Group’s goals. The Group supports the principle of equal opportunities in respect to employment including hiring, training and career advancement with the aim of not discriminating the employees in terms of gender, age, ethnicity, cultural background or other personal factors by adopting a diversity policy within the Group.

The Group values diversity in workforce and recognises the importance of having a mix of skills and talent to achieve our business and sustainability goals. The Group supports equal opportunities in all aspects of employment, including hiring, training, and career advancement, and aims to eliminate discrimination based on various personal factors such as gender, age, ethnicity, and cultural background. This adoption of a diversity policy within the Group helps to ensure that these principles are upheld, and the Group creates a more inclusive workplace culture that values and respects all employees.

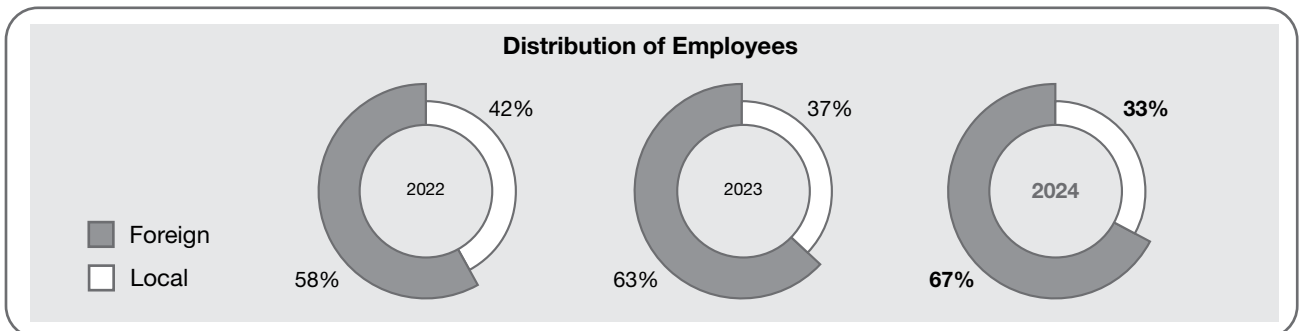
As at 31 December 2024, we reported a total workforce of 528 employees. Male employees constituted 55% of the Group’s total workforce as the Group is mainly involved in manufacturing sector, while female employees constituted of 45% of the Group’s total workforce. The Group has met the target of achieving gender ratio of at least 1/3 for female in the Group. Besides, the Company also achieved the target of having at least 2 female representations in the Board of Focus Lumber.

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

• Employment, Diversity and Equal Opportunities (continued)



Our workforce includes both local and foreign employees, with team members from Taiwan, China, Indonesia, and the Philippines. The following chart illustrates the summary of local and foreign employees from FY2022 to FY2024:



In FY2024, we nearly achieved the target of employing at least 35% local employees, but we fell slightly short. We are committed to increase more local hires by also participating in roadshows and job fairs. By participating in job fairs and roadshows, the interaction with local job seekers in person helps to build relationships and establish a direct connection with potential candidates.

Turnover and New Hires of Employees

The following table summarises employee turnover and new hires from FY2022 to FY2024:

	Resigned	Hired
Year 2022		
Focus Lumber Berhad	274	195
Untung Ria Sdn Bhd	1	0
Total	275	195
Year 2023		
Focus Lumber Berhad	92	69
Untung Ria Sdn Bhd	2	-
Total	94	69
Year 2024		
Focus Lumber Berhad	79	76
Untung Ria Sdn Bhd	1	1
Total	80	77

In current financial year, the Group had achieved the target of employees turnover rate of below 35%. The Group has maintained the target of keeping the turnover rate below 32% for FY2025.

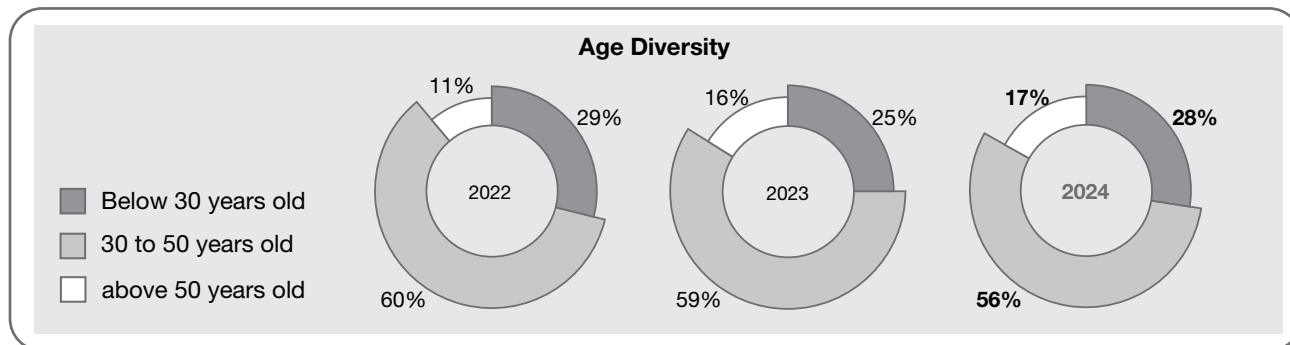
SUSTAINABILITY STATEMENT

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- Employment, Diversity and Equal Opportunities (continued)**

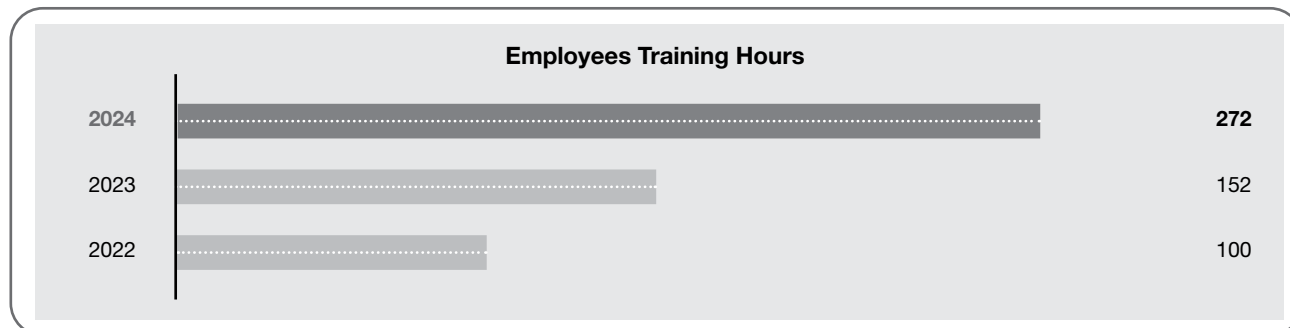
Age Diversity

The following chart illustrates the summary of age diversity in FY2024:



- Training and Education**

The Group values our employees and acknowledges that the employees are the most valuable assets to the Group. The Group’s continuous focus is to enhance the employees’ skills and knowledge in performing their tasks efficiently as well as on their career growth and development. Every year Management will register their employees for various training programs held internally and externally to ensure the employees are competitive in today’s market. The training programs provided mainly focus on enhancement of competency skills, compliance, and leadership development.



Following is detailed information of the types of training, number of employees trained, training hours and total costs of the training recorded in FY2024:

FY 2024			
Type of Training	Number of Pax	Total Hours of Training	Total Cost (RM)
Ethics and Professional Skills Module	1	8	450
The Borneo Rainforest Law Conference 2024	1	16	1,192
GHG Emission Assessment Strategy	1	48	3,098
Advanced Carbon Management Practitioner Simulation Training Course	1	56	7,192
Sabah Labour Ordinance Amendment (Cap 67) 2024	2	16	1,300
Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	6	96	19,440
2025 Budget Seminar	2	16	1,150
Bursa Malaysia Sustainability Reporting Guide	1	16	4,104
Total	15	272	37,926*

* Certain course fees were covered under Human Resource Development Fund

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- **Training and Education (continued)**

The Group invested more in employee training in FY2024 when compared to FY2023 with total hours of training increased from 152 hours to 272 hours. We believe in providing opportunities for professional development and growth to support employees in improving their skills and knowledge is pivotal, as it increases effectiveness and engagement in their work. The Group also met the target of allocating at least RM8,000 for employees training in the current financial year and aims to provide more training and development for the employees in the coming years.

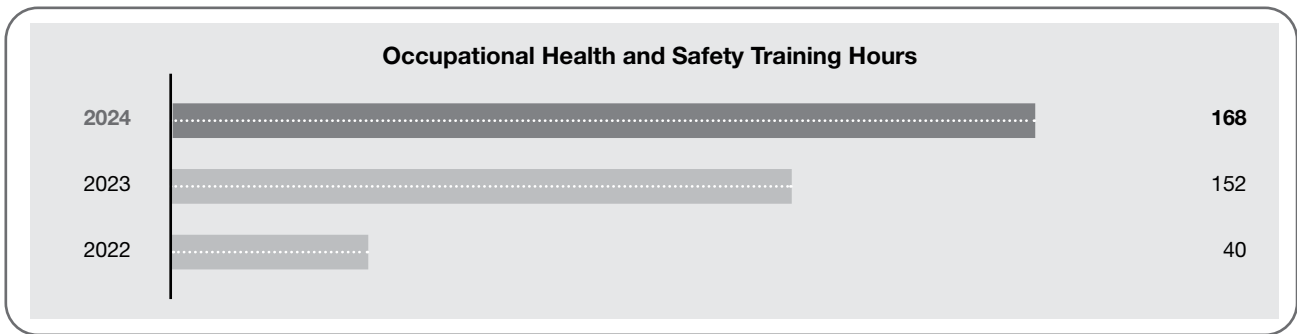
Such investment leads to increased productivity, better quality work, and improved morale amongst employees. The Group believes that it is likely to encourage employees to stay with us for longer, as they feel valued and supported in their career development.

- **Occupational Health and Safety**

The Group places a high level of emphasis on maintaining a safe, clean and healthy working environment for the employees through awareness programme and improved facilities such as fire prevention and emergency rescue facilities. The health and safety officers of the Group conduct regular briefings, four times per week to the factory workers before they start working. Among the topics covered in the briefing, included the use of personal protection equipment, risk, danger and hazard at workplace, and safety concern for forklift driver.

Newly hired workers undergo the safety induction which covers the explanation of Safe Operating Procedures at workplace, safety and health rules and policy. The Group continuously strives to achieve the highest standard of health and safety to protect our people and co-workers whilst continuing to support and cater to the needs of customers and communities.

The health and safety training for employees is an essential aspect of any workplace. It is designed to provide employees with the necessary knowledge and skills to identify and mitigate potential hazards in their work environment, ensuring their safety and well-being. Such training typically covers topics such as emergency procedures, first aid, fire safety, hazardous substances handling, and personal protective equipment (“PPE”). Through health and safety training, employees can learn about the potential risks in their workplace, understand the safety protocols and regulations, and gain practical skills that can help them to prevent accidents and respond to emergencies effectively. This not only reduces the likelihood of injuries and accidents but also promotes a positive safety culture within the organisation, creating a safe and healthy work environment for all.



SUSTAINABILITY STATEMENT

Addressing Task Force on Climate Related Financial Disclosures (“TCFD”) (continued)

- Occupational Health and Safety (continued)**

The following table illustrates the occupational health and safety training recorded in FY2024:

Type of Training	Number of Pax	Total Hours of Training	Total Cost (RM)
Emergency Response Team (ERT) Capacity Building Training	10	80	3,500
Implications of the Occupational Safety and Health Act (Amendment) 2022 and related Legislation for the Industry	1	8	1,450
Ceramah Perkeso & Niosh Kota Kinabalu	10	80	-
Total	21	168	4,950*

* Certain course fees were covered under Human Resource Development Fund

The Group continued investing in employee training in respect of health and safety in FY2024. We believe by training employees to follow safe work practices and to identify and respond to hazards, companies can reduce the risk of workplace accidents and injuries and create a safer work environment for everyone. In FY2024, the Group successfully reduced the accident cases and severity rate as compared to FY2023. The Group also met the target for keeping the Lost Time Injury Frequency Rate (“LTIFR”) below 0.44.

Apart from that, the Group achieved the target of zero case of non-compliance to OHS regulator and zero case of fatalities cases in FY2024. The Group aims to maintain the zero case targets in coming years.

The following table illustrates the statistics of accidents and Lost Time Injury (LTI) cases from FY2022 to FY2024:

YEAR	Number of accidents			
	LTI	Non-LTI		
	Major Accidents	Minor Accidents	First Aid Injury	Medical Treatment
2022	2	2	1	1
2023	-	3	-	-
2024	1	1	-	-

- Local Communities**

Apart from encouraging employees to attend various training programmes, the Group also organising indoor and outdoor activities regularly for team building and leadership skills development. The Group believes that employees’ development would promote loyalty among the employees. Loyal employees would tend to be more productive in their daily work.

In FY2024, the Group achieved the target of organising at least 4 employee engagement activities. Some activities for our employees in FY2024 were stated below:

List of Activities in FY2024:
Kota Kinabalu Office Chinese New Year (“CNY”) Celebration and Annual Lunch
Keningau Office CNY Celebration and Annual Dinner
Keningau Factory Workers Annual Lunch
Labour Day Activity

Community Engagement

The Group remains committed to carrying out its corporate responsibilities in preserving and creating shared values for its stakeholders even in this challenging times. In FY2024, we expanded our involvement in community outreach efforts and fostered meaningful engagements with the people we serve.

Among the charities and donations made in FY2024 were stated as below:

Community Contribution	RM
Kelab Staf Sekolah Kebangsaan Kampong Baru	500
JKKK Kampung Patikang Ulu	500
Persatuan Pengurusan Pusat Jagaan OKU Leshan Kota Kinabalu	500
JPKK Kampung Damat	3,760
Jawatankuasa Kempen Bahasa Malaysia	500
Sekolah Rendah Kebangsaan Sacred Heart	3,000
Taiwan Chamber of Commerce & Industry in Malaysia	3,000
Youth Sport Hakka Association	3,000
Kaohsiung Municipal Sanmin Shiquan Elementary School	15,000
SJK (C) St James, Likas	5,000
Good Shepherd Services	5,000
Persatuan Thalasemia Keningau	10,000
Donation for Fundraising Christmas Bazaar	500
Total amount (RM) invested in the community	50,260
Total number of beneficiaries of the investment in communities	3,310

Our Way Forward

As we reflect on our sustainability achievements and challenges, our commitment to building a more sustainable future has never been stronger. We recognise that this journey demands continuous effort, collaboration, and innovation. With a deep sense of responsibility, we strive to minimise our environmental impact, uphold ethical and responsible business practices, and enhance the well-being of our communities.

Looking ahead, we will focus on initiatives that align with these commitments, including sourcing sustainable materials, reducing our environmental footprint, and actively engaging with stakeholders on sustainability matters. We remain dedicated to monitoring and reporting our progress, incorporating stakeholder feedback and insights to guide our decision-making. Building on our achievements, we are eager to drive meaningful change and create a lasting positive impact on both the environment and society.



SUSTAINABILITY STATEMENT

Performance Data Table

Indicator	Measurement Unit	2023	2024
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	92.34	94.15
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	100.00	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	9,617.60	6,655.85
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	4.05	3.83
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	1,046.90
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	686.47
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	10,428.05
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	49.04
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	35.32
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	10.96
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	75	268
Executive	Hours	21	16
Non-executive/Technical Staff	Hours	133	16
General Workers	Hours	587	152
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0	0
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	0	1
Executive	Number	2	0
Non-executive/Technical Staff	Number	3	4
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0

SUSTAINABILITY STATEMENT

Performance Data Table (continued)

Indicator	Measurement Unit	2023	2024
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	0.00
Management Between 30-50	Percentage	85.71	75.00
Management Above 50	Percentage	14.29	25.00
Executive Under 30	Percentage	0.00	0.00
Executive Between 30-50	Percentage	53.85	56.98
Executive Above 50	Percentage	46.15	43.02
Non-executive/Technical Staff Under 30	Percentage	26.67	24.29
Non-executive/Technical Staff Between 30-50	Percentage	55.56	51.43
Non-executive/Technical Staff Above 50	Percentage	17.77	24.29
General Workers Under 30	Percentage	26.34	29.04
General Workers Between 30-50	Percentage	58.89	55.61
General Workers Above 50	Percentage	14.77	15.34
Gender Group by Employee Category			
Management Male	Percentage	71.43	50.00
Management Female	Percentage	28.57	50.00
Executive Male	Percentage	76.92	71.43
Executive Female	Percentage	23.08	28.57
Non-executive/Technical Staff Male	Percentage	42.22	40.54
Non-executive/Technical Staff Female	Percentage	57.78	59.46
General Workers Male	Percentage	54.60	55.44
General Workers Female	Percentage	45.40	44.56
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	75.00	71.43
Female	Percentage	25.00	28.57
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	62.50	42.86
Above 50	Percentage	37.50	57.14
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.46	0.31
Bursa C5(c) Number of employees trained on health and safety standards	Number	425	21
Bursa (Community/Society)			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	54,083.00	50,260.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	824	3,310

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Focus Lumber Berhad (“FLBHD” or “the Company”) acknowledges the importance of practicing high standards of corporate governance in the best interest of FLBHD and its stakeholders, and to protect and enhance shareholders’ value and the performance of the Company and its subsidiaries (“the Group”).

This Corporate Governance Overview Statement (“CG Statement”) provides the summary of the Company’s corporate governance practices during the financial year ended 31 December 2024 with reference to the following three (3) principles set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

The statement is to be read together with the Corporate Governance Report 2024 (“CG Report”) of the Company which provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) during the financial year 2024. The CG Report is available on the Company’s website at www.focuslumber.com.my.

For financial year ended 31 December 2024, the Company complied with most of the principles and practices set out in the MCCG, apart from departures on the following practices:-

- (a) Practice 5.2 – At least half of the Board comprises Independent Directors; and
- (b) Practice 5.9 – The Board comprises at least 30% women directors.

Explanations on the abovementioned departures are further elaborated in the CG Report which is available on Company’s website at www.focuslumber.com.my.

BOARD LEADERSHIP AND EFFECTIVENESS

Board of Directors

The Board currently comprises of seven (7) directors of which three (3) are Independent Non-Executive Directors, two (2) are Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Managing Director.

The Board scheduled to meet at least five (5) times a year with additional meetings to be convened when there are urgent matters to be discussed and approved by the Board in between these scheduled meetings. Meetings are also organised for the Board Committees which are the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”). Detail of attendance of each Director at the meetings of the Board and Board Committees held during the financial year 2024 was as follows:-

Directors	Board	AC	NC	RC
Datuk Aznam Bin Mansor	5/5	-	-	-
Lin, Hao-Wen	5/5	-	-	-
Lin, Hao-Yu	5/5	-	-	-
Lin, Pei-Wen	5/5	-	-	-
Nar Chin Keow	5/5	5/5	1/1	1/1
Teh Yong Khim (Resigned on 5 August 2024)	3/3	-	-	-
Kenneth Chin Kah Kiong	5/5	5/5	1/1	1/1
Chong Shu Phin	5/5	5/5	1/1	1/1

Board and Board Committee meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the meeting agenda. The senior management or external advisors were invited to attend the Board and Board Committee meetings to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision, where necessary.

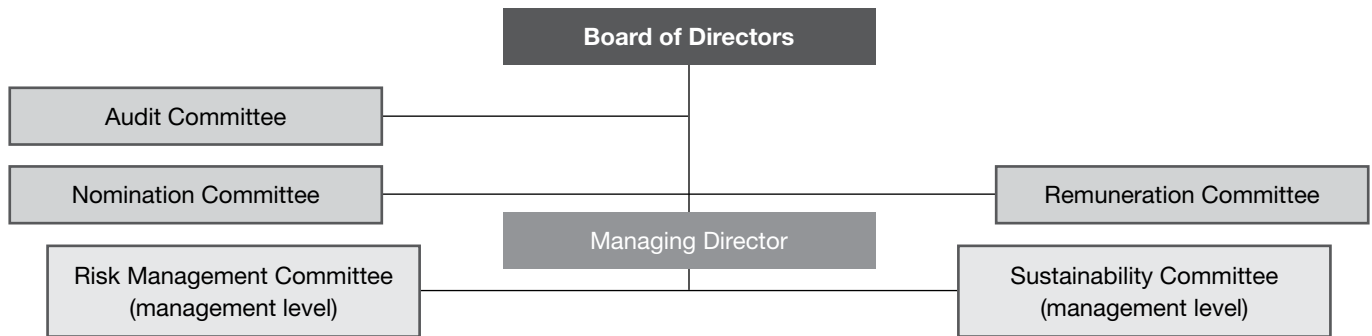
CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board of Directors (continued)

Roles and Responsibilities of the Board

The Board is collectively responsible for the overall conduct of the Group’s business and takes full responsibility for the performance of the Company and the Group. The members of the Board exercised due diligence and care in discharging their responsibilities to ensure high ethical standards are applied through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the MCCG and CG Guide, and act in the best interest of all shareholders of the Company. In order to ensure that the responsibilities of the Board are effectively discharged, the Board delegates certain responsibilities to the Board Committees, Managing Director and the Management. The Governance Structure of the Company is as depicted below:-



The Board has established Board Committees to perform certain of its functions and to provide recommendations and advice. The Board Committees operates under clearly defined Terms of Reference (“TOR”) as approved by the Board and which are periodically reviewed. The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board for approval. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Board Leadership

In fostering a strong culture of corporate governance in the Group, the Board has always strived to comply with the Best Practices of Corporate Governance. The Chairman leads the Board by setting the tone at the top and managing the Board effectiveness by focusing on strategy, governance, compliance and sustainability.

The authority for implementing the Board’s policies is delegated to the Managing Director within the limits authorised by the Board. The Directors bring to the Board considerable knowledge, a wealth of business and professional experience relevant to the Company in the pursuit of its business objectives.

The role of the Chairman and Managing Director are strictly separated and clearly defined to ensure a balance of power and authority. The position of Chairman and Managing Director are held by different individuals. The Chairman is primarily responsible for the orderly conduct and working of the Board by ensuring that all its required functions and responsibilities are met whilst the Managing Director has the overall responsibility for the day-to-day running of the Group’s business operations and the implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.

The Chairman of the Board, Datuk Aznam Bin Mansor is not a member of AC, NC and RC, which complied with Practice 1.4 of the MCCG.

Company Secretary

The Company Secretary is responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. He/ She is also responsible for advising Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving any other parties, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. All Directors have full and unrestricted access to the advice and services of the Company Secretary.

The Company is supported by the Company Secretaries who are suitably qualified, competent and capable of carrying out the duties required as they are members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). The details of the role and responsibilities of the Company Secretaries are disclosed in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board of Directors (continued)

Access to Information and Advice

The Board regularly reviews reports on progress against financial objectives, business development and receives regular reports and presentations on strategy and updates, risks profiles and material litigation. Regular reports are also provided by Board Committees based on their deliberations and recommendations.

The Chairman set the board meeting agenda, and ensure adequate time is allocated for discussion of issues tabled to the board for deliberation. The agenda of meetings and supporting meeting materials which include, among others, comprehensive management reports, minutes of meetings, project or investment proposals together with the relevant supporting documents are distributed to the Board five (5) business days in advance of all the Board and Board Committee meetings. This is to allow the Board and Board Committee to have sufficient time to review, prepare and facilitate full discussion at the meetings and thus, enable the Board to make an informed decision at each meeting.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. In the event that the Board is considering a matter in which a Director has interest in, the relevant Director would declare their interest and abstain from participating in any discussion or decision making on the subject matter.

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, the Directors are also provided with ad-hoc reports, information papers and relevant training, where necessary, from the management to ensure that they are appraised on key business, operational, corporate, legal and regulatory and industry matters.

The Board has unrestricted access to the advice and services of the appointed Company Secretaries to enable them to discharge their duties effectively.

Authority is also given to the Board to seek independent professional advice, if necessary, at the Company's expense from time to time in discharging their duties. All Board Committees also have access to independent professional advice on the same basis.

Board Charter

The Board has put in place a Board Charter that sets out, among others, the roles of the Board, division of responsibilities between the Chairman and the Managing Director, the duties and responsibilities of Independent Directors, Senior Independent Director, Board Committee, Secretary, structures of the Board Committees, procedures for the conduct of meetings, conflict of interest, etc. The Board Charter is reviewed annually. For financial year 2024, the Board reviewed and approved the Board Charter on 15 April 2024. More information on the Board Charter can be found on the Company's website at www.focuslumber.com.my.

Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed to conducting business in accordance with the highest standards of integrity, business ethics and complying with applicable laws, rules and regulations. In line with the recommendations of MCCG, the Board has established the Code of Conduct and Ethics Policy which is reviewed by the Board annually. The Code of Conduct and Ethics describes the behaviors expected from all the employees that enhance the standard of corporate governance and corporate behaviour.

Anti-Bribery and Anti-Corruption Policy ("ABAC Policy")

The Board also takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and is committed to counter bribery. The Company has adopted the ABAC Policy as in compliance with the Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"). The adoption of the ABAC Policy reflected the commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all our business dealings and relationships. The ABAC Policy provides guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Good Business Conduct and Corporate Culture (continued)

Whistleblowing Policy

Whistleblowing Policy is designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken, where appropriate. The policy is designed to support the company's values, ensure employees raising concerns without fear of reprisals and provide a transparent and confidential process for dealing with concerns.

The Whistleblowing Policy states that all malpractices or wrongdoings reported by the whistle-blower are made to the immediate superior, Chairman of the Board or Chairman of Audit Committee.

The full details of the Code of Conduct and Ethics, ABAC Policy and Whistleblowing Policy can be viewed at the Company's website at www.focuslumber.com.my.

Sustainability Management

The Board recognises the importance of sustainability development to businesses and is committed to ensure attention is given to environmental, social, economic and governance aspects as an integral part of its business operations. The Board is responsible for the development of the Group's sustainability strategies and ensures that there is an effective governance framework for sustainability within the Group.

A management level committee, which comprises of the Managing Director, Executive Directors and key senior management, was established under the governance structure with the primary purpose to assist the Board in the implementation of the strategic plan approved by the Board in managing the sustainability matters of the Group. Sustainability targets, implementation strategies, priorities and measurement method are being developed, discussed and monitored by the Board. Sustainability is included as one of the criteria in the performance evaluation of the Board and senior management.

In order to stay abreast with and understand the sustainability issues relevant to the company and its business, the Board also attended various training programme.

Board Composition and Diversity

Nomination Committee

The NC comprises three Independent Non-Executive Directors. The composition of the NC comprises the following Directors:-

Chairperson	Nar Chin Keow (f) <i>(Independent Non-Executive Director)</i>
Member	Chong Shu Phin <i>(Independent Non-Executive Director)</i>
	Kenneth Chin Kah Kiong <i>(Independent Non-Executive Director)</i>

During the financial year 2024, the NC held one (1) meeting to discuss the following matters:-

- performed annual assessment and reviewed the performance of individual Directors, effectiveness of the Board and Board Committee as a whole to ascertain that the individual Directors, the Board and the Board Committees have discharged their duties effectively according to the Board Charter and respective Board Committees' TOR;
- performed annual review and restructuring of the overall composition of the Board and Board Committees and satisfy that the Board is optimum and that there is appropriate mix of diversity (including gender), knowledge, skills, experience, expertise, attributes and core competencies in the Board's composition;
- conducted assessment on Directors who are subject to re-election by rotation pursuant to the Company's Constitution and recommended to the Board for approval; and
- conducted assessment and reviewed the proposed continuance of the Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Composition and Diversity (continued)

Review of Board Composition

The NC assists the Board in determining the composition of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors, as the need may arise. The Board had via NC reviewed the composition of the Board and satisfied that the Board is fairly balanced with a good mix of skills and experiences which add value in governing the strategic direction of the Group.

During the year 2024, there were changes to the Board composition. In August 2024, one (1) of the Director, Mr Teh Yong Khim, resigned from the Board. However, there were no changes to the composition of AC and RC during the year.

Board Independence and Tenure of Independent Directors

The Board currently comprises of seven (7) directors of which three (3) are Independent Non-Executive Directors. The composition of the Board complies with one-third (1/3) requirement of Independent Director as set out in Paragraph 15.02 of the MMLR of Bursa Securities. As at the date of this statement, none of the Independent Non-Executive Directors have served the Board for a cumulative term of nine (9) years or more.

During the financial year 2024, the board assessed the performance and independence of Ms Nar Chin Keow, Mr Kenneth Chin Kah Kiong and Mr Chong Shu Phin as well as their suitability to continue office as Independent Director. It was concluded that Independent Directors met the independence criteria as set out in the MMLR of Bursa Securities.

Diversity Policy

The Board has adopted a Diversity Policy which describes the Company's commitment to ensuring a diverse mix of skills and talent exist amongst its Directors, officers and employees, to enhance Company performance. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Board is responsible for monitoring the Company performance in meeting the Diversity Policy requirements. Currently, there are two (2) woman Directors in the Board which fulfils the requirement of Paragraph 15.02(1)(b) of the MMLR of Bursa Securities.

All the members of the Board are persons of high integrity and caliber who have sound knowledge and understanding of the Group's business and provide a diversity of breadth in experience and knowledge. They possess the background and expertise in specialised fields such as manufacturing, business management, engineering, corporate finance and investment banking, audit and accounting, legal and governance which are critical to the Group's business and sustainability. Each director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the best interest of the Group.

The number of directorships in listed corporations held by any Board member at any one time shall comply with the MMLR of Bursa Securities. Currently, none of the Directors of the Company hold more than five (5) directorships in the public listed corporations.

A brief description of each Director, which include age, gender, tenure of service, directorship in other companies, etc is stated in the Directors' Profile in page 4 to 6 of the Annual Report 2024.

Appointment of new Directors to the Board

The NC does not only rely on recommendations from existing board members, management or major shareholders in looking for suitable and qualified candidates. The NC also engages independent sources, such as independent recruiting firm to identify suitable qualified candidates.

The nominees to the Board will first be considered by the NC. The NC assess the suitability of the candidates, by taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and other qualities as well as the Directors' Fit and Proper criteria in accordance with the Director' Fit and Proper Policy before recommending the proposed appointment to the Board for approval. For the position of Independent Non-Executive Director, the NC will also evaluate the candidate's ability to discharge such responsibilities as expected from an Independent Non-Executive Director.

All newly appointed Directors will be given briefing on the overall business operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**Board Effectiveness**

A formal evaluation of the Board's effectiveness assessment has been developed as part of the Board's annual activities to assess not only the Board's performance but also to bring light improvement areas and remedial actions on the Board's administration and process.

The annual assessment of the Board is based on specific criteria such as the Board composition, Board development, Board strategy and management which include addressing the Group's material sustainability risk and opportunities and conduct of Board meetings and procedures. The evaluation documents were endorsed by the NC and approved by the Board before distributed to all the Board members to fill in their evaluation.

All Directors would undertake self-assessment of the individual performance during the year based on the required mix of skills, experience, diversity, and other qualities, including core competencies and effectiveness of the Board as a whole, the Board committee, each individual Director, and Chairman of the Board.

The NC deliberated on the findings from the self-assessment exercise during the committee meeting held on 19 February 2024. For financial year 2024 Board performance assessment, it was conducted on 17 February 2025. The overall rating of the performance evaluation of the Board was above average. The NC was satisfied that the Board consist of a good balance of Board structure where none of the Independent Non-Executive Directors are affiliated to the Executive Directors. The Directors are encouraged to communicate persuasively in a clear and non-confrontational manner.

Directors' Training

The Board also firmly believes that it is important for its Directors to invest the time and effort to update their knowledge and enhance their skill-set through relevant training programs. This will ensure that members of the Board are kept abreast of the latest developments in the areas of the capital markets, regulatory and corporate governance while equipping themselves with the know-how to contribute further to the effectiveness of the Board.

All Directors of the Company had attended and successfully completed the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities. The Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to further enhance their knowledge and to ensure Directors keep abreast with new developments in the business environment and enhance their skills and knowledge.

The Board through its NC assessed the training needs for all the Directors by organising the training in a group manner for all members during the year. Directors are encouraged to attend at least one (1) training in each financial year. List of schedules of training program is furnished to the Board to enable the Directors to choose the appropriate date and time of which training to attend.

During the financial year 2024, the Directors have attended the following training programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively:

Directors	Name of Conferences, Seminars and Training Programmes	Date
Datuk Aznam Bin Mansor	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	3-4 July 2024
Lin, Hao-Wen	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	30-31 July 2024
Lin, Hao-Yu	• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	30-31 July 2024
Lin, Pei-Wen	<ul style="list-style-type: none"> • ISO 14064 Organisational Carbon Inventory Course • ISO 14068-1:2023 Lead Verifier Training Course • ISO 14068 Corporate Carbon Neutrality Course • ISO 14067 Product Carbon Footprint Course • ESG Sustainability Reporting • Carbon training & CBAM Practical Operations Course • Mandatory Accreditation Programme Part II: Leading for Impact (LIP) 	20-21 April 2024 27 April 2024 27-28 April 2024 4-5 May 2024 11-12 May 2024 18-19 May 2024 30-31 July 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (continued)

During the financial year 2024, the Directors have attended the following training programmes to further enhance their knowledge to enable them to discharge their duties and responsibilities more effectively: (continued)

Directors	Name of Conferences, Seminars and Training Programmes	Date
Teh Yong Khim [^]	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II: Leading for Impact (LIP) 	30-31 July 2024
Nar Chin Keow	<ul style="list-style-type: none"> Borneo Rainforest Law Conference ESG Insights: An Australian Alumni Forum in Sabah Mandatory Accreditation Programme Part II: Leading for Impact (LIP) 	26-28 February 2024 11 June 2024 30-31 July 2024
Kenneth Chin Kah Kiong	<ul style="list-style-type: none"> Future-Proofing Malaysian Business: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape Practical Implementation of e-Invoicing in Malaysia – Concepts & Challenges Being Sued as an INED – A Personal Journey How Can Boards Make the Most of Blockchain & Digital Assets Strategic Data and Frameworks in Board Governance 	11 March 2024 29 April 2024 10 May 2024 20 September 2024 2 December 2024
Chong Shu Phin	<ul style="list-style-type: none"> Powering Tomorrow: Sabah's Renewable Energy Vision Designing Hot Water Systems in 15 Minutes The Significance of Energy Efficiency & Key Tips to Boost It A New Legislation to Drive Energy Efficiency and Conversation in Malaysia Mandatory Accreditation Programme Part II: Leading for Impact (LIP) Kursus Modul Enakmen Bekalan Elektrik (EBE) 2024 dan Peraturan-Peraturan Pengurusan Tenaga Elektrik Dengan Cekap (PPPTEC) 2024 Project Management Tool & Techniques for ESG and SDG Projects 	19 January 2024 23 February 2024 6-7 June 2024 24 July 2024 30-31 July 2024 5 September 2024 9 September 2024

[^] Resigned on 5 August 2024

Level and Composition of Remuneration

Remuneration Committee

The RC comprises wholly Independent Non-Executive Directors. The primary purpose of the RC is to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Company has coherent remuneration policies that fairly and responsibly reward individuals with regards to performance, the risk management framework, the law and the highest standards of governance.

The RC empowered by its TOR and is responsible for recommending to the Board the remuneration of the Executive Directors in all forms drawing from outside advice, if necessary, and the Executive Directors shall play no part in the decisions on their own remuneration.

During the financial year 2024, the RC met one (1) time to consider the remuneration package for the Executive Directors as well as Directors' fees and benefits for the Independent Non-Executive Directors. All deliberations of the RC are properly documented in the minutes of RC meetings and recommended for Board's approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Level and Composition of Remuneration (continued)

Remuneration Policy and Procedures

The Remuneration Policy and Procedures is designed with the aim to support the Group's key strategies and create a strong performance-oriented environment, and be able to attract, motivate and retain talent.

The Independent Non-Executive Directors' remuneration package reflects the experience, expertise and level of responsibilities undertaken by the Independent Non-Executive Directors.

The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company shall approved by the Shareholders at the Annual General Meeting in accordance with Section 230 of the Companies Act 2016.

The remuneration package for Executive Directors and Senior Management is linked to scope of the duty and responsibilities, individual performance, achievement of the Group's budget and information from independent sources on the rate of salary for similar positions in other comparable companies.

All Directors abstained from deliberating and decision making of their own remuneration. The Directors who are also the shareholders should abstain from voting at general meetings when the proposed resolution approving their Directors' fees and benefits was tabled to the shareholders for approval.

The detailed remuneration of the individual Directors and Key Senior Management are disclosed in the CG Report.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee ("AC")

The AC comprises wholly of Independent Non-Executive Directors. Mr Kenneth Chin Kah Kiong is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the AC's findings and recommendation. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the TOR of the AC.

The AC is authorised by the Board to investigate any activities within its TOR and has unrestricted access to both the internal and external auditors and members of the senior management of the Company.

The AC is responsible to carry out a review of the performance of External Auditor, including assessment of suitability and independence of External Auditor in the performance of their obligations as External Auditor. The AC obtained the written assurance from the External Auditors which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements, including the By-Laws of the Malaysian Institute of Accountants.

The AC also undertakes an annual assessment of the quality of audit which encompassed the performance of the External Auditor, including the quality of services, sufficiency of resources, communications and interaction with AC, and their independence, level of non-audit fees, rotation of audit partner, objectivity and professionalism. Assessment questionnaires were used as a tool to obtain input from the Management.

In February 2024, the NC reviewed the composition and performance evaluation of the AC and is satisfied that the AC had discharged its function, duties and responsibilities in accordance with the TOR of the AC. To maintain an independent and effective AC, Independent Non-Executive Directors who are financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Company's business operation were considered for membership on the AC. The performance evaluation of the individual Director is used in determining the re-appointment for their next term and recommended for Board's approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Effective Risk Management and Internal Control Framework

The Board acknowledges its responsibility for maintaining a sound risk management and internal control framework, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The risk management and internal control system also aimed at identifying and managing any risks that the Company may encounter in pursuit of its business objectives.

The Board entrusts the AC with the overall responsibility for overseeing the risk management activities of the Group. The AC is also responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls.

The Board is of the view that the Group's risk management and internal control framework is in place for the financial year under review and up to the date of issuance of the financial statements.

The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is disclosed on page 52 to 55 of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders

The Board is committed to provide accurate, clear, timely and complete disclosure of material information pertaining to the development of the Group to its stakeholders. Information that is price sensitive or may be regarded as undisclosed material information about the Company is not disclosed to any party until it is already in the public domain through proper disclosure. In responding to the recommendations contained in the MCCG and the disclosure obligations contained in the MMLR of Bursa Securities, the Group has formalised a Corporate Disclosure Policy.

The disclosures made by the Group to Bursa Securities and its stakeholders handled by the Managing Director and/ or Company Secretary within the prescribed disclosure requirements under the MMLR and guided by the Corporate Disclosure Guide issued by Bursa Securities. Such disclosures would only be released to Bursa Securities and its stakeholders after having been reviewed and approved by the Board.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for "Investors Relations" on the Company's website at www.focuslumber.com.my where updates on the Group, corporate information, profiles of Directors, annual report, policies and TOR of respective Board Committees.

Conduct of General Meetings

The Board is of the view that the General Meetings are an important platform to meet the shareholders and for the shareholders to address their concerns. Shareholders are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to convey their expectations and concerns. Shareholders are also encouraged to participate in the open question and answer session on the resolutions to be proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Constitution to attend and vote on their behalf.

The Company held its 34th Annual General Meeting ("AGM") virtually and leveraged on technology to enhance the communication with the shareholders of the Company. The Chairman of the Board and Chairman of the AC were physically present at the broadcast venue together with the Company Secretaries. The other members of the Board and the External Auditor were in attendance virtually via video conferencing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Conduct of General Meetings (continued)

The Notice of 34th AGM was dispatched to the shareholders on 25 April 2024, at least 28 days before the meeting date and was in excess of the 21 days requirement under the Companies Act 2016. At the same time, shareholders were advised to take advantage of the remote participation and voting (RPV) facilities. To further encourage engagement between the Directors and shareholders, shareholders were also invited to send questions before and during the meeting to Tricor's TIH Online website in relation to the agenda items for the 34th AGM. Questions posted by shareholders were made visible to all meeting participants during the meeting.

The Company conducted electronic polling at the AGM. The poll results were verified by the appointed scrutineer, Scrutineer Solutions Sdn. Bhd. and visible on the screen, upon which the Chairman declared that all the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The minutes of the AGM (including all the Questions and Answers at the meeting) were also made available on our website within thirty (30) business days after the conclusion of the general meetings.

COMPLIANCE STATEMENT

The Board is of the opinion that the Group has substantially complied with the Best Practices of MCCG throughout the financial year ended 31 December 2024.

The Group will continuously make effort to adopt the departures of the Practices prescribed by the MCCG. Explanations on the departure of the Practices can be found in the CG Report which is available on the Company's website at www.focuslumber.com.my.

This Corporate Governance Overview Statement with inclusion of the AC Report, together with the Corporate Governance Report 2024 were approved by the Board on 17 April 2025.

AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) is established to assist the Board to ensure timely and accurate financial reporting, proper implementation of risk management policies and internal controls, and compliance with legal and regulatory requirements by the Company and its subsidiaries (“the Group”).

COMPOSITION OF THE AUDIT COMMITTEE

The AC comprises three (3) members who are all Independent Non-Executive Directors. The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Practice 9.4 of the Malaysian Code of Corporate Governance (“MCCG”).

As at 31 December 2024, the AC comprised the following:-

Chairman	Kenneth Chin Kah Kiong (<i>Independent Non-Executive Director</i>)
Member	Nar Chin Keow (f) (<i>Independent Non-Executive Director</i>)
	Chong Shu Phin (<i>Independent Non-Executive Director</i>)

The Chairman of the AC, Mr Kenneth Chin Kah Kiong is member of the Association of Chartered Certified Accountants (“ACCA”) and Malaysian Institution of Accountants (“MIA”). He has more than 25 years of extensive experience in various spectrum of finance functions encompassing accounting, taxation, financial reporting, corporate finance across industries including construction, property development, hotel, retail and food & beverages in public listed companies. He fulfills other requirements as prescribed and approved by the Bursa Malaysia. Accordingly, the Company complies with the requirements of Paragraph 15.09(1)(c) of MMLR of Bursa Securities.

The AC Chairman is also not the Chairman of the Board which is in line with Practice 9.1 of the MCCG.

In compliance with Paragraph 15.20 of the MMLR of Bursa Securities, the term of office and performance of the AC and each of its members are being assessed by the Nomination Committee prior to recommendation to the Board for notation. During the financial year 2024, the Board is satisfied that the AC has discharged its function, duties and responsibilities in accordance with the Terms of Reference of the AC. The details of the Terms of Reference of the AC, which was revised and approved by the Board on 17 April 2025, is available on the Company’s website at www.focuslumber.com.my.

MEETINGS OF THE AC

The AC met five (5) times during the financial year 2024 and all five (5) meetings were attended by all members of the AC. The attendance of the AC in all its meetings during financial year 2024, were as follows:-

AC	Attendance
Kenneth Chin Kah Kiong (Chairman)	5/5
Chong Shu Phin	5/5
Nar Chin Keow	5/5

The Managing Director, Executive Director, representatives of the External Auditors and the outsourced Internal Auditors were invited to attend and brief the AC on specific issues during the AC meetings. The role of the AC is to ensure that recommendations made by both internal and external auditors, as well as by regulators, are addressed and dealt with in a timely manner.

In performing its function, the AC had met the external auditors twice without the presence of any executive member of the Board and management staff on 15 April 2024 and 18 November 2024.

All deliberations at the AC meetings were properly recorded. The minutes of the AC meetings were tabled for confirmation at the meetings that followed and subsequently presented to the Board for notation. The AC Chairman also reported to the Board on the activities and significant matters discussed at each AC meeting.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The main activities and work carried out by the AC during the financial year 2024 were as follows:-

Financial Reporting

- a. Reviewed the unaudited quarterly financial results of the Group for the fourth quarter of 2023 and the annual audited financial statements of 2023 of the Company at the meetings held on 19 February 2024 and 15 April 2024, respectively;
- b. Reviewed the unaudited quarterly financial results of the Group for the first, second, and third quarters of 2024 before recommending to the Board for consideration and approval at the meetings held on 24 May 2024, 19 August 2024 and 18 November 2024 respectively;
- c. Reviewed related party transactions entered into by the Group and the Company to ensure that such transactions were at arm's length as well as in line with the Group's normal commercial terms; and
- d. Discussed and confirmed with the Management that:
 - i. Appropriate accounting policies has been adopted and applied consistently;
 - ii. Prudent judgements and reasonable estimates have been made in accordance with requirements as set out in the MFRS; and
 - iii. The Annual and Quarterly Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the Company.

External Audit

- a. Reviewed and approved the External Auditors' 2024 Audit Planning Memorandum outlining their scope of work, areas of audit emphasis such as revenue recognition, existence and valuation of inventories, impairment assessment of property, plant and equipment, impairment assessment of investment property, related party transactions and balances and management override of controls and also proposed fee for the statutory audit, together with assurance-related fee for the review of the Statement of Internal Control and Risk Management as well as fees for other non-audit related services on 18 November 2024;
- b. Obtained the written assurance from External Auditors to confirm that they were and had been independent throughout the conduct of their audit engagement for financial year 2024;
- c. Had two (2) private meetings with the External Auditors on 15 April 2024 and 18 November 2024 without the presence of Managing Director, Executive Directors and Management, in order to provide the External Auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference. External auditors are satisfied with the co-operation and the working relationship accorded thus far. The AC Chairman also invited the External Auditors to communicate to him at any time if any incidents or matters had arisen during the course of their audits that needed his attention or that of the AC;
- d. Reviewed the audited financial statements for the financial year ended 31 December 2023 before recommending for the Board of Directors' approval on 15 April 2024;
- e. Reviewed and discussed the Key Audit Matter ("KAM") identified by the External Auditors and determined the materiality of the matter raised on 19 February 2024. The KAM highlighted by the External Auditors was on valuation of inventories and allocation of fixed overheads to units of production and impairment of property, plant and equipment ("PPE");
- f. Upon an enquiry by the External Auditors, all AC members verbally confirmed that they had no knowledge of any actual, suspected or alleged fraud or non-compliance with law or regulations affecting the Group; and
- g. Noted from the representation by the External Auditors that they are exempted from the publication of the External Auditors' Transparency Report, but they confirmed their adherence to the practices as stated in the required content of such report.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONTINUED)

Internal Audit

- a. Reviewed the progress of the internal audit plan 2024/2025 at the meetings held on 19 February 2024, 24 May 2024, 19 August 2024 and 18 November 2024;
- b. Reviewed with the outsourced Internal Auditor, the internal audit reports, their evaluation of the internal control system and the follow-up on the audit findings at the meetings held on 19 February 2024, 24 May 2024, 19 August 2024 and 18 November 2024;
- c. Reviewed the adequacy (including the scope, methodology, competency, resources and authority) and performance (including compliance with relevant standards and regulations, quality of internal audit and quality of report) of the outsourced Internal Auditor on 19 February 2024, 24 May 2024, 19 August 2024 and 18 November 2024; and
- d. Reviewed and approved the Internal Audit Plan 2025 and recommended the proposed audit fee to the Board for approval on 18 November 2024.

Risk Management

- a. Reviewed the reports submitted by the Risk Management Committee on key risks facing the Group during the meeting held on 24 May 2024 and 18 November 2024 to ensure that mitigation action plans have been put in place.

Others

- a. Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the MMLR of Bursa Securities on 15 April 2024;
- b. Reviewed the variance analysis between actual result, budget and forecasted result on 19 February 2024, 24 May 2024, 19 August 2024 and 18 November 2024; and
- c. Reviewed and recommended the Budget for year 2025 to the Board for approval on 21 November 2024.

INTERNAL AUDIT FUNCTIONS

The AC is aware that an independent and adequately resourced internal audit function is essential to assist for ensuring an effective and adequate internal control system.

The Group's internal audit function is outsourced to a professional internal audit service provider and this ensures that the outsourced internal auditor is independent as it has no involvement in the operations of the Group. The outsourced Internal Auditor reports directly to the AC.

The AC has full and direct access to the outsourced Internal Auditor, reviewed the reports on all audits performed and monitors its performance. The AC also reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

The outsourced Internal Auditor carried out internal audits on various operation units within the Group based on a risk-based audit plan approved by the AC. Based on these audits, the outsourced Internal Auditors provided the AC with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTIONS (CONTINUED)

The summary of activities carried out by the outsourced Internal Auditor during the financial year were as follows:-

- Seek endorsement on the internal audit plan and whether any change was required during the quarterly AC meeting.
- Performed internal audit reviews and follow-up reviews on the following areas:

No.	Audited Area	Audit Work Taken On
1	Sales <ul style="list-style-type: none"> • Price Development • Selling to Order Processing • Distribution and Invoicing • Payment to Marketing Agents 	2 January 2024 to 8 February 2024
2	Follow-up Audit Report on Warehouse	2 January 2024
3	Follow-up Audit Report on Warehouse & Sales	6 May 2024 to 8 May 2024
4	Purchasing <ul style="list-style-type: none"> • Purchase requisition and approval • Quotation comparison • Receiving of items or services procured • Supplier's payment and matching of documents 	5 August 2024 to 8 August 2024
5	Follow-up Audit Report on Warehouse	8 August 2024
6	Follow-up Audit Report on Warehouse and Internal control review on Purchasing	28 October 2024 to 8 November 2024

- Issued reports on the results of the internal audit review, identifying weaknesses with suggested recommendations for improvements to Management for further action to improve the system of internal control.
- Attended the AC meetings held on 19 February 2024, 24 May 2024, 19 August 2024 and 18 November 2024 to table and discuss the audit reports.

The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The outsourced Internal Auditor conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately.

During the financial year 2024, the AC met four (4) times with the outsourced Internal Auditors to carry out its responsibilities in reviewing the internal audit function and to assure itself on the soundness of internal control system. The costs incurred for the outsourced internal audit function in respect of the financial year ended 31 December 2024 was RM51,680 (2023: RM50,880).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises the importance of a sound system of risk management and internal control framework. The Board's Statement on Risk Management and Internal Control outlines the nature and scope of the Group's system of internal control and risk management in financial year 2024.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for ensuring the adequacy and effectiveness of the Group's Risk Management and Internal Control System. This includes the establishment of an appropriate control environment and risk management framework, processes and structures and continually reviewing the adequacy and integrity of the said system to safeguard shareholders' investment and the Group's assets.

Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal control and risk management where such system is designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable, but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.

The Board entrusts the Audit Committee ("AC") with the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organisation, identification and management of strategy and key operational risks.

The AC evaluates the adequacy and effectiveness of the Group's internal control system through submission of internal audit reports by the outsourced Internal Auditors on a quarterly basis. Besides, the AC is responsible for routine half-yearly reporting of significant risk exposures to the Board and will closely monitor the risks that are identified. Audit issues, risk-related matters and actions taken by Management to address the issues were deliberated during the AC meetings and presented to the Board for their review and approval.

The Board is of the view that the Group's risk management and internal control framework and system is in place for the financial year under review and up to the date of issuance of the financial statements.

MANAGEMENT'S RESPONSIBILITY

Management is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control system, taking appropriate and timely corrective actions as required. A management level committee which is led by the Managing Director has been formed to:

- (a) advise the AC on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment;
- (b) make recommendations to the AC on priority risk areas and the appropriate action required;
- (c) monitor and ensure the Risk Management Policy is implemented effectively;
- (d) ensure that adequate organisational system is in place for implementing, monitoring and reviewing assurances on controls;
- (e) oversee identification and implementation of the risk management action plan and risk registers; and
- (f) inform any serious untoward incidents and ensure that follow up action plans are developed.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

Risk Management Framework

The AC has the responsibility to oversee the overall risk management processes by identifying principal business risks and ensuring the appropriate implementation of system to manage these risks.

The Board has established a formal risk management framework that enables the management of risks within defined risks parameters. The framework involves a continual process for identifying, assessing, monitoring and reporting significant risks faced by executives, departments operating units and ultimately the Group. Risks are monitored and managed through ownership from line management demonstrating their commitment to managing their own risks and providing upwards assurance, on increasing accountability and transparency throughout the Group. The effectiveness of the framework is assessed at least twice every year, which includes a review of all significant risks by the respective risk owners and assessment of the overall risk environment of the Group.

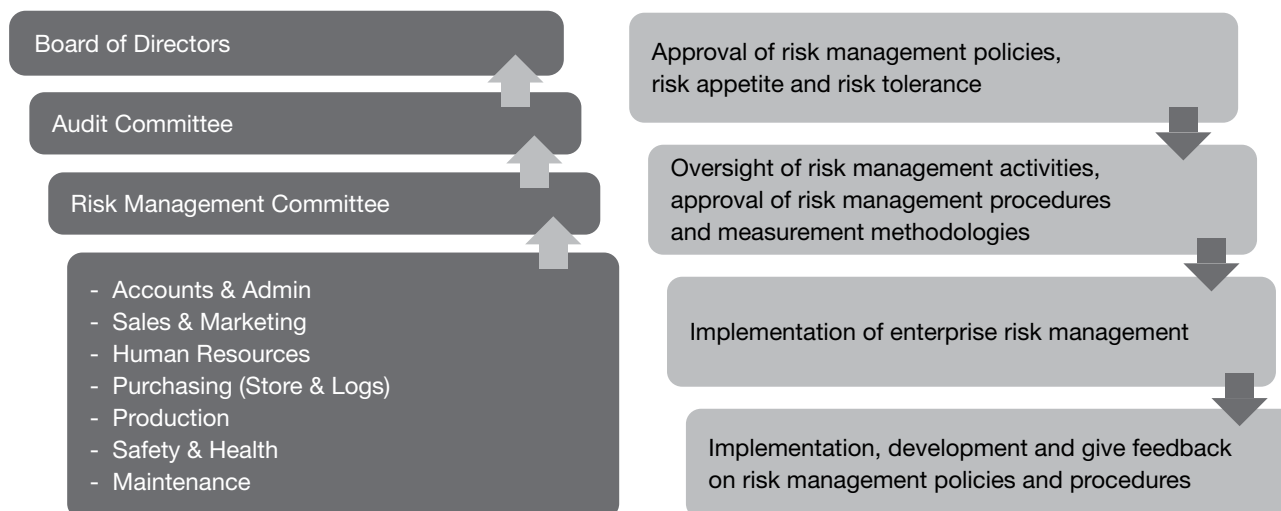
The Board firmly believes that effective risk management is critical to the Group's continued profitability and the enhancement of shareholder value. With the assistance of Management, the Board has outlined the overall approach of the Group's risk management activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONTINUED)

Risk Management Process

The risk management oversight structure of the Group sets out the accountabilities and responsibilities for the risk management process which underlines the principal risk management and control responsibilities:



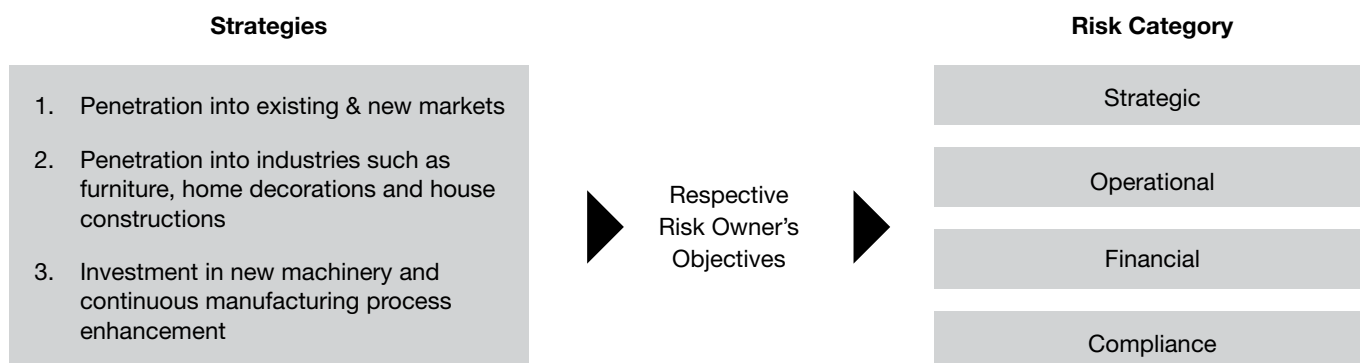
The Board is responsible for oversight of the Group’s risk management framework, risk appetite/ risk tolerance and risk management policies. The AC is supported by the management level Risk Management Committee (“RMC”). RMC identifies and communicates the material risks (present and potential) in terms of likelihood of exposures and impact on the Group’s business to the AC on half-yearly basis and such time as the need arises.

The individual operating units are responsible for identifying, mitigating and managing risks within their respective lines of business and ensuring that the day-to-day business activities are carried out in accordance with established policies, procedures and limits.

The risk management policies are subject to review when the need arises to ensure that they remain relevant and effective in managing the associated risks due to changes in the marketplace and regulatory environments.

The risk management process starts with the identification of all risks affecting the Group’s achievement of its business objectives and the linkage between risk management and its objectives can be illustrated below:

FOCUS LUMBER BERHAD



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONTINUED)

Risk Management Process (continued)

Risk is to be assessed by considering estimates of both likelihood and impacts. The risk evaluation process helps the Group to determine how best to utilise its resources in managing its risks at an enterprise level.

<u>Likelihood</u>	<u>Impact</u>			
	Insignificant	Minor	Moderate	Major
Almost certain	Medium - Effectiveness and adequacy of control should be periodically monitored.		High - Effectiveness and adequacy of control should be immediately monitored.	
Likely				
Possible	Low - Risks managed by existing controls.		Significant - Effectiveness and adequacy of control should be regularly monitored.	
Unlikely				

The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall under bottom right corner and top left corner are considered as significant and medium priority. Effectiveness and adequacy of the internal controls of these categories should be monitored regularly and periodically respectively. The risks at the bottom left corner are considered as low priority risks which are sufficiently managed with existing controls. All the risks identified are maintained in a risk register to facilitate monitoring from time to time.

Risk Management Activities

During the financial year 2024, the risk register for Account and Admin Department was updated to reflect the change of the responsible personnel to the Chief Financial Officer. Meanwhile, there is no changes made to the Risk Management Policy and Procedures Manual which were approved by the Board on 19 May 2023.

Internal Audit Function

The Group’s internal audit function is outsourced to an independent professional firm, to assist the Board and the AC in providing objective and independent assessment on the adequacy and effectiveness of the Group’s risk management and internal control system.

The outsourced internal auditor is led by a team who are registered with professional bodies, and comprises:-

- (a) Director – Accountant registered with the Malaysian Institute of Accountants (MIA), Fellow Certified Practising Accountant (FCPA) with CPA Australia, Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA) and an Internal Certified Auditor accredited by the Institute of Internal Auditors Inc.; and
- (b) Manager - Associate Member of Institute of Internal Auditors Malaysia.

The outsourced internal auditor monitors compliance with policies and procedures and the effectiveness of the internal control system and highlights significant findings in respect of any non-compliance to the AC on a quarterly basis.

The findings of the internal audits are tabled at the AC meetings for deliberation and the AC’s expectations on the corrective measures will be communicated to the Management. The Internal Audit Plans are reviewed and approved by the AC.

The AC reviews any internal control issues identified by the outsourced internal auditor, the external auditors and Management, and evaluates the adequacy and effectiveness of the risk management and internal control system. The AC also reviews the internal audit function and quality of internal audits. The minutes of the AC meetings are tabled to the Board. Further details of the activities undertaken by the AC are set out in the AC Report.

During the financial year 2024, the AC met four (4) times with the outsourced Internal Auditors to review the internal audit function and the soundness of its internal control system. The costs incurred for the outsourced internal audit function in respect of the financial year ended 31 December 2024 was RM51,680.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONTINUED)

Other Internal Control Processes

Other key elements of internal control are as follows:

- (a) an organisation structure with formally defined lines of responsibility and delegation of authority;
- (b) operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the form of circulars to line management in all operating units and updated as and when there are changes;
- (c) Board and AC meetings are carried out to assess the overall performance and internal controls of the Group;
- (d) submission of annual budget for approval and financial forecast for the remaining period of the financial year. The AC reviews quarterly reports, which are measured against budget and forecast to gauge performance;
- (e) internal control requirements such as system configuration controls, authority limits, and user access controls are embedded in computerised systems;
- (f) the professionalism and competency of employees are being emphasised through training;
- (g) regular operation and management meetings were held to discuss the management and operational issues;
- (h) quarterly reports are released to Bursa Malaysia Securities Berhad after being reviewed by the AC and approved by the Board;
- (i) establishment of a sustainability committee at management level that governs the management of sustainability within the Group which covers the key activities related to materiality assessment, setting of KPI and sustainability-related targets, and reporting timeframe; and
- (j) submission of solvency assessment report on a quarterly or semi-annually basis with the future solvency position deliberated at Board meetings.

ASSURANCE FROM THE MANAGEMENT

The Board has also received assurance from the Managing Director and the Executive Director on 17 April 2025 that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system adopted by the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors has reviewed the Statement on Risk Management & Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors has reported to the Board that nothing has come to their attention that caused them to believe that this Statement is inconsistent with their understanding of the processes that the Board has adopted in terms of the adequacy and integrity of internal control of the Group. AAPG 3 does not require the External Auditors to, and they did not, consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the risk management and internal control system of the Group.

CONCLUSION

Based on the processes implemented during the financial year under review and up to the date of issuance of the financial statements and assurance provided by the Group's Managing Director and Executive Director; the Board is of the view that the risk management and internal control system as described in this Statement is operating adequately and effectively, in all material aspects, to mitigate the Group's major risks. There were no material losses that had arisen from any inadequacy or failure of the Group's system of internal control which required additional disclosure in the financial statements. There is continual focus on measures to protect shareholder value and business sustainability.

This statement was approved by the Board of Directors on 17 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

The following is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. Utilisation of Proceeds raised from Corporate Proposal

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2024.

2. Audit and Non-audit Fees

The amount of audit fee paid to the external auditors by the Company and the Group for the financial year ended 31 December 2024 are RM98,000.00 and RM111,000.00 respectively. The amount of non-audit fees paid to the external auditors by the Company and Group for the financial year ended 31 December 2024 is RM23,000.00 and RM28,000.00 respectively for corporate tax compliance and advisory services rendered.

3. Material Contracts

There were no material contracts subsisting or entered into by the Company and its subsidiary involving any Directors or substantial shareholders of the Company or any persons connected to a Director or major shareholder of the Company during the financial year.

4. Recurrent Related Party Transactions (“RRPTs”)

RRPTs entered into the Company and the Group are disclosed under Note 32(a) & (b) to the Financial Statements on pages 94 and 95.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledged their responsibilities as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In the preparation of the financial statements, the Directors have:

- Adopted appropriate accounting policies and apply them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that applicable approved accounting standards have been complied with; and
- Ensured the financial statements has been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.



FINANCIAL STATEMENTS

59 Directors' Report

63 Statements By Directors

63 Statutory Declaration

64 Independent Auditors' Report

68 Statements of Profit or Loss and Other Comprehensive Income

69 Statements of Financial Position

70 Statements of Changes in Equity

71 Statements of Cash Flows

72 Notes to the Financial Statements



DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

Principal activities

The principal activities of the Company are manufacturing and sale of plywood, veneer, laminated veneer lumber (“LVL”), and investment holding.

The principal activities of the subsidiary companies are stated in Note 15 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Loss for the financial year attributable to:		
Owners of the Company	(18,242,087)	(12,380,854)

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the dividends declared by the Company were as follows:

	RM
In respect of the financial year ended 31 December 2024:	
Interim single-tier dividend of 2 sen per ordinary share declared on 18 November 2024 and paid on 20 December 2024	4,368,633

The Directors do not recommend any final dividend for the current financial year ended 31 December 2024.

Directors

The Directors who have held office during the financial year and up to the date of this report are:

Datuk Aznam Bin Mansor
 Lin Hao Wen
 Lin Hao Yu
 Lin Pei-Wen
 Nar Chin Keow
 Chong Shu Phin
 Kenneth Chin Kah Kiong
 Teh Yong Khim (Resigned on 5 August 2024)

Pursuant to Section 253 of the Companies Act 2016, the Directors of subsidiary companies during the financial year and up to date of this report are as follows:

Lin Hao Wen
 Lin Hao Yu
 Lin Pei-Wen

DIRECTORS' REPORT

Directors' interests in shares

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

Direct interest:	Number of ordinary shares			At 31.12.2024
	At 1.1.2024	Acquired	Sold	
Datuk Aznam Bin Mansor	1,591,200	-	-	1,591,200
Lin Hao Wen	27,002,041	-	(16,394,827)	10,607,214
Lin Hao Yu	29,272,223	248,400	-	29,520,623
Lin Pei-Wen	-	10,394,827	-	10,394,827
Teh Yong Khim	1,040,000	-	(1,040,000)	-

By virtue of their interest in the Company, all the Directors are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest in according with Section 8 of the Companies Act, 2016.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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, except as disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year are amounted to RM2,676,215 and RM2,338,215 respectively.

Indemnity and insurance for Directors and officers

The Company maintains an indemnity insurance for the Directors and Officers of the Company and its subsidiaries throughout the financial year, which provides appropriate insurance cover for the Directors and Officers of the Company in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors and Officer Liabilities Insurance effected for the Directors and officers was RM20,000,000 per occurrence and in the aggregate. The amount of insurance premium paid by the Company for the financial year ended 31 December 2024 was RM39,430.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

Issues of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

Treasury shares

As at 31 December 2024, the Company held as treasury shares a total of 11,988,332 of its 230,420,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM7,386,847 and further relevant details are disclosed in Note 24 to the financial statements.

Options granted over unissued shares

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

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) 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; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

DIRECTORS' REPORT

Auditors

The auditors, PKF PLT, have indicated their willingness to continue in office.

During the financial year, the total amount of fee paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company are amounted to RM111,000 and RM98,000 respectively.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIN HAO WEN
Director

LIN HAO YU
Director

Dated 17 April 2025

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 68 to 102 are drawn up in accordance with 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 positions of the Group and of the Company as at 31 December 2024 and of their financial performances and cash flows for the financial year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

LIN HAO WEN
Director

LIN HAO YU
Director

Kota Kinabalu

Dated 17 April 2025

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, SU PEI SZE, being the Officer primarily responsible for the financial management of FOCUS LUMBER BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 68 to 102 are in my opinion 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 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed SU PEI SZE)
at Kota Kinabalu in the state of Sabah)
on 17 April 2025)

SU PEI SZE
CA 29877

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FOCUS LUMBER BERHAD

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of FOCUS LUMBER BERHAD, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 68 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2024, and of their financial performances and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 of 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.

Area of focus	How our audit addressed the key audit matter
<p>(1) Impairment of property, plant and equipment</p> <p>The Group's and Company's operating results have significantly deteriorated in the current financial year, which is an indicator that the Group's property, plant and equipment may be impaired.</p> <p>The Group has engaged independent valuer to value its property, plant and equipment to determine the recoverable amount of certain significant property, plant and equipment that are exhibiting impairment indicators due to the significant losses suffered by the Group's and the Company's operations.</p> <p>This independent valuer used industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group and to the Company, we have considered this to be a key audit matter.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Obtained independence confirmation from the professional valuer; • Obtained the valuations of property, plant and equipment prepared by the independent professional valuers and evaluated the valuation reports for appropriateness of the methodology used and reasonableness of the underlying basis and assumptions used; • Assessed the competency, capabilities and objectivity of the independent professional valuer; • Obtained an understanding of the methodology adopted by the independent professional valuer in estimating the fair value of the above-mentioned assets and assessed whether such methodology is reasonable; and • Discussed with the independent professional valuers to obtain understanding of market value used as input to the valuations models and of the adjustments made to the observable inputs.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FOCUS LUMBER BERHAD

Key Audit Matters (continued)

Area of focus	How our audit addressed the key audit matter
<p>(2) Inventories</p> <p>Costing of inventories</p> <p>The cost of conversion from raw materials to work in progress and finished goods may not be allocated to each respective products in a manner which appropriately reflects the costs associated with manufacture of the product according to its size or quality or in a consistent basis across all products.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's process in determining an appropriate costing basis, including the allocation of costs of conversion in line with management policies; • Assessed the basis of allocation for the costs that were not separately identifiable between the products were applied on a rational and consistent basis and has factored in key variables like production volumes and selling prices; and • Performed clerical accuracy tests on the allocation of overhead costs.
<p>Allocation of fixed overheads to units of production</p> <p>The fixed overhead costs allocated to units of inventories produced during the year may not be based on a normalised production capacity determined based on historical production data.</p>	<p>Our audit procedures include, among others:</p> <ul style="list-style-type: none"> • Reviewed management's judgement in segregating the semi variable costs between fixed costs and variable costs and concluded whether the segregation is reasonable; • Evaluated the normalised production capacity based on past few years of production volumes and ensured any period of abnormal production level is disregarded for the analysis; and • Determined whether any adjustment for allocated fixed overhead costs to inventories is required by comparing the production volume used for the allocation to the normalised production volume.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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 going concerns, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOCUS LUMBER BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (i) 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.
- (ii) 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.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (iv) 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.
- (v) 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.
- (vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

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 FOCUS LUMBER BERHAD

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 content of this report.

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

Kota Kinabalu

Dated 17 April 2025

CHAU MAN KIT
02525/03/2026 J
CHARTERED ACCOUNTANT

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contract with customers	5	89,989,551	60,187,348	89,985,891	60,187,348
Cost of sales		(101,055,589)	(66,769,062)	(99,143,850)	(67,381,867)
Gross loss		(11,066,038)	(6,581,714)	(9,157,959)	(7,194,519)
Interest income	6	290,303	341,554	290,006	341,103
Other operating income	7	2,841,668	3,814,062	2,482,316	3,415,081
Administrative expenses		(7,942,620)	(6,324,360)	(6,124,038)	(6,291,186)
Other operating expenses		(2,616,125)	(1,749,638)	(16,125)	(1,773,577)
Loss before taxation	8	(18,492,812)	(10,500,096)	(12,525,800)	(11,503,098)
Income tax expense	11	250,725	2,611,675	144,946	2,736,962
Loss for the financial year		(18,242,087)	(7,888,421)	(12,380,854)	(8,766,136)
Loss attributable to:					
Owner of the Company		(18,242,087)	(7,888,421)	(12,380,854)	(8,766,136)
Loss per share attributable to owners of the Company (sen per share)					
Basic and diluted	12	(8.35)	(3.61)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	27,035,555	22,594,980	24,512,105	19,612,266
Investment property	14	1,886,731	1,968,763	1,886,731	1,968,763
Investments in subsidiary companies	15	-	-	5,000,001	5,000,001
Intangible asset	16	149,040	149,040	149,040	149,040
Other investment	17	1,852,800	-	-	-
		30,924,126	24,712,783	31,547,877	26,730,070
Current assets					
Inventories	18	43,733,899	47,969,734	43,733,899	46,943,524
Trade and other receivables	19	8,998,583	7,825,379	13,043,305	8,771,692
Other current assets	20	1,882,123	6,364,267	1,882,088	5,220,092
Tax recoverable		4,253,963	3,206,147	4,253,108	3,205,037
Other current financial assets	21	56,221,787	73,948,342	44,722,869	60,891,217
Cash and bank balances	22	11,539,326	14,547,040	9,237,554	13,835,344
		126,629,681	153,860,909	116,872,823	138,866,906
TOTAL ASSETS		157,553,807	178,573,692	148,420,700	165,596,976
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	92,652,004	92,652,004	92,652,004	92,652,004
Treasury shares	24	(7,386,847)	(7,386,847)	(7,386,847)	(7,386,847)
Employee share option reserve	25	-	-	-	-
Retained profits	27	65,838,745	88,449,465	58,491,987	75,241,474
TOTAL EQUITY		151,103,902	173,714,622	143,757,144	160,506,631
Non-current liability					
Deferred tax liabilities	28	-	105,772	-	-
		-	105,772	-	-
Current liabilities					
Trade and other payables	29	5,459,853	4,156,537	3,673,504	4,493,584
Contract liabilities	30	990,052	596,761	990,052	596,761
		6,449,905	4,753,298	4,663,556	5,090,345
TOTAL LIABILITIES		6,449,905	4,859,070	4,663,556	5,090,345
TOTAL EQUITY AND LIABILITIES		157,553,807	178,573,692	148,420,700	165,596,976

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Group	Note	Attributable to owners of the Company				Total equity RM
		Share capital RM	Treasury shares RM	Employee share option reserve RM	Retained profits RM	
At 1 January 2023		91,853,964	(7,229,171)	852,937	105,075,152	190,552,882
Loss for the financial year		-	-	-	(7,888,421)	(7,888,421)
Purchase of treasury shares	24	-	(157,676)	-	-	(157,676)
Forfeiture of equity-settled share options	25	-	-	(703,317)	-	(703,317)
Exercise of employee share options	23/25	798,040	-	(149,620)	-	648,420
Dividends on ordinary shares	31	-	-	-	(8,737,266)	(8,737,266)
At 31 December 2023		92,652,004	(7,386,847)	-	88,449,465	173,714,622
Loss for the financial year		-	-	-	(18,242,087)	(18,242,087)
Dividends on ordinary shares	31	-	-	-	(4,368,633)	(4,368,633)
At 31 December 2024		92,652,004	(7,386,847)	-	65,838,745	151,103,902
Company						
At 1 January 2023		91,853,964	(7,229,171)	852,937	92,744,876	178,222,606
Loss for the financial year		-	-	-	(8,766,136)	(8,766,136)
Purchase of treasury shares	24	-	(157,676)	-	-	(157,676)
Forfeiture of equity-settled share options	25	-	-	(703,317)	-	(703,317)
Exercise of employee share options	23/25	798,040	-	(149,620)	-	648,420
Dividends on ordinary shares	31	-	-	-	(8,737,266)	(8,737,266)
At 31 December 2023		92,652,004	(7,386,847)	-	75,241,474	160,506,631
Loss for the financial year		-	-	-	(12,380,854)	(12,380,854)
Dividends on ordinary shares	31	-	-	-	(4,368,633)	(4,368,633)
At 31 December 2024		92,652,004	(7,386,847)	-	58,491,987	143,757,144

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities					
Loss before taxation		(18,492,812)	(10,500,096)	(12,525,800)	(11,503,098)
Adjustments for:					
Allowance of impairment losses on property, plant and equipment	13	-	1,553,596	-	1,553,596
Allowance of impairment on receivables	19	2,600,000	-	-	-
Allowance for slow moving inventories		560,907	-	560,907	-
Depreciation of investment property	14	82,032	82,032	82,032	82,032
Depreciation of property, plant and equipment	13	3,495,160	3,155,763	3,035,316	2,739,001
Forfeiture of equity-settled share option	25	-	(703,317)	-	(703,317)
Interest income	6	(290,303)	(341,554)	(290,006)	(341,103)
Inventory written down	18	1,297,673	2,553,265	1,297,673	2,553,265
Gain on disposal of property, plant and equipment	7	-	(73,412)	-	(65,000)
Property, plant and equipment written off	8	176	74,298	176	74,298
Advances written off	8	-	27,500	-	51,4378
Impairment of investment in a subsidiary	8	-	-	-	1
Loss on dissolution of a subsidiary	8	-	1	-	-
Unrealised (gain)/on loss on foreign exchange		(36,353)	168,543	(36,353)	168,543
Operating loss before working capital changes		(10,783,520)	(4,003,381)	(7,876,055)	(5,390,345)
Change in inventories		2,377,255	(9,542,193)	1,351,045	(8,515,983)
Change in receivables		(3,772,613)	(3,090,243)	(4,271,022)	(4,036,553)
Change in other current assets		4,482,144	(4,079,790)	3,338,004	(2,935,615)
Change in payables		1,303,316	376,663	(820,080)	148,088
Change in contract liabilities		393,291	510,574	393,291	510,574
Cash used in operations		(6,000,127)	(19,828,369)	(7,884,817)	(20,219,834)
Interest received		276,981	329,060	276,684	328,609
Income tax refunded		522	1,175,589	-	1,175,589
Income tax paid		(903,385)	(4,658,334)	(903,125)	(4,658,334)
Net cash used in operating activities		(6,626,009)	(22,982,054)	(8,511,258)	(23,373,970)
Cash flow from investing activities					
Acquisition of property, plant and equipment	13	(7,935,911)	(4,403,219)	(7,935,331)	(3,345,150)
Acquisition of other investment	17	(1,852,800)	-	-	-
Investment in a subsidiary		-	-	-	(1)
Proceeds from disposal of property, plant and equipment		-	92,000	-	65,000
Interest received		12,731	7,332	12,731	7,332
Net cash used in investing activities		(9,775,980)	(4,303,887)	(7,922,600)	(3,272,819)
Cash flows from financing activities					
Dividends paid	31	(4,368,633)	(8,737,266)	(4,368,633)	(8,737,266)
Proceeds from exercise of employees share options		-	648,420	-	648,420
Purchase of treasury shares	24	-	(157,676)	-	(157,676)
Net cash used in financing activities		(4,368,633)	(8,246,522)	(4,368,633)	(8,246,522)
Net decrease in cash and cash equivalents		(20,770,622)	(35,532,463)	(20,802,491)	(34,893,311)
Effect of exchange rate changes		36,353	(75,777)	36,353	(75,777)
Cash and cash equivalents at beginning of the financial year		88,109,546	123,717,786	74,340,725	109,309,813
Cash and cash equivalents at end of financial year	22	67,375,277	88,109,546	53,574,587	74,340,725

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. General information

The Company is a public limited liability company that is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are manufacturing and sale of plywood, veneer, laminated veneer lumber (“LVL”), and investment holding. The principal activities of the subsidiary companies are set out in Note 15 to the financial statements.

The registered office and principal place of business of the Company are located at 12A, Jalan Teluk Likas, 88450 Kota Kinabalu, Sabah, Malaysia and Mile 3, Jalan Masak, Kampung Ulu Patikang, Locked Bag 13SM-88, 89009 Keningau, Sabah, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 17 April 2025.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act, 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies.

(c) Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (“RM”) which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

- Amendments to MFRS 16, “Leases” (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Noncurrent Liabilities with Covenants)
- Amendments to MFRS 107 “Statement of Cash Flows” and MFRS 7 “Financial Instruments: Disclosures” (Supplier Finance Arrangements)

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

(e) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 31 December 2024 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Significant accounting judgments and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgement made in applying accounting policies

The critical judgement made by the Directors in applying the Group's and the Company's accounting policies is as follows:

Judgement in determining the normal production capacity

The allocation of fixed production costs to inventories involves significant judgement on the normal production capacity of the plant. In making their judgement, the Directors have considered the average historical production levels and machine capacity.

Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within four (4) to eighty-three (83) years.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of advances made for log supplies

The Company routinely places advances with log suppliers for future deliveries of logs. The Group and the Company assess for indication of impairment for these advances at end of each reporting date based on indicators like prolonged delay in the log deliveries by the log suppliers and significant deterioration in their financial conditions. When such indications exist and the recoverable amounts are estimated to be lower than the carrying amounts, an impairment adjustment is made.

These estimates may change in subsequent reporting periods if the indication of impairment no longer exists and therefore the impairment adjustment will be reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Significant accounting judgments and estimates (continued)

Key sources of estimation uncertainties (continued)

(iv) Allocation of cost of inventories

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs, and an appropriate proportion of production overheads. Management analyses the types and complexities involved in production when making judgments about proportioning the production overheads. The management determined the cost of converting raw materials into work-in-progress and finished goods allocated to each respective product in a manner with manufacturing the product based on its size or quality across all products.

(v) Slow moving allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive Income in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

(viii) Fair value estimates for financial assets

The Group and the Company carry derivative financial assets at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value could differ if the Group and the Company use different valuation methodologies. Any changes in fair value of the assets would affect profit and/or equity.

(ix) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies

The material accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

Certain immaterial accounting policies have been voluntarily disclosed to ensure completeness in the financial statements of the Group and of the Company as follows:

(a) Basis of consolidation

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

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(ii) Transactions eliminated on consolidation

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

(b) Foreign currencies

Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

(c) Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct goods or services promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

(i) Bundled sales of plywood, veneer, laminated veneer lumber, and freight services

The Group and the Company allocate transaction prices to both sale of plywood, veneer, laminated veneer lumber, and freight services based on the respective invoiced values which is the stand-alone selling prices.

(ii) Sales of plywood, veneer, and laminated veneer lumber

Revenue from sales of plywood, veneer, and laminated veneer lumber is recognised by the Group and the Company at the point of time when control of the goods has transferred, being when the goods have been shipped to the customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies (continued)

(c) Revenue recognition (continued)

(iii) Freight services

The Group and the Company recognise revenue from freight services over time as the customer simultaneously receives and consumes the benefits provided by the Group and the Company. The output method is used to measure the stage of completion of the services.

(iv) Sales of electricity

Sales of electricity is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group. The output method measures the progress of completion of the services.

(d) Employee benefits

(i) Short term benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

(f) Tax assets and liabilities

A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies (continued)

(g) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(h) Property, plant and equipment

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

Property, plant and equipment of the Group and the Company are depreciated on the straight-line basis calculated to write off the cost of the plant and equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Leasehold land	74 – 83 years
Factory and office buildings	20 – 40 years
Motor vehicles	4 years
Heavy equipment	5 years
Plant and machinery	5 – 20 years
Furniture, fittings, office equipment, and renovation	5 years

Leasehold land with lease period of more than fifty (50) years is classified as long-term leasehold land while leasehold land with lease period of less than fifty (50) years is classified as short-term leasehold land.

(i) Investment property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation policy for investment property is accounted for in accordance with the accounting policy for property, plant and equipment as disclosed in Note 4 (h).

(j) Intangible asset

Intangible asset is measured initially at cost. Subsequent to initial measurement, intangible asset is measured depending on whether it has a finite or infinite useful life.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are calculated as follows:

(i) Raw materials

The purchase costs of raw materials on a weighted average basis.

(ii) Finished goods and work-in-progress

Costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are determined using the weighted average basis.

(iii) Consumable goods

Purchase cost of consumable goods on a weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies (continued)

(l) Derivative instruments

The Group's and the Company's trade derivatives include forward foreign exchange contracts.

(m) Financial instruments

(i) Financial assets

Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

The Group and the Company only have financial assets at amortised cost and financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group's and the Company's financial assets at amortised cost includes investments in money market funds, trade and other receivables, fixed deposits with a licensed bank and cash and bank balances.

Financial assets at fair value through other comprehensive income (OCI)

The Company's financial assets at fair value through other comprehensive income (OCI) includes other investment.

Financial assets at fair value through profit or loss

The Group's and the Company's financial assets at fair value through profit or loss include foreign exchange forward contract derivatives.

(ii) Financial liabilities

The Group and the Company only have financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks, deposits with licensed banks with maturity not exceeding three (3) months and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(o) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies (continued)

(o) Impairment

(i) Impairment of financial assets (continued)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

(p) Equity instruments

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(q) Borrowings costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(r) Leases

As a lessee

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease whereby the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. In such cases, the present value of lease payments is to be determined and the Group and the Company require to use their incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other operating income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Material accounting policies (continued)

(t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the Chief Operating Decision Maker of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(u) Fair value measurement

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(v) Contingencies

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

5. Revenue from contract with customers

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customers:				
Sale of veneer, plywood and laminated veneer lumber	78,988,086	57,812,927	78,988,086	57,812,927
Freight income	10,997,805	2,374,421	10,997,805	2,374,421
Sale of electricity	3,660	-	-	-
	<u>89,989,551</u>	<u>60,187,348</u>	<u>89,985,891</u>	<u>60,187,348</u>
Timing of the revenue from contracts with customers:				
Point in time	78,988,086	57,812,927	78,988,086	57,812,927
Over time	11,001,465	2,374,421	10,997,805	2,374,421
	<u>89,989,551</u>	<u>60,187,348</u>	<u>89,985,891</u>	<u>60,187,348</u>

Transaction prices allocated to partially unsatisfied performance obligation for freight services relates to deferred freight services disclosed in Note 30.

The disaggregated revenue above is on a basis other than that used for revenue information disclosed for each reportable segment under Note 37 to the financial statements. This is because the freight income is not separately evaluated by the chief operating decision maker as freight income is not a profit-making business unit by itself although is assessed as a separate performance obligation under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6. Interest income

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest income from:				
Fixed deposits	13,322	12,494	13,322	12,494
Foreign currency account	130,702	95,415	130,702	95,415
Current account	146,279	233,645	145,982	233,194
	<u>290,303</u>	<u>341,554</u>	<u>290,006</u>	<u>341,103</u>

7. Other operating income

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Distribution income from money market funds	274,004	277,355	194,763	201,047
Net gain on foreign exchange				
- realised	86,557	198,785	92,799	198,785
- unrealised	36,353	-	36,353	-
Net gain on money market funds	1,999,442	2,666,504	1,636,889	2,276,043
Net fair value gain on derivatives - realised	-	51,600	-	51,600
Bad debts recovered	-	60,000	-	60,000
Gain on disposal of property, plant and equipment	-	73,412	-	65,000
Rental income from:				
- land	300	300	76,500	76,500
- investment property	264,000	264,000	264,000	264,000
Sundry income	181,012	222,106	181,012	222,106
	<u>2,841,668</u>	<u>3,814,062</u>	<u>2,482,316</u>	<u>3,415,081</u>

8. Loss before taxation

Other than disclosed in Note 6 and 7, loss before taxation is arrived at after charging:	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Impairment losses on property, plant and equipment (Note 13)	-	1,553,596	-	1,553,596
Allowance of impairment on receivables (Note 19)	2,600,000	-	-	-
Allowance for slow moving inventories (Note 18)	560,907	-	560,907	-
Auditors' remuneration:				
- Statutory audit	111,000	103,000	98,000	95,000
- Other services	28,000	25,000	23,000	20,000
Depreciation of investment property (Note 14)	82,032	82,032	82,032	82,032
Depreciation of property, plant and equipment (Note 13)	3,495,160	3,155,763	3,035,316	2,739,001
Direct operating expenses arising from investment property – rental generating properties	129,015	124,449	129,015	124,449
Inventory written off (Note 18)	1,297,673	2,533,265	1,297,673	2,533,265
Non-executive Directors' remuneration (Note 10)	383,600	(4,205)	383,600	(4,205)
Net loss on foreign exchange				
- unrealised	-	168,543	-	168,543
Advances written off	-	27,500	-	51,437
Impairment of investment in a subsidiary	-	-	-	1
Loss on dissolution of a subsidiary	-	1	-	-
Property, plant and equipment written off	176	74,298	176	74,298
Rental of land	91,300	87,283	91,300	87,283
Rental of office premises	192,000	192,000	192,000	192,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Employee benefits expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages, bonuses, incentives and allowances	14,208,101	13,631,284	13,562,243	12,739,587
Contributions to defined contribution plan	546,609	576,003	518,044	552,609
Social security contributions	177,717	155,912	173,669	144,149
Forfeiture of share options	-	(278,912)	-	(278,912)
Other benefits	7,852	8,241	7,402	7,818
	<u>14,940,279</u>	<u>14,092,528</u>	<u>14,261,358</u>	<u>13,165,251</u>

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM2,264,242 (2023: RM2,132,253) and RM1,926,242 (2023: RM2,132,253) respectively as further disclosed in Note 10 to the financial statements.

10. Directors' remuneration

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive Directors' remuneration (Note 9):				
- Fees and allowances	23,013	30,400	23,013	30,400
- Salaries and bonus	2,212,374	2,166,600	1,874,374	2,166,600
- Forfeiture of share options	-	(108,315)	-	(108,315)
- Contributions to defined contribution plan	25,282	40,800	25,282	40,800
- Social security contributions	3,497	2,649	3,497	2,649
- Other benefits	76	119	76	119
	<u>2,264,242</u>	<u>2,132,253</u>	<u>1,926,242</u>	<u>2,132,253</u>
Estimated money value of benefits-in-kind	28,373	59,857	28,373	59,857
	<u>2,292,615</u>	<u>2,192,110</u>	<u>1,954,615</u>	<u>2,192,110</u>
Non-executive Directors' remuneration (Note 8):				
- Fees and meeting allowance	383,600	420,200	383,600	420,200
- Forfeiture of share options	-	(424,405)	-	(424,405)
	<u>383,600</u>	<u>(4,205)</u>	<u>383,600</u>	<u>(4,205)</u>
Total Directors' remuneration	<u>2,676,215</u>	<u>2,187,905</u>	<u>2,338,215</u>	<u>2,187,905</u>

The names of Directors of subsidiaries and their remuneration details are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Income tax expense

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current taxation	-	108	-	-
Deferred taxation (Note 28)	(105,772)	(2,411,102)	-	(2,536,415)
	(105,772)	(2,410,994)	-	(2,536,415)
Over provision in prior years:				
- Current taxation	(144,953)	(154,476)	(144,946)	(154,476)
- Deferred taxation (Note 28)	-	(46,205)	-	(46,071)
	(250,725)	(2,611,675)	(144,946)	(2,736,962)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Loss before taxation	(18,492,812)	(10,500,096)	(12,525,800)	(11,503,098)
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	(4,438,275)	(2,520,024)	(3,006,192)	(2,760,744)
Non-taxable income	(545,627)	(889,722)	(439,597)	(777,697)
Non-tax deductible expenses	1,404,648	229,011	381,135	232,285
Deferred tax assets not recognised	3,473,482	769,741	3,064,654	769,741
	(105,772)	(2,410,994)	-	(2,536,415)
Over provision in prior years				
- Current taxation	(144,953)	(154,476)	(144,946)	(154,476)
- Deferred taxation	-	(46,205)	-	(46,071)
	(250,725)	(2,611,675)	(144,946)	(2,736,962)

12. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2024	2023
Loss net of tax attributable to owners of the Company (RM)	(18,242,087)	(7,888,421)
Weighted average number of ordinary shares in issue	218,431,668	218,321,299
Basic loss per share (sen)	(8.35)	(3.61)

(b) Diluted

There is no dilution in the loss per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Property, plant and equipment

Group	Long term leasehold land	Factory and office buildings	Motor vehicles, heavy equipment, plant and machinery	Furniture, fittings, office equipment, and renovation	Construction work-in-progress	Total
Cost	RM	RM	RM	RM	RM	RM
At 1 January 2023	1,300,080	14,062,323	132,811,598	732,073	-	148,906,074
Additions	-	2,215,055	2,014,359	173,805	-	4,403,219
Disposal	-	-	(559,680)	-	-	(559,680)
Written off	-	(207,841)	(3,624,417)	(6,106)	-	(3,838,364)
At 31 December 2023	1,300,080	16,069,537	130,641,860	899,772	-	148,911,249
Additions	-	302,416	4,894,152	65,741	2,673,602	7,935,911
Written off	-	-	-	(25,590)	-	(25,590)
At 31 December 2024	1,300,080	16,371,953	135,536,012	939,923	2,673,602	156,821,570
Accumulated depreciation						
At 1 January 2023	180,768	10,555,229	114,621,463	554,608	-	125,912,068
Charge for the financial year (Note 8)	17,364	322,825	2,718,955	96,619	-	3,155,763
Disposal	-	-	(541,092)	-	-	(541,092)
Written off	-	(133,567)	(3,624,397)	(6,102)	-	(3,764,066)
At 31 December 2023	198,132	10,744,487	113,174,929	645,125	-	124,762,673
Charge for the financial year (Note 8)	17,364	398,578	2,980,986	98,232	-	3,495,160
Written off	-	-	-	(25,414)	-	(25,414)
At 31 December 2024	215,496	11,143,065	116,155,915	717,943	-	128,235,419
Accumulated impairment losses						
At 1 January 2023	-	-	-	-	-	-
Charge for the financial year (Note 8)	-	-	1,553,596	-	-	1,553,596
At 31 December 2023/ 31 December 2024	-	-	1,553,596	-	-	1,553,596
Carrying amount						
At 31 December 2023	1,101,948	5,325,050	15,913,335	254,647	-	22,594,980
At 31 December 2024	1,084,584	5,228,888	17,826,501	221,980	2,673,602	27,035,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Property, plant and equipment (continued)

Company	Long term leasehold land	Factory and office buildings	Motor vehicles, heavy equipment, plant and machinery	Furniture, fittings, office equipment, and renovation	Construction work-in-progress	Total
Cost	RM	RM	RM	RM	RM	RM
At 1 January 2023	1,300,080	14,062,323	102,643,906	655,917	-	118,662,226
Additions	-	2,215,055	957,471	172,624	-	3,345,150
Disposal	-	-	(425,429)	-	-	(425,429)
Written off	-	(207,841)	(3,624,417)	(6,106)	-	(3,838,364)
At 31 December 2023	1,300,080	16,069,537	99,551,531	822,435	-	117,743,583
Additions	-	302,416	4,893,572	65,741	2,673,602	7,935,331
Written off	-	-	-	(25,590)	-	(25,590)
At 31 December 2024	1,300,080	16,371,953	104,445,103	862,586	2,673,602	125,653,324
Accumulated depreciation						
At 1 January 2023	180,768	10,555,229	86,805,704	486,514	-	98,028,215
Charge for the financial year (Note 8)	17,364	322,825	2,307,300	91,512	-	2,739,001
Disposal	-	-	(425,429)	-	-	(425,429)
Written off	-	(133,567)	(3,624,397)	(6,102)	-	(3,764,066)
At 31 December 2023	198,132	10,744,487	85,063,178	571,924	-	96,577,721
Charge for the financial year (Note 8)	17,364	398,578	2,523,814	95,560	-	3,035,316
Written off	-	-	-	(25,414)	-	(25,414)
At 31 December 2024	215,496	11,143,065	87,586,992	642,070	-	99,587,623
Accumulated depreciation						
At 1 January 2023	-	-	-	-	-	-
Charge for the financial year (Note 8)	-	-	1,553,596	-	-	1,553,596
At 31 December 2023/ 31 December 2024	-	-	1,553,596	-	-	1,553,596
Carrying amount						
At 31 December 2023	1,101,948	5,325,050	12,934,757	250,511	-	19,612,266
At 31 December 2024	1,084,584	5,228,888	15,304,515	220,516	2,673,602	24,512,105

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. Investment property

	Group and Company	
	2024	2023
	RM	RM
At cost		
At 1 January	3,651,348	3,651,348
Accumulated depreciation		
At 1 January	1,682,585	1,600,553
Charge for the financial year (Note 8)	82,032	82,032
At 31 December	1,764,617	1,682,585
Carrying amount		
At 31 December	1,886,731	1,968,763

The strata title to the investment property is being processed by the relevant authority.

The estimated fair value of the investment property is approximately RM3,550,000 (2023: RM3,505,000) as shown in Note 35.

15. Investments in subsidiary companies

	Company	
	2024	2023
	RM	RM
Unquoted shares, at cost	5,000,001	5,000,001

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest hold by the Group		Principal activities
		2024	2023	
		%	%	
Held by the Company				
Untung Ria Sdn. Bhd.	Malaysia	100	100	Generation and sale of electricity and investment in monetary instruments.
Forming Plantation Sdn. Bhd.	Malaysia	100	100	Plantation of timber, extraction and sales of timber logs

During the previous financial year, the Group entered into an Industrial Tree Planting Agreement with Rakyat Berjaya Sdn. Bhd. ("RBSB") where RBSB grants permission to the subsidiary company, Forming Plantation Sdn. Bhd. ("FPSB") to plant, rehabilitate and harvest forests under the principles of sustainable forest management and environmental conservation for economic, environmental and social purposes in the Forest Reserve area of approximately 5,000 hectares at the Sungai Pinangah Forest Reserve within the concession area after taking into consideration the payment of all dues, royalties, charges, costs or premiums and fulfilment of terms and conditions by FPSB to the Government of the State of Sabah. The harvested logs will be sold by FPSB at prices stipulated in the agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16. Intangible asset

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At cost:				
Investment in Golf and Country Club membership	149,040	149,040	149,040	149,040

17. Other investment

	Group		Company	
	2024 Carrying amount RM	2024 Fair value of unquoted investment RM	2023 Carrying amount RM	2023 Fair value of unquoted investment RM
Equity instrument (Unquoted in China)				
At 1 January	-	-	-	-
Addition	1,852,800	-	-	-
At 31 December	1,852,800	1,852,800	-	-

18. Inventories

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At cost				
Raw material	7,444,210	3,637,247	7,444,210	3,637,247
Work-in-progress	7,738,990	7,005,747	7,738,990	7,005,747
Consumable	3,951,965	4,990,962	3,951,965	3,964,752
Finished goods	5,361,418	16,656,928	5,361,418	16,656,928
	24,496,583	32,290,884	24,496,583	31,264,674
At net realisable value				
Finished goods	19,798,223	15,678,850	19,798,223	15,678,850
	44,294,806	47,969,734	44,294,806	46,943,524
Less: Allowance for slow moving inventories	(560,907)	-	(560,907)	-
Total inventories	43,733,899	47,969,734	43,733,899	46,943,524

The amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM83,410,158 (2023: RM60,068,265) and RM84,520,217 (2023: RM62,326,207) respectively.

The write-down of inventories to net realisable value recognised as an expense during the financial year amounted to RM1,297,673 (2023: RM2,533,265).

The movement in the allowance for slow moving inventories account is as follows:

	Group/Company RM
At 1 January 2023/31 December 2023	-
Charged for the financial year (Note 8)	560,907
At 31 December 2024	560,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

19. Trade and other receivables

Current	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade receivables				
Third parties	6,710,677	5,087,088	6,710,677	5,087,088
	<u>6,710,677</u>	<u>5,087,088</u>	<u>6,710,677</u>	<u>5,087,088</u>
Other receivables				
Worker recruitment and staff advances	50,395	65,785	50,395	65,786
Deposits	4,823,965	2,640,184	1,964,905	2,451,179
Sundry receivables	13,546	32,322	13,546	32,322
	<u>4,887,906</u>	<u>2,738,291</u>	<u>2,028,846</u>	<u>2,549,287</u>
Less: Allowance for impairment on receivables	(2,600,000)	-	-	-
	<u>2,287,906</u>	<u>2,738,291</u>	<u>2,028,846</u>	<u>2,549,287</u>
Amount due from a subsidiary company	-	-	4,303,782	1,135,317
	<u>-</u>	<u>-</u>	<u>4,303,782</u>	<u>1,135,317</u>
Total trade and other receivables	<u>8,998,583</u>	<u>7,825,379</u>	<u>13,043,305</u>	<u>8,771,692</u>

The Company's normal trade credit term on trade receivables is 30 days (2023: 30 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from a subsidiary company is unsecured, interest free and repayable on demand.

Information about the Group's exposure to credit risks and impairment losses for trade receivables is included in Note 34 to the financial statements.

The movement in the allowance for impairment on receivable account is as follows:

	Group	
	Other receivables RM	Total RM
At 1 January 2023/31 December 2023	-	-
Impairment for the financial year (Note 8)	2,600,000	2,600,000
At 31 December 2024	<u>2,600,000</u>	<u>2,600,000</u>

20. Other current assets

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits for log purchase	200,000	3,297,000	200,000	3,297,000
Prepaid freight charges	723,607	320,986	723,607	320,986
Prepaid operating expenses	958,516	2,746,281	958,481	1,602,106
	<u>1,882,123</u>	<u>6,364,267</u>	<u>1,882,088</u>	<u>5,220,092</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

21. Other current financial assets

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets measured at amortised cost				
Investment in money market funds	56,221,787	73,948,342	44,722,869	60,891,217

Investment in money market funds involve mutual funds which invest in a portfolio of low-risk monetary debt instrument. The net asset value can be obtained from daily price quotes by the funds.

22. Cash and cash equivalents

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash in hand	13,214	39,596	13,214	39,596
Cash at banks	11,140,276	14,121,608	8,838,504	13,409,912
Fixed deposits with licensed bank	385,836	385,836	385,836	385,836
Cash and bank balances	11,539,326	14,547,040	9,237,554	13,835,344
Investment in money market funds (Note 21)	56,221,787	73,948,342	44,722,869	60,891,217
Less: Fixed deposits with maturity of more than three (3) months	(385,836)	(385,836)	(385,836)	(385,836)
Cash and cash equivalents	67,375,277	88,109,546	53,574,587	74,340,725

The weighted average effective interest rate as at the financial year end for short-term deposits was 3.45% (2023: 3.30%) per annum.

Fixed deposits with a licensed bank of the Group have an average maturity of 12 (2023: 12) months.

23. Share capital

	No. of ordinary shares		Group/Company	
	2024	2023	2024 RM	2023 RM
Issued and fully paid:				
At 1 January	230,420,000	229,136,000	92,652,004	91,853,964
Exercise of employee share options	-	1,284,000	-	798,040
At 31 December	230,420,000	230,420,000	92,652,004	92,652,004

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share without restrictions at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company has an Employees' Share Option Scheme under which options to subscribe for the Company's ordinary shares have been granted to Directors and employees of the Group. The exercise period of the ESOS expired during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Treasury shares

	No. of ordinary shares		Group/Company	
	2024	2023	2024 RM	2023 RM
At 1 January	11,988,332	11,730,632	7,386,847	7,229,171
Purchase of treasury shares	-	257,700	-	157,676
At 31 December	11,988,332	11,988,332	7,386,847	7,386,847

Treasury shares relate to ordinary shares of the Company that are reacquired and held by the Company and are recognised based on the amount of consideration paid and presented as a deduction from total equity.

During the financial year ended 31 December 2023, the Company acquired 257,700 ordinary shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM157,676 and this was presented as a component within shareholders' equity.

25. Employee share option reserve

	Group/Company	
	2024 RM	2023 RM
At 1 January	-	852,937
Transactions with owners		
Exercise of employee share options	-	(149,620)
Forfeiture of equity-settled share options	-	(703,317)
At 31 December	-	-

Employee share option reserve represents the equity-settled share options granted to Directors and employees (Note 26). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the forfeiture or exercise of the share options.

26. Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 4 June 2018, the shareholders of the Company approved the establishment of ESOS of up to 15% of the total number of issued shares of the Company to eligible Directors and employees. Under the ESOS, all employees or Directors are entitled to a grant of options, once they have been in service for more than 6 months as at 11 June 2018. All options are to be settled by physical delivery of shares. The exercise period of the ESOS expired during the previous financial year ended 31 December 2023.

The terms and conditions relating to the grants of the share option program are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
Options granted to employees 21 June 2018	8,830,000	20% options issued for each calendar year	5 years
Options granted to Directors 31 October 2018	6,650,000	20% options issued for each calendar year	5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Employees' Share Option Scheme ("ESOS") (continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Group and Company			
	2024		2023	
	Number	WAEP RM	Number	WAEP RM
Outstanding at 1 January	-	-	5,172,000	0.55
- Forfeited	-	-	(3,888,000)	0.57
- Exercised	-	-	(1,284,000)	0.51
Outstanding at 31 December	-	-	-	-

Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted. It takes into account historic dividends and share price fluctuation covariance of the Company.

The following table lists the significant inputs to the option pricing models are as follows:

Description of ESOS	Directors	Employees
Dividend yield (%)	4.44	5.22
Expected volatility (%)	34.92	36.53
Risk-free interest rate (% p.a.)	3.76	3.85
Expected life of option (years)	4.61	4.97
Weighted average share price (RM)	1.35	1.15

The expected life of the options is the ESOS duration based on management's best estimates. The expected volatility reflects the assumption that the historical volatility of the Group's share price over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

27. Retained profits

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses are the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

28. Deferred tax liabilities

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
At 1 January	105,772	2,563,079	-	2,582,486
Recognised in profit or loss (Note 11)	(105,772)	(2,457,307)	-	(2,582,486)
At 31 December	-	105,772	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28. Deferred tax liabilities (continued)

The components of deferred tax assets and liabilities during the financial year recognised in profit and loss prior and after offsetting are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets				
Cash and cash equivalents	127,920	75,777	127,920	75,777
Trade receivables	76,975	92,766	76,975	92,766
Unabsorbed capital allowances	5,918,153	2,418,623	5,918,153	2,418,623
Unutilised investment tax allowances	-	1,653,005	-	-
Unutilised tax losses	3,441,924	6,327,880	3,441,924	6,327,880
	9,564,972	10,568,051	9,564,972	8,915,046
Offsetting	(9,564,972)	(10,568,051)	(9,564,972)	(8,915,046)
	-	-	-	-
Deferred tax liabilities				
Temporary differences on qualifying property, plant and equipment	(9,564,972)	(11,008,769)	(9,564,972)	(8,915,046)
	(9,564,972)	(11,008,769)	(9,564,972)	(8,915,046)
Offsetting	9,564,972	10,568,051	9,564,972	8,915,046
	-	(440,718)	-	-

The above is presented in the financial statement after appropriate offsetting at the prevailing tax rate of 24% (2023: 24%) as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax liabilities	-	105,772	-	-

No deferred tax assets have been recognised for the following items:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Temporary differences on qualifying plant and equipment	1,927,149	-	-	-
Unabsorbed capital allowances	(294,607)	-	-	-
Unutilised investment tax allowances	(1,654,511)	-	-	-
Unutilised tax losses	(14,240,480)	(3,207,254)	(12,534,721)	(3,207,254)
	(14,262,449)	(3,207,254)	(12,534,721)	(3,207,254)
Deferred tax assets at 24% (2023: 24%) not recognised in the financial statements	(3,422,988)	(769,741)	(3,008,333)	(769,741)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28. Deferred tax liabilities (continued)

Year of expiry of unutilised tax losses is analysed as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Expired by 2033	3,207,254	3,207,254	3,207,254	3,207,254
Expired by 2034	11,033,226	-	9,327,467	-
	14,240,480	3,207,254	12,534,721	3,207,254
Tax rate	24%	24%	24%	24%
	3,417,715	769,741	3,008,333	769,741

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Company whereas the unutilised tax losses are available to be carried forward up to the maximum of ten (10) years, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

29. Trade and other payables

Current	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Trade payables				
Third parties	1,599,704	2,113,627	1,591,446	2,086,339
Amount due to a subsidiary	-	-	186,685	403,992
	1,599,704	2,113,627	1,778,131	2,490,331
Other payables				
Third party	1,852,800	-	-	-
Accruals	1,927,422	1,956,899	1,816,070	1,917,242
Deposits received	48,500	48,500	48,500	48,500
Sundry payables	31,427	37,511	30,803	37,511
	3,860,149	2,042,910	1,895,373	2,003,253
Total trade and other payables	5,459,853	4,156,537	3,673,504	4,493,584

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 60 days (2023: 30 to 60 days).

Amount due to a subsidiary company is unsecured, interest free and repayable on demand.

Included in third party other payables is an amount of RM1,852,800 (2023: RMNil) related to the cash consideration for the acquisition of other investment as disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Contract liabilities

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Advances from contract customers for the delivery of plywood	281,560	281,560	281,560	281,560
Deferred freight income	708,492	315,201	708,492	315,201
	<u>990,052</u>	<u>596,761</u>	<u>990,052</u>	<u>596,761</u>

31. Dividends

	Group/Company	
	2024 RM	2023 RM
In respect of the financial year ended 31 December 2022:		
Interim single-tier dividend of 2 sen per ordinary share declared on 20 February 2023 and paid on 22 March 2023	-	4,368,633
In respect of the financial year ended 31 December 2023:		
Interim single-tier dividend of 2 sen per ordinary share declared on 24 November 2023 and paid on 22 December 2023	-	4,368,633
In respect of the financial year ended 31 December 2024:		
Interim single-tier dividend of 2 sen per ordinary share declared on 18 November 2024 and paid on 20 December 2024	4,368,633	-
	<u>4,368,633</u>	<u>8,737,266</u>

32. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

(b) Related parties' transactions

The aggregate value of transactions of the related parties of the Group and of the Company were as follows:

Name of related parties	Type of transaction	2024	2023
		RM	RM
Group			
Company which has common Directors with the Company and in which the Directors of the Company have financial interests:			
Ho Lian Sawmill Sdn. Bhd.	Sale of electricity	(3,660)	-
Director of the Company:			
Lin Hao Wen	Rental of office	192,000	192,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32. Significant related party transactions (continued)

(b) Related parties' transactions (continued)

Name of related parties	Type of transaction	2024 RM	2023 RM
Company			
With subsidiary companies:			
Forming Plantation Sdn. Bhd.	Share issue consideration	-	1
Untung Ria Sdn. Bhd.	Purchase of electricity	1,110,059	2,257,942
	Rental income	(76,200)	(76,200)
Director of the Company:			
Lin Hao Wen	Rental of office	192,000	192,000

(c) The remuneration of Directors and other members of key management during the financial year were as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages, bonuses, incentives and allowances	3,164,215	3,074,296	2,826,215	3,074,296
Contributions to defined contribution plan	32,890	40,800	32,890	40,800
Social security contributions	5,620	4,135	5,620	4,135
Share options granted under ESOS	-	(660,624)	-	(660,624)
Other benefits	122	119	122	119
Estimated money value of benefits-in-kind	28,373	59,857	28,373	59,857
	<u>3,231,220</u>	<u>2,518,583</u>	<u>2,893,220</u>	<u>2,518,583</u>
Included in the key management personnel are:				
Directors' remuneration	2,676,215	2,187,905	2,338,215	2,187,905
Key management personnel's remuneration	555,005	330,678	555,005	330,678
	<u>3,231,220</u>	<u>2,518,583</u>	<u>2,893,220</u>	<u>2,518,583</u>

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Company and its subsidiaries and members of senior management of the Group.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

33. Commitments and contingencies

(a) Capital commitments

	Group/Company	
	2024 RM	2023 RM
Capital expenditure commitments		
Approved and contracted for:		
- Acquisition of property, plant and equipment	646,826	2,032,778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Commitments and contingencies (continued)

(b) Contingent liability

	Group/Company	
	2024	2023
	RM	RM
Letter of guarantee in favour of Immigration Department of Malaysia for security deposit for the issuance of employment passes to foreign workers	149,500	118,250

34. Financial instruments

(a) Categories of financial instruments

Financial assets	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
<u>Measured at amortised cost</u>				
Trade and other receivables	8,998,583	7,825,379	13,043,305	8,771,692
Other current financial assets	56,221,787	73,948,342	44,722,869	60,891,217
Cash and bank balances	11,539,326	14,547,040	9,237,554	13,835,344
<u>Measured at fair value through other comprehensive income</u>				
Other investment	1,852,800	-	-	-
	78,612,496	96,320,761	67,003,728	83,498,253
Financial liability				
<u>Measured at amortised cost</u>				
Trade and other payables	5,459,853	4,156,537	3,673,504	4,493,584

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and non-trade receivables. For other financial assets (including cash and bank balances and investment in money market funds), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties.

It is the Group's and Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Trade receivables

At each reporting date, the Group and the Company assesses whether any of the trade receivables are credit impaired based on whether there are receivables with significant financial difficulties or have defaulted in payments.

A collective impairment analysis is performed at each reporting date using a provision matrix to measure lifetime expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables without repayment are written off if past due for more than one (1) year but could still be subject to enforcement activities.

The ageing analysis of the Group's and Company's trade receivables as at reporting date indicate they are all not past due. These receivables are unsecured in nature.

As at the end of the reporting period, the Group did not recognise any individual or collective impairment losses. The Company believes that no impairment allowance is necessary in respect of these trade receivables as they are mostly settled by the customer's trade facilities upon delivery of goods and services and there are no associated significant historical defaults or forward looking elements.

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

Group/Company By country:	2024		2023	
	RM	% of total	RM	% of total
USA	6,173,832	92	4,783,966	94
Korea	-	-	164,376	3
Japan	270,807	4	138,746	3
Taiwan	266,038	4	-	-
	<u>6,710,677</u>	<u>100</u>	<u>5,087,088</u>	<u>100</u>

As at reporting date, the Group has significant concentration of credit risk in the form of outstanding balance due from 2 (2023: 2) overseas customers representing 86% (2023: 85%) of the total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Cash and bank balances

The cash and bank balances are held with banks and financial institutions. These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that any loss allowance is not material and hence, it is not provided for.

Investment in Money Market Funds

The investment in Money Market Funds involve underlying investments in monetary debt instruments which have low credit risk. Consequently, the Group and the Company are of the view that any loss allowance is not material and hence, is not provided for.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient reserves by monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and financial liabilities while minimising the need for resorting to external financing.

As part of its overall liquidity management, the Group currently maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The following table sets out the maturity profile of the Group's and the Company's liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
Group			
2024			
Financial liability			
Trade and other payables	5,459,853	5,459,853	5,459,853
2023			
Financial liability			
Trade and other payables	4,156,537	4,156,537	4,156,537
Company			
2024			
Financial liability			
Trade and other payables	3,673,504	3,673,504	3,673,504
2023			
Financial liability			
Trade and other payables	4,493,584	4,493,584	4,493,584

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. Financial instruments (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The investment in financial assets is mainly short term in nature and have been mostly placed in fixed deposits and money market funds and any changes in future market interest rates is not expected to have material impact on fair value or future cash flows of financial instruments.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group has transactional currency exposures arising from sales, and purchase of plant and machinery that are denominated in a currency other than in RM. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD").

Approximately 99% (2023: 98%) of the Group's sales are denominated in foreign currencies whilst almost 100% (2023: 100%) of the Group's trade receivables are denominated in foreign currencies.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM582,978 (2023 RM3,898,869) for the Group and the Company.

Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group		Company	
	Increase/(Decrease)		Increase/(Decrease)	
	2024	2023	2024	2023
	RM	RM	RM	RM
Effects on profit after taxation				
USD/RM				
Strengthened by 5%	277,131	341,466	277,131	341,466
Weakened by 5%	(277,131)	(341,466)	(277,131)	(341,466)

35. Fair value information

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use the following fair value hierarchy for determining and disclosing the fair value by valuation technique:

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

35. Fair value information (continued)

The fair values of non-financial instrument that are not measured at fair value but fair value disclosure is required is as follows:

Group/Company

2024	Carrying amount RM	Fair value measurement RM	Level 1 RM	Level 2 RM	Level 3 RM
Non-financial asset					
Investment property	1,886,732	3,550,000	-	-	3,550,000

Asset measured at fair value

Other investment					
- Equity instrument (unquoted in China)	1,852,800	1,852,800	-	-	1,852,800
	3,739,532	5,402,800	-	-	5,402,800

2023

Non-financial asset

Investment property	1,968,763	3,505,000	-	-	3,505,000
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The fair value of the investment property was based on valuation by independent valuer as at 31 December 2024. The valuation was based on comparable approach using similar properties with significant unobservable inputs including factor adjustments made for location, size, accessibility, building conditions, and etc.

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The Group's is lowly geared as their working capital debts are sufficiently covered by cash and cash equivalents and they have no other external financing.

Under the requirements of Bursa Malaysia Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement. There are no other external capital requirements imposed on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

37. Segment information

(i) Operating segment

On the Group's reporting to chief operating decision maker for the purpose of resource allocator and assessment of segment performance, two (2) reportable operating segments based on production and services are as follows:

- The manufacturing segment is business of manufacturing and sale of plywood, veneer and laminated veneer lumber; and
- The electricity segment is the business of generation and sale of electricity.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Manufacturing		Electricity		Adjustments and eliminations		Note	Per consolidated financial statements	
	2024 RM	2023 RM	2024 RM	2023 RM	2024 RM	2023 RM		2024 RM	2023 RM
Revenue:									
External customers	89,985,891	60,187,348	3,660	-	-	-		89,989,551	60,187,348
Inter-segment	-	-	1,110,059	2,257,942	(1,110,059)	(2,257,942)	(a)	-	-
Total revenue	89,985,891	60,187,348	1,113,719	2,257,942	(1,110,059)	(2,257,942)		89,989,551	60,187,348
Results:									
Interest income	276,684	328,609	297	451	13,322	12,494		290,303	341,554
Depreciation	3,035,316	2,739,001	459,844	416,762	82,032	82,032		3,577,192	3,237,795
Segment (loss)/profit	(18,672,616)	(14,034,215)	(2,159,917)	520,247	2,339,721	3,013,872		(18,492,812)	(10,500,096)
Assets:									
Additions to non-current assets	7,935,331	3,345,150	580	1,058,069	-	-	(b)	7,935,911	4,403,219
Segment assets	86,486,248	95,004,210	6,852,278	4,446,230	64,215,281	79,123,252	(c)	157,553,807	178,573,692
Segment liabilities	4,528,825	4,686,557	1,921,080	66,741	-	105,772	(d)	6,449,905	4,859,070

Notes: Nature of adjustment and eliminations to arrive at amounts reported in the consolidated financial statements.

- Inter-segment revenues are eliminated on consolidation.
- Additions to non-current assets consist of:

	Group	
	2024 RM	2023 RM
Property, plant and equipment	7,935,911	4,403,219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

37. Segment information (continued)

(i) Operating segment (continued)

- (c) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

Reconciliation of assets

	Group	
	2024 RM	2023 RM
Money market funds	56,221,787	73,948,342
Investment in unquoted company	1,852,800	-
Investment property	1,886,731	1,968,763
Tax recoverable	4,253,963	3,206,147
	64,215,281	79,123,252

- (d) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2024 RM	2023 RM
Deferred tax liabilities	-	105,772

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue	
	2024 RM	2023 RM
Australia	105,288	264,550
Canada	228,002	235,164
China	87,331	85,296
Hong Kong	1,298,932	2,528,464
Korea	3,770,373	5,928,018
Malaysia	595,954	936,733
Japan	2,007,327	1,422,251
Taiwan	11,361,998	10,227,535
Thailand	3,264,151	3,547,300
United Kingdom	-	100,607
USA	67,270,195	34,911,430
	89,989,551	60,187,348

Non-current assets are in Malaysia and consists of the following items as presented in the consolidated statement of financial position:

	2024 RM	2023 RM
Property, plant and equipment	27,035,555	22,594,980
Investment property	1,886,731	1,968,763
	28,922,286	24,563,743

(iii) Major customers

Revenue from 1 (2023: 2) major customers amounted to RM48,585,765 (54% of revenue) (2023: RM24,901,366 (41% of revenue)) arising from sale of plywood.

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2024

No.	Location	Tenure	Land Area and Gross Built-Up Area	Approximate Age of Building	Description and Current Use	Net Book Value as at 31 December 2024	Effective Year of Purchase
1.	Mile 3, Jalan Masak, Kampung Ulu Patikang, Locked Bag 13 SM-88 89009 Keningau, Sabah Malaysia	99 years lease expiring on 31.12.2081	<u>Land area</u> 94,700 square meters <u>Gross built-up area</u> 31,370.47 square meters	33 years	Industrial land and building	RM5,457,231	1991
2.	11F, Wisma Perindustrian, Jalan Istiadat, 88400 Likas Kota Kinabalu, Sabah Malaysia	99 years lease expiring on 31.12.2093	<u>Land area</u> 11,610 square meters <u>Gross built-up area</u> 990.20 square meters	27 years	Commercial building	RM1,886,732	1997
3.	Kampung Ulu Patikang Keningau, Sabah Malaysia	99 years lease expiring on 31.12.2093	<u>Land area</u> 0.703 hectares	N/A	Industrial land	RM545,335	2018

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

Total number of issued share : 230,420,000
 Number of treasury shares : 11,988,332 Ordinary shares
 Class of shares : Ordinary shares
 Voting rights of shareholders : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 MARCH 2025

Size of holdings	No. of holders	%	No. of shares	%
1 - 99	248	8.198	9,608	0.004
100 - 1,000	206	6.810	83,442	0.038
1,001 - 10,000	1,030	34.050	4,971,805	2.276
10,001 - 100,000	1,345	44.463	38,809,091	17.768
100,001 - 10,921,582 (*)	194	6.413	110,547,030	50.609
10,921,583 and above (**)	2	0.066	64,010,692	29.305
Total	3,025	100.000	218,431,668	100.000

* Less than 5% of issued shares

** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS AS AT 28 MARCH 2025

		Direct		Indirect	
		No. of shares	%	No. of shares	%
1	EARNEST FORTITUDE LIMITED	37,903,966	17.352	-	-
2	LIN, HAO-YU	30,108,123	13.782	-	-

DIRECTORS' SHAREHOLDINGS AS AT 28 MARCH 2025

		No. of Ordinary Shares Held			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
1	DATUK AZNAM BIN MANSOR	1,591,200	0.728	-	-
2	LIN, HAO-WEN	10,607,214	4.856	-	-
3	LIN, HAO-YU	30,108,123	13.782	-	-
4	LIN, PEI-WEN	10,394,827	4.758	-	-
5	KENNETH CHIN KAH KIONG	-	-	-	-
6	NAR CHIN KEOW	-	-	-	-
7	CHONG SHU PHIN	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 28 MARCH 2025

LIST OF TOP THIRTY LARGEST SHAREHOLDERS AS AT 28 MARCH 2025

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1	EARNEST FORTITUDE LIMITED	37,903,966	17.352
2	LIN, HAO-YU	26,106,726	11.951
3	LIN, HAO-WEN	10,607,214	4.856
4	LIN, PEI-WEN	10,394,827	4.758
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HAU CHEE	4,453,522	2.038
6	LEE KOK HIN	4,322,972	1.979
7	SIM MUI KHEE	4,050,000	1.854
8	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIN HAO YU	4,001,397	1.831
9	NG GHEK KIM	3,683,059	1.686
10	LIM PEI TIAM @ LIAM AHAT KIAT	3,300,000	1.510
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAN MENG	3,270,000	1.497
12	FONG TING WONG	3,078,017	1.409
13	GAN KHO @ GAN HONG LEONG	2,573,840	1.178
14	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	2,091,805	0.957
15	LOH KOK WAI	1,749,895	0.801
16	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOKE NYEN	1,661,200	0.760
17	AZNAM BIN MANSOR	1,591,200	0.728
18	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PAY KAON	1,500,000	0.686
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEW KEW LEAN	1,100,000	0.503
20	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD EXEMPT AN FOR CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD. (RETAIL CLIENTS)	1,072,088	0.490
21	TEOH LAI CHOY	963,300	0.441
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHONG SIEW CHIEN	884,720	0.405
23	LEE KA YONG	848,640	0.388
24	CHEE SAI MUN	832,936	0.381
25	BALVINDER SINGH A/L BHAGWAN SINGH	813,600	0.372
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HIEW CHEE LIP	776,000	0.355
27	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	757,258	0.346
28	S'NG SUET WAI	742,559	0.339
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD WEE SENG YEEN	732,800	0.335
30	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM CHIN SOON	646,192	0.295
		136,509,733	62.495

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth (“35th”) Annual General Meeting (“AGM”) of Focus Lumber Berhad (“the Company”) will be held at Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah on Friday, 23 May 2025 at 10.00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. **[Please refer to Note II (1)]**
2. To approve the payment of Directors’ fees and benefits up to RM411,600.00 for the period from this 35th Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To re-elect Datuk Aznam Bin Mansor who retires pursuant to Clause 76(3) of the Company’s Constitution, as Director of the Company. **Ordinary Resolution 2**
4. To re-elect Lin Hao Yu who retires pursuant to Clause 76(3) of the Company’s Constitution, as Director of the Company. **Ordinary Resolution 3**
5. To re-appoint Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications, as Ordinary Resolution of the Company:-

6. **ORDINARY RESOLUTION
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**
Ordinary Resolution 5

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.”

7. **ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES**
Ordinary Resolution 6

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which such resolution is passed, at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees’ share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or
- (viii) To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.

- 8. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

FONG SEAH LIH (MAICSA 7062297)

(SSM PC NO. 202008000973)

THAM YIN TONG (MAICSA 7049718)

(SSM PC NO. 202008001314)

Company Secretaries

Kuala Lumpur

Date: 24 April 2025

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTES:

I Notes on Appointment of Proxy

- (1) For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 16 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
- (2) A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at this AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- (4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (8) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means via Tricor System, TIIH Online

The proxy form can be electronically lodged with the Company’s Share Registrar via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

- (9) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company’s Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTES: (CONTINUED)

I Notes on Appointment of Proxy (Continued)

- (10) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.
- (11) Last date and time for lodging the proxy form is Wednesday, 21 May 2025 at 10.00 a.m..
- (12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
- Identity card (NRIC) (Malaysian); or
 - Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
 - Passport (Foreigner).
- (13) For a corporate member who has appointed a representative instead of a proxy to attend this AGM, please deposit the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been lodged at the Company's Share Registrar earlier.

II Explanatory Notes

Ordinary Business

1. Audited Financial Statements for the financial year ended 31 December 2024

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders.

2. Ordinary Resolution 1 – Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Proposed Resolution 1 for the Directors' fees and benefits proposed for the period from this 35th AGM up to the date of next AGM are calculated based on the current Board size and number of scheduled Board and Committee Meetings from the 35th AGM until the next AGM. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

3. Ordinary Resolutions 2 and 3 – Re-election of Directors

Datuk Aznam Bin Mansor and Lin Hao Yu are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 35th AGM.

Please refer to the Statement Accompanying Notice of the 35th AGM for further details.

4. Ordinary Resolution 4 – Re-appointment of Auditors

The Board has through the Audit Committee assessed the suitability and independence of the External Auditors, Messrs PKF PLT and considered the re-appointment of Messrs PKF PLT as Auditors of the Company. The Board and Audit Committee collectively agreed and satisfied that Messrs PKF PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

II Explanatory Notes (Continued)

Special Business

5. Ordinary Resolution 5 – Authority to Allot Shares

This proposed resolution is for the purpose of seeking a new shareholders' mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("General Mandate"), and if passed, will give the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued share capital (excluding treasury shares) of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

6. Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Mandate

The proposed Ordinary Resolution 6, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company.

Please refer to the Statement to Shareholders dated 24 April 2025 for further information.

STATEMENT ACCOMPANYING NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD

Directors Standing for Election

As of the date of this notice, there are no individuals who are standing for election or appointment as Directors at this 35th AGM.

The following Directors are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 35th AGM:-

Pursuant to Clause 76(3) of the Company's Constitution

1. Datuk Aznam Bin Mansor; and
2. Lin Hao Yu.

("the Retiring Directors")

The details of the abovenamed Retiring Directors are set out in their respective profiles on page 4 to 6 of the Annual Report 2024. The details of their interest in the securities of the Company can be found on page 104.

The Board had through the Nomination Committee ("NC") carried out the Board Effectiveness Evaluation on the Board, Board Committees and Directors for the financial year ended 31 December 2024. The Board is satisfied with the overall result of the Board Effectiveness Evaluation.

The Retiring Directors meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors. None of the Directors has any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Company and its subsidiaries.

The NC has also conducted a review and assessment on the fit and proper of the Retiring Directors in accordance with the Directors' fit and proper policy and agreed that the Retiring Directors met with the criteria prescribed in the Directors' Fit and Proper Policy.

The Board (save for Datuk Aznam Bin Mansor and Mr Lin Hao Yu who have abstained from deliberation on discussions relating to their own re-election at the Board meetings) support the re-election of the Retiring Directors as it believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.

ADMINISTRATIVE GUIDE

FOR THE THIRTY-FIFTH ANNUAL GENERAL MEETING (“35TH AGM”) OF FOCUS LUMBER BERHAD

Day & Date	: Friday, 23 May 2025
Time	: 10.00a.m.
Venue	: Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah

1. REGISTRATION

- The registration counter starts at 9.00 a.m. on Friday, 23 May 2025 and will open until the conclusion of the 35th AGM or such time may be determined by the Chairman of the Meeting.
- Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non-Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter. Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person.
- Upon verification, shareholders or proxies will also be given the identification wristbands for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced

2. CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. (“TIIH”) on or before the 35th AGM.
- Attorneys appointed by power of attorney are required to deposit their power of attorney with TIIH not later than Wednesday, 21 May 2025 at 10.00 a.m. to attend and vote at the 35th AGM.

3. PROXY

The appointment of proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the 35th AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:

In hardcopy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company’s Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

In electronic form

You may also submit your proxy appointment electronically via TIIH Online website at <https://tjih.online>. Please do read and follow the procedures below to submit proxy form electronically.

ADMINISTRATIVE GUIDE

FOR THE THIRTY-FIFTH ANNUAL GENERAL MEETING (“35TH AGM”) OF FOCUS LUMBER BERHAD

4. ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: “Focus Lumber Berhad 35th AGM – Submission of Proxy Form”. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate event: “Focus Lumber Berhad 35th AGM – Submission of Proxy Form”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: “Focus Lumber Berhad 35th AGM – Submission of Proxy Form”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

5. GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 35th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **16 May 2025** and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

ADMINISTRATIVE GUIDE

FOR THE THIRTY-FIFTH ANNUAL GENERAL MEETING (“35TH AGM”) OF FOCUS LUMBER BERHAD

6. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 35th AGM proceedings is allowed without prior written permission of the Company.

7. DOOR GIFT AND REFRESHMENT

There will be no distribution of door gift or e-voucher for the 35th AGM.

We thank you for your support to the Company

8. ENQUIRY

If you have any enquiry prior to the 35th AGM, please contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

Tricor Investor & Issuing House Services Sdn. Bhd. Registration No. 197101000970 (11324-H) Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line	+603 2783 9299
	Low Cheng Chuan	Cheng.Chuan.Low@vistra.com +603 2783 9278
	Muhammad Ashraff Bin Mohd Khaizan	Muhammad.Ashraff@vistra.com +603 2783 9276
	Fax Number:	+603 2783 9222
	E-mail:	is.enquiry@my.vistra.com



富佳木業有限公司
FOCUS LUMBER BERHAD
 Registration No.: 198901011405 (188710-V)

Proxy Form

CDS Account No.

No. of Shares held

I/We _____ Tel: _____
 [Full name in block, NRIC/Passport/Company No.]

of _____
 [Address]

being member(s) of **Focus Lumber Berhad**, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting, as ^my/our proxy to vote for ^me/us and on ^my/our behalf at the Thirty-Fifth Annual General Meeting ("AGM") of the Company to be held at Zara Boutique Hotel, Harbour City, Jalan Pantai Baru, Sembulan, 88100 Kota Kinabalu, Sabah on Friday, 23 May 2025 at 10.00 a.m. or any adjournment thereof, and to vote a indicated below:-

Ordinary Business	Resolution	For	Against
Payment of Directors' fees and benefits up to RM411,600.00 for the period from this Thirty-Fifth AGM until the next AGM of the Company.	Ordinary Resolution 1		
Re-election of Datuk Aznam Bin Mansor as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 2		
Re-election of Lin Hao Yu as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 3		
Re-appointment of Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 4		
Special Business			
Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 5		
Proposed Renewal of Share Buy-Back Mandate.	Ordinary Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2025

Signature*
Member

^ Delete whichever is not applicable

* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:

- (1) For the purpose of determining who shall be entitled to attend this Annual General Meeting ("AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 16 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM or appoint proxy to attend, speak and vote on his/her/lits behalf.
- (2) A member entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- (3) A member of the Company who is entitled to attend and vote at this AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the AGM.
- (4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (8) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
- (i) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited at the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
- (ii) By electronic means via Tricor System, TIH Online
The proxy form can be electronically lodged with the Company's Share Registrar via TIH Online at <https://tih.online>. Please refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIH Online.
- (9) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (10) Please ensure ALL the particulars as required in the proxy form is completed, signed and dated accordingly.
- (11) Last date and time for lodging the proxy form is Wednesday, 21 May 2025 at 10.00 a.m.
- (12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
- (a) Identity card (NRIC) (Malaysian); or
(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian); or
(c) Passport (Foreigner).
- (13) For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate appointment of authorised representative executed in the manner as stated in the proxy form with the Company's Share Registrar situated at Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)] of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative if it has not been lodged at the Company's Share Registrar earlier.

Please fold here

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FOCUS LUMBER BERHAD

Registration No.: 198901011405 (188710-V)

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
[Registration No.: 197101000970 (11324-H)]

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