

TIMBERWELL BERHAD

Registration No. 199601014835 (387185-W)



WE PRACTICE SUSTAINABLE FORESTRY

ANNUAL REPORT 2024

www.timwell.com.my

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<http://timwell.com.my>
We Practice Sustainable Forestry

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting (“**29th AGM**”) of Timberwell Berhad (“**Company**”) will be held at **Crown 1, 2nd Floor, Sabah Oriental Hotel, Jalan Kemajuan, Karamuning, 88000 Kota Kinabalu, Sabah** on **Thursday, 22 May 2025** at **3:00 p.m.** for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note (a) |
| 2. | To approve the payment of Directors’ fees amounting to RM250,000.00 for the financial year ended 31 December 2024. | Ordinary Resolution 1 |
| 3. | To approve the payment of Directors’ benefits payable to the Board of the Company and its subsidiaries amounting to RM150,000.00 for the period from 23 May 2025 until the next Annual General Meeting of the Company. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors who are retiring in accordance with Clause 97 of the Constitution of the Company and who being eligible offered themselves for re-election:- | |
| | a. Madam Agnes Soei-Tin Lamey | Ordinary Resolution 3 |
| | b. Mr Wong Chong Kim | Ordinary Resolution 4 |
| 5. | To re-elect Ms Yap Fook Fung who retires in accordance with Clause 104 of the Constitution of the Company and who being eligible, offered herself for re-election. | Ordinary Resolution 5 |
| 6. | To re-appoint Messrs. Baker Tilly Monteiro Heng PLT (AF0117) as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, with or without modification:-

- | | | |
|----|--|------------------------------|
| 7. | Ordinary Resolution
- Authority to Issue and Allot Shares | Ordinary Resolution 7 |
|----|--|------------------------------|

“THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016.

THAT the Directors be further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof.

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016, to be read together with Clause 54 of the Constitution of the Company, approval be hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new shares ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this mandate.

**NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)**

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

8. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN BEE HWA (SSM PC NO. 202008001174 & MAICSA 7058049)
QWIK TSAE YNG (SSM PC NO. 202308000539 & MAICSA7053568)
 Company Secretaries

Kota Kinabalu
 23rd day of April 2025

NOTES:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend, participate, speak and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two (2) proxies in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.

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.

Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
6. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, participate, speak and vote at the Annual General Meeting is 14 May 2025.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

(a) Item 1 of the Agenda

- Audited Financial Statements for the financial year ended 31 December 2024

This Agenda item is meant for discussion only, as the provision of Sections 248 and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this agenda item will not be put for voting.

(b) Item 2 of the Agenda

- Directors' fees (Resolution 1)

Section 230(1) of the Companies Act 2016 provides that fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

The payment of the Directors' fees for the financial year ended 31 December 2024 will only be made if the proposed Resolution 1 has been passed at the 29th AGM pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

(c) Item 3 of the Agenda

- Directors' benefits (Resolution 2)

The Directors' benefits comprises only the meeting allowances payable to the Board of Directors ("the Board") of the Company and its subsidiaries as follows:-

	Executive Director(s)	Non-Executive Directors	Total Amount
Meeting Allowance	-	RM150,000	RM150,000

The total amount of meeting allowance of RM150,000 is derived from the number of scheduled and unscheduled meetings, when necessary, as well as the number of Directors involved in these meetings.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' meeting allowances as and when incurred, particularly after having discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the period from 23 May 2025 until the next Annual General Meeting ("AGM") in the year 2025.

(d) Items 4 and 5 of the Agenda

- Re-election of Directors (Resolutions 3, 4 and 5)

No individual is seeking election as a Director at the forthcoming 29th AGM of the Company.

Madam Agnes Soei-Tin Lamey, Mr Wong Chong Kim and Ms Yap Fook Fung, being eligible, have offered themselves for re-election as Directors of the Company at this 29th AGM. The profile of the retiring Directors are set out in the Profile of Directors on pages 11 to 13 of the Annual Report 2024.

The Annual Report 2024 is available at <http://timwell.com.my>.

(e) Item 6 of the Agenda

- Re-appointment of Auditors (Resolution 6)

The Audit Committee ("AC") has carried out an assessment of the suitability, objectivity and independence of the external auditors, Messrs. Baker Tilly Monteiro Heng PLT ("Baker Tilly") and was satisfied with the suitability of Baker Tilly based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The Board therefore approved the AC's recommendation on the re-appointment of Baker Tilly as the external auditors of the Company be put forward for the shareholders' approval at the forthcoming 29th AGM.

**NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)****(f) Item 7 of the Agenda
- Authority to Issue and Allot Shares (Resolution 7)**

The proposed Ordinary Resolution 7 is primarily to give flexibility to the Board to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the members at the last AGM ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 and Clause 54 of the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

BUSINESS PROFILE

TIMBERWELL BERHAD was incorporated as public company in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016 on 13 May 1996. The Company was subsequently listed on the then Second Board of Bursa Malaysia Securities Berhad on 16 May 1997.

The Company is a licence-holder of the Sustainable Forest Management Licence Agreement 06/97 ("**SFMLA**") granted by the State Government of Sabah covering an area of 71,293 hectares of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah ("**License Area**"). Under the agreement, the Company has been granted the permission to plant, rehabilitate and harvest timber logs within the license area of 100 years commencing on 10 September 1997.

On 12 April 2018, the Company and the Chief Minister of the State of Sabah had entered into a Supplemental Agreement to amend the SFMLA dated 10 September 1997. The amendments involve rezoning New License Area, Rezoned Area and Excised Area. The New License Area had indicated an increase in the Industrial Tree Plantation area may enhance the Company's long-term prospect as it will enable the Company, to increase its production capacity and area for planting.

The Group operates under the following business units:-

FORESTRY DIVISION

Overseeing the timber harvesting and forest regeneration activities of the Group in compliance with the Annual Work Plan approved by the Sabah Forestry Department. With strict adherence to the principles of sustainable forest management, the Group abides to the practice of comprehensive harvesting plans, compliance with harvesting standards and application of internationally recognised Reduced Impact Logging technique.

The harvested timbers are supplied to other local millers and exported to countries in the Asia Region.

PLANTATION DIVISION

The Plantation activity currently undertaken by the Group is the cultivation of industrial trees of approved species to sustain long-term commercial value of the forest. Under the SFMLA, the Group has committed industrial tree plantation covering a total forest area of 30,125.38 hectares within the Lingkabau Forest Reserve. The indigenous industrial tree plantation species being cultivated includes Laran (*Neolamarckia Cadamba*), Binuang (*Octemeles Sumatrana*), Jelutung (*Dyera Costulata*) and rubber tree. The Company has recently updated the Plantation Development Plan with the inclusion of Mahogany and Eucalyptus as targeted species.

TRADING DIVISION

The activities include timber marketing and trading of timber.

PROPERTY DIVISION

The Property division involves in management and investment and holding of the Group's properties.



OUR VISION

To be a regionally respected player in forest resource management and development based in East Malaysia.

OUR MISSION

To manage the natural forest under licence as renewable resource in economically viable, environmentally friendly and socially responsible manner to ensure sustainability.

OUR CORE VALUES

Stakeholder Satisfaction

A commitment to meet and surpass our stakeholder expectations.

Leadership by Example

A commitment to set standards and lead by example.

Integrity and Transparency

A commitment to be ethical, sincere, and open in our dealing.

Profit with Honour

A commitment to pursue profit by building long term values.

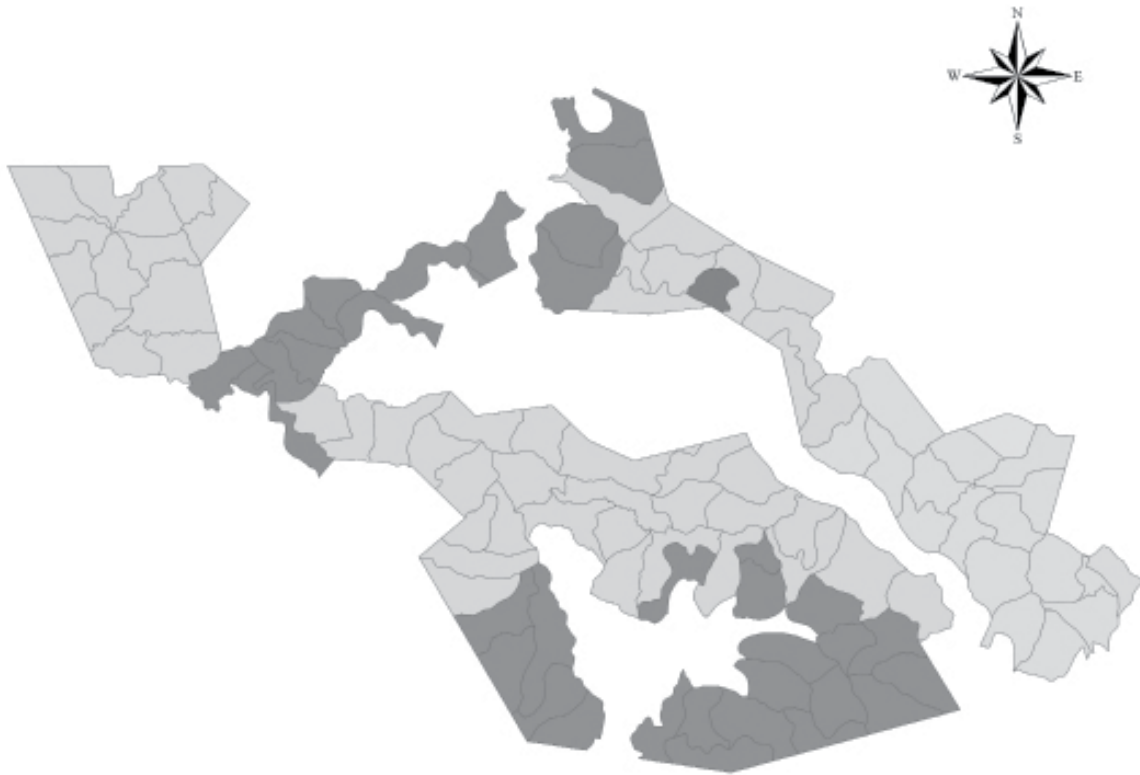
Fairness

A commitment to be objective and responsible, thereby promoting trust and respect.

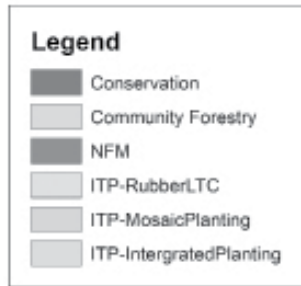
Pursuit of Excellence

A commitment to strive for the best in everything we do.

LOCATION MAP



Lingkabau Forest Reserve



CORPORATE INFORMATION

BOARD OF DIRECTORS

Wong Chong Kim

Chairman, Independent Non-Executive Director

Loo Choo Hong

Independent Non-Executive Director

Lim Ah Lay

Senior Independent Non-Executive Director

Michael @ Radio bin Luban

Independent Non-Executive Director

Agnes Soei-Tin Lamey

Non-Independent Non-Executive Director

Yap Fook Fung (Appointed on 21 May 2024)

Non-Independent Non-Executive Director

AUDIT COMMITTEE

Loo Choo Hong (Chairman)

Agnes Soei-Tin Lamey

Lim Ah Lay

NOMINATION AND REMUNERATION COMMITTEE

Lim Ah Lay (Chairman)

Agnes Soei-Tin Lamey

Michael @ Radio bin Luban

RISK MANAGEMENT COMMITTEE

Lim Ah Lay (Chairman)

Michael @ Radio bin Luban

Yap Fook Fung

EXECUTIVE COMMITTEE

Datuk Pau Chiong Ung - CEO

William Joseph Jomiu - FMU Manager

Lee Yoke Wah - Corporate Services Manager

Suhaili Sainan - Assistant FMU Manager

Ker Chi Khun - Group Accountant

CHIEF EXECUTIVE OFFICER

Datuk Pau Chiong Ung

COMPANY SECRETARIES

Tan Bee Hwa

(SSM PC No. 202008001174 & MAICSA 7058049)

Qwik Tsae Yng

(SSM PC No. 202308000539 & MAICSA 7053568)

CORPORATE OFFICE

2nd Floor, Wisma BSN Sabah

Jalan Kemajuan, Karamuning

88000 Kota Kinabalu, Sabah

Tel : 088-214 222

Fax : 088-235 907

Email : enquiry@timwell.com.my

Website : http://timwell.com.my

REGISTERED OFFICE

2nd Floor, Wisma BSN Sabah

Jalan Kemajuan, Karamuning

88000 Kota Kinabalu, Sabah

Tel : 088-214 222

Fax : 088-235 907

Email : enquiry@timwell.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 03-2084 9000

Fax : 03-2094 9940 / 2095 0292

AUDITORS

Messrs. Baker Tilly Monteiro Heng PLT

201906000600 (LLP0019411-LCA & AF0117)

Chartered Accountants

Baker Tilly Tower, Level 10, Tower 1

Avenue 5, Bangsar South City

59200 Kuala Lumpur

Tel : 03-2297 1000

Fax : 03-2282 9980

PRINCIPAL BANKERS

Affin Bank Berhad

Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad

Sector : Industrial Products & Services

Stock Code : TIMWELL

Stock No. : 7854

CORPORATE STRUCTURE

100%

**TIMBERWELL PROPERTIES
SDN. BHD.**
199601018562 (390913-W)

59.17%

**TIMBERWELL PLYWOOD
SDN. BHD.**
199801000555 (456681-T)



DIRECTORS' PROFILE

WONG CHONG KIM

Chairman/Independent Non-Executive Director
Aged 68/Malaysian/Male

Mr Wong Chong Kim is the Independent Non-Executive Director/Chairman of Timberwell Berhad. He was appointed as Chairman of the Board of Company on 25 May 2021. He is a Fellow Member of Association of Chartered Certified Accountants, United Kingdom.

Mr Wong is currently a commissioned dealer's representative of RHB Investment Bank Berhad since 1 August 2014.

He was formerly the Executive Director of OSK Holdings Berhad since November 1990 and re-designated as Non-Independent Non-Executive Director from May 2007 until April 2013. During his tenure as a Director of the Company, he had sat as a member of the Audit Committee, Risk Management Committee, Nominating Committee and Employee Share Options Scheme Committee.

He joined OSK Investment Berhad ("OSKIB") as Finance Manager in 1985 and was appointed to the Board in 1989 as an Executive Director.

He then resigned from the Board of OSKIB and appointed as Deputy Chief Executive Officer of OSKIB on January 2007. Prior to this, he was the Accountant and Assistant Credit Manager of a leading financial institution in 1983 for two years.

He was also a Non-Independent Non-Executive Director of OSK Ventures International Berhad and OSK Property Holdings Berhad for more than ten years before retiring on 10 April 2013.

Mr Wong is the spouse to Madam Lee Ngee Moi, a substantial shareholder of the Company and he holds 50% shares in Harmony Chime Sdn. Bhd., a corporate shareholder of the Company. He does not have any conflict of interest or potential conflict of interest with the Company and its subsidiary, and has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by him during the financial year are set out in page 68 of this Annual Report.

LOO CHOO HONG

Independent Non-Executive Director
Aged 52/Malaysian/Male

Mr Loo Choo Hong was appointed to the Board on 12 May 2017. He is Chairman of the Audit Committee of the Company. He was admitted as a member of the ACCA in 1998 and is currently a Fellow member of the accountancy body. He is also a member of the MIA and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively. Mr Loo commenced his career as an Audit Assistant in a local accounting firm in 1998 and subsequently left as an Audit Supervisor in 2001, before he joined K.H. Kwong & Company as an Audit and Tax Manager. In 2005, he founded Messrs C.H. Loo & Co. and Pro Cast Management Services which offer various professional corporate and management services. Pro Cast Group of Companies has merged with ASQ Group in January 2018, he is currently the tax director of ASQ Tax Services Sdn. Bhd. He currently holds directorships in several private limited companies but does not hold any in public companies.

He is also a member of the Board of Trustees for the Malaysian Medical Association ("MMA") Foundation. MMA Foundation is a non-profit organisation which provides financial assistance for undergraduate medical students, continuing professional development, public health education and donations to charities.

He does not have any family relationship with any Director and/or major shareholders of the Company, nor any conflict of interest or potential conflict of interest with the Company and its subsidiary. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by him during the financial year are set out in page 68 of this Annual Report.

DIRECTORS' PROFILE

(CONT'D)

LIM AH LAY

Senior Independent Non-Executive Director

Aged 69/Malaysian/Male

Mr Lim Ah Lay was appointed to the Board of Directors of Timberwell Berhad on 24 May 2023. He is the Chairman of the Nomination and Remuneration Committee and the Risk Management Committee. He is also a member of the Audit Committee.

Mr Lim has over 30 years of working experience in accounting, audit and finance. He started his career as an Audit Senior with Ling Kam Hoong & Co. from April 1985 to June 1987, prior to that he was a Science and Mathematics Teacher at Datok Lokman Secondary School in Kuala Lumpur from April 1979 to April 1985. Thereafter, he holds position as the Internal Audit Executive of MUI Finance Berhad from July 1987 to May 1990 and subsequently worked with Zalik Securities Sdn. Bhd. as an accountant from June 1990 to June 1991. He then left the company and joined UMBC Securities Sdn. Bhd. where he served as an Assistant General Manager until August 1995.

Mr Lim joined ECM Libra Avenue Securities Sdn. Bhd. in August 1995 and left as the Executive Director of operations in June 2007. In August 2007, Mr Lim joined OSK Investment Bank Berhad as the Director and Head of Operations and was appointed as an Executive Director of OSK Holdings Hong Kong Ltd in December 2010. He was also the Executive Director of RHB Hong Kong Ltd and its subsidiaries from December 2010 to April 2017. Mr Lim has served as a licensed representative and also responsible officer for various companies since November 2011. He is presently a licensed representative of NFH Securities and Futures Limited and a responsible officer with NFH Asset Management Limited. Mr Lim is also serving as a Non-Executive Director of Kwan Yong Holdings Limited, which is listed on the Hong Kong Stock Exchange, since October 2018.

Save as of the above, he does not hold any directorship in any other public listed companies.

He does not have any family relationship with any Director and/or major shareholders of the Company, nor any conflict of interest or potential conflict of interest with the Company and its subsidiary. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by him during the financial year are set out in page 68 of this Annual Report.

AGNES SOEI-TIN LAMEY

Non-Independent Non-Executive Director

Aged 71/British/Female

Agnes Soei-Tin Lamey was appointed as Director of the Company on 13 August 2007. She is member of the Audit Committee and Nomination and Remuneration Committees. She has more than ten (10) years working experiences in Chartered Accountant firm in United Kingdom. Since coming to Malaysia in 1991, she has been involved in Sinar Pembangunan Sdn. Bhd., a family owned property Development Company in Sabah. She is currently a director of various private companies involving in oil palm plantations, and properties development business. She has extensive experience on the financial management of companies both in United Kingdom and Malaysia.

She does not hold any directorship in any other public companies.

She does not have any family relationship with any Director the Company, nor any conflict of interest or potential conflict of interest with the Company and its subsidiary. She has no convictions for any offences, and there is no sanction or penalty imposed on her by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by her during the financial year are out in page 68 of this Annual Report.

MICHAEL @ RADIO BIN LUBAN
Independent Non-Executive Director
Aged 74/Malaysian/Male

Michael@Radio Bin Luban was appointed as Director of Timberwell Berhad on 23 February 2021. Currently, he is a member of the Nomination and Remuneration Committee and Risk Management Committee.

He obtained his Master of Science in Human Resources Management through Post Graduate Programme in Hawaii University in 1996 and Bachelor of Science in Business Administration major in Human Resources Management from Hawaii Pacific College (presently known as Hawaii Pacific College University), Honolulu Hawaii in 1989.

He started his career as Assistant Officer with Sabah Road Transport Department from 1978 to 1995. He then involved in setting up the operation of Pusat Pemeriksaan Kenderaan Berkomputer Sdn. Bhd. ("PUSPAKOM"), one of the GLC in Sabah. He was posted to Tawau as Branch Manager of PUSPAKOM Tawau from 1996 to March 1999 and was transferred to PUSPAKOM Sandakan from April 1999 to year 2006. At the end of the same year, he got his early retirement approval at the age of 56 years old.

Upon retirement, Michael@Radio Bin Luban was self-employed at his own Small Holder Palm Oil Plantation, where he later joined the party Pribumi Bersatu Malaysia ("PPBM") of Beluran branch. As a member of the PPBM Organisation, he is committed in assisting to uplift the standard of living of the local communities under the programme of Ministry of Agriculture and Food Industries of Malaysia.

He does not hold any directorship in any other public companies.

He does not have any family relationship with any Director and/or major shareholders of the Company, nor any conflict of interest with the Company and its subsidiaries. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by him during the financial year are set out in page 68 of this Annual Report.

YAP FOOK FUNG
Non-Independent Non-Executive Director
Aged 56/Malaysian/Female

Yap Fook Fung was appointed as Non-Independent Non-Executive Director ("NINED") on 21 May 2024. Prior to her appointment to the Board as NINED, she was an Alternate Director to Datuk Yap Pak Leong, the former NINED of the Company, since 1 January 2016.

She graduated with a Bachelor of Economics from Monash University, Melbourne, Australia in 1993. She had been involved in Project Management of Jockey Lodge Hotel (Sandakan) on Construction and Furnishings in 1995 and 1996. She also has vast experience in the tourism industry, and she was the General Manager of Excel Dive & Tours (Borneo) Sdn. Bhd. for the period from 2000 to 2003 and 2008 to 2011. She managed the operations of inbound and outbound tour packages, as well as the development of websites and online booking systems for the company.

She is currently the Senior Accountant for Sri Luasong Sdn. Bhd. and sits on the board of several private companies dealing with oil palm plantation, tree planting and property investment.

She does not hold any directorship in any other public companies.

Madam Yap is the daughter of Datuk Yap Pak Leong, a substantial shareholder of the Company. She does not have any conflict of interest or potential conflict of interest with the Company and its subsidiary, and has no convictions for any offences, and there is no sanction or penalty imposed on her by any regulatory bodies over the past 5 years.

Details of number of board meetings attended by her during the financial year are out in page 68 of this Annual Report.

KEY SENIOR MANAGEMENT

DATUK PAU CHIONG UNG

Chief Executive Office

Aged 73/Malaysian/Male

Datuk Pau Chiong Ung was appointed as Chief Executive Officer of the Company on 23 May 2006. He was previously a member of the Executive Committee, was re-designated as the Chairman of the Executive Committee with effect from 22 May 2024. Datuk Pau holds a technical certificate of wood working, Japan. Datuk Pau has been engaged in timber and shipping industries for the last 35 years. In his working experience, he has served as shipping manager, general manager and managing director of a number of timber extraction and export companies. He is also the Independent Director of Harbour Link Group Bhd.

His interest in the securities of the Company and its subsidiary as at 2 April 2025 are as follows:

	Direct	%	Indirect	%
Ordinary Shares	800,000	0.90	-	-

He does not have any family relationship with any Director and/or major shareholders of the Company, nor any conflict of interest or potential conflict of interest with the Company and its subsidiary. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) provide shareholders an overview and better understanding of Timberwell Berhad’s (“the Company”) financial and operational performance for the financial year ended 31 December 2024. The information in this MD&A should be read in conjunction with the Financial Statements for the year ended 31 December 2024 and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trend will necessarily continue in future.

OVERVIEW

The Company has been granted a Sustainable Forest Management License Agreement (SFMLA 06/97) for 100 years commencing 10 September 1997 over an area of 71,293 hectares in Lingkabau Forest Reserve in Sabah. The State Government of Sabah granted permission to the Company to plant, rehabilitate and harvest forests in the principles of sustainable forest management and environmental conservation for economic, environmental purposes in the licensed concession area.

Subsequently, the Company has on 12 April 2018 entered into a Sustainable Forest Management License Agreement (“Supplemental”) under SFMLA 06/97 for conversion of 15,438.30 hectares into Protection Forest Reserve (“Class One”) and excise 10,195.28 hectares for socio-economic purposes.

The entire concession area is zoned into Natural Forest Management, Industrial Tree Plantation, and Community Forest as indicated in the following table.

Land use	(Ha)
Industrial Tree Plantation (“ITP”)	30,125.38
Natural Forest Management (“NFM”)	15,260.28
Community Forest	273.76
Total	45,659.42

FINANCIAL REVIEW

With the negative effects brought about by the global inflation, the demand and pricing of logs have remained low in 2024. Nevertheless, the Company and its subsidiary company (“the Group”) have adopted the following business strategies and strict controls on capital management to ensure its business sustainability and profitability:

- Stop production of unmarketable smaller diameter logs.
- Strict oversight of capital expenditure spending, with a focus on key priorities and revenue generation.
- Inventory, debtor management and cost containment measures to be closely monitored, with an emphasis on improving operational efficiencies.

Economic uncertainty and enhancing market conditions are expected to continue into the new financial year due to the global inflation. In this respect, the Group will continue to implement cost containment measures and rollout more innovative approaches in its operations to drive greater cost efficiency and productivity.

Group generated a revenue of RM23.2 million (2023: RM18.9 million). The revenue increased marginally by 23% is mainly due to an expansion of export shipments to new overseas buyers during the year 2024.

The loss after tax of RM0.4 million (2023: RM2.4 million) after taking into account the revaluation deficit derived from the Biological Assets (“BA”) amounting to RM2.5 million (2023: RM2.4 million) and the revaluation surplus arising from the Investment Properties (“IP”) of RM0.1 million (2023: Deficit RM0.3 million).

The Company continued to appoint Messrs. Smiths Gore Sabah to conduct a fair valuation exercise on Biological Assets in accordance with MFRS 141 for the financial year ended 31 December 2024. The methods and approaches that form the basis of the valuation of the following areas in the FMU 3 are the Discounted Cash Flow and Income methods.

- Biological Assets (“planted trees”) at the ITP area
- Intangible Assets (“natural unharvested standing trees”) in the NFM and ITP area.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The summary of the valuation report dated 31 December 2024 are shown in the table below:-

Net Present Value ("NPV")	31 December 2024 RM'000	31 December 2023 RM'000
Biological Assets	26,850	28,527
Intangible Assets	71,410	76,677
Total	98,260	105,204

The revaluation deficit derived from BA are illustrated as per table below:-

Particulars	Net Book Value ("NBV") as at 31 December 2024 RM'000	NPV as Valuation Report 31 December 2024 RM'000	Revaluation Deficit RM'000
Biological Assets	29,337	26,850	(2,487)

The revaluation deficit of RM2.5 million derived from Biological Assets was reflected in the Audited Financial Results for the financial year ended 31 December 2024.

The fair value of RM71.4 million derived from the valuation of Intangible Assets as stated in the Valuation Report is for the purpose of impairment testing and will not be incorporated into the financial results of the Company for the financial year ended 31 December 2024.

The Board of Directors concurred with the management point of view that the recoverable amount of the natural unharvested standing trees in the concession area commands a valuation far greater than the carrying amount of the intangible assets.

The net assets per share of the Company as at 31 December 2024 after taking into account the fair valuation of Biological Assets were illustrated below:-

Particulars	Audited result as at 31 December 2024 before fair valuation of BA	Effect of the fair valuation	Audited result as at 31 December 2024 after the fair valuation of BA
Total equity (RM'000)	66,222	(2,487)	63,735
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (sen)	74.36	(2.79)	71.57

The Group has also carried out a valuation exercise on the Investment Properties ("IP") and Property, Plant and Equipment ("PPE") during the financial year ended 31 December 2024. The valuation is conducted in accordance with MFRS 116 in PPE and MFRS 140(IP).

Types of PPE	NBV as at 31 December 2024 RM'000	NPV as Valuation Report 31 December 2024 RM'000	Revaluation Surplus / (Deficit) RM'000	Deferred Tax RM	Net of Deferred Tax RM
Investment Properties					
Leasehold Land	13,400	13,765	365	-	365
Buildings	4,737	4,501	(236)	-	(236)
Property, Plant and Equipment					
Buildings	370	460	90	-	-
Plant and Machineries	3,927	4,377	450	-	-
Motor Vehicles	475	647	172	-	-
Total	22,909	23,750	841	-	129

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The net revaluation surplus after deferred tax is RM 0.1 million arising from the category of IP from the table above has been incorporated into the financial results of the Group for the financial year ended 31 December 2024. The remaining surplus of RM 0.7 million is to ascertain the carrying value of PPE of the Group for impairment purposes and therefore, will not be incorporated into the financial results of the Group for the financial year ended 31 December 2024.

The net assets per share of the Group as at 31 December 2024 will be increased by 0.14 sen to 71.71 sen upon incorporation of the revaluation surplus derived from IP, net of deferred tax as detailed hereunder:-

Descriptions	Audited result as at 31 December 2024 before fair valuation of Investment Properties	Effect of the fair valuation	Audited result as at 31 December 2024 after the fair valuation of Investment Properties
Total equity (RM'000)	63,735	129	63,864
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (sen)	71.57	0.14	71.71

RISK AND UNCERTAINTIES

1. Compliance with Laws and Regulations

As a publicly listed company committed to Sustainable Forest Management (SFM) practices, we are subject to a complex and evolving regulatory landscape, both locally in Malaysia and internationally. Compliance with laws and regulations across various domains, including forest management, environmental protection, health and safety, anti-bribery and corruption, and labour practices, is essential to our operations. However, there are risks and uncertainties in adhering to these requirements.

- Sustainable Forest Management (SFM) and Environmental Regulations:** We operate in strict adherence to the Sabah Forest Enactment 1968, the National Forestry Policy, and other relevant environmental regulations governing forest conservation, timber harvesting, and land use. Changes to these laws, or new legislation addressing sustainability, carbon emissions, or biodiversity conservation, may introduce new compliance challenges, require costly adjustments to our operations, or restrict certain activities, potentially affecting our ability to meet market demand or meet our sustainability objectives.
- Health and Safety Regulations:** Our forestry operations, like other industries, are subject to health and safety regulations designed to protect our employees and stakeholders. Any amendments to these regulations or an increase in enforcement could result in higher compliance costs, operational disruptions, or the need for new investments in safety measures and training. Additionally, failure to meet health and safety standards could result in fines, penalties, or reputational damage.
- Anti-Bribery and Corruption:** We are committed to upholding the highest ethical standards and have implemented policies to comply with Malaysia's Anti-Corruption Commission Act 2009 and other relevant anti-bribery laws. However, we recognise the ongoing risk of exposure to corrupt practices in the regions where we operate. Any failure to enforce strict anti-corruption measures or allegations of bribery could result in legal penalties, or severe damage to our reputation and loss of business licenses, which could affect shareholder value and market standing.
- Labour Practices:** We are also required to comply with Malaysia's labour laws, including the Employment Act 1955 and Occupational Safety and Health Act 1994. These regulations govern working conditions, wages, employee benefits, and labour rights. Any changes in labour laws, or failure to adhere to these regulations, could lead to legal disputes, labour unrest, and financial penalties. Additionally, there are risks related to the availability of skilled labour, particularly in remote forestry operations, which could impact the efficiency and cost of our operations.
- General Legal and Regulatory Risks:** The Company also faces risks related to other legal and regulatory areas such as international trade regulations, and international environmental and labour standards. Non-compliance in any of these areas could result in operational disruptions, fines, or other penalties. Additionally, legal disputes, whether with regulators, local communities, or other stakeholders, may have adverse financial and reputational consequences.

We continuously and closely monitor regulatory changes, invest in compliance programs, and work closely with legal and industry experts to mitigate these risks. However, despite our efforts, changes in laws and regulations or failure to fully comply with them could materially impact our financial performance, operational efficiency, and long-term sustainability goals.

**MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)****2. Timber Demand and Price Fluctuations**

Our revenue and financial performance are primarily driven by the demand for and selling prices of our logs, which can experience significant fluctuations. Timber demand and prices are highly volatile, influenced by various factors such as global and domestic economic conditions, particularly in the housing sector in overseas market, changes in industry production capacity, inflationary pressures, and other external factors beyond our control. A decline in demand or a reduction in timber prices could negatively impact our financial condition and operational results.

In the past, we have been adversely affected by declines in timber pricing. In response, we have implemented cost-cutting measures and ceased producing small-diameter timber to mitigate losses. A prolonged and severe downturn in the market, resulting in reduced demand for our timber, could substantially impair our financial position, operating results, and cash flows.

Given the unpredictability of market conditions, timber demand, and pricing due to these external factors, we are unable to accurately forecast future market trends.

3. Reliance on the Export Market

In 2024, 39% (2023: 35%) of our revenue came from the export market. Strategically, we have focused on exports as they allow us to command better prices compared to the domestic market. However, this reliance on export markets exposes us to risks related to geopolitical factors, trade policies, and shifts in global demand for timber products, which could impact our revenue and profitability.

4. Fluctuations in Foreign Currency Exchange Rates

We sell our timber to overseas buyers in USD, while our operational costs and expenses are denominated in MYR. As a result, any appreciation of the MYR relative to the USD could reduce our revenue in MYR, compress our operating margins, and impact cash flow availability.

Additionally, we are exposed to exchange rate fluctuations in our transactions with third-party marine cargo transporters and shipping agents, as port charges and ocean freight expenses are often denominated in foreign currencies. These fluctuations can result in exchange rate gains or losses, which may materially affect our earnings.

Given the numerous factors influencing currency markets, accurately predicting future exchange rates is highly uncertain, complicating our long-term financial planning and forecasting.

5. Extraction, Shipping and Transportation Challenges

Our business heavily depends on the efficient transportation of timber to our customers, and we rely on third-party providers, including extraction contractors, truckers, bulk carriers, and container shippers, to fulfil this need. However, access to reliable transportation services is subject to several risks, including the availability of equipment and skilled operators, disruptions due to adverse weather conditions, geopolitical events, and potential labour disputes.

Additionally, constraints in shipping and container capacity could delay our ability to deliver timber on time, leading to increased transportation costs and higher storage expenses. Any failure or delays by third-party service providers could harm our reputation, damage customer relationships, and negatively affect our business operations.

Furthermore, rising freight charges, increased competition in the transportation sector, and fluctuating fuel prices present additional risks to our cost structure. Any upward movement in transportation costs could lead to higher operational expenses, which would adversely impact our financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATION REVIEW

The focal operations of the Company are timber harvesting and area rehabilitation mainly involving Silviculture Treatment and Mosaic Timber Planting. The approved 2024 Annual Work Plan ("AWP") stipulates the targets for all the activities in the entire year and the achievements are assessed at the end of December 2024.

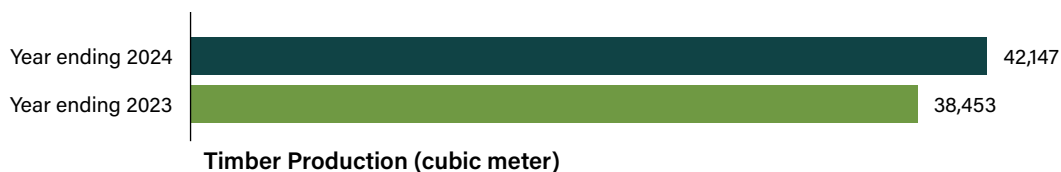
AREAS IN HECTARE FOR 2024 AWP TARGET AND THE YEAR ENDING 2024 ACHIEVEMENTS



The Company only managed to harvest about 84% of the targeted area for harvesting in 2024 partly due to cost effective operation measure and adverse weather.

Due to the inclining weather and selective felling approach, the Company only managed to produce 42,147m³ of timber slightly more than the 38,453m³ produced in the previous year.

COMPARISON OF LOGS PRODUCTION VOLUME FOR YEAR ENDING 2023 AND 2024



Apart from the main tasks, other supporting activities carried out by the Company in 2024 are Area Surveillance, Community Development and Outreach and Environmental inspection for Environmental Compliance. All the tasks are carried out in full compliance to the approved 2024 AWP.

ACHIEVEMENT AND ACCOMPLISHMENT

For year ending 2024, the Company attained the following achievement:

**Qualified to get Compliance Certificate
for 2023 AWP on 20 March 2024**

**Approval of 2024 AWP on
13 February 2024**

The Sabah Forestry Department had on 20 March 2024, informed that the Company has qualified to get the Compliance Certificate for the previous year's achievement. The Certificate was awarded in a ceremony held on 3 May 2024 which took place at the Sabah International Conference Center Kota Kinabalu. The 2024 AWP was also approved on 13 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OUTLOOK AND PROSPECT

After striving during the difficult market conditions in 2023, the Management continue to fortify the harvesting strategies in 2024 and remain alert on any market developments.

The Management remain vigilant and are prepared to downscale without tolerating the productivity and efficiency of the Company. The Management strives to carry out its tasks prudently and discreetly, within the principles of Sustainable Forest Management, while adapting to any improvement and strategy to address the evolving market, environment and social development.

COMMUNITY FORESTRY

Kampung Dampiron, Kampung Tagapalang, Kampung Abuan, Kampung Garung and supporting the development of Kampung Gana still remain the focus of Community activity of the Company in 2024.

The excision of about 21 hectare of area from the forest reserve was gazetted for Kampung Dampiron settlement with the consent of the Tuan Yang Terutama Yang Dipertua Negeri Sabah on 15 June 2023. The signing of the Supplementary Agreement to the SFMLA is completed in 9 February 2024.

The Company continues to provide employment opportunities to the community of nearby Kampung Abuan and Tagapalang. The Company also contributed in cash and kind to the community for their school facilities and religious and cultural celebration.

Among the contributions in 2024 are:

Date	Particulars	Beneficiary Group	Amount (RM)
1 February 2024	Sukan dan Rekreasi Jabatan Pertanian, Sandakan	Pejabat Pertanian Sandakan	1,000.00
18 April 2024	Pesta Kaamatan Daerah Sandakan	Majlis Perbandaran Sandakan	2,000.00
7 October 2024	KKR & Seminar	SIB Church, Abuan	500.00
30 May 2024	Pesta Gawai & Kaamatan	St Mark, Sandakan	300.00
6 June 2024	Road to Kampung Garung	Kampung Garung	7,500.00
15 November 2024	Pesta Sukan FORESS ke 13	Persatuan Sukan, Rekreasi & Kebajikan Jbtn Perhutanan Sabah	3,000.00
16 November 2024	Christmas donation	Kg Tagapalang	500.00
19 November 2024	Christmas donation	Kg Nakadong	500.00
TOTAL			15,300.00

The Company also contributed in the repair of road infrastructure to the villages, especially after the bad weather. Among the access road repairs carried out in 2024 are:

Period	Particulars	Beneficiary Group	Total Expenses (RM)
February, November & December 2024	Access road repair of 500 meter-1km from time to time due to landslide by heavy rain	Kampung Abuan	63,025.00
February, November & December 2024	Access road repair of 500 meter-1km from time to time due to landslide by heavy rain	Kampung Tagapalang	7,350.00
TOTAL			70,375.00

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)



Message from Kg Abuan village head on the damaged road



Machine mobilised for repair



Repair work completed

The Company is still working with the Forestry Department to carry out the project that aims to improve the quality of life for the local community in Kampung Gana by promoting ecotourism through the development of the Kokobuan waterfall, which is situated in Compartment 5(137) and 3(138) of Lingkabau Forest Reserve. Following the first meeting with researchers from the Forest Research Centre Sepilok on 18 October 2024, at the Forestry Department Kota Marudu office, the Research Centre started an impact study on the on the ecotourism activity in Kokobuan waterfall from 25 to 27 November 2024.



Kokobuan waterfall in Compartment 3(138) and 5(137) Lingkabau Forest Reserve



Meeting held with researchers from the Forest Research Centre Sepilok on 18 October 2024 on the ecotourism activity in Kokobuan waterfall

**MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)**

WORKFORCE

We also understand that employee engagement is essential to the Company's success, as it directly influences job satisfaction and employee morale. Employees are most engaged when they are motivated, involved, passionate and emotionally committed to their roles. We believe engaged employees will experience increased job satisfaction, be more productive, and be more willing to embrace change. As part of fostering a positive workplace culture, the Company has a tradition of celebrating major festive occasions with staff, such as Chinese New Year, Hari Raya, and Christmas. In addition, smaller events like birthday celebrations for staff and farewell gatherings for retiring long-service employees are also customary. TWB complies with the Sabah Law Ordinance & regulations, and ensures adequate measures are in place to protect the safety and well-being of our people.

We provide living quarters to our employees, compliant with standards set by the Ministry of Human Resources and we continuously placed effort to improve the living conditions of our workers at our operating units.

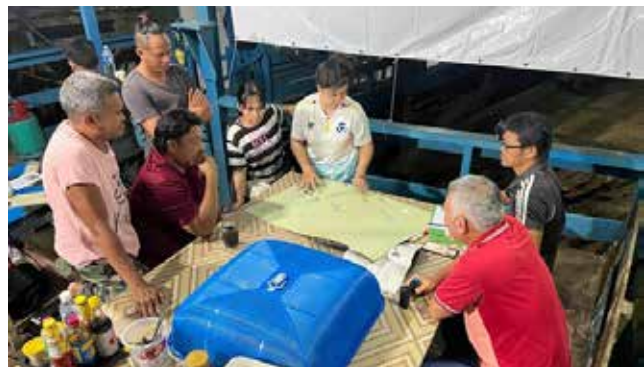
The Company views the Occupational Safety and Health as a pillar of sustainability across all operations. We actively cultivate a safety-first mindset among our employees and contractors by emphasising the shared responsibility we all hold in enabling a safe working environment. We promote open communication channels for reporting safety concerns and incidents, fostering a culture of accountability and continuous improvement.

In FY2024, the Company has taken the following initiatives to maintain a safe, comfortable and conducive work environment:

- Participate in the yearly talk on fire safety prevention and fire drill exercise organised by BSN Sabah.
- Conduct a three-days Forest Fire Prevention Programme in Paitan Camp in collaboration with the Sabah Forestry Department.
- Monthly scheduled pest control at the workplace to eradicate common pest species.
- Creating awareness for the environmental scheduled waste. The Company organised an in-house awareness training for the Paitan Camp staffs conducted by the Human Resource Development approved trainer.



Invited trainer from Danasafe Sdn. Bhd. conducting the Environmental Scheduled Waste Awareness Training on 11 September 2024



During the 3-days Forest Fire Prevention Programme, Paitan Camp Staffs engaged in a working group discussing on forest fire escape plan

**MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)****SUCCESSION PLANNING**

The Company is committed in creating a dynamic workplace that is able to attract, retain and develop talents as an inherent component of maintaining sustainability. To mitigate disruption to operations, a strong senior management succession plan is mapped out. This entails attracting the right talent or selecting and developing identified talent within the organisation, all to ensure as much as possible a seamless transition into a senior management role.

The succession planning is vital to ensure a Company always has the right leaders in place should a change take place. It is thus important to develop and communicate the succession planning in a positive manner, in order to transmit information about the Company's values, culture, and future direction. Therefore, the Management has created a precedent for the Company's Succession Planning to improve organisational succession and talent development programmes.

The Company continued exploring the employee development plans and streamlining the strategy into an "executive level" leadership development succession plan that will allow every employee to prepare and develop their future leadership roles in line with the Company's growth.

The Company's Succession Planning is annually reviewed and assessed by the Executive Committee Meeting and subsequently approved by the Board of Directors. The last reviewed was conducted on 22 August 2024.



The Staff of TWB at the Kota Kinabalu head office during Chinese New Year Luncheon, January 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

EMPLOYEE DEVELOPMENT & TRAINING

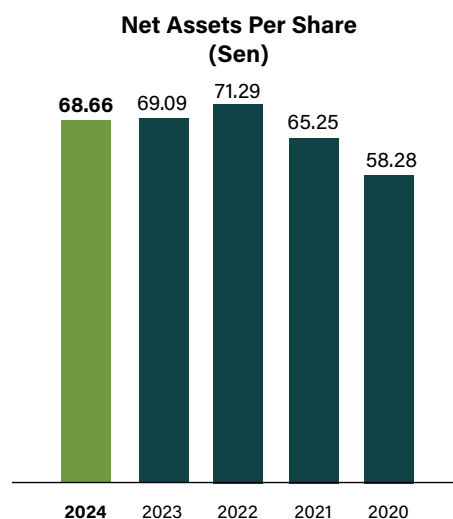
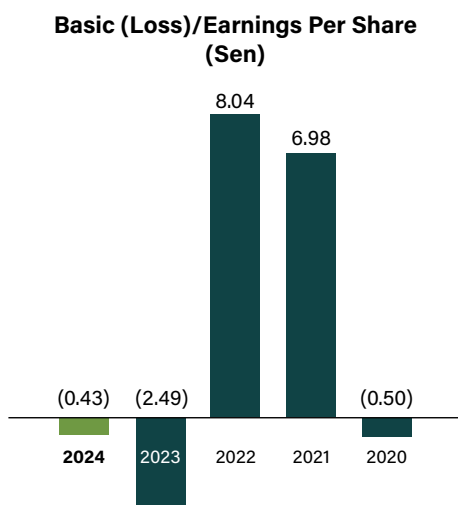
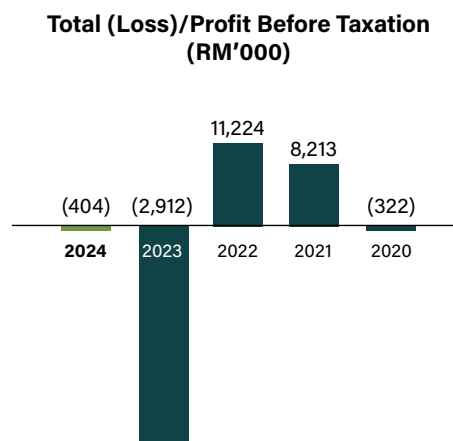
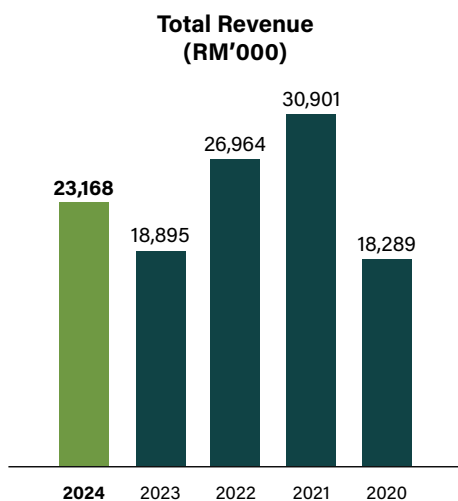
The Company commits to providing training and development programmes to our employees to ensure the achievement of their full potential, where possible.

Our training sessions cover diverse topics from governance, tax and financial to workplace safety and environment. During the year, our workforce has attended a series of trainings conducted internally and externally, as shown below:

No.	Title	Month Attended
External		
1.	<i>Latihan Asas Mencegah Kebakaran Hutan di Lingkabau Forest Reserve (3 days)</i>	February 2024
2.	Latihan Penguatan Penggunaan Sistem Pemeriksaan dan Pentaksiran Royalti Balak Bulat Siri 1 Tahun 2024	March 2024
3.	LHDN E-Invoicing in Malaysia: Overview on Tax, compliance & the newly released SDK	March 2024
4.	2024 Economics Corporate Day BIMB Securities in collaboration with Bursa Malaysia	March 2024
5.	E-Invoicing, Tax & Compliance: Everything you need to know	March 2024
6.	Asia-Pacific Regional Transfer Pricing Updates by Baker Tilly	April 2024
7.	Overview of LHDN e-Invoicing: Newly released guidelines and how it impacts your business	April 2024
8.	Centralised Sustainability Intelligence (CSI) Solution by Bursa Malaysia	May 2024
9.	Market Outlook 2024 by IR4U Bursa Malaysia	June 2024
10.	AMLA: Protect your Organisation by Raising STR by MIA	June 2024
11.	HASIL - MEF Tax Seminar 2024	July 2024
12.	Navigating Bursa Malaysia's Enhanced Sustainability Reporting Framework Confirmation	July 2024
13.	Diversity, Equity, and Inclusion in Action: Essentials in enhancing the corporate landscape	July 2024
14.	Assess your e-Invoicing readiness: Are you prepared?	July 2024
15.	BR Capital: the Digital Credit Market Platform for PLCs and non-PLCs	August 2024
16.	Environmental Quality Scheduled Waste Regulations 2005	September 2024
17.	FB Live "Konvensyen Memerangi Jenayah Perdagangan Orang Dan Buruh Paksa Tahun 2024"	September 2024
18.	FB Live "Cakna e-Invois & Portal MyInvois"	September 2024
19.	Navigating Sustainability Disclosures & Beyond	September 2024
20.	LHDN E-Invoicing: Lessons from Phase 1 Implementation and Preparing for Upcoming Changes	September 2024
21.	Bursa Carbon Exchange Year-End RECs Auction	October 2024
22.	FB Live: Konvensyen Perburuhan Peringkat Negeri Sabah Siri 3/2024	October 2024
23.	<i>Kajian Ekopelancongan di Air Terjun Kokobuan, Kg. Gana Kota Marudu (Consultation)</i>	October 2024
24.	<i>Capacity Building untuk MC&I Natural Forest dan Forest Plantation Melalui Malaysian Timber Certification Scheme (MTCS) di Kawasan SFMLA</i>	October 2024
25.	Preparing for the IFRS Sustainability Disclosures Standards in Malaysia	October 2024
26.	2025 Budget Seminar	November 2024
27.	<i>Seminar Perburuhan Siri 1/2024</i>	November 2024
28.	Driving Change Practical Steps to Embed Sustainability in your Organisation	December 2024
Internal		
29.	Workplace Safety for Employees	July 2024
30.	In-house: Who Can Be Charged for Corruption?	July 2024
31.	In-house: Introduction to Personal Protective Equipment	September 2024
32.	In-House Training: Knowing Your Energy Usage and Get Ready for the Renewable Energy for Carbon Reduction	September 2024
33.	In-House: TCFD 101 Climate Disclosure Training Programme	September 2024

FIVE (5) YEARS FINANCIAL HIGHLIGHTS

	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Revenue					
- Continuing Operations	23,168	18,895	26,964	30,901	18,289
- Discontinued Operations	-	-	-	-	-
Total Revenue	23,168	18,895	26,964	30,901	18,289
(Loss)/Profit Before Taxation					
- Continuing Operations	(404)	(2,912)	11,224	8,213	(322)
- Discontinued Operations	-	-	-	-	-
Total (Loss)/Profit Before Taxation	(404)	(2,912)	11,224	8,213	(322)
(Loss)/Profit Attributable to Owners of the Company	(381)	(2,219)	7,159	6,212	(443)
Shareholder's Fund	61,142	61,523	63,488	58,110	51,898
Basic (Loss)/Earnings Per Share (Sen)	(0.43)	(2.49)	8.04	6.98	(0.50)
Net Assets Per Share (Sen)	68.66	69.09	71.29	65.25	58.28



SUSTAINABILITY STATEMENT

TIMBERWELL BERHAD'S SUSTAINABILITY JOURNEY

Timberwell Berhad's Sustainability Journey

Timberwell Berhad ("TWB" or "Company") is a licence-holder of a 100-year **Sustainable Forest Management Licence Agreement 06/97 ("SFMLA")** granted by the State Government of Sabah on 10 September 1997 covering an area of 71,293 hectares in total of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah. ("Licence Area"). Subsequently, the Company entered into a **Supplemental Sustainable Forest Management Licence Agreement ("Supplemental")** under SFMLA 06/97 on 12 April 2018 for the conversion of 15,438.30 hectares into a Totally Protected Area ("TPA") and excise of 10,195.28 hectares for socio-economic purposes. Pursuant to the exercise, the remaining licenced area is 45,659.42 hectares. TPA is jointly managed by TWB and the Sabah Forestry Department ("Forestry").

The remaining SFMLA licence area of 45,659.42 hectares was divided into the following categories:

No.	Categories	Size (Hectares)	Percentage (%)
1	Natural Forest Management ("NFM")	15,260.28	33.42%
2	Industrial Trees Plantation ("ITP")	29,883.25	65.45%
3	Conservation (Compartment 94 (36))	242.13	0.53%
4	Community Forestry (Compartment 74)	273.76	0.60%
Total		45,659.42	100.00%

Our activities and commitments to corporate responsibility are consistent with the concept, principles, and practices of **Sustainable Forest Management ("SFM")** to ensure the sustainability of our forest resources.

Under the SFMLA, we are mandated to manage the licenced forest area based on the principles of SFM regulated by Forestry "to ensure forests remain large, healthy, diverse, and productive"

Sustainable Forest Management ("SFM")

Definition of Sustainable Forest Management

Sustainable forest management (SFM) is defined as a "dynamic and evolving concept, which aims to maintain and enhance the economic, social and environmental values of all types of forests, for the benefit of present and future generations." Forests and trees, when sustainably managed, make vital contributions both to people and to the planet, bolstering livelihoods, providing clean air and water, conserving biodiversity and responding to climate change.

(As defined by FAO: www.fao.org/forestry/sfm/en)

In general, SFM creates outcomes that are socially just, ecologically sound and economically viable – the three pillars of sustainability.

The principles of SFM entail the following:

- sustained yield of all forest products;
- maintenance of environmental integrity;
- preservation of social benefits and cultural values; and
- maintenance of bio-diversity to support wildlife habitat and flora diversity

In achieving the above principles, the Company has set the following in our **Environmental and Biodiversity Policy Statement**:

- it shall apply forest management practices designed to ensure the sustained yield of wood resources and strive to respect the biological components of the ecosystem.
- it would strive to protect the forest by controlling fires, protecting watershed, wildlife, soil and landscape resources and restoring disturbed sites.
- it would put in place procedures to monitor its forestry activities and assess their result with a view to maintaining and enhancing its performance.

One of the vital actions which need to be taken in order to achieve the goals of SFM is "reforestation" for residual forest after logging.

SUSTAINABILITY STATEMENT (CONT'D)

Reforestation

Meaning of Reforestation

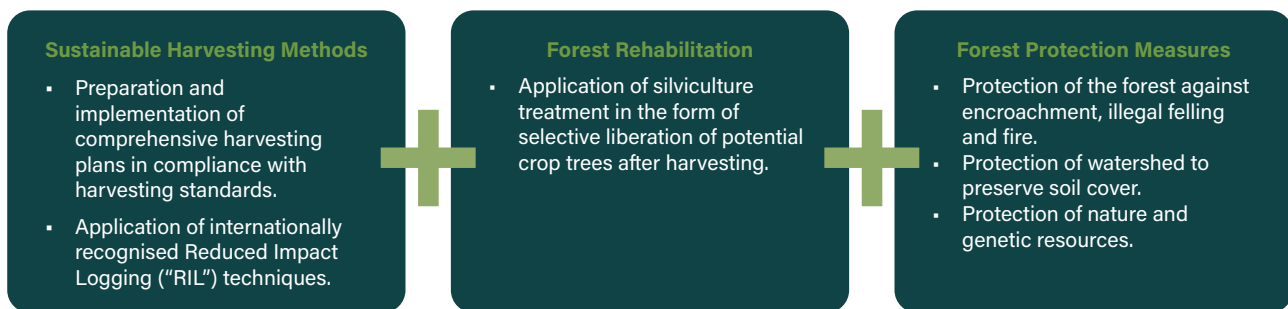
"Reforestation (occasionally, reafforestation) is the natural or intentional restocking of existing forests and woodlands (forestation) that have been depleted, usually through deforestation but also after clearcutting." (Source: Wikipedia)

In principle, reforestation is especially important in areas subject to commercial logging. There are several purposes for reforestation on these logged over lands:

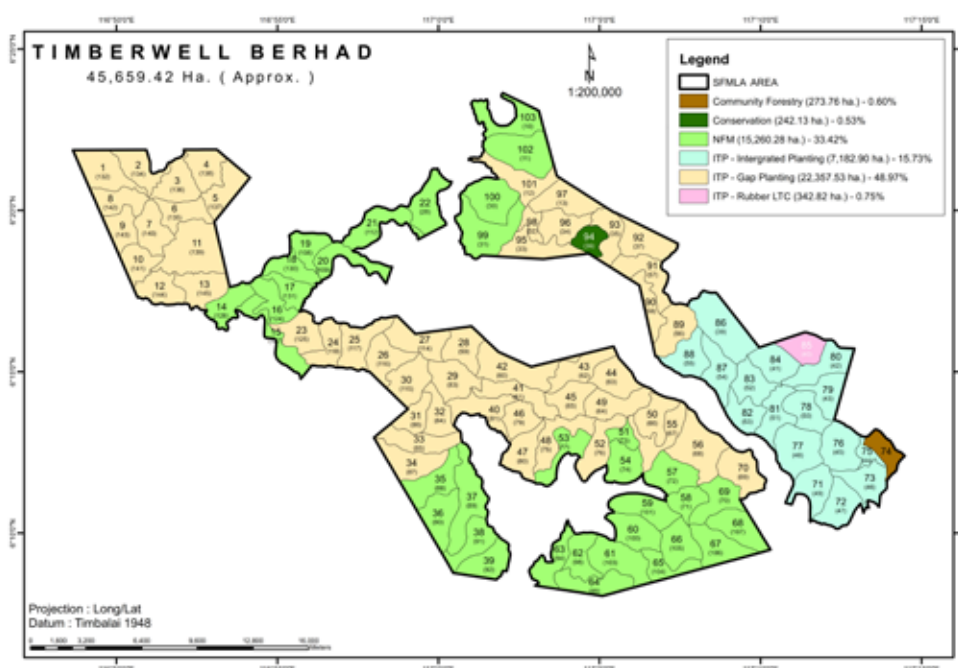
- restoration after harvesting merchantable timber;
- compensation after the land expansion due to human activities;
- refreshing after forest aging;
- regeneration after natural calamities;
- maintaining ecosystem balance and biodiversity;
- providing habitats for eco-communities, etc.

FOREST RESOURCE MANAGEMENT

The forest management practices adopted by TWB are mainly in line with those advocated by Forestry and comprise the following:



The following are the timber-harvesting methods, approaches, and practices that were carried out within the licence area by TWB and each underlying rational in support of the ground that **TWB is a sustainable-responsible corporation.**



SUSTAINABILITY STATEMENT (CONT'D)

Natural Forest Management (“NFM”)

Activities, Methods, and Regulations	Rational
<p>Pre-Harvesting Comprehensive Harvesting Plans (“CHP”)</p> <p><i>Commence since 2003</i></p>	<p>The planning for timber harvesting using “Reduced Impact Logging” (“RIL”) for the harvest of matured timber which have reached a diameter at breast-height of between 60cm to 120cm :</p> <p>The pre-planning phase includes demarcating and mapping compartments, buffer zones, blocks, protection and conservation perimeter.</p> <p>A pre-felling inventory is conducted to identify, mark, and record trees for harvest, including species, measurements, and locations, which aids in planning feeder roads and skid trails.</p> <p>It is mandatory to calculate the forest damage, which is assessed by the Forestry Department to determine whether the plan meets a pre-set threshold for approval. This “diagnostic sampling” measures forest damage, ensuring it remains within limits that allow for natural recovery.</p>
<p>Harvesting techniques Reduced Impact Logging (“RIL”)</p> <p><i>Commence since 2003</i></p>	<p>RIL is a sustainable timber-harvesting technique designed to minimise environmental damage in forest management. It was introduced to reduce unnecessary harm to remaining trees and improve harvesting efficiency.</p> <p>Compared to conventional logging, RIL has less impact on plant and animal communities and improves the post-harvest survival rates of trees, increasing future timber availability. Although RIL requires higher initial investment, it is generally more profitable over time.</p> <p>RIL activities included:</p> <ul style="list-style-type: none"> ▪ Pre-selection and marking of marketable timber; ▪ Pre-harvest cutting of climber vines; ▪ Slope and riparian restrictions on logging; ▪ Weather restrictions on logging; ▪ Lowering the impact of access roads through planning; ▪ Use of directional felling techniques; and ▪ Planning of skid trails. <p>Basically, it combines “Selective Cutting” and directional tree felling, as well as limiting constructing trails and roads as possible, to cause the least disturbance and damage to nature.</p>
<p>Harvesting method Diagnostic Sampling</p> <p><i>Commence since 2003</i></p>	<p>Diagnostic sampling is a method used to assess the condition of a forest, helping determine necessary management actions before or after logging or silvicultural treatments. It gathers data on forest composition, structure, and potential productivity, supporting informed, ecologically sound decisions for future forest management.</p> <p>The process aims to predict future forest development based on existing tree species, size, and distribution, offering a quantitative estimate of silvicultural conditions.</p> <p>Diagnostic sampling has the following benefits:</p> <ul style="list-style-type: none"> ▪ It can establish priorities for commencing silvicultural tending in different forest types where sustainable management is planned. ▪ It provides information for defining forest types and stand structure and for determining an appropriate initial sequence and design of silvicultural operations. ▪ It can provide an estimate of the likely cutting cycle in relation to ingrowing size classes of commercially desirable trees. ▪ With experience, it is a simple and rapid procedure to apply and the results are not difficult to interpret.

SUSTAINABILITY STATEMENT (CONT'D)

Activities, Methods, and Regulations	Rational
<p>Harvesting Timber logs with diameter at breast height between 60cm and above 120cm Selective Cutting</p> <p><i>Commence since 2003</i></p>	<p>A timber-harvesting method. A more environmentally Friendly method to support forest regeneration by selective cutting of 60 cm diameter and above trees because:</p> <ul style="list-style-type: none"> ▪ Remove the bigger diameter trees to allow more sunlight to boosts seed growth and younger trees to grow in the harvested area, ▪ Leaves the potential crop trees for future logging to reach greater future economic value, ▪ Also allow more light that kills fungi and trees diseases, ▪ Stabilises the ecosystem and decreases forest wildfires risks, ▪ Produces no smoke and air pollution issues compared to prescribed burning. ▪ Retain relic trees with diameter at breast height of more than 120cm for seedling production.
<p>Post-Harvesting Silvicultural Treatment</p> <p><i>Commence since 2003</i></p>	<p>Silviculture is the practice of controlling the growth, composition/structure, as well as quality of forests to meet values and needs, specifically timber production.</p> <p>Regeneration of timber species and uncertainties of future timber yields, post-harvesting silvicultural treatments have been adopted to ensure timber species regeneration for future harvesting cycles.</p> <p>Silviculture activity by removal of climber vegetation from the forest structure, such as woody lianas and climbing bamboo is essential to enhance the growth and quality of natural regeneration, and thus improve habitat for wildlife.</p>
<p>Post-Harvesting Environmental Impact Assessment ("EIA")</p> <p><i>Commence since 2003 One (1) phase for NFM</i></p>	<p>In Sabah, the mandatory EIA for land development and natural resource utilisation is required under the Conservation of Environment Enactment 1996 and the 1999 Prescribed Activities Order.</p> <p>EIA focuses on managing the environmental impact of forestry operations, aiming to:</p> <ol style="list-style-type: none"> i) Information on how to avoid and minimise environmental impact, which is preferable to the more costly option of undertaking remedial action; ii) Information on the likely impact of forestry operations on the environment and how this are to be assessed; and iii) Suggest best environmental measures to meet the performance objectives. <p>Additionally, an Environmental Compliance Report ("ECR") is submitted quarterly to the Environmental Protection Department (EPD) to assess the harvested area.</p>
<p>Assurance Sabah Timber Legality Assurance System ("TLAS") Standard</p> <p><i>Commence since 2009</i></p>	<p>The Sabah Timber Legality Assurance System ("TLAS") was developed to meet the EU FLEGT programme's Voluntary Partnership Programme (VPA) requirements. It covers key issues related to timber legality and is aligned with both the European Forest Institute's and Malaysia's definitions of legal timber.</p> <p>The system ensures that timber is harvested by licensed individuals from approved areas, and exported in accordance with Malaysian laws and regulations. TLAS is based on six principles:</p> <ul style="list-style-type: none"> Principle 1: Right to harvest Principle 2: Forest operations Principle 3: Statutory charges Principle 4: Other users' rights Principle 5: Mill operation Principle 6: Trade and customs <p>Logging companies are awarded compliance certificates for Principles 1-4 (upstream activities), while manufacturers and exporters are certified for Principles 5-6. Timber products meeting TLAS standards are accepted as legally compliant in the market.</p>

SUSTAINABILITY STATEMENT (CONT'D)

Industrial Trees Plantation (“ITP”)

Activities, Methods and Regulations	Rational
Pre-Harvesting Ground Survey and Preparation <i>Commence since 2006</i>	Commencement of pre-planning involves demarcation and mapping of the buffer zones, block boundaries, and areas identified for protection and conservation.
Harvesting Timber logs Clear Cutting <i>Commence in 2006 and ceased in 2011</i>	A timber-harvesting practice to clear-fell all naturally grown trees in order to systematically plant a monoculture or polyculture fast growing and valuable tree species.
Harvesting Timber logs with pre-determined cutting regime of 25 cm to 40cm diameter and above Selective Cutting <i>Commence since 2012</i>	A more environmentally friendly timber-harvesting practice to enhance forest regeneration by pre-determining the cutting regime of selective cutting between 25 cm to 40 cm diameter and above trees. This method improves the regeneration as it: <ul style="list-style-type: none"> ▪ Provides more sunlight to boosts seed growth and younger trees to grow in the surrounding harvested area, ▪ Leaves the potential crop trees for future logging to reach greater future economic value, ▪ Also allow more light that kills fungi and trees diseases, ▪ Stabilises the ecosystem and decreases forest wildfires risks, ▪ Produces no smoke and air pollution issues compared to prescribed burning.
Post-Harvesting Mosaic Integrated Planting <i>Commence in 2006 and ceased in 2011</i>	Integrated Planting, as defined in the 4th Forest Management Plan (2018-2027), involves planting two or more tree species in a single compartment, moving away from monoculture practices. This polyculture approach was discontinued in 2011 in favour of a no clear-cutting harvesting method.
Post-Harvesting Mosaic Planting <i>Commence since 2012</i>	Mosaic planting, or gap-planting, involves introducing valuable species to degraded forests without removing existing valuable trees. This technique is used for restoring logged or secondary forests, aiming to enhance total tree volume and increase the economic value of the forest.
Post-Harvesting Liberation Treatment <i>Commence since 2012</i>	Liberation Treatment focuses on improving the growth and quality of Potential Crop Trees (PCT), which are selected for their commercial value. It involves removing climbing bamboo and woody vines in areas with sufficient commercial tree stocking to reduce competition and promote growth of the selected trees, which will form the next crop for harvesting.
Pre-Planting Nursery establishment <i>Commence since 2006</i>	Most of the seedlings used in our planting operations are sourced from our own nurseries. <ol style="list-style-type: none"> 1. The first nursery, established in 2006 at Compartment 46, initially focused on growing laran and binuang species. 2. To meet growing planting demands, a second nursery was built at Compartment 53 in 2012, expanding to include species such as rubber, mahogany, durian, and eucalyptus. 3. In 2024, a new nursery was set up at Compartment 86, specializing in fast-growing eucalyptus to support planting activities in nearby areas.
Post-Planting Maintenance <i>Commence since 2006</i>	Planted trees are maintained for three (3) years through activities such as weeding, pruning, vine removal, and fertiliser application. No thinning is done, and dead seedlings are replaced through infilling. In the first two years, tending is done three (3) times a year, while in the third year, it is reduced to two (2) rounds per year.
Post-Harvesting EIA <i>Commence since 2006 One (1) Phase for ITP</i>	The same EIA mandatory requirement and objective as mentioned in item 6 of the NFM above are also applied in the ITP. ECR to assess the whole ITP harvested area was and is furnished to EPD for approval on a quarterly basis.
Assurance TLAS <i>Commence since 2009</i>	The same TLAS standard and compliance as mentioned in item 7 of the NFM above are also applied in the ITP.

SUSTAINABILITY STATEMENT
(CONT'D)

Progress in two (2) mosaic integrated trees planted compartments:-

Type : Mosaic Planting
Year Planted : 2015
Area (Hectare) : 172.90 ha
Compartment No.: 77 (48)
Tree Species : Rubber & Laran
No. of trees : 95,927 trees

Type : Mosaic Planting
Year Planted : 2020
Area (Hectare) : 171.78 ha
Compartment No.: 73 (46)
Tree Species : Laran, Binuang, Mahogany & Eucalyptus
No. of trees : 78,932 trees



Picture source: TWB Mosaic Planted Area
(Dated 9/4/2015)



Picture Source: TWB Mosaic Planted Area
(Dated 31/3/2021)



Picture Source: TWB Mosaic Planted Area
(Dated 25/2/2016)



Picture Source: TWB Mosaic Planted Area
(Dated 4/1/2022)



Picture Source: TWB Mosaic Planted Area
(Dated 27/10/2023)



Picture Source: TWB Mosaic Planted Area
(Dated 27/10/2023)



Picture Source: TWB Mosaic Planted Area
(Dated 15/10/2024)



Picture Source: TWB Mosaic Planted Area
(Dated 18/10/2024)

SUSTAINABILITY STATEMENT (CONT'D)

FOREST RESOURCES PERFORMANCE

This year, the total volume produced by TWB is 42,147.08m³, 94% derived from the ITP compartment and 6% from the NFM compartment.

Harvested		NFM	ITP	2022	2023	2024
Volume	M ³	2,354.94	122,846.24	44,600.49	38,453.61	42,147.08
Area	Hectare	85.33	3,043.58	868.61	1,378.12	882.18

Activities Carried Out						
CHP	Hectare	-	N/A	-	-	-
Silvicultural Treatment	Hectare	1,020.00	N/A	300.00	480.00	240.00
Enrichment Planting	Hectare	N/A	665.30	301.72	241.08	122.50
Liberation Treatment	Hectare	N/A	3,292.81	1,120.00	1,429.84	742.97
Maintenance	Hectare	N/A	632.66	5.00	194.36	433.30
Seedling Raised	Number	N/A	517,125	68,066	251,059	198,000
Rubber Tapping	Hectare	N/A	136.32	-	-	136.32
EIA Assessment	Percentage	Overall Achievement		100.00	100.00	100.00
AWP Compliance	Percentage	Overall Achievement		75.00	70.28	79.00
TLAS Audit	Percentage	Overall Achievement		Certificate of Compliance Awarded		

TWB is actively welcoming project proposals and has been approached by several companies involved in carbon credit initiatives. While the **Sabah Forestry Department** has temporarily paused carbon credit projects for SFMLA holders pending the establishment of a comprehensive carbon regulation in Sabah, Malaysia. TWB remains committed to exploring future opportunities in this area once the necessary legal framework is in place.

In addition to the activities mentioned above, the Company also participated in a Social-Community initiative led by the Forest Research Centre of the Forestry Department from 27 November to 1 December 2024. This initiative focused on assessing the impact of eco-tourism activities on forest conservation and the surrounding communities at Kokobuan Waterfalls, Kampung Gana, Kota Marudu, Sabah, Malaysia.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH

TWB is pleased to present its 2024 Sustainability Statement, which reflects the Company's commitment to its sustainability objectives and business operations.

On 23 December 2024, Bursa Malaysia Securities Berhad ("Bursa Securities") issued amendments to the Main Market Listing Requirements ("Main LR"), specifically regarding sustainability reporting requirements and other enhancements ("Amendments").

These amendments align the reporting framework with the National Sustainability Reporting Framework ("NSRF") and require the Sustainability Statement to comply with the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2). The term "economic, environmental, social, and governance risks and opportunities" has been replaced with "sustainability-related risks and opportunities" ("SROs").

Additionally, the disclosure requirements for two (2) prescribed common sustainability matters ("CSM") on Waste Management and Emissions Management in 2024, as well as Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, have been disapplied with immediate effect. Listed companies were given two (2) years of transition reliefs ("Transitional Period") in preparation for the full adoption of IFRS Sustainability Disclosure Standards.

TWB acknowledges and understands these recent regulatory changes. As a company with a market capitalisation below RM2 billion, TWB is classified as "Group 2" under the new rules. The Company will continue to meet the disclosure requirements outlined in the Bursa Securities' 2022 Enhanced Sustainability Reporting Framework ("Enhanced SRF") and, as in previous years, will report on nine (9) CSMs for two consecutive years. Following this, TWB will enter a two-year transition period from 31 December 2026 to 31 December 2027, leading to the full adoption of the IFRS Sustainability Disclosure Standards from 31 December 2028 onwards. During the transition period, the Company will include disclosures on the management of climate-related risks and opportunities, quantitative data, and assurance statements in line with the IFRS standards.

TWB has previously developed a **Sustainability Policy Statement ("SPS")** to guide its efforts in "**Environmental, Economic, Social, and Governance**" and now replaced with "**Sustainability-related**" principles. The SPS outlines strategic goals to reduce environmental impact, promote social equity, and uphold corporate governance standards.

Through the implementation of this policy, TWB pledges to:

- **Environmental Responsibility:** Actively work towards reducing our carbon footprint, minimising waste, and conserving natural resources.
- **Social Impact:** Foster a diverse, inclusive, and fair work environment, specifically anti-forced labour, child labour, and human trafficking, while supporting the communities in which we operate.
- **Governance Excellence:** Uphold ethical business practices, ensure transparency, and maintain robust governance structures to safeguard stakeholder interests.

This SPS was approved by the Board of Directors ("Board") on 19 November 2024. The SPS is publicly available on the Company website and regularly reviewed to address emerging challenges.

REPORTING PERIOD, SCOPE AND BOUNDARY

This statement has been prepared in line with Bursa Securities' Main LR, the Sustainability Reporting Guide (3rd Edition) of the Enhanced SRF, and the Amendments issued on 23 December 2024.

The statement provides an overview of the Company's sustainability performance for the reporting period from **1 January 2024 to 31 December 2024**, with a focus on the forestry and plantation divisions under the 100-year SFMLA. This includes 45,659.42 hectares of natural forest in the Lingkabau Forest Reserve, Kota Marudu, Sabah.

From this reporting period to 31 December 2025, the Company will continue to comply with the disclosure requirements as per Bursa Securities' Enhanced SRF, including the eleven (11) prescribed CSMs. Although the additional disclosure requirements for 2024 on "Waste Management" and "Emissions Management" have been removed, the Company has established strategic processes for managing both matters and accounting for GHG emissions and waste volume. We believe it is important to include this information for the consideration of our investors, demonstrating our ongoing commitment to sustainability and transparency.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE, RESPONSIBILITIES AND MEASURES

The governance structure described highlights the roles and responsibilities at different levels within the organisation to ensure effective oversight and management of the Company's sustainability initiatives, particularly with respect to sustainability-related matters, including climate-related issues. Here's a breakdown of how this structure works:

Board of Directors ("Board") – The Board holds ultimate responsibility for overseeing the Company's sustainability efforts, with a particular focus on sustainability and climate-related issues. The Board ensures that the sustainability strategy is aligned with the Company's long-term goals, regulatory requirements, and industry standards. The Board's role is more strategic and supervisory, ensuring that there is accountability and transparency in the Company's sustainability efforts.

Executive Committee ("EXCO") – The Executive Committee, led by the Chief Executive Officer (CEO), is tasked with the day-to-day strategic management of the Company's sustainability initiatives. EXCO acts as the Sustainability Steering Committee and is responsible for translating sustainability goals into actionable plans. The committee works closely with senior management and other departments to implement initiatives that align with the Company's sustainability objectives.

Key Board-Level Committees Supporting Sustainability Oversight

Two Board-level committees are directly involved in the support of sustainability:

- **Audit Committee:** This committee is responsible for reviewing the Company's Sustainability Statement and disclosures. It ensures that the Company's sustainability reporting is accurate, reliable, and meets legal and regulatory standards. The Audit Committee also oversees the integrity of the financial and non-financial data related to sustainability.
- **Risk Management Committee:** This committee is tasked with assessing and managing the sustainability risks, including climate-related risks. It works with EXCO to evaluate how environmental, social, and governance factors might impact the Company's operations, strategy, and long-term viability. The Risk Management Committee also monitors how these risks are mitigated and managed across the organisation.

Division Heads – The heads of various divisions within the Company are responsible for implementing the sustainability initiatives on a day-to-day basis. They execute the sustainability strategies and ensure that activities within their divisions align with the Company's overall sustainability goals. These division heads regularly report their progress and any challenges to the CEO, ensuring that the EXCO remains informed and can make adjustments to the strategy if needed.

In 2024, the Company has further strengthened its sustainability governance framework to include the following climate-related governance structures:

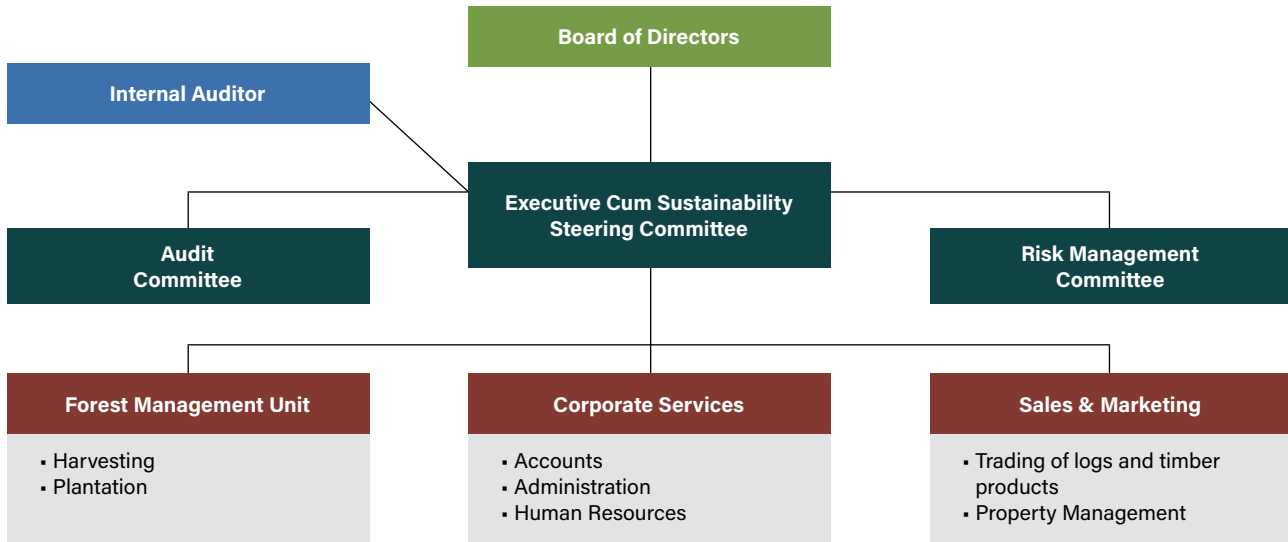
- a) Board's Oversight of climate-related issues; and
- b) Management's role in assessing and managing climate-related issues.

This enhanced governance structure underscores our commitment to addressing climate risks and opportunities in a strategic and transparent manner, ensuring that sustainability considerations are integrated into both corporate decision-making and risk management processes.

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Governance Structures

TWB's governance structure for sustainability management outlines the responsibilities and measures to be taken by each respective level, as illustrated in the chart and underlying notes below:



■ Oversight of Sustainability

■ Strategic Management of Sustainability Matters

■ Day to Day Implementation of Sustainability Matters

■ Statement of Assurance

To strengthen the credibility of the sustainability statement and disclosures. All the sustainability statements and disclosures included climate-related matters are subject to an internal review by the Internal Auditor, Messrs. Lim KK & Co., on a yearly basis and subsequent approval by the Audit Committee.

MATERIALITY ASSESSMENT

Since adopting Bursa Securities' SRF in 2018, TWB has conducted a full-scale Materiality Assessment ("Assessment") every three (3) years, or sooner if regulatory changes occur, to identify key stakeholders and material sustainability-related matters.

The Assessment process consists of two key components:

- **Stakeholder Sustainability Online Survey ("Survey")**, and
- **In-house Sustainability Workshop ("Workshop")** conducted by the Executive Committee ("EXCO").

The most recent assessment involved a Survey distributed via Google Forms and a Workshop on 3 July and 1 August 2023. Both were conducted in line with the 2022 Bursa Securities SRG and Enhanced SRF Disclosures to ensure alignment with current standards and best practices.

STAKEHOLDERS ENGAGEMENT

TWB has a diverse range of stakeholders, including shareholders, the Board of Directors, government agencies, customers, employees, local communities, NGOs, suppliers, and contractors, all of whom influence or are influenced by the Company's operations. These stakeholders were identified based on their impact on and dependence on TWB's activities. Committed to transparency and responsible governance, TWB maintains open communication with all key stakeholders through regular formal and informal engagements. These interactions help identify priority material matters, uncover emerging opportunities and risks, and improve decision-making processes.

SUSTAINABILITY STATEMENT (CONT'D)

Key Stakeholders	Engagement Platforms	Area of Interest or Concerns	Our response
Shareholders	<p>As needed</p> <ul style="list-style-type: none"> Press releases If require may provide one-on-one and group meetings <p>Monthly</p> <ul style="list-style-type: none"> Production Data and announcement <p>Quarterly</p> <ul style="list-style-type: none"> Production Data and announcement Financial Interim Reports and announcement <p>Annually</p> <ul style="list-style-type: none"> General Meetings Annual Reports Corporate Governance Report Variation of Biological Assets and PPE and Announcement <p>Bi-annual</p> <ul style="list-style-type: none"> Stakeholders Sustainability Survey 	<ul style="list-style-type: none"> Business strategies and future plans Dividend payout The Company's overall performance Good management and corporate governance Mitigation and adaptation to climate change Exploration of Carbon Credit Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> Timely updates on the Group's strategy and financial performance via announcements Uphold good governance practices across the Company, and supply chain Monitor sustainability and climate-related performance and targets
Suppliers/ Contractors	<p>Ongoing</p> <ul style="list-style-type: none"> Communications (i.e. meetings, letters, emails memos and WhatsApp messages) <p>Quarterly</p> <ul style="list-style-type: none"> Capacity building programmes Harvesting and Planting Operational Progress Update <p>Annually</p> <ul style="list-style-type: none"> Supplier assessment/ performance appraisals Scope 3 Emission Data Collection & Questionnaire <p>Bi-annual</p> <ul style="list-style-type: none"> Stakeholders Sustainability Survey 	<ul style="list-style-type: none"> Efficient procurement processes Transparency in procurement processes Health and safety of contractors' workers Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> Improve efficiency by digitalisation of procurement processes Emphasis on provision of transparent procurement processes Upskill suppliers/contractors through capacity-building programmes pertaining to good social and environmental practices. Ensure contractors' compliance with the Company's Health and safety policies and procedures Collecting annual emission data for GHG Scope 3 emission reporting and disclosures. If necessary, hold a discussion for a possible reduction of fossil fuel consumption
Customers (Buyer)	<p>Ongoing</p> <ul style="list-style-type: none"> Good customer communication and if required may offer 7/24 support <p>As needed</p> <ul style="list-style-type: none"> Strategic and ad-hoc meetings <p>Monthly</p> <ul style="list-style-type: none"> Statement of Accounts <p>Quarterly</p> <ul style="list-style-type: none"> Meeting with the customer to fix the upcoming supply quantity and prices (in person and follow-up telephone calls) <p>Annually</p> <ul style="list-style-type: none"> Customer Satisfaction Survey <p>Bi-annual</p> <ul style="list-style-type: none"> Stakeholders Sustainability Survey 	<ul style="list-style-type: none"> Affordable products Fresh & quality products Customer experience (speed of delivery) Consumer data privacy Adequate and consistent supply Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> Provide affordable products within the Sabah Timber Industry Ensure compliance with quality standards and TLAS Offer prompt customer support, including 24/7 assistance if needed. Adhere to the Personal Data Protection Act 2010 Allocate stock in advance based on customer specifications (species and grade) Supply large volumes as required, allowing customers to plan and allocate manpower. Conduct an annual customer satisfaction survey to better understand customer needs and expectations
Government Agencies & Regulators	<p>Ongoing</p> <ul style="list-style-type: none"> Participation in government and regulatory events <p>As needed</p> <ul style="list-style-type: none"> Dialogues and thought leadership programmes Scheduled/ad-hoc Meeting <p>Monthly</p> <ul style="list-style-type: none"> Production Data and announcement 	<ul style="list-style-type: none"> Regulatory compliance, including environmental and social compliance Corporate governance practices Sharing of best practices Forest Certification compliance Wildlife Conservation and Protection Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> Regular review and monitoring of the risk register by the Risk, Integrity and Compliance for all the Department Full compliance with all regulatory requirements Adoption of practices outlined in the Malaysian Code on Corporate Governance Support government and regulators initiatives with respect to Sustainability and Climate-related matters Adhere to quality standards and compliances with TLAS Quarterly submission of the EIA assessment report to regulators

SUSTAINABILITY STATEMENT (CONT'D)

Key Stakeholders	Engagement Platforms	Area of Interest or Concerns	Our response
Government Agencies & Regulators	Quarterly <ul style="list-style-type: none"> ▪ AWP Compliance report ▪ EIA report ▪ Business Tendency Statistics Survey ▪ Production Data and announcements ▪ Provisional Tax Revision ▪ Semi-annual Return ▪ Financial Interim Reports and announcement Annually <ul style="list-style-type: none"> ▪ AWP Annual Compliance Report ▪ TLAS Compliance Certification ▪ Annual Report ▪ Corporate Governance Report ▪ OSHA Report ▪ Annual Return ▪ Corporate Tax Return ▪ Variation of Biological Assets and PPE and Announcement Bi-annual <ul style="list-style-type: none"> ▪ Stakeholders Sustainability Survey 		<ul style="list-style-type: none"> ▪ Adhere to quality standards and compliances with TLAS ▪ Quarterly submission of the EIA assessment report to regulators
Employees	Ongoing <ul style="list-style-type: none"> ▪ Internal communications (i.e., letters, memos, emails and WhatsApp's group messages) As needed <ul style="list-style-type: none"> ▪ Meetings, workshops and trainings for forest management, marketing, accounting and taxation, corporate governance and sustainability-related matters Monthly <ul style="list-style-type: none"> ▪ Employee engagement programmes (Birthday and Festival celebration) ▪ Harvesting and Planting Operational Progress Report including Rainfall Data ▪ Diesel Consumption Data ▪ Employee Attendance Record ▪ Management Accounts and Cashflow Statement Annually <ul style="list-style-type: none"> ▪ Employee annual appraisals ▪ Contract Employee Self-Assessment (60 Years Old) ▪ COI Declaration ▪ Employee Training Records Bi-annual <ul style="list-style-type: none"> ▪ Stakeholders Sustainability Survey 	<ul style="list-style-type: none"> ▪ Business growth and strategic direction inclusive workplace ▪ Remuneration and benefits ▪ Career development and upskilling opportunities ▪ Health and safety at the workplace ▪ Work-life balance ▪ Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> ▪ Promote transparent communication with employees and provide equal employment opportunities. ▪ Offer competitive benefits and remuneration packages. ▪ Provide training and upskilling in areas like forest management, marketing, accounting, corporate governance, taxation, and sustainability-related topics. ▪ Ensure compliance with the Occupational Safety and Health Act (OSHA 1994). ▪ Offer flexible work arrangements. ▪ Distribute an Employment Handbook outlining benefits aligned with the Employment Act 1995 (Amendment 2022). ▪ Collect monthly GHG emission data for Scopes 1, 2, and 3 reporting. ▪ Provide safety and health training on forest fire prevention and personal protective equipment (PPE). ▪ Conduct annual government budget training to update employees on strategic directions, taxes, and sustainability-related incentives. ▪ Offer E-Invoicing training in preparation for implementation in January 2025. ▪ Conduct NSRF/Sustainability Reporting Framework training/workshops for preparation and adoption of IFRS Sustainability Disclosures Standards (IFRS S1 and S2) from 31 December 2028 and onwards.
Community & NGO	As needed <ul style="list-style-type: none"> ▪ Strategic and ad-hoc meetings/visits Annual <ul style="list-style-type: none"> ▪ Community impact programmes ▪ Wildlife Conservation and Protection Survey Bi-annual <ul style="list-style-type: none"> ▪ Stakeholders Sustainability Survey 	<ul style="list-style-type: none"> ▪ Healthy and sustainable built environment ▪ Community welfare and continued livelihood ▪ Wildlife Conservation and Protection ▪ Sustainability-related risks and opportunities 	<ul style="list-style-type: none"> ▪ Engage periodically with local communities and NGOs to address concerns ▪ Invest in education and welfare to enhance community well-being and create job opportunities, especially for nearby rural villages ▪ Continue supporting the "Orangutan Survey" under WWF supervision ▪ Participate in Wildlife Conservation Surveillance and Protection with the Sabah Wildlife Department ▪ Support a Social-Community initiative by the Forest Research Centre, assessing the impact of eco-tourism on forest conservation and local communities at Kokobuan Waterfalls

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL MATTERS

TWB acknowledges that material matters can impact its ability to create long-term value for stakeholders. To address these issues, the Company has conducted full-scale Materiality Assessments in 2018, 2021, and 2023, engaging both internal and external stakeholders to consider their interests and concerns. These material matters are integral to shaping business strategy and resource allocation, helping TWB align operations with stakeholder expectations and promote sustainable growth.

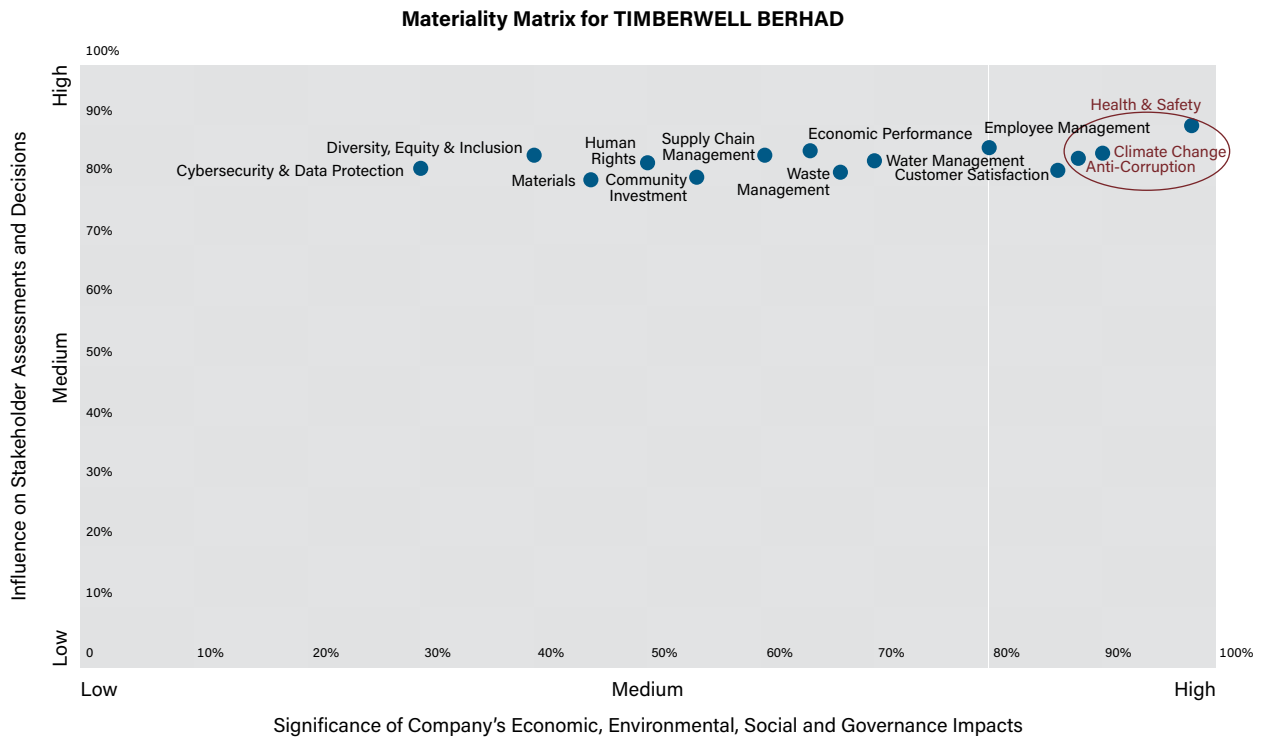
2022	2023	2024
<ul style="list-style-type: none"> Reviewed the previously identified 3 key stakeholders and found no changes to be made for 2022. Reaffirmed the previous 5 priorities relevant matters with respect to the 3 key stakeholders and made no changes for 2022. The outcome was subsequently disclosed in the 2022 Sustainability Statement. 	<ul style="list-style-type: none"> Conducted a full materiality assessment with both internal and external stakeholders' groups. Our materiality process was conducted to include all 14 material matters according to Bursa Securities' SRG and toolkits aligned with the 2022 Enhanced SRF Disclosures. The assessment of materiality resulted in the identification of 3 key stakeholders and 3 relevant priorities. The identified material matters remained the same as per the previous assessment. The updated materiality matrix, including the materiality assessment process undertaken by the EXCO and the outcome of the process, was disclosed in the 2023 Sustainability Statement and endorsed by the Board. 	<ul style="list-style-type: none"> Materiality Review: The 2023 materiality matrix was reviewed, confirming that the 3 identified key stakeholders and prioritised material matters remain relevant. Additional Disclosures: In line with Bursa Securities' SRG and 2022 Enhanced SRF, the Company added disclosures on "Waste Management" and "Emission Management" covered under Climate Change. Sustainability Policy: A new SPS has been published, focusing on reducing environmental impact, promoting social equity, and ensuring strong governance. The company enhanced its sustainability reporting to include the following: <ul style="list-style-type: none"> a) Governance: Strengthening the Board's oversight and management's role in addressing climate-related issues. b) Risk Management: Expanding processes to assess, manage, and integrate climate-related risks into overall risk management. These outcomes are disclosed in the Sustainability Statement.

The fourteen (14) previously prescribed Common Material Matters remain unchanged, with two new material matters, "**Waste Management**" and "**Emissions Management**", added to align with the 2022 Bursa Securities Enhanced SRF Disclosures. A SPS has also been developed, outlining clear goals and practices to reduce environmental impact, promote social equity, and uphold corporate governance standards. Additionally, this year is marking a significant step in enhancing the climate-related disclosures and risk management, particularly under "Governance" and "Risk Management".

SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY MATRIX 2024

This year, a limited-scale review of TWB's materiality matrix confirmed that the three (3) identified key stakeholders and prioritised material matters remain relevant and aligned with the Company's strategic priorities and stakeholder expectations. The updated materiality matrix and assessment process were reviewed by the EXCO on 4 November 2024 and formally endorsed by the Board of Directors on 19 November 2024.



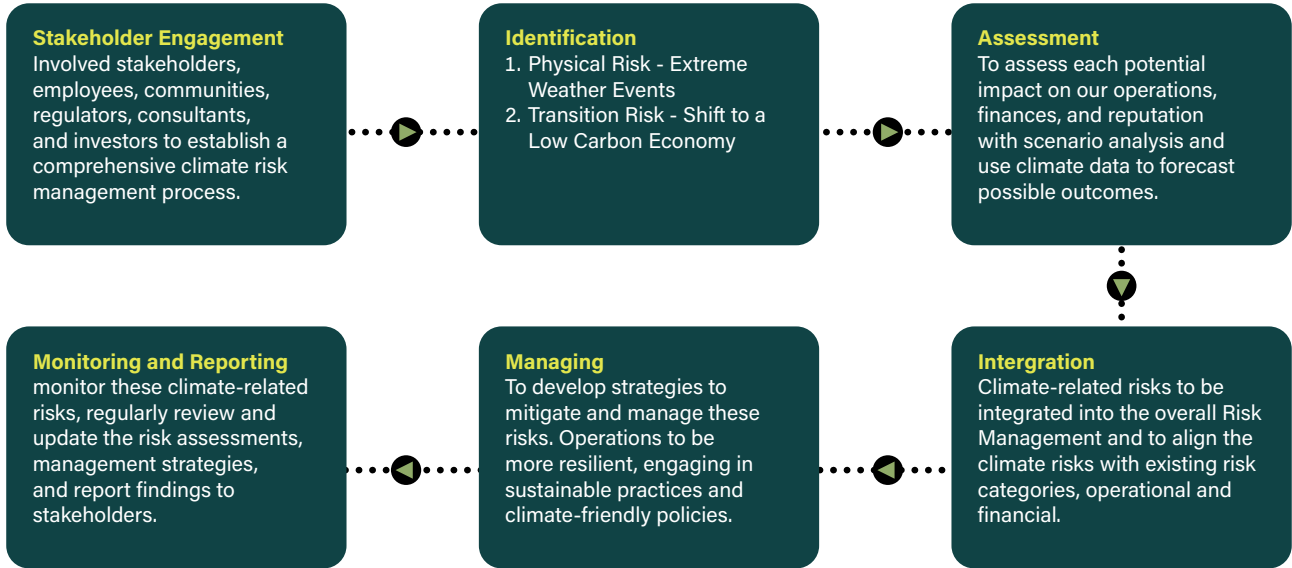
Note:

1. Material matters showed significant movement of TWB's materiality assessment.
2. Energy Management and Emissions Management are collectively managed under "Climate Change".
3. Labour practices and standards are managed under "Employee Management" and "Human Right".
4. Data privacy and security is managed under "Cybersecurity & Data Protection".

**SUSTAINABILITY STATEMENT
(CONT'D)**

SUSTAINABILITY RISK MANAGEMENT

This year, the Company's sustainability risk management framework has been further enhanced to incorporate climate-related hazards. A Climate Risk Management Process has been developed follows sustainability-related principles and involves identifying, assessing, and managing climate-related risks by the EXCO on 4 November 2024.



Each process in the Climate Risk Management framework performs distinct duties:

- **Identification and Assessment:** Stakeholders gather historical climate data to assess potential climate risks, analysing their relevance and evaluating the potential impact on the Company's operations, finances, and reputation. This includes formulating control measures and developing response strategies.
- **Monitoring and Review:** Climate-related risk assessments and management strategies are regularly reviewed and updated. The findings are reported to the Board of Directors to ensure alignment with the Company's broader risk management approach.

TWB is committed to strengthening climate-related risk management, including emergency response to natural disasters. By 2026, climate risks will be fully integrated into the overall Company's Risk Management Assessment Profile, covering reputational, operational, and financial risks. All risks are monitored and kept within the Company's risk appetite, with updates reported annually to the EXCO and Risk Management Committee.

SUSTAINABILITY STATEMENT (CONT'D)

	Material Matters	Risks	Opportunities
Environmental Risks	Climate Change (Energy Management & Emissions Management) Climate-related Risk Rising Temperatures brought about Extreme Weather Events (Flood and Forest fire)	<i>Transition Risks</i> <ul style="list-style-type: none"> Non-compliance with existing and emerging climate-related regulations leads to financial penalties 	<ul style="list-style-type: none"> Effective mitigation and adaptation strategy ensures business continuity
		<i>Physical Risks</i> <ul style="list-style-type: none"> Inadequate climate adaptation and mitigation causes physical assets damage, financial loss and business disruption 	<ul style="list-style-type: none"> Secure positioning in low-carbon solutions market to capitalise on the rising demand for low-carbon products and services in near future
	Water Management	<ul style="list-style-type: none"> Poor water management leads non-compliance with environmental and potential scarcity of water resources 	<ul style="list-style-type: none"> Efficient water management may reduce usage of water and promote water conservation behaviour
	Waste Management	<ul style="list-style-type: none"> Non-Compliance with environmental regulations result in consequences from authorities and activists 	<ul style="list-style-type: none"> Waste reduction and increased resources efficiency can result in cost savings for operations
Sustainability-related Risks	Economic Performance	<ul style="list-style-type: none"> Poor financial performance threatens business continuity and loss of investment opportunity 	<ul style="list-style-type: none"> Sustainable financial performance attracts investors and delivers long-term value for all stakeholders
	Supply Chain Management	<ul style="list-style-type: none"> Suppliers' and contractors' non-compliance to TWB's ethical principles, and safety culture exposes the business to operational disruptions 	<ul style="list-style-type: none"> Sound procurement governance attracts and retains credible and skilled suppliers and contractors Regular supplier assessment, including environmental and social assessment upholds TWB's commitment and high standards towards environmental and social aspects
	Customer Satisfaction	<ul style="list-style-type: none"> Inability to meet customers' expectations impacts customers' confidence and loyalty which leads to lower revenue 	<ul style="list-style-type: none"> Regular customer engagements facilitate continuous improvement to meet customer's expectation
Corporate Governance Risks	Anti-Corruption	<ul style="list-style-type: none"> Poor corporate governance practices may tarnish TWB's reputation and image 	<ul style="list-style-type: none"> Effective corporate governance practices enhance TWB's reputation as a trustworthy Company amongst stakeholder
	Cybersecurity & Data Protection	<ul style="list-style-type: none"> Cyber threats including breach of customers' data may lead to loss of customer trust and reputational harm 	<ul style="list-style-type: none"> Robust cybersecurity and improved data management protects critical customer data and maintains trust on TWB
Society Risks	Employee Management	<ul style="list-style-type: none"> Disengaged and underdeveloped employees contribute to lower productivity and performance. Unattractive benefits and remuneration affect employee's motivation 	<ul style="list-style-type: none"> Effective talent development and upskilling programmes with attractive benefits packages enable us to retain and attract quality industry talent as well as contribute to a better performance culture
	Diversity, Equity & Inclusion	<ul style="list-style-type: none"> Discriminatory employment practices damage TWB's reputation 	<ul style="list-style-type: none"> Inclusive, diverse and empowering work culture attracts talents and brings a range of viewpoints that enhances the quality of decision making
	Human Rights	<ul style="list-style-type: none"> Breaches in human rights practices lead to regulatory penalties, impact employee retention and culture, and damage reputation 	<ul style="list-style-type: none"> Strong human rights practices reinforce TWB's reputation as a responsible employer
	Health & Safety	<ul style="list-style-type: none"> Accidents and injuries in workplace lead to productivity loss, legal repercussions such as penalties and reputational damage 	<ul style="list-style-type: none"> Strong safety culture with conducive working environment improves employee's wellbeing and productivity, and maintains TWB's reputation
	Community Investment	<ul style="list-style-type: none"> Business activities that negatively impact communities affect TWB's FMU license to operate 	<ul style="list-style-type: none"> Regular engagements through community outreach programmes strengthens our relationship with local communities

SUSTAINABILITY STATEMENT (CONT'D)

PERFORMANCE SCORECARD

Below are our key targets and progress to date:

Focus Areas	Material Matters	Targets	Current Progress Against Targets
Delivering Excellence	Cybersecurity & Data Protection	Zero (0) substantiated complaints concerning breaches of customer privacy or losses of customer data annually	●●● Zero (0) complaints reported in 2024
	Anti-bribery and corruption ("ABC")	Zero (0) confirmed incidents of corruption occur annually	●●● Zero (0) confirmed incidents reported in 2024
	Customer Satisfaction	Achieve a minimum of 80% for Customer Satisfaction Survey ("CSS") score annually	●●● Achieved, ahead of target set. Score 83% for CSS in 2024
Responsible Supply Chain	Supply Chain Management	100% spending on local suppliers annually	●●● 100% was spent on local suppliers in 2024
	Human Rights	Zero (0) substantiated complaints concerning human rights violations annually	●●● Zero (0) complaints reported in 2024
Empowering our People and the Community	Health & Safety	Zero (0) fatality and LTIR annually	●●● Zero (0) fatality and LTIR reported in 2024
	Diversity, Equity and Inclusion	Increase participation of women in leadership roles at the management level to 30% by 2030	●●● 11% of leadership roles are held by women at the management level in 2024
Caring for the Environment	Climate Change	Reduce energy consumption by 5% by 2027 from our 2023 baseline	●●● Energy consumption reduced by 5% in 2024
		Reduce absolute GHG emissions for Scope 1 and 2 by 20% by 2030 from our 2023 baseline	●●● GHG Emissions reduced by 28% in 2024
		Accounts for 100% of Scopes 1 and 2, at least 50% of Scope 3 emissions across all operations annually	●●● 100% of the GHG emissions across Scopes 1 and 2, and 55% of Scope 3 emissions in 2024
	Water Management	Reduce water consumption by 5% by 2027 from our 2023 baseline	●●● Increased consumption by 23% in 2024

Legend: progress tracking

●●● On track to meeting set targets

●●○ Falling short on meeting target for one year, review current practices

●○○ Falling short on meeting target for more than 2 years, review and revise targets (if necessary)

SUSTAINABILITY STATEMENT (CONT'D)

MANAGEMENT APPROACH

The management approach with respect to each identified key stakeholder and their prioritised material matters, including the CSM deemed material for disclosure under Bursa Securities' Enhanced SRF for this reporting year and onward, is outlined below. For transparency and best practices, we provide three (3) years of financial performance data covering the periods of 2022, 2023, and 2024 for each reported CI.

1. Economic Performance (Shareholders)

TWB's approach to achieving and sustaining strong economic performance is rooted in the execution of our business strategy, with a particular focus on sustainable reforestation practices. We manage the natural forest as a renewable resource, ensuring that our operations are economically viable, environmentally responsible, and socially beneficial. This balanced approach not only contributes to our financial performance but also aligns with our commitment to sustainable growth.

The Company's primary business activities and the operations of its 59%-owned subsidiary are integral to this strategy, and we continue to prioritise efforts that enhance shareholder value while maintaining our commitment to environmental stewardship and social responsibility.

Timberwell Berhad (Holding)		
1.	Timber Production	Timber extraction in ITP and NFM compartments and selling of logs to both domestic and export millers to reproduce into sawn timber, plywood, etc.
2.	Tree Plantation	Tree cultivation, nursery management, and planting of trees in the ITP compartment, covering various species, i.e., Binuang, Laran, Albizia, Rubber, Mahogany, Durian and Eucalyptus.
3.	Rubber Production (Cup Lump)	Rubber tapping in ITP compartments and selling rubber produced in the "Cup Lump" form to the nearby LIGS rubber processing factory.
Timberwell Plywood Sdn. Bhd. (59% owned subsidiary)		
4.	Lease of assets	Rentals are generated from leased assets, i.e., offices, staff quarters, warehouses, machinery, and jetty.

While maintaining a healthy balance sheet and positive cash flow as long-term objectives, TWB also aims to grow its business by diversifying into new sectors and industries. We are committed to staying ahead of market trends, with a particular focus on carbon credits and nature-based carbon projects in the Forestry Sector. By participating in the Carbon Exchange Markets or undertaking forestry-related carbon initiatives, we see these efforts as a key part of the Company's future strategy to generate additional value and align with global sustainability goals.

For the reporting year, the Group achieved a total revenue of RM23.2 million, with 99% derived from our core business activities, including the trading of timber logs. These logs were sold to both local millers and exported to key international markets such as India, China, Korea, and the Philippines. The remaining 1% of revenue was generated from the sale of rubber products to LIGS.

TWB continues to generate sustainable wealth for our stakeholders, as evidenced by the financial performance data presented in the table below.

Economic Performance	2022 RM	2023 RM	2024 RM
Economic value generated (Revenue and other income)	35,415,426.00	19,849,471.00	24,618,474.00
Economic value distributed:			
• Operating costs	15,679,391.00	15,089,153.00	16,616,030.00
• Employee wages and benefits	2,664,733.00	2,530,908.00	2,487,021.00
• Payment to providers of capital (Dividend and finance cost)	1,808,453.00	29,984.00	18,799.00
• Payment to government (Royalty, Tax, Rate of Assessment)	6,830,531.00	5,384,089.00	6,103,170.00
• Community investment	16,714.00	68,359.00	85,675.00
Economic value retained	8,415,604.00	(3,253,022.00)	(692,221.00)

**SUSTAINABILITY STATEMENT
(CONT'D)**

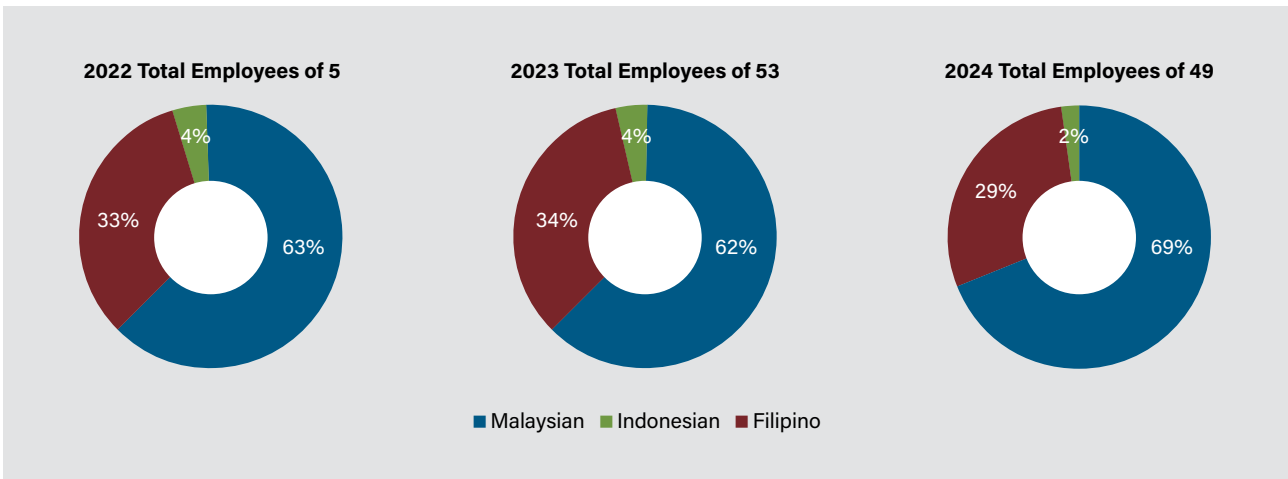
2. Employee Management (Employees)

TWB recognises that our employees are our most valuable assets and the driving force behind our continued success and growth. We are committed to recruiting, developing, and retaining high-performing employees while fostering a work environment that is both empowering and conducive to personal and professional growth.

In all our human resources practices, we adhere to local labour and employment laws to ensure fair and compliant management. While we focus on employing local talent, securing local manpower for field operations remains a challenge. Despite offering competitive wages, there continues to be a lack of interest from the local workforce in joining the plantation sector. Many prefer job opportunities in larger towns and industries that are less focused on outdoor work.

With the reopening of Malaysia’s borders in April 2022, the Company resumed processing employment documentation for foreign workers. In 2023, we implemented a Foreign Workers Recruitment Process Flowchart to streamline and monitor the progress of employment documentation for foreign workers.

As of 2024, the Company employs a total of 49 employees, with 69% of them being Malaysian nationals and 31% foreign workers, primarily from Indonesia and the Philippines.



TWB provides a comprehensive set of benefits for our employees, which includes both compulsory and non-compulsory benefits. In addition to fair accommodation, employees at Paitan Camp enjoy complimentary access to leisure and sports facilities at the campsite after their work hours.

The Company also fosters a strong sense of community and appreciation by organising regular social events. These include a monthly birthday celebration for employees, as well as festive gatherings to celebrate important cultural holidays such as Hari Raya, Harvest Festival, Christmas, and Chinese New Year. As part of these celebrations, a lucky draw activity is held as a token of appreciation for all employees.

The following are some of the key benefits provided to our employees:

Remuneration	Receive fair, competitive wages, commissions, allowances, overtime and at least the minimum wage as set by the relevant authorities.
EPF, SOCSO & EIS	Monthly mandatory contributions to the relevant statutory bodies.
Leaves	Annual leaves, sick or hospitalisation leave, marriage leave, maternity and paternity leave, compassionate leave and unpaid leave.
Medical	Medical coverage and Insurance coverage.
Others	Parking allowances, employee education assistance and flexible working arrangement.

SUSTAINABILITY STATEMENT (CONT'D)

Performance and Compensation

TWB conducts an annual performance appraisal to provide employees with the opportunity to self-assess, offer feedback, engage in competency discussions, and receive coaching and support. We recognise exceptional performance, quality results, and positive behaviours through bonuses and promotions. This process not only celebrates achievements but also fosters a culture of continuous improvement and accountability.

We strive to create a motivating and encouraging environment by offering competitive compensation packages, benefits, and rewards that are designed to attract, retain, and motivate top talent.

Succession Planning

To strengthen our talent pipeline, we focus on succession planning by identifying high-potential individuals who are capable of stepping into critical roles and leadership positions. In 2024, we identified 13 employees across various levels as potential candidates for the Company's Succession Planning Programme. This programme aims to prepare them with the leadership skills and competencies required to lead in future core positions.

Training and Development

At TWB, we place significant emphasis on staff training and development to help employees bridge skill gaps and achieve their career advancement goals. To ensure our programmes remain effective and relevant, we regularly assess training needs and review existing initiatives. Employees are actively encouraged to pursue continuing professional education to stay updated with the latest technical advancements and statutory changes, ensuring they are well-equipped for their roles.

In 2024, we remain committed to investing in a diverse range of training and development programmes, utilising both physical and online platforms. Our training initiatives include the following key programmes:

- Leadership Development Programmes for executive and middle management levels**, designed to build leadership capabilities and strategic thinking.
- Upskilling Webinars led by subject-matter experts and professionals**, focusing on areas such as Corporate Governance, Accounting, Taxation, Forestry, and Plantation.
- Sustainability-Focused Training Programmes covering critical topics** such as Anti-Bribery & Corruption, Health & Safety, Anti Forced Labour, Child Labour & Human Trafficking, and Climate Change (including Greenhouse Gas Emissions Scopes 1, 2, & 3 and NSRF/Sustainability Reporting Framework Training & Workshops).

In 2024, TWB invested significantly in the learning and development of its employees, dedicating 1,310 hours and RM46,014.80 to both internal and external training programmes. These investments are a key component of our efforts to upskill our workforce and prepare them for leadership roles.

Despite these efforts, employee retention remains a challenge, with a turnover rate of approximately 13% in 2024. While we continue to focus on retaining local talent, our commitment to ongoing training, compensation, and development remains central to our talent management strategy.

Employee Category	Measures	2022	2023	2024
Total hours of training - C6(a)				
Management	Hour	115	155	195
Executive	Hour	38	84	115
Non-executive/Production	Hour	19	56	734
General	Hour	6	15	218
Technical	Hour	2	15	48
TOTAL	Hour	180	325	1,310

SUSTAINABILITY STATEMENT
(CONT'D)

Employee Category	Measures	2022	2023	2024
Average training hours per employee				
Management	Hour	12.8	17.2	21.6
Executive	Hour	5.4	12.0	16.4
Non-executive/Production	Hour	0.8	2.3	35.0
General	Hour	0.6	1.7	21.8
Technical	Hour	0.7	3.8	24.0
Overall average training hours per employee	Hour	3.3	6.1	26.7
Total number of new hires				
Management	Number	-	-	-
Executive	Number	-	-	-
Non-executive/Production	Number	7	-	-
General	Number	5	3	2
Technical	Number	2	1	1
TOTAL	Number	14	4	3
Total number of employee turnover - C6(c)				
Management	Number	-	-	-
Executive	Number	1	-	-
Non-executive/Production	Number	5	1	3
General	Number	4	4	1
Technical	Number	3	-	3
TOTAL	Number	13	5	7
New hire rate	Percentage	26	8	6
Turnover rate	Percentage	24	9	13

3. Diversity, Equity & Inclusion (Employees)

At TWB, we recognise that diversity and inclusivity are not just ethical imperatives, but key drivers of innovation and success. A diverse workforce enriches our organisation with a wide range of perspectives, ideas, and experiences, enabling us to better serve our clients and stay competitive in the marketplace.

We are committed to fostering an environment that promotes equal employment opportunities and non-discrimination. This commitment extends to all aspects of the workforce, including gender, race, religion, age, nationality, and other dimensions of diversity. By actively encouraging diversity, we create a workplace where every individual is valued and empowered to contribute to their fullest potential.

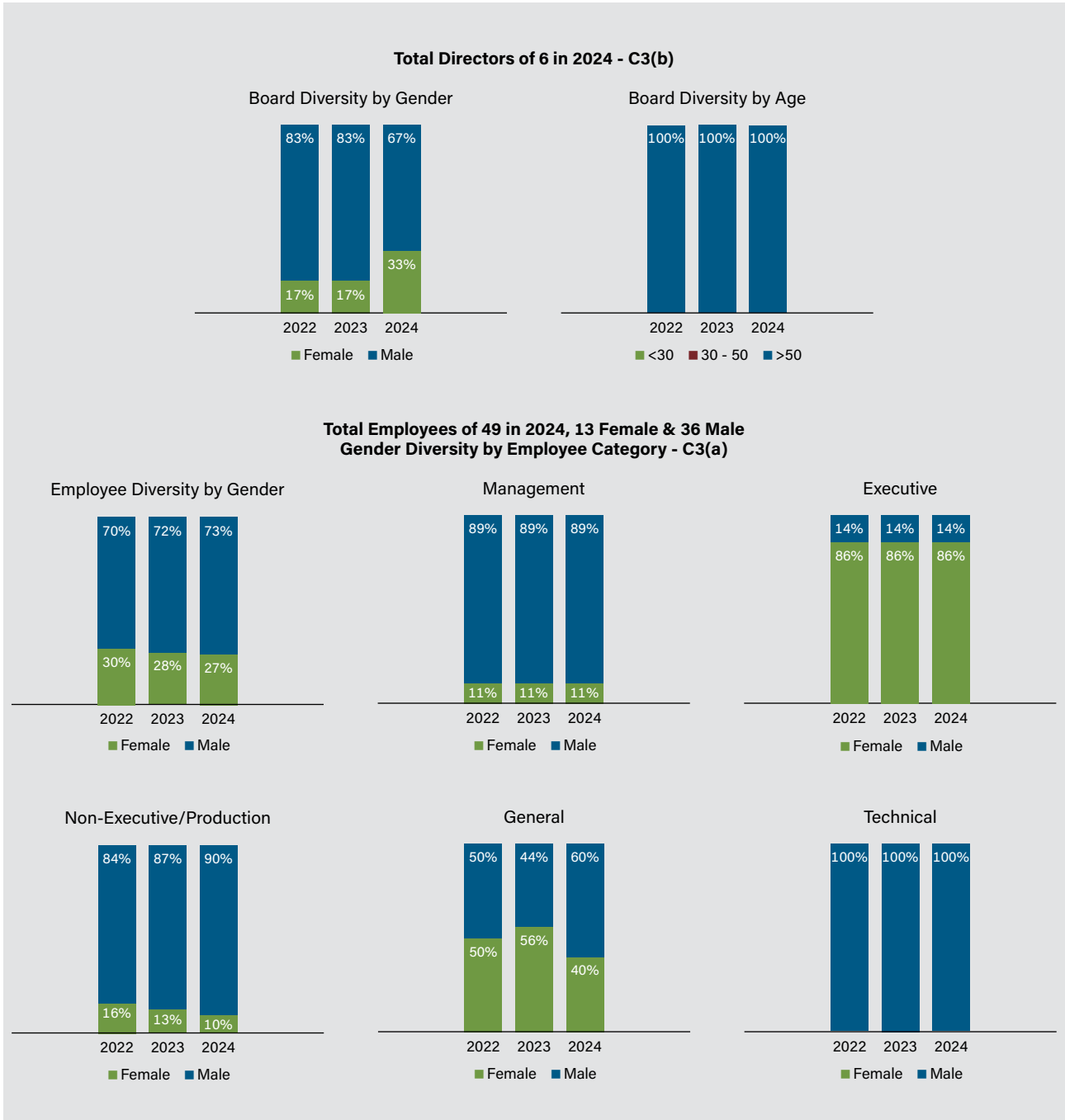
TWB fosters a culture of respect, equality, and opportunity by actively supporting the growth and development of our employees. To nurture mutual respect and understanding, we host and celebrate various cultural and religious events throughout the year, including Hari Raya, Harvest Festival, Christmas, and Chinese New Year. These celebrations promote inclusivity and help our employees appreciate the rich diversity within our company.

In 2024, two (2) employees participated in the masterclass training on "Diversity, Equity and Inclusion (DEI): Essentials in Enhancing the Corporate Landscape." This training equipped them with practical strategies to overcome DEI challenges and integrate DEI principles into our business strategies, helping us build an inclusive and empowered business ecosystem.

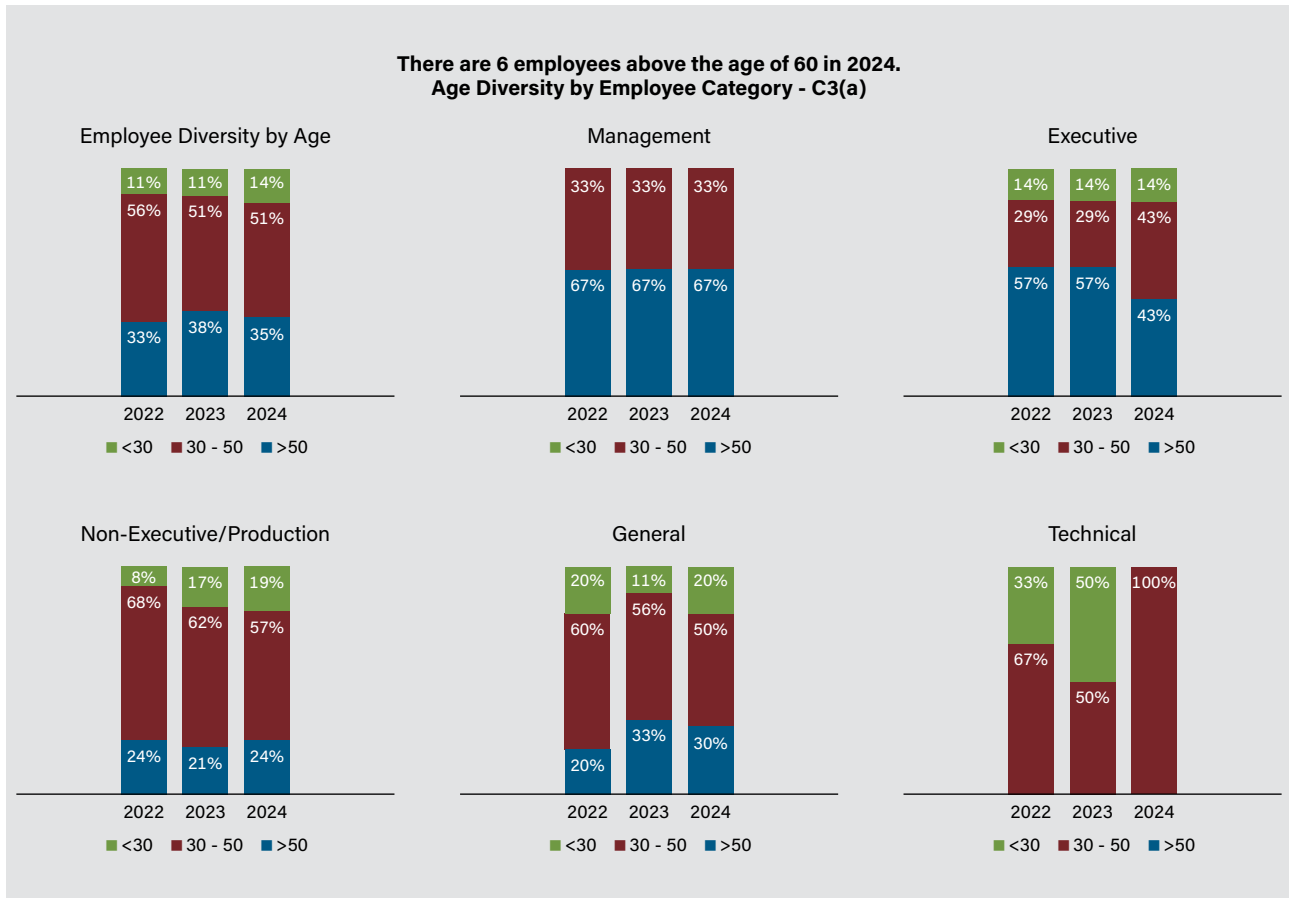
At TWB, we are committed to providing all employees with competitive compensation, ensuring equal pay for equal work, and fostering a workplace free from gender discrimination. We recognise the importance of achieving gender balance, particularly in leadership roles, and are dedicated to enhancing gender diversity across our board and senior management.

SUSTAINABILITY STATEMENT
(CONT'D)

As of 2024, women make up 33% of our board of directors and 11% of our management team. To further strengthen our commitment to diversity, the Company has set a target to increase the representation of women in leadership positions at the management level to 30% by 2030, in line with best corporate practices.



**SUSTAINABILITY STATEMENT
(CONT'D)**



4. Human Rights (Employees)

As a responsible organisation, TWB is dedicated to upholding and protecting human rights across all our operations. We believe that a commitment to strong human rights practices, alongside fair and ethical treatment, enhances productivity and fosters a positive, healthy workplace culture.

We adhere strictly to all relevant laws and regulations, including Malaysia’s Employment Act 1955, and ensure compliance with international standards. Our commitment to human rights is clearly reflected in our **Human Resources Handbook/Policy (“HRP”)**, which incorporates fair labour practices, a zero-tolerance stance on forced labour, and robust protection against discrimination and harassment. The HRP was updated in 2023 and is regularly reviewed by management to ensure alignment with current regulatory requirements, including the Malaysian National Action Plan on Forced Labour 2021–2025 and International Labour Organization (“ILO”) standards.

In line with these principles, our employees at the Paitan Camp are entitled to decent accommodation, fair wages, access to clean sanitation, healthcare, and reliable access to food and clean water. We maintain “safe and secure” working conditions in full accordance with our forced labour policy, ensuring a work environment that supports the well-being and dignity of every individual.

We have a Sexual Harassment Policy Statement in place to raise awareness and prevent instances of sexual harassment, creating a workplace where respect for all employees is paramount. Additionally, we comply with Malaysia’s Minimum Wage Order 2022, ensuring that all employees are paid a monthly basic salary not less than the minimum wages set by the relevant authorities.

TWB also emphasises transparency and accountability through our whistle-blowing policy, which provides employees and workers with confidential, secure channels to report any violations of labour practices, disputes, inappropriate behaviour, bribery, or corruption. We guarantee the protection of whistleblowers’ identities throughout the investigation process, and all reports are treated with the utmost seriousness.

SUSTAINABILITY STATEMENT (CONT'D)

In 2024, one (1) of our employees attended the “*Konvensyen Memerangi Jenayah Pamerdagangan Orang dan Buruh Paksa Tahun 2024*”, a conference organised by the Malaysian government in collaboration with the US Embassy in Kuala Lumpur, as part of the global campaign for “World Day Against Trafficking in Persons 2024”. This event raised awareness of trafficking in persons (“TIP”) crimes, supported Malaysia’s Labour Law and Industrial Relations Reform Project, and promoted understanding of forced labour, child labour and human trafficking in accordance with ILO standards.

We are proud to report that in 2024, TWB received zero (0) complaints regarding human rights violations. Moving forward, we are committed to strengthening our human rights practices and aim to maintain a zero-tolerance stance, with the goal of achieving zero substantiated complaints related to human rights violations in the future.

Labour Practices and Standards	Measure	2022	2023	2024
Number of substantiated complaints concerning human rights violation - C6(d)	Number	0	0	0

5. Supply Chain Management (Suppliers/Contractors)

TWB is committed to promoting responsible procurement practices and strengthening the resilience of our supply chain by integrating sustainability into our **Vendors Evaluation Assessment (“VEA”)**. This approach drives greater sustainability awareness among our suppliers and contractors. We recognise the importance of supporting local businesses and driving economic growth within the communities where we operate. As such, we prioritise sourcing from local suppliers and offer business opportunities to small and medium enterprises (SMEs), thus contributing to improving their livelihoods and supporting community development.

Our sustainability expectations are clearly communicated and extended to all stakeholders in our supply chain, including contractors, service providers, and consultants. We ensure that these expectations align with our commitment to socially and environmentally responsible practices.

TWB works closely with suppliers who share our values of fairness, transparency, and environmental responsibility. For example, contractors engaged in timber extraction, silviculture, liberation treatment, planting, transportation, and maintenance activities are thoroughly briefed on environmental mitigation requirements before commencing work. These include:

- Prohibition of activities along river or stream reserves
- Restrictions on open burning
- Protection of wildlife

Any violations of these guidelines are subject to penalties, as outlined in the relevant license agreements. In addition to these environmental considerations, our engagement with contractors also focuses on raising awareness about good labour practices and climate-related risks, ensuring that sustainability is embedded across our supply chain.

In 2024, we took an important step in further enhancing the environmental impact of our supply chain by introducing an additional key environmental metric to measure Greenhouse Gas (“GHG”) emissions. In collaboration with our diesel supplier, extraction contractors, and transporters, we have accounted for Scope 3 emissions covering emissions from all fuel consumption-related activities across our operations.

This year marks the second year of integrating sustainability elements into the annual VEA. We successfully covered 100% of our active, existing suppliers and contractors in the evaluation process, ensuring that all are assessed against our sustainability criteria. Going forward, we are committed to ensuring that all new and existing suppliers will be assessed against our sustainability requirements as part of their ongoing engagement with TWB.

In 2024, TWB spent RM17.3 million on procurement, with 100% of this amount directed to local suppliers, reinforcing our commitment to supporting local businesses and contributing to the economic development of the regions where we operate.

SUSTAINABILITY STATEMENT (CONT'D)

Vendors Evaluation Assessment ("VEA")	Measures	2022	2023	2024
Percentage of suppliers that were screened using environmental criteria	Percentage	Nil	100	100
Number of suppliers assessed for environmental impacts	Number	Nil	35	51
Percentage of suppliers that were screened using social criteria	Percentage	Nil	100	100
Number of suppliers assessed for social impacts	Number	Nil	35	51
Local Suppliers				
Proportion of spending on local suppliers - C7(a)	Percentage	100	100	100
Contractors				
Percentage of employees that are contractors or temporary staff - C6(b)	Percentage	0	0	0

6. Anti-Corruption

At TWB, upholding the highest standards of business ethics and compliance is integral to our core values of Honesty, Integrity, and Operational Excellence. These principles guide every aspect of our operations and are essential to safeguarding the interests of both the business and our stakeholders. By maintaining these standards, we strengthen trust and reinforce the confidence of our stakeholders in the Company.

Since the enforcement of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) on 1 June 2020, the Board and senior management have reaffirmed our commitment to conducting business with integrity. This commitment is reflected in our Code of **Ethics and Conduct ("CEC")**, which outlines the fundamental principles and ethical guidelines that all employees, including directors, must adhere to in addressing ethical issues and fulfilling their responsibilities.

TWB's zero-tolerance stance against corruption is firmly outlined in our **Anti-Bribery and Corruption ("ABC") Policy**, which is regularly reviewed to ensure full compliance with the MACC Act, 2009. This policy sets clear expectations for ethical conduct and provides guidance on identifying, preventing, and addressing corruption risks. The Company has also adopted a **Whistle-Blowing ("WB") Policy**, establishing procedures and mechanisms to provide employees and stakeholders with a safe, confidential, and anonymous way to report unethical behaviour, misconduct, bribery, fraud, and other forms of workplace malpractice. These policies apply to both internal and external stakeholders, and they are integrated into our future Stakeholder Engagement Criteria.

With these frameworks in place comprising our Code of Ethics, Anti-Bribery and Corruption Policy, and Whistle-Blowing Policy, we ensure that all stakeholders have clear, accessible channels to report misconduct. These channels are designed to handle reports of bribery, corruption, unethical behaviour, fraud, and other violations according to established guidelines and procedures.

The Company is steadfast in promoting an anti-bribery and anti-corruption culture, ensuring that all business activities and transactions are carried out transparently and in strict adherence to our policies and relevant laws. To maintain the effectiveness of these policies, they are periodically reviewed and updated. The latest review was conducted on 23 February 2022, and the updated versions are available on the Company's corporate website: <http://timwell.com.my>.

In 2024, 30 employees, along with 2 representatives from each regulatory body and contractor, completed comprehensive training on the following subjects:

1. "Who can be charged for Corruption and the Types of Offences Prosecuted under the MACC Act 2009"
2. "Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA"): Protect Your Organisation by Raising Suspicious Transaction Reports (STR)"

SUSTAINABILITY STATEMENT (CONT'D)

The training program achieved an overall completion rate of 61%. As of 31 December 2024, TWB reported zero (0) incidents of corruption across its operations, demonstrating the effectiveness of our ethics and compliance programmes in promoting a culture of integrity and transparency.

Employee Category	Measures	2022	2023	2024
Anti-Bribery and Corruption training - C1(a)				
Management	Percentage	11	89	89
Executive	Percentage	14	100	100
Non-executive/Production	Percentage	0	71	38
General	Percentage	0	67	50
Technical	Percentage	0	100	100
Corruption Risk Assessment - C1(b)				
Operations that underwent corruption risk assessment	Percentage	100	100	100
Report on Corruption Incidents - C1(c)				
Number of confirmed corruption incidents	Number	0	0	0

7. Health & Safety

At TWB, we prioritise the health and safety of our employees in all aspects of our business operations and workplaces. By maintaining a healthy, safe, and conducive work environment, we aim to prevent injuries and illnesses among our workforce, ultimately leading to enhanced productivity and efficiency.

Our **Health and Safety Policy Statement** outlines our commitment to conducting business operations in a safe manner, emphasising the implementation of various safety measures and controls across all levels of the organisation. We have established a comprehensive **Standard Operating Procedure on Occupational Health and Safety ("SOP")** that aligns with the Occupational Safety and Health Act, 1994 ("OSHA"). This SOP provides a framework for ensuring the safety of our employees and contractors during their work activities.

An annual meeting is held with management representatives at our headquarters to review performance, discuss safety objectives, and ensure that safety measures are being effectively communicated and implemented across all levels.

The Risk Management Committee plays a key role in overseeing Occupational Safety and Health "(OHS)" matters. This includes the identification of hazards, conducting risk assessments, and contributing ideas to manage or mitigate potential risks. The Risk Assessment Statement is reviewed annually to ensure that it remains up-to-date, relevant, and effective in identifying potential hazards and implementing appropriate mitigation measures.

TWB fosters a reporting culture, encouraging employees to report incidents, safety concerns, and potential hazards, ensuring that management is informed and responsive.

TWB provides essential medical and safety support to all employees. This includes the provision of safety equipment and basic medical supplies. We also offer transportation to our campsites, ensuring that employees have quick and easy access to medical care when necessary.

In addition to emergency response readiness, we offer comprehensive health and safety training to all employees. This training includes both knowledge-based and skills-based programmes, covering topics such as:

- Emergency response procedures
- Hazard and risk management
- Health awareness

These training programmes are regularly reviewed to ensure their ongoing relevance and effectiveness.

SUSTAINABILITY STATEMENT (CONT'D)

In 2024, we provided health and safety standards training to 42 employees. This included a 3-day, 2-night practical training focused on "Forest Fire Prevention and Control", as well as an essential awareness module on "Personal Protective Equipment ("PPE)". The PPE training covered the proper use, functions, and selection of various categories of PPE, and emphasized the importance of hazard identification, risk assessment, and the appropriate control measures. Additionally, we invested RM11,325 in firefighter equipment to further enhance safety measures and support forest fire prevention efforts.

As of 31 December 2024, TWB recorded zero (0) fatalities and injuries among both employees and contractors in workplace incidents, demonstrating the effectiveness of our ongoing health and safety initiatives.

	Measures	2022	2023	2024
Health and safety trainings - C5(c)				
Number of employees trained on health and safety standards	Number	10	41	42
Work-related Injuries				
Total Hours Worked	Hour	108,000	106,000	98,000
Number of Fatalities - C5(a)	Number	0	0	0
Number of Lost Time Injuries	Number	0	0	0
Lost Time Incident Rate ("LTIR") - C5(b)	Rate	0	0	0

8. Climate Change (Energy Management and Emissions Management)

At TWB, we recognise that climate change presents significant risks to our operations, with the potential to negatively impact lives, livelihoods, health, economic stability, and social and cultural assets. The effects of rising temperatures and extreme weather events, such as floods, droughts, and storms, pose substantial threats to our business activities and infrastructure. These climate-related risks could disrupt operations, impact supply chains, and damage resources that are vital to our business.

In response, TWB is committed to addressing these challenges through a comprehensive approach that aligns with both national and international environmental regulations. We have integrated environmental regulatory requirements outlined in applicable Malaysian laws and international treaties and agreements to which Malaysia is a signatory. In particular, we adhere to the Malaysian criteria and indicators for Forest Management Certification to ensure that our operations meet the environmental standards at all levels of governance.

We are also committed to the conservation of fauna, water and river ecosystems, and land and soil resources. As part of our environmental impact management, we ensure that all mitigation actions outlined in the Environmental Impact Assessment ("EIA") are rigorously implemented.

Climate Risk Management Process

Recognising the growing importance of climate-related risks, TWB has established a Climate Risk Management Process designed to identify, assess, analyse, and evaluate the potential impacts of climate change on our business operations, financial performance, and reputation.

Through this proactive approach, we aim to mitigate the negative effects of climate change while enhancing the long-term resilience and sustainability of our operations.

Energy Consumption and GHG Emissions

As a responsible organisation, TWB acknowledges that energy consumption and GHG emissions are key contributors to climate change. In line with our commitment to sustainability, we are focused on reducing our environmental footprint and building operational resilience to ensure the long-term viability of our business. Our objective is to minimise the negative environmental impacts arising from our operations while enhancing value for our business, stakeholders, and the communities where we operate.

SUSTAINABILITY STATEMENT (CONT'D)

Climate Transition Strategy and Net Zero Commitment

TWB is committed to achieving net zero emissions by 2050, in alignment with Malaysia's Net Zero Target 2050. This ambitious goal reflects our dedication to playing an active role in mitigating climate change and reducing our carbon footprint.

Our climate transition strategy is currently focused on two key strategic pillars with an objective to:

- **Energy Efficiency and Transition:** We aim to gradually reduce our reliance on fossil fuels in our operations, with a specific focus on improving energy efficiency and transitioning to cleaner energy sources.
- **GHG Emissions Reduction:** We are targeting a 30% reduction in absolute GHG emissions (Scopes 1 and 2) by 2030, using our 2023 baseline as the reference point. This goal aligns with global best practices and reflects our commitment to meeting both local and international climate commitments.

Climate Change Management Practice	
Managing our emissions <i>Improving energy efficiency in our operations</i>	Investing in low emissions and green technologies <i>Increasing reliance on renewable energy</i>
<ul style="list-style-type: none"> ▪ The Company has replaced all traditional lighting with energy-saving LED lights in our headquarters office since 2022. ▪ Moving forward, replacing the office appliances gradually with energy-friendly and energy-saving appliances in all our operation offices. 	<ul style="list-style-type: none"> ▪ The Company is increasingly relying on renewable energy since the 1st solar panel system was installed at the Gate House in July 2023. ▪ In 2024, 3 more solar panel systems were installed at the camp nursery and staff quarter, and more solar lamps were installed along the roadside as well as at the stumping area. ▪ Moving forward, gradually installing solar panel systems on our camp operation to reduce dependency on electricity generated from a diesel generator.

Through these efforts, TWB aims to contribute meaningfully to the fight against climate change, reducing environmental impacts and ensuring that our business remains sustainable and resilient in the face of future challenges.

Energy Consumption Report

In 2024, TWB recorded a total energy consumption of 103.5 megawatt, reflecting a 5% reduction from 2023. This reduction demonstrates our ongoing efforts to optimise energy use and reduce our environmental footprint.

As part of our commitment to sustainability, we have progressively adopted renewable energy sources in recent years. A key initiative has been the installation of solar panel systems at our camp operations, which has allowed us to reduce our reliance on electricity generated from fossil fuels (primarily diesel). In 2024, we successfully generated 0.8 megawatt of energy through these renewable sources.

Looking ahead, we are committed to further improving our energy efficiency. The Company has set an ambitious target of achieving a 5% reduction in energy consumption by 2027, using 2023 as our baseline year. This target is part of our broader efforts to transition to more sustainable energy sources and continue reducing our environmental impact.

Energy management	Measures	2022	2023	2024
Total energy consumption - C4(a)	Megawatt	112.4	109.4	103.5

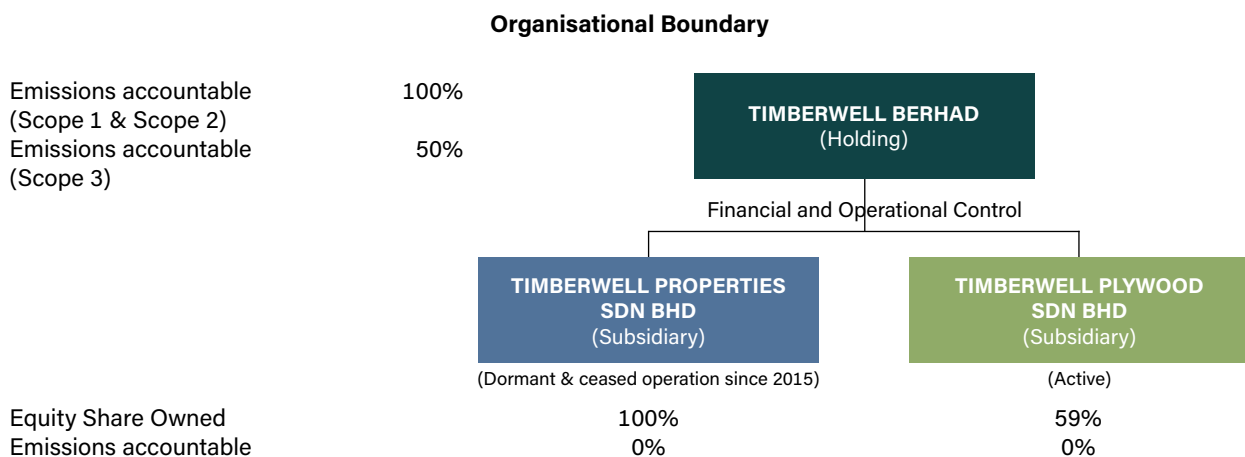
SUSTAINABILITY STATEMENT (CONT'D)

Carbon Emissions

TWB tracks and accounts for 100% of the GHG emissions across Scopes 1 and 2, and 55% of Scope 3 emissions, covering all operations and subsidiaries over which the Company has financial and operational control, except for dormant or non-operational subsidiaries. The environmental impact from these dormant entities is expected to be zero or non-material. However, we will continue to monitor and assess the environmental impact of these subsidiaries in future reporting periods.

Organisational and Operational Boundary

TWB's approach to accounting for GHG emissions follows the operational control model, ensuring that we capture emissions from all assets, operations, and activities under our direct control. This includes all production facilities, camps, and transportation activities, as well as emissions from corporate functions.



Operational Boundary

TIMBERWELL BERHAD (Holding)

Holding Business Activities

TWB engage in the business of Forest Management Unit ("FMU") to manage a natural forest for the State of Sabah covering an area of 45,659.42 hectares for 100 years, effective from 10 September 1997. The group operates under the following business activities:

1. Timber Production (Timber Extraction in both ITP & NFM compartments) and Trading of Logs (both export & domestic)
2. Tree Plantation (Nursery and Planting of trees in ITP compartments covering Binuang, Laran, Rubber, Mahogany & Eucalypus)
3. Latex Production (Rubber Tapping in ITP compartments) and Trading of Rubber in Cuplumps

TIMBERWELL PLYWOOD SDN BHD (Subsidiary)

Subsidiary Business Activities

Tplywood's core business ceased in 2010. Tplywood has not been in operation since then and currently generates an annual rental income of RM350,000 by leasing its fixed assets, such as office premises, staff quarters, warehouses and machinery.

1. Leased of Assets (Office, quarters, warehouse and machinery)

SUSTAINABILITY STATEMENT (CONT'D)

Emission Scopes, Coverage, and Reporting Methods

The table below outlines the emission scopes, the coverage, and the methods used by the Company to measure and report emissions for each source, including Scope 3 upstream emissions that are relevant to our business operations. These emissions are an essential part of our broader climate impact and contribute to our overall GHG inventory.

Scope	Boundary Checklist	Offices				Coverage	Method Used	Remarks
		District	Head Quarter (HQ)	Site Office (SO - KM)	Camp Office (CO)			
Source		Kota Kinabalu	**Kota Marudu	Peitan	Sandakan	%		
Scope 1 (Direct Sources Emissions)								
1	Stationary Combustion Production & generation of electricity (Generator)	x	x	✓	x	100%	Fuel-based	Combustion of fuels in stationary equipment such as generators owned and controlled by TWB.
2	Mobile Combustion Automobiles (Company's owned Motor Vehicle & Trucks)	✓	✓	✓	✓	100%	Fuel-based	Emissions from all transportation in vehicles and trucks owned and controlled by TWB.
3	Fugitive Emissions Use of refrigeration (Refrigerators & Freezers)	✓	x	✓	x	100%	Average-data	Emissions during use and disposal of refrigeration and air-conditioning equipment in commercial applications by TWB.
	Use of air-conditioning equipment (Air Conditioners)	x	x	✓	x	100%	Average-data	
4	Process Emissions Purchase of any kind of fuels	x	x	✓	x	100%	Fuel-based & Average-data	Emissions from physical processes from cooking, welding, and all kinds of fuels purchased and consumed in operating the company's owned mobile equipment, such as chainsaws, water pumps, and grass cutters, and servicing of the Company's owned vehicles in the reporting period.
Scope 2 (Indirect Source Emissions - Indirect Energy consumption of purchased electricity, heat or steam to power equipment devices)								
1	Use of refrigeration	x	x	x	x			
2	Use of air-conditioning equipment	x	x	x	x			
3	Consumption of Electricity	✓	✓	x	x	100%	Average-data	Emissions from generation of purchased electricity consumed by TWB.
Scope 3 (Other Indirect Source Emissions not in Scope 1 & 2 - Upstream Emissions)								
1	Purchased good and services	x	x	x	x	0%	Not applicable	Not significant as the transportation of goods was mostly carried out by the company's owned vehicle, which was reported in the Scope 1 Mobile Combustion, and diesel supplier has also been reported in the Scope 3 Fuel & Energy related activities below.
2	Capital goods	x	x	x	x	0%	Not applicable	No transportation of new capital goods purchased or acquired by TWB in the reporting period.
3	Fuel and energy related activities	✓	✓	x	x	80%	Fuel-based & Average-data	Major fuel consumption-related activities by regulators, contractors, employees, the community, and transporting of fuels by the diesel supplier for our operation and extraction contractors were reported in this category.
4	Upstream transportation and distribution	x	x	✓	x	90%	Fuel-based, Distance-based & Average-data	All fuel consumption-related activities for extraction contractors, roads, and marine transportation and distribution services, such as short-term storage and container stuffing incurred by the TWB, were reported in this category.
5	Waste generated in operations	✓	x	✓	x	70%	Average-data	Both HQ and camp offices generated mostly non-hazardous domestic waste, such as food and paper-related waste. The camp office also generates hazardous scheduled waste from the workshop. Note that no transportation of waste was carried out in our camp.
6	Business travel	✓	x	✓	x	100%	Distance-based & Average-data	Emissions from transportation of business-related activities for employees, including the directors and secretaries, the valuer, and both internal and external auditors engaged by TWB, were reported in this category.
7	Employee commuting		x	x	x	100%	Distance-based	Emission from transportation of employees by their owned vehicle between their home and worksite was reported in this category.
8	Upstream leased assets	x	x	x	x	0%	Not applicable	No upstream operation of assets leased by TWB in the respective reporting period. (Not included in Scopes 1 & 2)

SUSTAINABILITY STATEMENT (CONT'D)

Scope 3 (Other Indirect Source Emissions not in Scope 1 & 2 - Downstream Emissions)						
9	Downstream transportation and distribution	x	x	x	x	0% Not applicable
10	Processing of sold products	x	x	x	x	0% Not applicable
11	Use of sold products	x	x	x	x	0% Not applicable
12	End of life treatment of sold products	x	x	x	x	0% Not applicable
13	Downstream leased assets	x	x	x	x	0% Not applicable
14	Franchises	x	x	x	x	0% Not applicable
15	Investments	x	x	x	x	0% Not applicable

Note:

■ Operation offices engage in most of the business activities

■ Operation offices engage with minimum or without activities

** The tenancy agreement for Kota Marudu Office has been terminated on 31 December 2023. Effective January 2024, all two company motor vehicles will transfer to the Camp Office located at Paitan, with no consumption of purchased electricity after that.

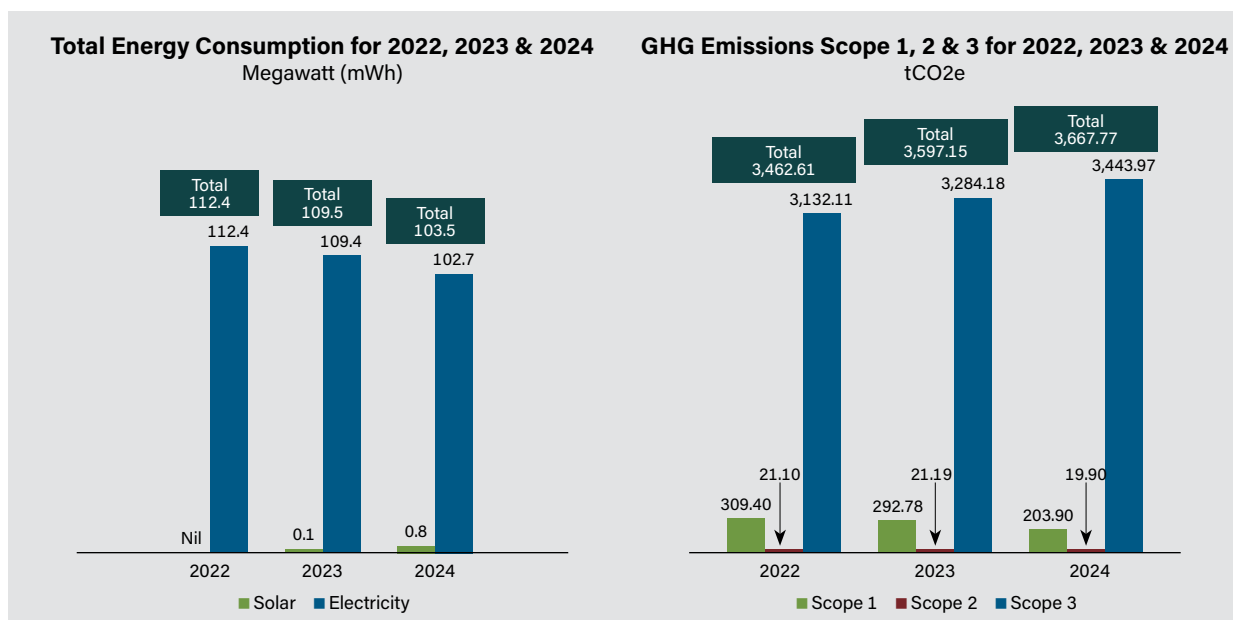
Emissions Report

In 2024, TWB's total GHG emissions for the year were as follows:

Emissions management	Measures	2022	2023	2024
Scope 1 emissions in tonnes of CO ₂ e – C11(a)	tCO ₂ e	309.40	292.78	203.90
Scope 2 emissions in tonnes of CO ₂ e – C11(b)	tCO ₂ e	21.10	20.19	19.90
Scope 3 emissions in tonnes of CO ₂ e – C11(c)	tCO ₂ e	3,132.11	3,284.18	3,443.97
TOTAL	tCO₂e	3,462.61	3,597.15	3,667.77

Total GHG emissions for Scope 1 and Scope 2 is 223.80 tCO₂e. This represents a 28% reduction in total Scope 1 and Scope 2 emissions compared to the previous year (2023:312.97 tCO₂e), highlighting our efforts to reduce direct and indirect emissions from operations.

Additionally, the Company began tracking Scope 3 emissions in 2022, which include emissions from our value chain, such as transportation, procurement, and waste. For 2024, total Scope 3 emissions amounted to 3,443.97 tCO₂e. The underlying emission sources for Scope 3 are outlined in the table below.



TWB is committed to improving our understanding of Scope 3 emissions and plans to continue expanding our emissions accounting and reduction efforts. Our goal is to account for at least 50% of Scope 3 emissions across all operations annually, with the aim of gradually improving our tracking and management of these emissions over time.

SUSTAINABILITY STATEMENT (CONT'D)

9. Community Investment

At TWB, we believe that fostering positive relationships between businesses and the communities where we operate leads to greater social inclusion and creates sustainable, long-term benefits for both parties. We are committed to being a responsible corporation by actively contributing to the well-being of local communities through our Community Engagement Programme. Our focus areas include on-the-job training and social welfare initiatives, aimed at improving the lives and livelihoods of those in the communities where we operate.

On-the-Job Training and Empowerment

Through our investment in on-the-job training, TWB provides local community members with opportunities to acquire valuable skills, helping to enhance their economic welfare. We believe that by empowering local communities with skills development, we not only contribute to the personal growth of individuals but also build a talent pool that benefits TWB in the short term and nurtures future leaders for broader industry development.

We are confident that these efforts, combined with our social welfare initiatives, will strengthen our relationship with local communities and foster mutual trust, collaboration, and shared growth.

Community Outreach (“CO”)

Our commitment to local communities is further demonstrated through the Community Outreach (“CO”) programme, which includes the annual Social Baseline Survey Update. This survey provides valuable insights into the community's needs, focusing on social and family dynamics, and informs our ongoing engagement strategies. We also conduct dialogues as needed, particularly concerning Native Customary Rights (“NCR”) claims, ensuring that we approach all matters with respect and cultural sensitivity.

TWB's community investment decisions are guided by the goal of creating mutually beneficial outcomes for both the Company and the communities in which we operate. This approach ensures that our actions align with our core values and contribute to sustainable development.

Welfare Initiatives and Support

In 2024, we streamlined our welfare initiatives, with a particular focus on supporting the following communities:

- Kampung Dampiron
- Kampung Tagapalang
- Kampung Abuan
- Kampung Waigon 2
- Kampung Gana (for community development)

Our support for these communities includes a range of welfare activities, such as food donations, basic necessities, groceries, and infrastructure improvements (e.g., repairing access roads) to improve the community's convenience and accessibility.

Monetary and Non-Monetary Contributions

In 2024, TWB made a total contribution of RM85,675.00, encompassing both monetary and non-monetary donations. These contributions benefitted 6 charities and non-governmental organisations (“NGOs”), as well as individuals in need within the communities where we operate.

Our non-monetary contributions included a variety of essential items, such as food packs, groceries, and other basic necessities. In addition, we supported infrastructure improvements within local communities, including repairing access roads, to enhance accessibility and convenience for vulnerable groups.

Through these contributions, TWB continues to demonstrate our commitment to supporting the welfare and well-being of the communities in which we operate. TWB strives to create a positive and lasting impact, strengthening the bonds between the Company and the communities we serve.

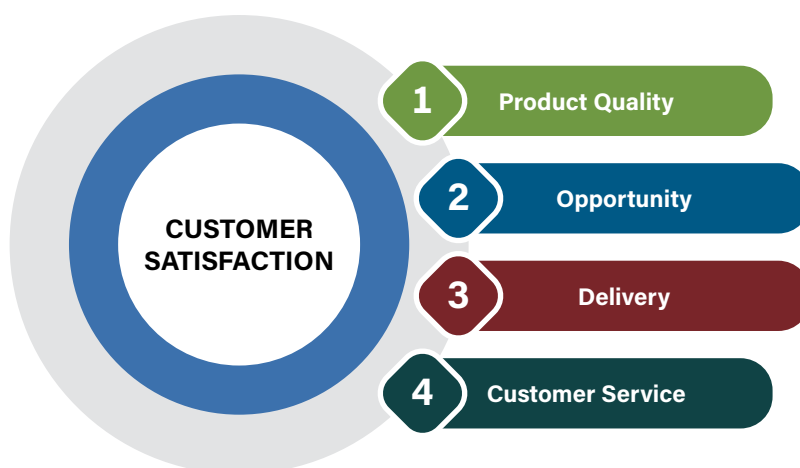
SUSTAINABILITY STATEMENT (CONT'D)

Community Investment Performance Data	Measures	2022	2023	2024
Total amount invested in the community where the target beneficiaries are external to TWB - C2(a)	MYR	16,714	68,359	85,675
Total number of beneficiaries of the investment in communities - C2(b)	Number	3,500	3,500	4,500

10. Customer Satisfaction

At TWB, we understand that customer satisfaction and loyalty are essential to our long-term success and reputation as a leading service provider in the Sabah region. With this in mind, we continuously strive to improve the customer experience by listening to their feedback and ensuring that our products and services meet the highest quality standards.

We are dedicated to enhancing customer satisfaction through active engagement and regular feedback collection. In 2024, we are conducting our second annual **Customer Satisfaction Survey ("CSS")**, an initiative designed to gather valuable insights into our customers' needs, expectations, and overall experiences. This survey covers a broad spectrum of topics, including but not limited to:



Customer Satisfaction Survey Results

We are pleased to report that, as of our second annual CSS in 2024, TWB has achieved an impressive customer satisfaction score of 83%. This result exceeds our target of maintaining a minimum score of 80% annually, and we view it as a strong indicator of our customers' continued trust and confidence in our product.

We will continue to use the feedback from this survey to further improve our offerings and ensure that we maintain our position as one of the leading service providers in Sabah. Customer satisfaction remains at the heart of everything we do, and we are committed to making continuous improvements to better serve our valued customers.

Customer Satisfaction Survey ("CSS") Score	Measures	2022	2023	2024
Customer Satisfaction Index	Percentage	Nil	84	83

11. Cybersecurity & Data Protection

In recent years, the rapid growth of remote working, e-commerce, and automation has driven the widespread adoption of digital technologies. While these trends have created new opportunities, they have also increased the exposure of data to potential cybersecurity risks. At TWB, we recognise the importance of safeguarding sensitive customer information and mitigating the threats posed by cyber-attacks. Protecting our customers' data is not only a responsibility but a priority in maintaining trust and upholding our reputation.

SUSTAINABILITY STATEMENT (CONT'D)

Our Commitment to Cybersecurity and Data Privacy

To address the growing concerns around cybersecurity, TWB has implemented robust cybersecurity measures to protect our systems and ensure the confidentiality of customer information. We adhere strictly to our **Personal Data Protection ("PDP") Policy**, which was developed in 2023 in compliance with Malaysia's Personal Data Protection Act (PDPA). This policy outlines our commitment to safeguarding personal data, ensuring that it is collected, stored, and processed in a manner that respects privacy rights and complies with legal requirements.

Key measures include:

- Annual reviews of our data privacy and security controls to ensure they are effective and up-to-date.
- Transparency in how we collect, use, and secure customer data, ensuring customers are fully informed about the data management processes.
- Strict adherence to lawful means of data collection, ensuring that we comply with all relevant laws and regulations regarding personal data.

As of 31 December 2024, we are proud to report that there have been zero (0) substantiated complaints regarding breaches of customer privacy or data loss. This achievement reflects the effectiveness of our cybersecurity protocols and our commitment to safeguarding customer information.

Moving forward, we will continue to monitor and enhance our data protection practices to stay ahead of emerging threats and ensure that our customers' information remains secure. We remain dedicated to maintaining the highest standards of data privacy and security, providing our customers with the confidence that their personal data is in safe hands.

Data Privacy and Security	Measures	2022	2023	2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data - C8(a)	Number	0	0	0

12. Water Management

The issue of water scarcity has become an increasingly urgent concern due to factors like climate change, inefficient water management, and contamination. As water shortages and cuts become more frequent in the surrounding region, TWB is committed to addressing this issue by implementing efficient water management practices across all our operations. We understand that responsible water use is critical, not only to our operations but also to the environment and the communities in which we operate.

Our Commitment to Water Efficiency

Guided by our Environmental Policy, we take a practical and proactive approach to water management, aiming to improve water efficiency and reduce our consumption in line with our sustainability goals. In particular, we have set a target of reducing water consumption by 5% by 2027, using 2023 as our baseline. This target is part of our broader efforts to minimise our environmental impact and contribute to the global fight against water scarcity.

Water Consumption and Key Operations

Our primary sources of water consumption are linked to our camp operations, especially for activities such as:

- Watering seedlings and plants in our planting operations
- Cleaning and maintaining the camp facilities
- Irrigation needs
- Water usage at the camp office and worker quarters

To mitigate the impact of water usage in these areas, we are committed to integrating water-efficient practices and technologies throughout our operations.

**SUSTAINABILITY STATEMENT
(CONT'D)**

At TWB, 98% of our water consumption is dedicated to tree planting operations to supporting our planting efforts. This large portion of our water usage is primarily sourced from surface water sources, with rivers being the main provider of this water. According to the Water Footprint classification, this water is categorized as “blue water”, referring to freshwater from surface or groundwater sources that is withdrawn for human use.

By sourcing our water predominantly from rivers, we recognise the importance of managing this resource carefully, especially as surface water availability can fluctuate depending on environmental conditions such as rainfall patterns, climate change, and local water policies.

Water Conservation Initiatives

In 2024, we introduced several key initiatives aimed at reducing water consumption and raising awareness around proper water management. These initiatives include:

1. **Rainwater Harvesting Systems:** Implementing rainwater harvesting systems to reduce reliance on natural water sources from the nearby uphill areas. This helps conserve local water resources while meeting our operational needs.
2. **Employee Awareness Programmes:** Raising awareness among employees about water-saving habits, particularly at our office premises and other areas where water use can be optimised. We regularly remind our staff to practice water-saving techniques, such as reducing water wastage in daily activities and maintaining water-efficient operations.
3. **Compliance and Best Practices:** We ensure that all our water management practices comply with the relevant local laws and regulations regarding water quality. Additionally, we adopt best practices recommended by recognised environmental standards to continuously improve our water management approach across our operations.

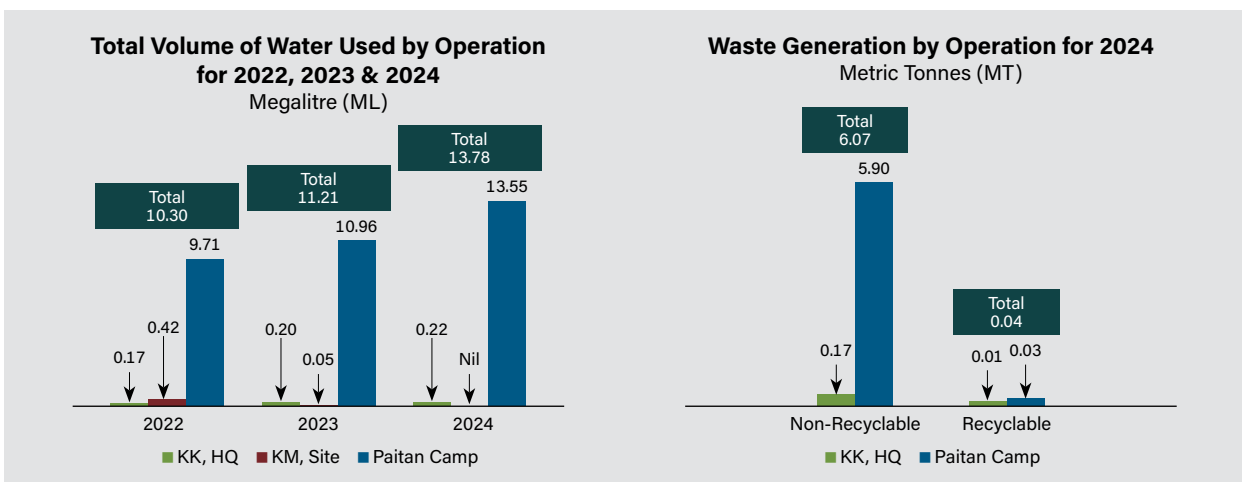
Water Consumption Report

In 2024, TWB consumed 13.78 megalitres of water, representing an increase of 23% compared to the baseline year of 2023. While we acknowledge this increase, we view it as an opportunity to evaluate and strengthen our water management strategies moving forward.

We remain committed to achieving our target of a 5% reduction in water consumption by 2027 and will conduct annual reviews of our water management practices to identify further opportunities for improvement. Through these ongoing efforts, we aim to enhance water efficiency across all our operations, ensure compliance with regulations, and contribute to the sustainable management of this vital resource.

At TWB, we understand that water is a finite and precious resource, and we will continue to implement innovative and effective solutions to ensure that we use it responsibly and efficiently for the benefit of our operations, our communities, and the environment.

Water management	Measures	2022	2023	2024
Total volume of water used - C9(a)	Megalitres	10.30	11.21	13.78



SUSTAINABILITY STATEMENT (CONT'D)

13. Waste Management

At TWB, we prioritise effective waste management practices to minimise our environmental footprint and promote sustainability, both within our operations and in the surrounding communities where we operate. We generate a variety of waste, including hazardous waste (classified as scheduled waste) and non-hazardous waste, such as domestic waste and recyclable materials. Improper waste management can have severe consequences, including negative impacts on air and water quality, soil contamination, and health risks to employees and local communities. Therefore, we recognise the importance of implementing responsible waste management practices at every stage of our operations.

Our Waste Management Commitment

We are committed to reducing the amount of waste generated by our operations and adopting a sustainable approach that focuses on reducing, reusing, and recycling materials wherever possible. In line with this, we strive to implement proactive measures to manage waste responsibly across all our activities.

Key Principles of Our Waste Management Strategy:

- **Waste Reduction:** Minimizing the amount of materials used in our operations, such as through more efficient production processes.
- **Recycling and Reuse:** Separating waste into categories for ease of recycling and reuse, and ensuring that recyclable materials are appropriately processed.
- **Employee Awareness:** We regularly engage with our employees to raise awareness about the significance of sustainable waste management practices. Training programmes are conducted to ensure that all staff members understand their role in minimising waste and following best practices.

Employee Training and Awareness

In 2024, we conducted intensive training for our employees on “Environmental Monitoring and Awareness of Scheduled Waste Management”, with the goal of improving understanding of the legal requirements for waste management and ensuring that our operations are in compliance with environmental regulations. A total of 31 employees participated in this training, which helps ensure that waste management practices are implemented systematically and effectively across our operations.

Compliance with Regulations

TWB is guided by local regulatory laws related to waste management, including the Environmental Quality (Scheduled Wastes) Regulations (Amendment) 2007, which outlines how scheduled waste (hazardous waste) should be handled. In addition, we adhere to industry certification requirements, such as TLAS and MTCS, ensuring that our waste management practices meet the standards of environmental responsibility.

We manage scheduled waste on-site with periodic monitoring and data recording. This includes ensuring that all hazardous waste is properly segregated, stored, and handled from its collection point to final disposal by licensed contractors. This systematic approach helps mitigate any potential environmental and health risks associated with hazardous materials.

Non-hazardous waste primarily consists of domestic waste generated at our headquarters (HQ) and camp offices, as well as recyclable materials. We are committed to reducing the volume of non-hazardous waste generated and promoting recycling through the following initiatives:

SUSTAINABILITY STATEMENT (CONT'D)

Waste Management Practice	
Segregation of non-recyclable and recyclable waste <i>Improving waste management efficiency</i>	Advocating the use of paperless documents by going digital <i>Increasing reliance on digital documents</i>
<ul style="list-style-type: none"> ▪ The Company has segregated the three (3) types of waste, two (2) types of non-recyclable, and one (1) type of recyclable. ▪ Non-recyclable Domestic waste is food-related and mixes wastes. ▪ Non-recyclable Scheduled waste is used motor oil with its final disposal by appointed licensed contractors. ▪ Recyclable waste is paper-related waste. We promote waste reduction and recycling among employees by encouraging them to reuse paper. 	<ul style="list-style-type: none"> ▪ The Company is increasingly relying on documents by going digital by providing soft copies of most documents, such as meeting agendas and audit documents, to our stakeholders since 2018. ▪ In 2023, we had distributed our 2022 Annual Report in digital form

Waste Generation

In 2024, we took an important step by measuring the total waste generated across our operations for the first time. TWB generated a total of 6.11 metric tonnes of waste, including both hazardous (scheduled) and non-hazardous waste. Of this total, 0.7% was reused or recycled. This marks an important baseline for future waste reduction goals and highlights the ongoing need to increase our recycling and reuse efforts.

1. **Hazardous Waste:** Categorized as scheduled waste, this type of waste is carefully managed to ensure proper storage, handling, and disposal.
2. **Non-Hazardous Waste:** Includes domestic and recyclable waste. Efforts are focused on increasing the proportion of waste that can be reused or recycled.

Total waste generated, and a breakdown of the following		Measures	2022	2023	2024
i)	Total waste diverted from disposal – C10(a)	Metric tonnes (MT)	Nil	Nil	0.04
ii)	Total waste directed to disposal – C10(b)	Metric tonnes (MT)	Nil	Nil	6.07
TOTAL		Metric tonnes (MT)	Nil	Nil	6.11

We are committed to continually improving our waste management practices. Our key priorities moving forward include:

- **Increasing Recycling Rates:** We aim to improve the percentage of waste that is reused or recycled, targeting a higher recycling rate in the coming years.
- **Waste Minimisation:** Identifying and implementing additional opportunities for reducing waste generation in our operations.
- **Sustainable Practices:** We ensure that all our waste management practices comply with the relevant local laws and regulations. Additionally, we adopt best practices recommended by recognised environmental standards to continuously monitor our environmental footprint.

In conclusion, TWB remains dedicated to responsible waste management to protect the environment and the communities around us. Through continuous improvements, training, and compliance with relevant regulations, we strive to reduce the impact of our operations on the environment while promoting a culture of sustainability.

Performance Data Table

As part of TWB's commitment to responsible corporate governance, we adhere to Bursa Securities' enhanced sustainability reporting requirements under the Main LR.

In line with these requirements, we have generated a performance table from Bursa Securities' ESG Reporting Platform. This performance table discloses the sustainability performance data of each CI for the relevant CSM in the prescribed format.

For more details, please find the performance table attached below.

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	11.00	89.00	89.00
Executive	Percentage	14.00	100.00	100.00
Non-executive/ Production	Percentage	0.00	71.00	38.00
General Workers	Percentage	0.00	67.00	50.00
Technical	Percentage	0.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	16,714.00	68,359.00	85,675.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3,500	3,500	4,500
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	0.00
Management Between 30-50	Percentage	33.00	33.00	33.00
Management Above 50	Percentage	67.00	67.00	67.00
Executive Under 30	Percentage	14.00	14.00	14.00
Executive Between 30-50	Percentage	29.00	29.00	43.00
Executive Above 50	Percentage	57.00	57.00	43.00
Non-executive/ Production Under 30	Percentage	8.00	17.00	19.00
Non-executive/ Production Between 30-50	Percentage	68.00	62.00	57.00
Non-executive/ Production Above 50	Percentage	24.00	21.00	24.00
General Workers Under 30	Percentage	20.00	11.00	20.00
General Workers Between 30-50	Percentage	60.00	56.00	50.00
General Workers Above 50	Percentage	20.00	33.00	30.00
Technical Under 30	Percentage	33.00	0.00	0.00
Technical Between 30-50	Percentage	67.00	50.00	100.00
Technical Above 50	Percentage	0.00	50.00	0.00
Gender Group by Employee Category				
Management Male	Percentage	89.00	89.00	89.00
Management Female	Percentage	11.00	11.00	11.00
Executive Male	Percentage	14.00	14.00	14.00
Executive Female	Percentage	86.00	86.00	86.00
Non-executive/Production Male	Percentage	84.00	87.00	90.00
Non-executive/ Production Female	Percentage	16.00	13.00	10.00
General Workers Male	Percentage	50.00	44.00	60.00
General Workers Female	Percentage	50.00	56.00	40.00
Technical Male	Percentage	100.00	100.00	100.00
Technical Female	Percentage	0.00	0.00	0.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	83.00	83.00	67.00
Female	Percentage	17.00	17.00	33.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	112.40	109.40	103.50
Bursa (Health and safety)				
Bursa C5(a) Number of work- related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	10	41	42

SUSTAINABILITY STATEMENT (CONT'D)

Indicator	Measurement Unit	2022	2023	2024
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	115	155	195
Executive	Hours	38	84	115
Non-executive/Production	Hours	19	56	734
General Workers	Hours	6	15	218
Technical	Hours	2	15	48
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	0	0	0
Executive	Number	1	0	0
Non-executive/Production	Number	5	1	3
General Workers	Number	4	4	1
Technical	Number	3	0	3
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00	100.00	100.00
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	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	10.300000	11.210000	13.780000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	6.11
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	0.04
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	6.07
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	309.40	292.78	203.90
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	21.10	20.19	19.90
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	3,132.11	3,284.18	3,443.97

Internal Assurance

External Assurance

No Assurance

(*) Restated

SUSTAINABILITY STATEMENT
(CONT'D)**STATEMENT OF ASSURANCE****Assurance undertaken**

In strengthening the credibility of the Sustainability Statement for the reporting year of 2024, this Sustainability Statement has been subjected to an internal review by the Company's internal auditors, Messrs. Lim KK & Co. and has been approved by the Company's Audit Committee on 27 March 2025.

Subject matter

All content of this Sustainability Statement.

Scope

The boundary of the internal review includes all companies within the Group's financial control.

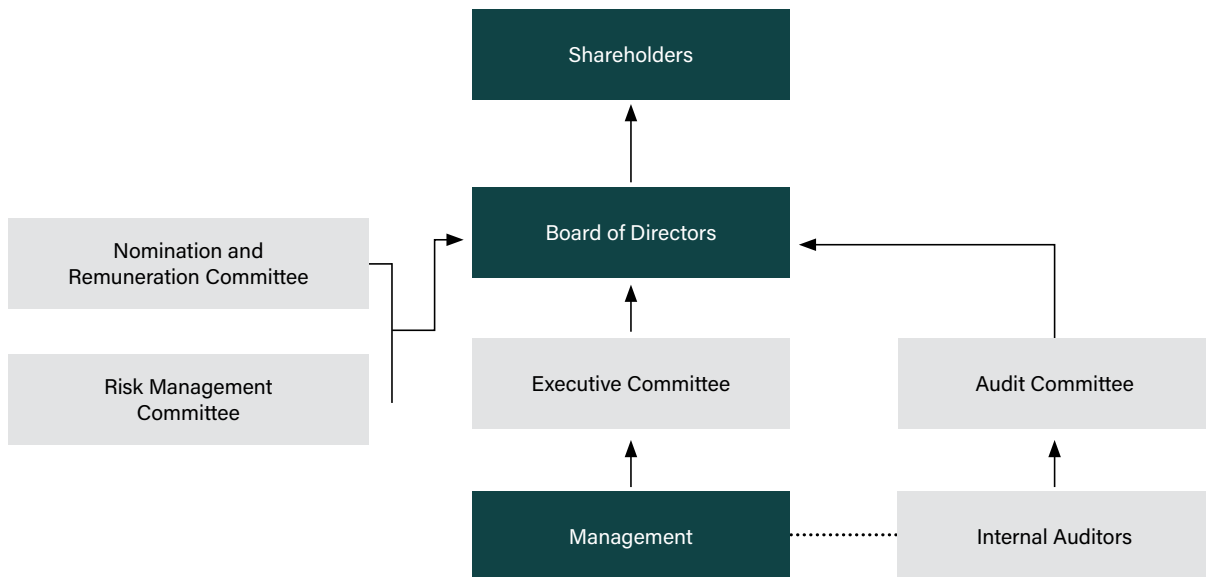
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") is fully committed to ensuring that a high standard of corporate governance in accordance with the Malaysian Code on Corporate Governance 2021 ("Code") is applied and maintained throughout the Company and its subsidiary ("the Group") with the ultimate objective of safeguarding the interests of the shareholders as well as other stakeholders and the financial performance of the Group.

The Board is pleased to set out below how the Group has applied the three (3) key principles laid down in the Code. This Statement, together with the Statement on Risk Management and Internal Control, sets out the manner in which the Company has applied the principles and practices of the Code.

This statement is to be read together with the Corporate Governance Report ("CG Report") which is available on the Company's website at <http://www.timwell.com.my> as well as via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities") (<http://www.bursamalaysia.com>).

CORPORATE GOVERNANCE STRUCTURE



PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board has full control of and is responsible for the Group's overall strategy, formulation of policies, annual budget, review of financial and operational performance and internal control.

The Board has delegated matters pertaining to the day-to-day management, operations and strategic development of the Group to the Chief Executive Officer ("CEO") who is supported by a competent Management team.

The Board acknowledges the essential of ensuring that the Company's strategies promote sustainability. As in the timber industry, the Board is strongly aware of the importance of balancing of environmental, social and governance aspect with the interest of various stakeholders is essential to enhancing investors' perception and public trust.

The Sustainability Statements, which the details are presented on pages 26 to 65 which stated the actions taken by the Company in protecting the environment while striking to achieve a better performance towards the goal at sustainable development.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.1 Strategic Aims, Values and Standards (cont'd)

The Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter, which was reviewed by the Board on 21 February 2024. The Board Charter has been published on the Company's website at <http://timwell.com.my>.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles. The Board Charter is reviewed periodically to ensure that it complies with the best practices and regulations.

The Board has set the management authority limit and retained its authority of approval on significant matters. The Board has also formalised its responsibilities and functions as well as the division of responsibilities and powers between the Board, Management and Board Committees in its Board Charter. This Board Charter also provides a basis to the Board in assessing its own performance and that of its individual directors. Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.

The Board, through the Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and other relevant Committees, provides effective oversight of Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements.

1.2 The Roles of Chairman and CEO

The Chairman of the Company leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. Together with the Executive Director, other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders, ensuring effective communication with the shareholders as well as the relevant stakeholders.

The CEO is responsible for ensuring the effective implementation of the Group's strategic plan and policies established by the Board, as well as to manage the daily conduct of the business. In addition, he is accountable to the Board for the achievement of the Group's goals and objectives and is expected to act within the authorities delegated to him by the Board.

The details of the role and functions of the Chairman and CEO are stated in the Board Charter.

1.3 Separation of the Positions of the Chairman and CEO

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the CEO to promote accountability, ensure appropriate balance of roles, facilitates division of responsibilities between them so as to ensure no one individual can influence the Board's discussions and decision making.

The position of the Chairman and the CEO are held separately by Mr Wong Chong Kim and Datuk Pau Chiong Ung, respectively, to ensure a good balance of power and authority such that no one individual has unfettered powers in decision making.

The CEO serves as the conduit between the Board and Management in ensuring the success of the Group's governance and management function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.4 Qualified and Competent Secretaries

In performing their duties, all Directors have access to the services of the Company Secretaries. The Company Secretaries acts as the corporate governance counsel and ensures good information flow within Board, Board Committees and Management. The Company Secretaries attended all meetings of the Board and Board Committees and have been providing guidance to the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016 ("the Act"), Main Market Listing Requirements ("Main LR"), the Code, etc.

1.5 Board Meetings

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All the proceedings at the Board meetings are properly minuted and signed by the Chairman. The Board follows formal schedules for meeting and all the Board members are adequately provided with status report and Board papers within a reasonable period prior to the meeting to assist them to make the best decisions in the best interest of the Company at all times. However, urgent matters may be tabled at the meeting itself. To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The Board papers include, among others, the following documents or information:

- Reports of meetings of committees of the Board, including matters requiring the full Board's deliberation and approval;
- Performance reports of the Group, which include information on financial, strategic business issues, major operational issues and updates; and
- Board papers for other matters for discussion/approval.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships in more than five (5) public listed companies and shall notify the Chairman before accepting any new directorship.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 31 December 2024, a total of five (5) Board Meetings were held and all members achieved a 100% attendance rate. The following are the details of attendance of the Directors:

Name of Directors	Designation	Number of Meetings attended
Mr Wong Chong Kim	Independent Non-Executive Director	5/5
Mr Lim Ah Lay	Senior Independent Non-Executive Director	5/5
Mr Loo Choo Hong	Independent Non-Executive Director	5/5
Madam Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director	5/5
Mr Michael @ Radio bin Luban	Independent Non-Executive Director	5/5
Ms Yap Fook Fung (Appointed on 21 May 2024)	Non-Independent Non-Executive Director	2/2
Datuk Yap Pak Leong (or his Alternate Director: Ms Yap Fook Fung) (Resigned on 21 May 2024)	Non-Independent Non-Executive Director	3/3

All Directors complied with the requirements of Paragraph 15.05(3)(c) of the MMLR which stipulates a minimum of 50% attendance of the Board meetings held in a financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board's Leadership on Objectives and Goals (cont'd)

1.6 Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's business and affair and has full access to management, Company Secretary, Internal Auditors and External Auditors for information needed to carry out their duties and responsibilities. Independent professional or other advice is made available to Directors at the Company's expense, subject to the Board's approval, if such advice is required.

The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to meetings to allow the Directors to have sufficient time to peruse the papers for effective discussion and decision-making during meetings.

1.7 Code of Ethics and Conduct

The Board is committed in maintaining a corporate culture which engenders ethical conduct. The ethical standards are formalised through the Company's Code of Ethics and Conduct, which requires all Directors and Employees to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.

The Code of Ethics and Conduct is accessible on the Company's website.

1.8 Whistle Blowing Policy

The Board has also adopted a whistleblowing policy ("WP") setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WP is in line with Section 587 of the Companies Act 2016 ("the Act") where provisions have been made to protect TWB's officers who make disclosures on breach or non-observance of any requirement or provision of the Act or on any serious offence involving fraud and dishonesty.

The WP is accessible on the Company's website.

1.9 Anti-Bribery and Corruption Policy

The Board was appraised and updated on the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act 2009") especially Section 17A of the Corporate Liability Provisions. The Board had adopted an Anti-Bribery and Corruption Policy which was drafted based on the Principles detailed in the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices.

The Anti-Bribery and Corruption Policy is made available on the Company's website.

1.10 Conflict of Interest ("COI")

The Board meticulously follows a robust procedure for the regular scrutiny and oversight of potential conflicts of interest, which is conducted on a quarterly basis. Directors with substantial commitments beyond the Group are required to disclose these commitments prior to their appointment and are expected to provide updates in case of any changes. The Company Secretary maintains a comprehensive register of both actual and potential conflicts of interest, subject to an annual review.

Moreover, all Directors and key senior management are mandated to declare their interests on yearly basis, and this information is presented to the Board for notation.

There were no COI nor potential COI reported in year 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION

1. Strengthen Board's Objectivity

1.1 Board Committees

The Board is supported by the following Board Committees whose compositions are in accordance with the best practices as prescribed by the Code to ensure the Board's effectiveness and to efficiently discharge its duties and responsibilities. Each Board Committee operates within its terms, which clearly define its functions and responsibilities. Minutes of Board Committee meetings are circulated at the Board Meetings.

1. Audit Committee ("AC")

The objective, composition, terms of reference and activities of the AC together with its report are presented on pages 95 to 99 of the Annual Report.

2. Nomination and Remuneration Committee ("NRC")

The NRC consists of entirely Non-Executive Directors with a majority being Independent Non-Executive Director, as follows:

Name of Directors	Designation	Meeting Attendance
Lim Ah Lay (Chairman)	Senior Independent Non-Executive Director	2/2
Agnes Soei-Tin Lamey	Non-Independent Non-Executive Director	2/2
Michael@Radio bin Luban	Independent Non-Executive Director	2/2

In 2024, the NRC held two meetings to fulfill its duties and responsibilities, with all members attending both meetings, resulting in a 100% attendance rate.

The detailed terms of references of the NRC are made available on the Company's website at www.timwell.com.my.

NOMINATION FUNCTION

The NRC is responsible for assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company.

Management shall engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities, diversity requirements, age and cultural background, for both the Board and the Committee appointments.

The NRC evaluates the qualifications and experience of the candidates in accordance with the Fit and Proper Policy which includes gender diversity. Where appropriate, the NRC recommends suitable candidates to the Board for appointment, with priority given to individuals possessing the necessary skill, talent and experience.

The NRC will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.1 Board Committees (cont'd)

2. Nomination and Remuneration Committee ("NRC") (cont'd)

REMUNERATION FUNCTION

The NRC also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the Company offers fair compensation and is able to attract and retain talent who can add value to the Company. The Directors' Fees paid to the Directors are tabled at the Company's Annual General Meeting ("AGM") for approval.

Summary of Activities of NRC

During the financial year under review, two (2) meetings were held and attended by all members. The main the activities carried out by the NRC during the financial year under review were as follows:

- reviewed and assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;
- reviewed and assessed the character, experienced, integrity, competence and time commitment of each Director;
- review and assessed the performance of the Chief Financial Officer ("CFO");
- reviewed and recommended to the Board, the re-election and re-appointment of retiring Directors who will be retiring at the forthcoming AGM of the Company;
- assessed and evaluated the level of independence of Independent Directors;
- reviewed and assessed the term of office and performance of the AC and each of its members;
- assisted the Board in assessing the training needs of the Directors during the year;
- reviewed and deliberated on the Directors' Fee and Directors' remuneration;
- assessed financial literacy of the AC members;
- reviewed and assessed the appointment of new director;
- reviewed and assessed the appointment of new Board Committees member;
- reviewed the terms of reference of NRC; and
- reviewed the service contract and remuneration package of Chief Executive Officer ("CEO").

The NRC is satisfied with the effectiveness of the Board and its Committees, including the contributions by each of the members based on the annual assessments conducted and affirmed by each of the members of the Board. The NRC is confident that each of the members of the Board and its Board Committees will continue to operate and contribute effectively.

3. Risk Management Committee ("RMC")

The RMC shall assist the Board in assessing and overseeing the Group's business risk profile. The assessments set out the results of the Group's business risk assessment and provide the Risk Management Plan for the Group. Actions and strategies adopted by the Group would be developed and executed by the management and reviewed by the AC and RMC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.1 Board Committees (cont'd)

3. Risk Management Committee ("RMC") (cont'd)

The current members of the RMC are as follows:

Name of Directors	Designation	Meeting Attendance
Lim Ah Lay (Chairman)	Senior Independent Non-Executive Director	1/1
Yap Fook Fung	Non-Independent Non-Executive Director	1/1
Michael@Radio bin Luban	Independent Non-Executive Director	1/1

In 2024, one (1) meeting was held to discharge its duties and responsibilities. The percentage in attendance for the RMC members is 100%.

Duties and Responsibilities

- assess and evaluate the Group's overall business risk management in accordance to the policy and strategy approved by the Board;
- deliberate and make recommendations to the Board on actions and strategies to be adopted by the Group; and
- oversee the implementation of the business risk management action plan approved by the Board.

Further details of the Risk Management Committee are set out in the Statement on Risk Management and Internal Control of this Annual Report.

4. Executive Committee ("EXCO")

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

In addition, the sustainability of TWB is governed by EXCO and to oversees the organisation's sustainability agenda in environmental, social and governance excellence. It is supported by the Management to manage sustainability strategically, including the integration of sustainability practices into the operations of TWB.

The NRC reviewed the composition of the EXCO during its meeting on 21 May 2024. As both the EXCO and the Management Committee oversee the Company's operational matters, they consist of senior management but are led separately—one by a director and the other by the CEO. Following the dissolution of the existing EXCO, the Management Committee was rebranded as EXCO. The current members of the EXCO are as follows:

Name of Directors	Designation	Meeting Attendance
Datuk Pau Chiong Ung (Chairman)	Chief Executive Officer	*6/6
William Joseph Jomiu	FMU Manager	4/4
Lee Yoke Wah	Corporate Services Manager	4/4
Suhalli Sainan	Assistant FMU Manager	4/4
Ker Chi Khun	Group Accountant	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.2 Board Composition

As at 31 December 2024, the Board consisted of six (6) members, comprising of four (4) Independent Non-Executive Directors ("INED") and two (2) Non-Independent Non-Executive Director ("NINED").

The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR and the Code as more than half of its members are Independent Directors. The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience and knowledge to direct and manage the Group's businesses.

The Board is satisfied that, through the annual performance appraisal of the Board, the Board Committees and individual directors, the current board composition represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively.

A brief profile of each Director is presented on pages 11 to 13 of this Annual Report.

1.3 Board Balance and Independence

The composition of the Board is fundamental to its success in providing strong and effective leadership. The Board comprises a strong mix of experienced individuals with the majority being Independent Directors who offer external perspectives on the business and constructively challenge to the Executive Director(s), particularly in developing the Group's business strategies.

The presence of a majority of Independent Directors provides effective check and balance in the functioning of the Board to safeguard the interests of shareholders and all other stakeholders.

Independence is important for ensuring objectivity and fairness in board's decision making. All Independent Directors comply with the criteria of 'independent directors' as prescribed in MMLR.

The Board, through the NRC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and its involvement in any significant transaction with the Company.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group as all of the Independent Directors have satisfactorily demonstrated that they are independent from Management and free from any business or other relationship with the Group that could materially affect or interfere with the exercise of objective and independent judgement to act in the best interest of the Group.

1.4 Tenure of Independent Directors

The Company had adopted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a NINED. The Board will seek shareholders' approval through a two-tier voting process, in the event that a Director, who has served in that capacity for more than 9 years but less than 12 years, retains as an Independent Director.

The Company does not have tenure limits for Independent Directors and the Board is of the opinion that the ability of an Independent Director to exercise his/her independence and objective judgment in Board deliberations shall not be a function of his/ her length of service as an Independent Director.

None of the Independent Directors have exceeded a cumulative term of 9 years as at the date of this report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.5 Board Diversity and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which including the selection of Board members.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

1.6 Board Gender Diversity

The Board acknowledges the importance of boardroom and senior management diversity and the recommendation of the Code pertaining to the establishment of a gender diversity policy.

As the date of this Annual Report, the Board comprised of six (6) Directors, of whom two (2) are female, providing a representation rate of 33% which complies with the requirement of Main LR to have at least one (1) woman Director on the Board.

1.7 Board Appointment Process

The Company has in place formal and transparent procedures for the appointment of new Directors and Senior Management. The Company strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

As for the appointment of INED, the NRC evaluates the ability to discharge such responsibilities before making recommendation to the Board.

The Board has entrusted the NRC with the responsibility to review candidates for the Board and key Management positions and to determine remuneration packages for these appointments. The NRC is also entrusted to the nomination, selection, remuneration and succession policies for the Group.

Following the amendments made to the Main LR of Bursa Securities, the Board has adopted the Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure that a formal, rigorous and transparent process is adhered to for the appointment, re-appointment and/or re-election of the Directors of the Group. The said policy is available on the Company's corporate website.

In May 2024, the Board endorsed the NRC's recommendation to appoint Ms Yap Fook Fung as NINED following the resignation of Datuk Yap Pak Leong.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

1. Strengthen Board's Objectivity (cont'd)

1.8 Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by the shareholders at the following AGM immediately after their appointment. The Constitution also require that one-third (1/3) of the Directors including the Managing Director retire by rotation and seek re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years. All retiring Directors are eligible for re-election.

This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders to renew their decision, sufficient information such as personal profile, meetings attendance and the shareholdings of each Director standing for election are available in the Annual Report.

Prior to recommending the re-election of the Directors to be tabled at the forthcoming 29th AGM of the Company, the NRC also reviewed and assessed the retiring Directors in terms of their performance and contribution. The assessment took into consideration the criteria prescribed in the Directors' Fit and Proper Policy.

The following Directors are subject to retirement at the forthcoming 29th AGM and they have expressed their willingness to seek for re-election at the 29th AGM:-

1. Mr Wong Chong Kim and Madam Agnes Soei-Tin Lamey are subject to retirement by rotation pursuant to Clause 97 of the Company's Constitution.
2. Ms Yap Fook Fung is subject to retirement by rotation pursuant to Clause 104 of the Company's Constitution.

1.9 Sustainability Leadership

The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards the sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social, and governance issues and any other external matters that may affect the development of the Group's business or the interests of the shareholders, ensuring that the Company's strategies promote sustainability.

The Group is fully committed to discharge its duty in curbing environmental concerns, ensuring safety and health of employees and consumers are safeguarded.

The Company recognises the importance of stakeholder engagement and engages with stakeholders through communication avenues such as dialogues, media engagement, general meetings, survey, feedback, annual, quarterly reports and announcements, and designated email allowing stakeholders to communicate their views and concerns to the Board and Management.

Aside from environmental and social sustainability practices, the Group has adopted the Code of Ethics and Conduct, Whistleblowing Policy, Anti-Bribery and Corruption Policy and Conflict of Interest to uphold high standards of governance practice across the Group and exercises zero tolerance against all forms of bribery and corruption. The codes and policies are accessible to the Company's website.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)****PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****PART II - BOARD COMPOSITION (CONT'D)****2. Overall Board Effectiveness****2.1 Annual Evaluation**

On annual basis, the relevant assessment and review forms/questionnaires in relation to the board evaluation will be circulated to all the Directors to complete in advance of the meeting of the NRC in order to collate the assessment results for the NRC's review.

The Board, through the NRC, had established criteria to ensure board composition and diversity with right mix of knowledge, skills and competency for which performance evaluation are to be based upon. The criteria adopted for the Board's performance evaluation includes Board mix and composition, directors' training, independence, quality of information, Board proceedings, Board's roles and responsibilities and the Chairman's roles and responsibilities. Annual board review was conducted by the NRC to assess and evaluate the Board's effectiveness base on the above criteria during the financial year.

In addition, peer review of the knowledge and skill sets of fellow directors is required to be performed by each director based on evaluation criteria established, which includes integrity, professionalism, knowledge, performance and participation during board meetings, contribution and board relationship. Peer review of directors was conducted by the NRC during the financial year.

As for the performance evaluation of Board committees, the Board assesses the performance of the AC and NRC based on the recommended evaluation criteria adopts from Corporate Governance Guide issued by Bursa Securities, which includes committees' composition, contribution to the Board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes. The NRC has concluded review of the performance of the Board committees.

Based on the above assessments, the NRC was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

The NRC also undertakes yearly evaluation of the performance of the CFO, whose remuneration is directly linked to performance, based on the score sheet. For this purpose, the performance evaluation for the year 2024 of the CFO was reviewed by the NRC on 26 February 2025.

2.2 Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry, technology and updates on regulations, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the MMLR.

There were also briefings by the External Auditors and the Internal Auditors and the Company Secretary on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings.

During the financial year, the Directors had attended training courses, conferences and seminars conducted by various external professionals to enhance their knowledge and expertise, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

2. Overall Board Effectiveness (cont'd)

2.2 Directors' Training (cont'd)

The training course, conferences and seminar attended by the Directors during the financial year were as follows:

No.	Continuing Education Programme Attended	Month Attended
1.	Wong Chong Kim	
	1. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	June 2024
	2. RHB Culture Components	November 2024
	3. RHB AML/CFT (Malaysia)	November 2024
2.	Agnes Soei-Tin Lamey	
	1. MIA 2023 Budget Seminar	March 2024
	2. Jabatan Tenaga Kerja Sabah - Jabatan Tenaga Kerja Sabah - Seminar Perburuhan Rang Undang-Undang Pindaan Buruh (Sabah Bab 67)	May 2024
	3. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	July 2024
3.	Loo Choo Hong	
	1. ACCA Double Materiality Assessment for Sustainability Reporting Challenges of Regulatory Evolutions	January 2024
	2. Customs - Understanding SST by ASQ Consultants Sdn. Bhd.	March 2024
	3. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	June 2024
	4. CTIM - National Tax Conference 2024	July 2024
4.	Lim Ah Lay	
	1. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	June 2024
5.	Michael@Radio Bin Luban	
	1. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	June 2024
	2. MIA 2025 Budget Seminar	November 2024
6.	Yap Fook Fung	
	1. Bursa Malaysia Mandatory Accreditation Programme Part II - Leading for Impact	June 2024
	2. MIA 2025 Budget Seminar	November 2024

All Directors appointed to the Board have undergone the Mandatory Accreditation Programme ("MAP") Part I and Part II.

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their business acumen and professionalism in discharging their duties to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION

The Board has adopted a Remuneration Policy ("Policy") to support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value.

The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate and retain persons of high caliber who will manage and drive the Company's success. The details of the policy are included in the Board Charter available on the Group's website.

The Executive Directors' remunerations are designed to link rewards to the Group's and individual's performances whilst the remunerations of the Non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed. The Directors' remunerations are in line with the market expectation and competition to retain and attract talents. The NRC shall ensure that the level of remuneration is sufficient to attract and retain Directors of the quality required to manage the business of the Group.

The NRC is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The Directors' fee and/or the benefits payable are/is recommended by the Board for the approval by shareholders of the Company at the AGM.

Other than the CEO, all Directors are paid a fixed fee and receive meeting allowance for each Board Meeting they attended. The Chairman is paid at higher fee as compared to other Board members in recognition of his additional responsibilities.

The details of the remuneration of the Directors of the Group and Company, paid and payable for the financial year ended 31 December 2024 are as follows:

	Fees and Allowances RM'000
Executive Directors	-
Non-Executive Directors	329.5
TOTAL	329.5

	Director Fees RM'000	Meeting Allowances RM'000	Total RM'000
Wong Chong Kim	45.0	12.5	57.5
Loo Choo Hong	40.0	15.0	55.0
Lim Ah Lay	40.0	17.0	57.0
Agnes Soei-Tin Lamey	40.0	16.5	56.5
Michael@Radio Bin Luban	40.0	10.5	50.5
Datuk Yap Pak Leong ⁽¹⁾	16.7	3.0	19.7
Yap Fook Fung ⁽²⁾	24.3	8.5	32.8
Datuk Stephen Abok ⁽³⁾	0.5	-	0.5
TOTAL	246.5	83.0	329.5

Note:

(1) Resigned on 21 May 2024.

(2) Appointed on 21 May 2024.

(3) A director of subsidiary Company, Timberwell Plywood Sdn. Bhd.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

The numbers of the Company's Directors with total remuneration fall within the successive bands are as follows:-

Range of remuneration	Number of Directors		
	Executive	*Non-Executive	Total
Above RM50,000	-	5	5
Below RM50,000	-	1	1
TOTAL	0	6	6

The number of top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2024 within the successive bands of RM50,000 is as follows:

	Position	Basic Salaries, Bonus and Other Employee Benefit	Employer Contribution (EPF, SOCSO & EIS)	Total
		RM'000	RM'000	RM'000
Datuk Pau Chiong Ung	Chief Executive Officer	490.5	58.8	549.3
William Joseph Jomiu	FMU Manager	130.0	16.9	146.9
Lee Yoke Wah	Corporate Services Manager	123.8	16.1	139.9
Mansus Sungi	Camp Manager	82.6	10.9	93.5
Suhaili Bin Sainan	Assistant FMU Manager	75.6	10.3	85.9
TOTAL		902.5	113.0	1,015.5

The top five (5) senior management with total remuneration fall within the successive bands are as follows:-

Remuneration Band	Number of top five (5) senior management
RM50,001 to RM100,000	2
RM100,001 to RM200,000	2
RM200,001 to RM300,000	-
RM300,001 to RM400,000	-
RM400,000 to RM500,000	-
RM500,000 to RM600,000	1

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I -AC

1. AC Composition and Chairman

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The AC comprises three (3) members, and all members are Non-Executive Directors, with the majority of Independent Directors. The AC is chaired by an Independent Non-Executive Director, who is distinct from the Chairman of the Board and all members of the AC are financially literate. None of the members was a former key audit partner of the Company's external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I - AC (CONT'D)

1. AC Composition and Chairman (cont'd)

The composition of the AC, including its roles and responsibilities as well as a summary of its activities carried out during financial year 2024, are set out in the AC Report on pages 95 to 99 of this Annual Report.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and the said policy has been incorporated in the Terms of Reference of the AC.

2. Oversight and Assessment of the Suitability and Independence of External Auditors

The Board considered the suitability and independence of the External Auditors during the discussion of the Group Audit Plan for the financial year ended 31 December 2024. The factors that take into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the External Auditors to the Group for the financial year under review.

The Board is aware of the potential conflict of interest situation that may arise if the Company's External Auditors are engaged to provide non-audit services to the Group. The External Auditors have reviewed the non-audit services provided to the Group during the year and that to the best of their knowledge, the non-audit services did not impair their independence. The Company also discloses fees received by the External Auditors for non-audit work for the financial year under review in Additional Disclosure Requirements.

On 26 February 2025, the AC had conducted an annual assessment of the timeliness, competence, audit quality and resource capacity of Messrs. Baker Tilly Monteiro Heng PLT in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

Based on the AC's annual assessment of the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for FY2024. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

The AC had also obtained assurance confirming that the External Auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.

3. Financial Reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects, primarily through the annual financial statements and the quarterly announcement of results.

Before the financial statements are drawn up, the Directors take the necessary steps to ensure that the Group had used all the applicable accounting policies and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

4. Financial Literacy of the AC

The AC currently comprised of members with professional experience in accounting, financial, business and economic environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I - AC (CONT'D)

5. Relationship with the auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the AC who has explicit authority to communicate directly with them. The External Auditors confirmed to the AC of their independency at each financial year and during their presentation of relevant audit Memorandum.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors is to achieve the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to review all Internal Audit reports and discuss findings with the Internal Auditors.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

1. Risk Management and Internal Control Framework

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while Management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objective.

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Risk Assessment Management Committee supports the Board in monitoring the Company risk exposures, the design and operating effectiveness of the underlying risk management and the internal control systems. Thereafter, the Risk Management Committee will report to the Board after due review of the effectiveness of the Group's risk management and internal control by the AC.

The risk management processes in identifying, evaluating and managing significant risks facing by the Company are embedded into the operating and business processes. These processes are undertaken by the CEO and Management in their course of work. Key matters covering the financial performance, operating, market, regulation and compliance, environment and etc. are reviewed and deliberated in the Business Risk Assessment Management Committee.

The Board has been integrating the risk issues into their decision-making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the AC Report and the Statement on Internal Control.

2. Internal Audit Function

The Board recognises the importance of good corporate governance and is committed to maintaining a sound system of internal controls and risk management. This includes the establishment of an appropriate control environment and risk management framework, processes and structures, and a continuous review of the adequacy and integrity of the said systems to safeguard shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 83 to 94 of this Annual Report provides an overview of the state of internal controls within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPAL C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I - COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. Hence, the Company's website has incorporated an investor relations section which provides all relevant information on the Company and it is accessible by the public.

The Board and Management have at all times ensure timely dissemination of information on the Company's performance and other matters affecting shareholders' interests to shareholders and investors through appropriate announcement (where necessary), quarterly announcements, relevant circulars, press releases and distribution of annual reports.

The Company has identified Mr Lim Ah Lay as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on a globally recognised framework.

PART II - CONDUCT OF GENERAL MEETING

The AGM is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification.

All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company the AGM. During the AGM, the Board encourages shareholders' participation in deliberating resolutions being proposed or on the Group's operation in general.

In line with good corporate governance practices, the notice of the AGM was issued at least 28 days before the AGM.

The Company will circulate to shareholders the complete minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company no later than 30 business days after the completion of the general meeting.

KEY FOCUS AREA AND PRIORITIES ON CORPORATE GOVERNANCE

Going forward, the Company will continue to operationalise and improve its corporate governance practices and instil a risk and governance awareness culture and mindset throughout the organisation in the best interest of all stakeholders.

This Corporate Governance Overview Statement was approved by the Board on 27 March 2025.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act 2016 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control ("SORMIC") of the Group is set by the Board of Directors of Timberwell Berhad's ("The Board") made in compliance with the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining effective risk management practice and a sound system of internal control in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

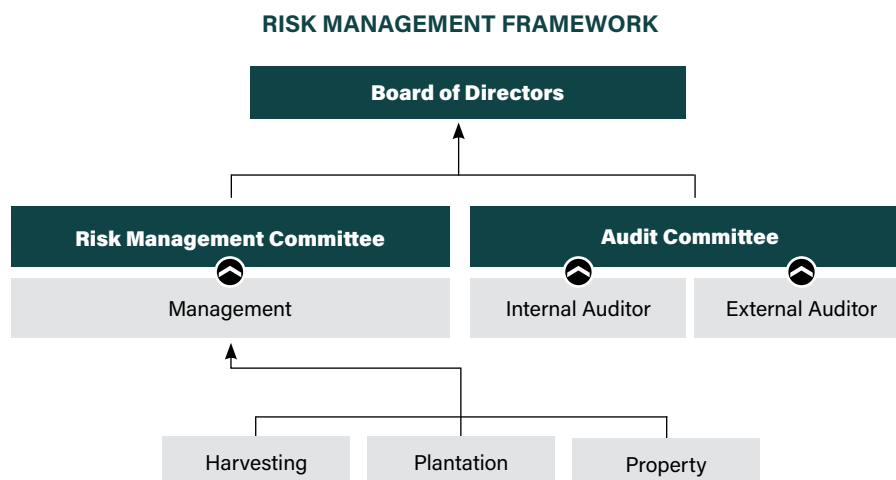
RISK MANAGEMENT

The Board maintains continuous commitment in strengthening the Group's risk management framework and activities. Management has been entrusted to continuously monitor the principal risks of the Group that have been identified, evaluate existing controls and formulate the necessary action plans with their respective process owners. The Chief Executive Officer ("CEO") is tasked with the responsibility of continuous monitoring and reviewing of the strategic directions of the Group.

Periodic meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

The Risk Management Committee ("RMC") was established to oversee and assess the Group's overall business risk profile. The RMC evaluates and sets out the Group Risk Management Plan and ensure that the action and strategies adopted by the Group would be developed and executed by Management and reviewed by the Audit Committee ("AC") and RMC.

The RMC supports the Executive Committee ("EXCO") to assess and manage the sustainability risks, including climate related risks. The RMC works with EXCO to evaluate how the environment, social and governance factors might impact the Company's operations, strategy and long-term viability as well as monitors how these risks are mitigated across the organisation. The Company's sustainability risk management framework has been further enhanced to incorporate climate-related hazards. A Climate Risk Management Process has been developed by the EXCO on 4 November 2024 follows sustainability-related principles and involves identifying, assessing and managing climate-related risks.



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

THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

RISK MANAGEMENT (CONT'D)

RMC is mainly responsible for the following:-

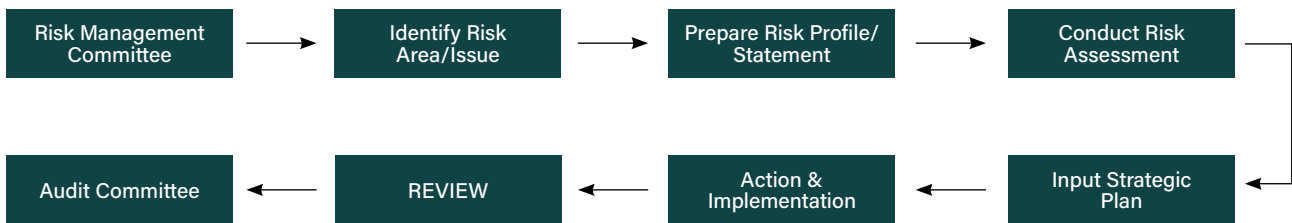
- assessing, improving and monitoring the Group Risk Management Framework ("RMF");
- evaluating and monitoring the overall risk profile;
- reviewing key business area and activities that are considered significant from a risk perspective; and
- providing guidance to Management in the development of appropriate and effective response strategies and contingency plans to manage or mitigate material risks that are in line with the nature of the identifiable risk.

Management (Each operation division) is responsible for:-

- implementing the RMF, policies and procedures on risk management and internal control; and
- the compliance risks and obligations are effectively managed on a timely manner.

External and Internal Auditors are to provide an independent and objective report on operational and management activities addressing of the possible level of risk assessed.

RISK MANAGEMENT PROCESS & OUTPUT



The principal risk areas and factors were identified, assessed and evaluated according to the risk management approach above.

The following are the principal risk areas/factors of the Group. These factors have a significant impact on the Group in terms of its results and strategic objectives, after considering likelihood and impact of the factor from both a financial and non-financial perspective.

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
1.	IMAGE • Current image, Shareholders, Directors and Management	<ul style="list-style-type: none"> • Profitability and Sustainability • Corporate Social Responsibility 	<ul style="list-style-type: none"> • Effects of support from Banker and recruitment of good management staff and employees. • Effects of support from the local communities. 	<ul style="list-style-type: none"> • Medium • Low 	<ul style="list-style-type: none"> • More publicity and activities to be carry out by the Directors and management to strengthen the positive image. • More publicity and activities to be carry out by the Directors and management to strengthen the positive image. 	<ul style="list-style-type: none"> • Directors & Management • Management & Staffs

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
2.	BUSINESS • Harvesting	• Contractors	• Great Impact on productivity and subsequent performance of the Company	• Medium	• Proper planning to increase harvesting activity and productivity during dry seasons to cover the shortage for wet seasons. If necessary, engage additional Contractors to increase the harvesting productivity.	• FMU & Harvesting Department
		• Buyer	• Great Impact on productivity and subsequent performance of the Company	• Medium	• Constantly updated on the timber market situation and be alert to the timber demand and prices at all times. • Proper planning is also needed to effectively and efficiently monitor and control the stock in hand. • Company plays an important role in protecting the buyers' sensitive information and preventing data breaches.	• FMU & Sales and Marketing, Corporate Services Department
	• Plantations	• Fair Weather, Soil Suitability and Weather Condition, Proper application of fertilisers.	• Affect the profitability	• High	• Ensure targeted planting area is met according to AWP and proper planning to maximise the planting and maintenance activities. Set minimum / low target for AWP for compliance achievement.	• FMU & Plantations Department
	• Properties	• Occupancy and Maintenance	• Impairment loss	• Medium	• Ensure the renewal of tenancy agreement and increase the rental fees by 5%-10%	• Admin Department, Internal Auditor & Valuer
	• Others (Disposal of Fixed Assets)	• Under control and monitor	• Impairment loss	• Medium	• Control and monitor of assets movement and conduct inspection on the moveable and non-moveable assets regularly.	• Admin Department, Internal Auditor & Valuer
	• Diversified Business Module	• Over reliance on sole business module	• Limited skills and knowledgeable resources resulting in possible loss of income in the future	• High	• Company to consider diversified business module and venturing into new business direction other than just managing FMU by producing logs through NFM and ITP alone for better business growth.	• Directors & Senior Management

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
3.	SHAREHOLDERS <ul style="list-style-type: none"> Major shareholders Shareholders expectation 	<ul style="list-style-type: none"> Financial Position Dividend & Profitability 	<ul style="list-style-type: none"> Liquidity Loss of Shareholders' support 	<ul style="list-style-type: none"> Low Low 	<ul style="list-style-type: none"> Improve communication and possible regular meeting between Directors & Shareholders Meet the expectation of the Shareholders to improve the Group performance and possible declaration of dividend at the end of each year. 	<ul style="list-style-type: none"> Directors Directors & Senior Management
4.	FINANCIAL <ul style="list-style-type: none"> International Financial Reporting Standard ("IFRS"), Malaysia Financial Reporting Standards ("MFRS") and National Sustainability Reporting Framework ("NSRF") Property, Plant and Equipment Financial Performance (Funding and Costing) 	<ul style="list-style-type: none"> Compliance with accounting standard Control or monitor of assets movement Effective decision making & Efficient costing/performance 	<ul style="list-style-type: none"> Suspended or reprimanded by MIA, MASB, Bursa Securities ("Bursa"), Securities Commission ("SC"), Companies Commission of Malaysia (CCM") and possible penalties that maybe imposed. Loss of Assets Loss of credibility and funding 	<ul style="list-style-type: none"> Medium Medium Low 	<ul style="list-style-type: none"> Up to date with the accounting standard by attending regular external training conducted by the professional bodies such as MIA, MASB, Bursa, SC and CCM. Conduct inhouse training within the accounts department to ensure that the accounting changes are relatively conveyed and in practice. To ensure the accounting policy and procedure are updated timely. Adoption of IFRS S2 with reliefs is for Annual Reports issued for the FYE on and after 31 December 2025. Full adoption of IFRS S1 and S2 is for Annual Reports issued for the FYE on and after 31 December 2027. Control and monitor of assets movement and conduct inspection on the moveable and non-moveable assets regularly. Keep proper registration and records. Continuously provide timely accounting analysis for Director/ Management decision. Monitoring funding and cost cutting measure efficiently. Review general ledger regularly to avoid/ minimise input errors. 	<ul style="list-style-type: none"> Directors, Audit Committees, Accounts Department, External Auditors, Internal Auditors & Company Secretary Admin Department, Internal Auditor & Valuer Accounts Department

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
4.	• Budget	• Accuracy & Comprehensive	• Loss of credibility and funding	• Medium	• Ensure the annual budget is accurately prepared in line with the annual business plan and provide comparison at the end of each year. Review each business sector to minimise the losses and improve the performance of the Group.	• Accounts Department
	• Transfer Pricing ("TP")	• Tax Compliance	• Additional taxes and penalties imposed by the Tax Authority	• Medium	• Closely monitor the TP transactions between the related parties and subsidiaries within the Group of Companies and to ensure the TP compliant are in accordance with the TP Rules and Guidelines issued by the Tax Authority.	• Accounts Department
	• E-Invoicing	• Tax Compliance	• Penalties imposed by the Tax Authority	• Medium	• To attend the external trainings and seminars conducted by relevant Professional bodies periodically to get up to date on the regulations. To obtain the required information from the respective party before the effective date and ensure the compliance by 1 January 2025.	• Accounts Department
5.	HUMAN CAPITAL					
	• Directors	• Ability and concern of the Company.	• Affect Company performance and Profitability	• Medium	• Conduct appraisal review yearly.	• Major Shareholders & Directors
	• Key Management	• Competency and concern of the Company	• Affect Company performance and Profitability	• Medium	• Conduct appraisal review yearly. Provide job satisfaction review and training in the related field from time to time.	• CEO & Senior Management
	• Forest Management Unit ("FMU")	• Devotion	• Affect Company performance and Profitability	• Medium	• Conduct appraisal review yearly. Provide job satisfaction review and training in the related field from time to time.	• FMU & HR Department
• Harvesting Staffs	• Competency	• Affect Company performance and Profitability	• Medium	• Conduct appraisal review yearly. Provide job satisfaction review and training in the related field from time to time.	• Harvesting & HR Department	

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
5.	Plantation Staffs	Competency	Affect Company performance and Profitability	Medium	Conduct appraisal review yearly. Provide job satisfaction review and training in the related field from time to time.	Plantations & HR Department
	Occupation Safety and Health ("OSH")	Safety Procedure and Awareness	Penalty for non-compliance & Company's performance	High	Conduct appraisal review yearly. Improve working environment and facilities in the Camp. Provide job satisfaction review and training in the related field twice a year.	FMU & HR Department
	Foreign Workers	Levy and approval from Immigration	Loss of workers	High	Keep up to date with the foreign worker policy and employment requirement.	FMU, Admin, Harvesting & Plantation Department
	Minimum Wages	Performance	Penalty for non-compliance	Medium	Review the salary scale at the end of each year to ensure Company meet with the minimum wages' requirement.	HR & Accounts Department
	COVID-19 (Endemic)	Health and Safety	Operation disruption, company performance and penalty for non-compliance	Medium	Review the health-related standard operating procedure ("SOP") from time to time in accordance to the World Health Organisation ("WHO") and Ministry of Health ("MOH")	Internal & External stakeholders (shareholders, directors, employees, contractors, auditors and etc.)
6.	LICENCE & REGULATIONS Obligation & Compliance (Annual Working Plan ("AWP"), Plantation Development Plan ("PDP") & Forest Management Plan ("FMP"))	Proper preparation and compliance	Affect the FMU License Agreement	Medium	Prepare check list, regular review/ inspection are conducted to ensure the Company comply with the regulations. Ensure the AWP, PDP & FMP are prepared according to Forestry requirement. Ensure yearly TLAS audit are granted approval.	CEO, FMU Department & Contractors
	Malaysian Timber Certification Scheme ("MTCS")	Compliance	Reduce profitability and performance	Medium	The MTCS Certification was deferred to 2020 after the conversion exercise takes place.	FMU Department
	Bursa Securities (Listing Regulations)	Compliance	Non-Compliance and possible penalty that maybe imposed	Low	Up to date with Bursa requirement by attending the training conducted by Bursa/Company Secretary and prepare a checklist to ensure that Company comply and meet with Bursa requirement and review regularly for amendment.	Directors, Primary Officers & Company Secretary

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
6.	<ul style="list-style-type: none"> Environmental, Social & Governance ("ESG") Common Sustainability Matters ("CSM") based on the recommended Common Indicators ("CI") C1 Anti-corruption C2 Community / Society C3 Diversity C4 Energy Management C5 Health & Safety C6 Labor Practices & Standards C7 Supply Chain Management C8 Data privacy & Security C9 Water 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Adoption of CI as prescribed by the Bursa Malaysia is by 31 December 2023. a) 3 Years Data for each Indicator b) Performance Targets Performance Data Table Sustainability Statement subjected to an internal review by the internal auditor called the "Statement of Assurance" 	<ul style="list-style-type: none"> Directors, Primary Officers, Internal Auditor & Company Secretary
	<ul style="list-style-type: none"> Additional CSM and CI C10 Waste Management C11 Emissions Management (Scope 1, 2 & 3) 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Adoption of CI as prescribed by the Bursa Malaysia is by 31 December 2024. a) 3 Years Data for each Indicator b) Performance Targets Performance Data Table 	<ul style="list-style-type: none"> Directors, Primary Officers, Internal Auditor & Company Secretary
	<ul style="list-style-type: none"> Task-Force on Climate Change Financial Disclosures ("TCFD") -aligned disclosures (pre-adoption) 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Adoption of TCFD-aligned disclosures in 3 Phases based on the recommended disclosures by 31 December 2025. Board of Directors: <ul style="list-style-type: none"> a) Board's Oversight of climate-related issues b) Management's role in assessing and managing climate-related issues. Risk Management Committee: <ul style="list-style-type: none"> a) Processes for identifying and assessing climate-related risks. b) Processes for managing climate-related risks. How these processes are integrated into overall risk management. 	<ul style="list-style-type: none"> Directors, Primary Officers, & Company Secretary

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
6.	<ul style="list-style-type: none"> Conflict of Interest ("COI") Disclosures 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> The Audit Committee "AC" to disclose a summary of any COI or potential COI situations and the measures taken to resolve, eliminate, or mitigate such conflicts in the Annual Report under the AC Report by 31 December 2024. 	<ul style="list-style-type: none"> Directors, Primary Officers, & Company Secretary
	<ul style="list-style-type: none"> Mandatory Accreditation Programme ("MAP") Part II 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Existing Directors appointed prior to 1 August 2023 are required to complete the MAP Part II within 24 months i.e 1 August 2023 to 1 August 2025. 	<ul style="list-style-type: none"> Directors, Primary Officers, & Company Secretary
	<ul style="list-style-type: none"> Securities Commission of Malaysia ("SC") 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Up to date with SC requirement by attending the training conducted by SC/ Company Secretary and prepare checklist to ensure that Company comply with SC requirement and review regularly for amendment. 	<ul style="list-style-type: none"> Directors, Primary Officers, & Company Secretary
	<ul style="list-style-type: none"> Companies Commission of Malaysia ("CCM") 	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Up to date with CCM requirement by attending the training conducted by CCM/Company Secretary and prepare checklist to ensure that Company comply with CCM requirement and review regularly for amendment. 	<ul style="list-style-type: none"> Chairman, Directors, CEO, Management, FMU Department & Contractors
	<ul style="list-style-type: none"> Sabah Forestry Department ("SFD") 	<ul style="list-style-type: none"> Good working relationship with the authority 	<ul style="list-style-type: none"> Affect the FMU and the core business of the Company 	<ul style="list-style-type: none"> Significant 	<ul style="list-style-type: none"> Good working relationship with the authority and up to date with the changes of the relevant policy. 	<ul style="list-style-type: none"> Directors, Primary officers & all employees
	<ul style="list-style-type: none"> Malaysian Anti-Corruption Commission ("MACC") 	<ul style="list-style-type: none"> Section 17A on Corporate Liability which takes effect in June 2020 and recommendation from Bursa Malaysia to strengthen the Governance of Listed Issuers to prevent Corruption, Misconduct, and Fraud. 	<ul style="list-style-type: none"> Non-Compliance and possible penalty that maybe imposed 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> The Anti-Bribery and Corruption "ABC" Policy to be in place and enforce accordingly. A copy of the ABC Policy to publish on Company's website for public information. 	<ul style="list-style-type: none"> Directors, Primary officers & all employees

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge	
7.	INDUSTRY & ECONOMIC (MALAYSIA & GLOBAL MARKET)	• Other FMU Holders	• Mutual Co-operation	• Loss of market information	• Medium	• Ensure Company is up to date with the competitors strategic and industry.	• FMU Department
		• Timber Association Sabah ("TAS")	• Devoted leaders	• Loss of market information	• Low	• Ensure the annual renewal of membership to qualify for the license requirement.	• FMU Department
		• Timber Demand & Market Price	• Economic downturn or boom	• Reduce profitability and performance	• Medium	• Up to date with the market price and demand	• Sales & Marketing Department
		• Competition with Artificial Timber Replacement	• Competition	• Loss of market information	• Low	• Price and product competition	• Sales & Marketing Department
		• Sabah Timber Industry Association ("STIA")	• Downstream Production	• Loss of market information	• Low	• Ensure the annual renewal of membership to qualify for the license requirement.	• FMU Department
		• Anti-Logging of Tropical Rainforest by world NGOs	• Rising of Tariff	• Ban of import of tropical timber	• High	• Work closely with the Government, the relevant body and association to set standard for tropical timber.	• Director/Senior Management
		• Foreign Currency Exchange	• Fluctuation of foreign currency, US dollar for sale of timber	• Impact on Ringgit, profit and cash flow from exchange of Ringgit to US Dollar.	• Medium	• Up to date with the foreign currency market situation.	• Sales & Marketing Department
		• COVID-19 Pandemic (Globally)	• Economic downturn	• Reduced profitability and performance	• High	• Up to date with the global COVID-19 situation.	• Sales & Marketing and Corporate Services Department
		• Russia-Ukraine War	• Rising of price of raw materials. In the long run, leading to economic crises.	• Reduce profitability	• Medium	• Implement cost saving measures, revise Company's budget to reflect the additional raw material costs incurred (e.g; Diesel)	• Director/Senior Management
		• Red Sea Crises/ Middle East War	• Rising of shipping costs. In the long run, leading to economic crises.	• Reduce profitability	• Medium	• Implement cost saving measures, revise Company's Budget to reflect the additional shipping costs incurred.	• Director/ Management

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

RISK MANAGEMENT PROCESS & OUTPUT (CONT'D)

No.	Key Areas	Key Factors	Impact/Effect	Level of Risk	Controls/Measures	In-Charge
8.	ENVIRONMENT					
	<ul style="list-style-type: none"> Natural Disaster (Fire, Flood and Storm) 	<ul style="list-style-type: none"> Dry and Wet season, full attention 	<ul style="list-style-type: none"> Loss of Income Insurance coverage on the assets except trees 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Build and regularly maintain fire tower and ensure the office, staff quarters are built on the high ground. Provide training to the existing staff for fire/ flood prevention 	<ul style="list-style-type: none"> Admin, FMU, Harvesting & Plantation Department
	<ul style="list-style-type: none"> Social Impact (3rd Party) 	<ul style="list-style-type: none"> Encroachment Goodwill policy 	<ul style="list-style-type: none"> Penalty by the Authority 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Set up an enforcement team, conduct regular boundary survey/ inspection by licensed surveyor 	<ul style="list-style-type: none"> FMU, Harvesting & Plantation Department
	<ul style="list-style-type: none"> Environmental Impact Assessment "EIA" and Environmental Compliance Report "ECR" 	<ul style="list-style-type: none"> Environmental Mitigation Measures 	<ul style="list-style-type: none"> Penalty by the Authority 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Prepare ECR on every quarter to monitor the implementation of the mitigation 	<ul style="list-style-type: none"> FMU, Harvesting & Plantation Department
	<ul style="list-style-type: none"> Wildlife Risk 	<ul style="list-style-type: none"> Wildlife Mitigation Plan 	<ul style="list-style-type: none"> Destruction of young plants. 	<ul style="list-style-type: none"> Medium 	<ul style="list-style-type: none"> Prevention strategy in place and increase of measures of control without killing. 	<ul style="list-style-type: none"> FMU, Harvesting & Plantation Department

During the financial year under review, the risk management profile and framework have been updated and circulated to the RMC members for review and discussion prior to the RMC recommended the same for the Board's approval.

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board and Board Committees and Management represent the main platform by which the Group's performance and conduct are monitored. The daily running of the business is entrusted to the CEO and their respective management teams. Under the purview of the CEO, the heads of the respective departments of the Group are empowered with the responsibility of managing their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Standing Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. For 2024, the Group has outsourced its internal audit function to Messrs Lim KK & Co., an independent professional services firm which reports to the Audit Committee on half-yearly basis at yearly cost of RM55,000.00, with additional scope of works to review the 2024 Sustainability Statement and providing their Assurance Statement. The AC acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the system of the internal control in addressing the risks identified.

The internal auditor primarily acts as an assurance unit highlighting significant audit findings, areas for improvement, management comment on the audit findings and subsequently monitors the implementation of its recommended corrective actions including to review and issue assurance for the Company's Sustainability Statement for year 2024 onwards.

An internal audit is carried out based on the internal audit plan that was reviewed by the AC and approved by the Board. The internal audit approach examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the adequacy and effectiveness of the internal control system and assessed the consequences of any potential risks and suggested improvements required.

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

Internal Audit Function (cont'd)

For the financial year under review, some weaknesses on internal control were identified. However, after due and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that would require separate disclosure in Annual Report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

Other Key Elements of the Group's System of Internal Control

The principal features of the Company's internal control structure are summarised as follows:

- **Conflict of Interest "COI"**

The Company has in placed the COI Policy which requires a yearly Declaration of Interest of its Directors and Key Senior Management. Each Directors and Key Senior Management must declare the nature, character and extent of his interest and conflict in the "Conflict of Interest Declaration Form". The COI Policy was formulated to appropriately manage the conflict and ensure Company is protected from any consequent damage to its activities and reputation. The Declaration Form must be disclosed to the AC for deliberation and approval, prior to the Board for endorsement and thereafter recorded in the minutes of meetings by the Company Secretary. Key Senior Management refers to Managing Director and/or Chief Executive Officer who is not a Director, Chief Operation Officer, Chief Financial Officer and/or any other person primarily responsible for the management of the subsidiaries.

- **Board Meeting**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Standing Committees and Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept abreast on the Group's activities and its operation on quarterly basis by the Management.

- **Board Committees**

There is a clear definition to the duties and responsibilities of the Board Committees. These include the AC, the Nomination and Remuneration Committee, EXCO and Risk Management Committee.

- **Organisational Structure and Responsibility Levels**

Management is committed to the highest standard of business conduct and integrity to build the Group into a highly credible organisation and to maintain these standards in all aspects of the business to ensure fair and equitable treatment of all stakeholders. To achieve these objectives, the Group has instituted an appropriate organisational structure for planning, executing, controlling and monitoring business operations. Policy guidelines, procedures and authority limits are established for all companies within the Group, to ensure clear accountabilities and responsibilities for all business units.

- **Budget and Reporting**

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board and Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

Assurance from Management

The Board has received assurance from the CEO that the function of the Group's risk management and internal control system for the financial under review, and up to the date of approval of this statement, are operating adequately and effectively in all material aspects, based on the risk management and internal control system adopted by the Group.

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

Review of Statement

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and has reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. This Statements was reviewed by AC and approved by the Board on 27 March 2025.

CONCLUSION

For the financial year ended 31 December 2024 and up to the date of approval of this statement, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary.

REPORT OF AUDIT COMMITTEE

OBJECTIVE

The objective of the Audit Committee ("AC") is to assist the Board of Directors ("the Board") in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as integrity in financial reporting practices of the Company and its subsidiaries ("the Group").

COMPOSITION AND MEETINGS ATTENDANCE

The composition of the AC and their respective attendance record of meetings during the financial year ended 31 December 2024 are as follows:

Name of Committee Members	Designation	Date of Appointment	Meeting Attendance
Loo Choo Hong ¹ (Chairman)	Independent Non-Executive Director	12/05/2017	5/5
Lim Ah Lay	Senior Independent Non-Executive Director	24/05/2023	5/5
Agnes Soei-Tin Lamey ¹	Non-Independent Non-Executive Director	12/05/2017	5/5

Note : ¹ Member of the Malaysian Institute of Accountant

During the financial year, five (5) AC meetings were held and each member maintained 100% attendance as detailed in the table above.

All the members fulfill the provision of Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the AC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties, roles and responsibilities for the Company.

TERMS OF REFERENCE

The Terms of Reference "TOR" of AC was reviewed and revised on 21 February 2024 to reflect the amendments to the MMLR of Bursa Securities in relation to Conflict of Interest.

The detailed Terms of Reference of the AC is available on the Company's website at <http://timwell.com.my>.

ACTIVITIES OF AC

During the FYE 2024, the AC conducted the following activities to discharge its functions and duties:-

1. Financial Results

- Review the unaudited quarterly results for announcements to Bursa Securities before recommending the same for approval by the Board upon being satisfied that it had complied with applicable approved Malaysia Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), MMLR and other relevant regulatory requirements.
- Review and discussed the audited financial statements with the External Auditors and the Management. Having been satisfied that the financial statements and reports complied with the relevant accounting standards and other applicable laws and regulations, the ACs recommended the same for the Boards' consideration and approvals.
- Review the application of major accounting policies and practices to ensure that the Group's financial statements had been prepared in compliance with approved accounting standards, and that the Group had adhered to all legal and regulatory requirements.

**REPORT OF AUDIT COMMITTEE
(CONT'D)****ACTIVITIES OF AC (CONT'D)****2. External Audit**

- Review and approve the External Auditor's audit plan, audit approach and reporting requirements prior to the commencement of audit works for the year under review.
- Review and discuss the External Auditors' audit report and areas of concern highlighted in the management letter (i.e. revenue recognition, going concern, property, plant and equipment, recoverability of receivables and proper measurement and recognition of liabilities), including Management's response to the concerns raised by the External Auditors, and evaluation of the system of internal controls.
- Meet with the External Auditors without the presence of Management twice to provide the External Auditors with an avenue to express any concerns they may have.
- Review and assess the performance, suitability, objectivity and independence of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof and also approved the provision of non-audit services by the External Auditors.

3. Internal Audit

- Review and approve the annual internal audit plan to ensure adequate scope and comprehensive coverage of the Group's activities.
- Review the internal audit reports which highlighted major findings, agreed management action plan, and management's responses thereto. Discussed with the Management and Internal Auditors on the actions to be taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- Ensured that the Internal Auditors monitored the implementation of the management's action plan on outstanding issues through follow-up reports to ensure that all audit findings were adequately dealt with by Management.
- Review the adequacy of the scope, functions, resources and competency of the internal audit functions, and the results of the internal audit process to ensure the appropriate actions are taken on the recommendations of the internal audit function.
- Review and assess the performance of the Internal Auditors in terms of their technical competencies and the manpower resources sufficiency and they have the necessary authority to carry out their work.

4. Related Party Transactions

- Review the system for identifying, monitoring and disclosing related party transactions for the Group and ensured that related party transactions are not made to the detriment of minority shareholders of the Company.
- The report of Related Party Transactions of the Group was tabled and reviewed by the AC at every quarterly meeting.

5. Conflict of Interest

- The AC has assessed all disclosures of conflicts of interest by the Directors, Key Senior Management and legal representatives.
- During the process of evaluating and handling the conflict of interest, the committee found no conflict of interest and potential conflict of interest.
- The AC ensures the Group has adequate procedures and processes in place to ensure proper disclosure of conflict of interest or reporting conflict of interest or potential conflict of interest on a periodic basis.

6. Annual Reporting

- Review and recommend the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2024 to the Board for approval. This Statement was approved by the Board on 27 March 2025.

REPORT OF AUDIT COMMITTEE (CONT'D)

GROUP EXTERNAL AUDIT

1. DUTIES AND RESPONSIBILITIES

The External Auditors' objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standard on Auditing ("ISA") 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 a part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, the External Auditors exercise professional judgment and maintain professional skepticism throughout the audit. They also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's 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 Company's ability to continue as a going concern. If the External Auditor conclude that a material uncertainty exists, they are required to draw attention in their auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. The External Auditors' conclusions are based on the audit evidence obtained up to the date of their auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. The External auditors are responsible for the direction, supervision and review of the audit work performed for the purpose of group audit. The External Auditors remain solely responsible for our audit opinion.

The External Auditors communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during their audit.

They also provide the directors with a statement that they 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 their independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, the External Auditors 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. The External Auditors describe these matters in their auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, they determine that a matter should not be communicated in their report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT OF AUDIT COMMITTEE (CONT'D)

GROUP EXTERNAL AUDIT (CONT'D)

2. SUITABILITY AND INDEPENDENCE

The AC had considered the suitability and independence of the external auditors, Messrs. Baker Tilly Monteiro Heng PLT during their discussion of the Group Audit Plan for the financial year ended 31 December 2024. The factors that taken into account including the adequacy of experience and resources of the firm and professional staff assigned to the audit and the level of non-audit services to be rendered by the external auditors to the Group for the financial year under review.

The Board is aware of the potential conflict of interest situation that may arise if the Company's External Auditors are engaged to provide non-audit services to the Group. The External Auditors have reviewed the non-audit services provided to the Group during the year and that to the best of their knowledge, the non-audit services did not impair their independence. The Company had also disclosed fees received by the External Auditors for non-audit work for the financial year under review in Additional Disclosure Requirements.

The fee incurred for audit and non-audit services by the External Auditors for the financial year ended 31 December 2024 were as follows:-

Group	Audit Fees (RM)	Non-Audit Fees (RM)
Messrs. Baker Tilly Monteiro Heng PLT	219,000	6,000

3. SUMMARIES OF ACTIVITIES

The External Auditors will attend and brief the AC on matters relating to external audit. During the financial year, the External Auditors attended three (3) AC meetings to provide review of the financial position of the Group and updates on the Financial Reporting Standards and relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

Time was also set aside for the External Auditors to have private discussions with the AC in the absence of Management. This is the forum at which the External Auditors highlight, among other matters, any concern they may have on the compliance aspect of the financial statements. During the financial year, two (2) private sessions were held between the AC and the External Auditors without the presence of Management.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

GROUP INTERNAL AUDIT

1. DUTIES AND RESPONSIBILITIES

The basic understanding of the internal auditors' role is one of fundamental "checks and balances" for sound corporate governance. A robust and objective internal auditor with the technical skills and knowledge in accordance to Institute of Internal Auditors (IIA) to identify problems with risk control and forms an opinion on the adequacy and effectiveness of systems of risk management and internal control.

The internal auditor, on the other hand, seeks to advise Management on whether its operations have sound systems of risk management and internal controls.

**REPORT OF AUDIT COMMITTEE
(CONT'D)****GROUP INTERNAL AUDIT (CONT'D)****1. DUTIES AND RESPONSIBILITIES (CONT'D)**

As a part of an audit function, the internal auditor also:

- Identifies, assesses, and mitigates risks that can affect a business area or processes.
- Evaluates and recommends improvements of the Group and Company's internal control.
- Supports the Risk Management by monitoring risks and internal controls through technical competency for the management and the AC.
- Assesses and makes appropriate recommendations for improvement to the governance process.

2. SUMMARY OF ACTIVITIES

The internal audit function was outsourced and carried out by an independent firm, Messrs. Lim KK & Co., to assist the AC in discharging its duties and responsibilities.

Messrs. Lim KK & Co. provides independent and objective assurance on areas of operations reviewed, and advice on best practices that will improve and add value to the Group. The internal audit activities are aligned to the strategic plan/objectives of the Company.

During the financial year, Internal Auditors had conducted the following audits as per the approved internal audit plan:-

- a) Internal Audit Review on the Group's policies and procedures over the Sales and Trade Receivables & Group's Policies and Control Procedures over the business process of Property, Plant and Equipment.
- b) Follow up Audit Review on Group's Stock Movement Control System.
- c) Follow up Audit Review on Transfer Pricing, Stock Movement Control System and Sales and Trade Receivables.
- d) Review and issue assurance to the Sustainability Statement for year 2024.

The fee incurred for internal audit function of the Group for the financial year ended 31 December 2024 amounted to RM55,000.00 inclusive of the review on 2024 Sustainability Statement and Preparation of Assurance Statement.

ANNUAL PERFORMANCE ASSESSMENT

During the financial year, the Board, through the Nomination and Remuneration Committee had reviewed the term of office and assessed the performance of the AC on 26 February 2025. The Board was satisfied that the AC and its members have discharged their duties in accordance with the AC's Terms of Reference.

ADDITIONAL DISCLOSURE REQUIREMENTS

1. CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

The Company did not carry out any corporate proposals nor utilise proceeds derived from the corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2024, the amounts of audit and non-audit fees paid or payable by the Company and the Group to the external auditors are as follows:-

	Company (RM'000)	Group (RM'000)
Audit fees	205	219
Non-audit fees	6	6
Total	211	225

3. PROFIT FORECAST AND PROFIT GUARANTEE

The Company did not issue any profit forecast and profit guarantee for the financial year.

4. MATERIAL CONTRACTS

There were no material contracts of the Company, involving Directors' and major shareholders' interests, entered into since the end of the previous financial year or still subsisting at the end of the financial year under review.

5. VARIATION IN RESULTS

There was no variance of 10% or more between the results for the financial year under review and the audited results previously announced.

Financial Statement

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, forest management, harvesting and trading of timber. The principal activities of its subsidiaries include integrated timber activities.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	<u>(358)</u>	<u>(420)</u>
Attributable to:		
Owners of the Company	(381)	(420)
Non-controlling interests	<u>23</u>	<u>-</u>
	<u>(358)</u>	<u>(420)</u>

DIVIDEND

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2024.

RESERVES OR PROVISIONS

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

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DIRECTORS' REPORT (continued)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

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TIMBERWELL BERHAD
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DIRECTORS' REPORT (continued)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM219,000 and RM205,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS

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

Agnes Soei-Tin Lamey
Lim Ah Lay
Loo Choo Hong
Michael @ Radio Bin Luban
Wong Chong Kim
Yap Fook Fung* (Appointed on 21 May 2024)
Datuk Yap Pak Leong (Resigned on 21 May 2024)

* Directors of the Company and certain subsidiaries

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

Datuk Pau Chiong Ung
Datuk Stephen Bin Abok

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TIMBERWELL BERHAD
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DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			At 31.12.2024
	At 1.1.2024	Bought	Sold	
Direct interests:				
Agnes Soei-Tin Lamey	6,037,740	200	-	6,037,940
Yap Fook Fung	1,240,000	-	-	1,240,000
Indirect interests:				
Wong Chong Kim [^]	5,042,432	-	-	5,042,432
Yap Fook Fung [#]	9,000	-	-	9,000

[^] Shares held through spouse and company in which the director has substantial financial interests

[#] Shares held through spouse

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

DIRECTORS' BENEFITS

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

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

	Group RM'000	Company RM'000
Directors of the Company		
- Fees	246	245
- Other emoluments	83	83
	<u>329</u>	<u>328</u>

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DIRECTORS' REPORT (continued)

DIRECTORS' BENEFITS (continued)

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM12,000 respectively.

SUBSIDIARIES

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

Name of company	Principal place of business/ Country of incorporation	Ownership interest %	Principal activities
Held directly:			
Timberwell Plywood Sdn. Bhd.	Malaysia	59	Integrated timber activities
Timberwell Properties Sdn. Bhd.	Malaysia	100	Dormant

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

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TIMBERWELL BERHAD
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DIRECTORS' REPORT (continued)

AUDITORS

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

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

.....
AGNES SOEI-TIN LAMEY
Director

.....
LIM AH LAY
Director

Date: 27 March 2025

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TIMBERWELL BERHAD
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	10,565	11,667	7,363	7,997
Investment properties	6	18,266	18,137	-	-
Biological assets	7	26,850	28,527	26,850	28,527
Investment in subsidiaries	8	-	-	6,815	6,815
Intangible assets	9	8,115	8,227	8,115	8,227
Other receivables	10	378	606	378	606
Total non-current assets		64,174	67,164	49,521	52,172
Current assets					
Inventories	11	1,916	1,282	1,916	1,282
Trade and other receivables	10	8,908	6,385	8,808	6,277
Current tax assets		420	469	420	469
Other investment	12	60	58	60	58
Cash and short-term deposit	13	984	1,372	723	1,344
Total current assets		12,288	9,566	11,927	9,430
TOTAL ASSETS		76,462	76,730	61,448	61,602

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TIMBERWELL BERHAD
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 (continued)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	14	98,677	98,677	98,677	98,677
Revaluation reserve	15	8,140	8,140	1,062	1,062
Accumulated losses		(45,675)	(45,294)	(51,006)	(50,586)
		61,142	61,523	48,733	49,153
Non-controlling interests		2,722	2,699	-	-
TOTAL EQUITY		63,864	64,222	48,733	49,153
Non-current liabilities					
Borrowings	16	89	175	89	175
Deferred tax liabilities	17	7,054	7,428	7,054	7,428
Total non-current liabilities		7,143	7,603	7,143	7,603
Current liabilities					
Borrowings	16	87	148	87	148
Trade and other payables	18	5,368	4,757	5,485	4,698
Total current liabilities		5,455	4,905	5,572	4,846
TOTAL LIABILITIES		12,598	12,508	12,715	12,449
TOTAL EQUITY AND LIABILITIES		76,462	76,730	61,448	61,602

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

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	19	23,168	18,895	23,168	18,895
Cost of sales		<u>(18,214)</u>	<u>(15,916)</u>	<u>(18,214)</u>	<u>(15,916)</u>
Gross profit		4,954	2,979	4,954	2,979
Other income	20	1,251	955	779	585
Administrative expenses		(4,303)	(4,074)	(3,693)	(3,522)
Reversal of impairment loss on an other receivable		200	-	-	-
Other expenses		<u>(2,487)</u>	<u>(2,742)</u>	<u>(2,487)</u>	<u>(2,507)</u>
Operating loss		(385)	(2,882)	(447)	(2,465)
Finance costs	21	<u>(19)</u>	<u>(30)</u>	<u>(19)</u>	<u>(30)</u>
Loss before tax	22	(404)	(2,912)	(466)	(2,495)
Income tax credit	24	<u>46</u>	<u>544</u>	<u>46</u>	<u>475</u>
Loss for the financial year		(358)	(2,368)	(420)	(2,020)
Other comprehensive loss, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation of property, plant and equipment		<u>-</u>	<u>344</u>	<u>-</u>	<u>123</u>
Total comprehensive loss for the financial year		<u>(358)</u>	<u>(2,024)</u>	<u>(420)</u>	<u>(1,897)</u>

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TIMBERWELL BERHAD
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loss attributable to:					
Owners of the Company		(381)	(2,219)	(420)	(2,020)
Non-controlling interests		23	(149)	-	-
		<u>(358)</u>	<u>(2,368)</u>	<u>(420)</u>	<u>(2,020)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(381)	(1,965)	(420)	(1,897)
Non-controlling interests		23	(59)	-	-
		<u>(358)</u>	<u>(2,024)</u>	<u>(420)</u>	<u>(1,897)</u>
Loss per ordinary share attributable to owners of the Company					
- basic and diluted, loss per ordinary share (sen)	26	<u>(0.43)</u>	<u>(2.49)</u>		

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

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TIMBERWELL BERHAD
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**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Group	<----- Attributable to owners of the Company ----->					Total equity RM'000
	Share capital RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	
At 1 January 2023	98,677	7,886	(43,075)	63,488	2,758	66,246
Total comprehensive loss for the financial year	-	-	(2,219)	(2,219)	(149)	(2,368)
Loss for the financial year	-	254	-	254	90	344
Other comprehensive income for the financial year	-	-	-	-	-	-
Total comprehensive loss	-	254	(2,219)	(1,965)	(59)	(2,024)
At 31 December 2023	98,677	8,140	(45,294)	61,523	2,699	64,222
Total comprehensive loss for the financial year	-	-	(381)	(381)	23	(358)
Loss for the financial year, representing total comprehensive loss	-	-	(381)	(381)	23	(358)
At 31 December 2024	98,677	8,140	(45,675)	61,142	2,722	63,864

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

Company	<----- Attributable to owners of the Company ----->			
	Share capital RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 January 2023	98,677	939	(48,566)	51,050
Total comprehensive loss for the financial year				
Loss for the financial year	-	-	(2,020)	(2,020)
Other comprehensive income for the financial year	-	123	-	123
Total comprehensive loss	-	123	(2,020)	(1,897)
At 31 December 2023	98,677	1,062	(50,586)	49,153
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss	-	-	(420)	(420)
At 31 December 2024	<u>98,677</u>	<u>1,062</u>	<u>(51,006)</u>	<u>48,733</u>

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

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities:					
Loss before tax		(404)	(2,912)	(466)	(2,495)
Adjustments for:					
Amortisation of intangible assets	9	112	112	112	112
Depreciation of property, plant and equipment	5	880	1,114	590	694
Fair value gain on other investment		(2)	(16)	(2)	(16)
Fair value loss on biological assets	7	2,487	2,390	2,487	2,390
Fair value (gain)/loss on investment properties	6	(129)	265	-	-
Fair value loss on other receivable measured at amortised cost		-	86	-	86
Gain on disposal of property, plant and equipment		(148)	-	(148)	-
Gain on lease modification		-	(1)	-	(1)
Impairment loss on investment in a subsidiary		-	-	-	20
Interest expense		19	30	19	30
Interest income		(113)	(208)	(113)	(208)
Loss on striking-off of a subsidiary		-	-	-	10
Property, plant and equipment written off		233	-	55	-
Reversal of impairment loss on an other receivable		(200)	-	-	-
Operating profit before changes in working capital, carried forward		2,735	860	2,534	622

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities: (continued)					
Operating profit before changes in working capital, brought forward		2,735	860	2,534	622
<u>Changes in working capital:</u>					
Inventories		(634)	1,387	(634)	1,387
Trade and other receivables		(2,095)	(552)	(2,303)	(521)
Trade and other payables		611	(1,763)	604	(1,763)
Net cash from/(used in) operations		617	(68)	201	(275)
Income tax paid		(279)	(408)	(279)	(408)
Interest received		106	199	106	199
Interest paid		(2)	(6)	(2)	(6)
Net cash from/(used in) operating activities		442	(283)	26	(490)
Cash flows from investing activities:					
Addition of biological assets		(810)	(1,267)	(810)	(1,267)
Interest received		7	8	7	8
Placement of fixed deposit		(7)	(8)	(7)	(8)
Proceeds from disposal of property, plant and equipment		148	-	148	-
Purchase of property, plant and equipment	(a)	(11)	(77)	(11)	(77)
Repayments from subsidiaries		-	-	-	320
Withdrawal of short-term fund		-	1,500	-	1,500
Net cash (used in)/from investing activities		(673)	156	(673)	476

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from financing activities:	(b)				
Advances from/(Repayment to) subsidiaries		-	-	183	(11)
Interest paid		(17)	(24)	(17)	(24)
Payment of lease liability		(72)	(79)	(72)	(79)
Repayment of hire purchase		(75)	(104)	(75)	(104)
Net cash (used in)/from financing activities		(164)	(207)	19	(218)
Net decrease in cash and cash equivalents		(395)	(334)	(628)	(232)
Cash and cash equivalents at the beginning of the financial year		948	1,282	920	1,152
Cash and cash equivalents at the end of the financial year	13	553	948	292	920

(a) Purchase of property, plant and equipment:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash payments on purchase of property, plant and equipment	11	77	11	77

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TIMBERWELL BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (continued)

(b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1 January 2024 RM'000	Cash flows RM'000	31 December 2024 RM'000	
Group				
Lease liability	85	(72)	13	
Hire purchase payables	238	(75)	163	
	<u>323</u>	<u>(147)</u>	<u>176</u>	
Company				
Amount owing to a subsidiary	29	183	212	
Lease liability	85	(72)	13	
Hire purchase payables	238	(75)	163	
	<u>352</u>	<u>36</u>	<u>388</u>	
	1 January 2023 RM'000	Cash flows RM'000	Non-cash Lease modification RM'000	31 December 2023 RM'000
Group				
Lease liability	171	(79)	(7)	85
Hire purchase payables	342	(104)	-	238
	<u>513</u>	<u>(183)</u>	<u>(7)</u>	<u>323</u>
Company				
Amount owing to a subsidiary	40	(11)	-	29
Lease liability	171	(79)	(7)	85
Hire purchase payables	342	(104)	-	238
	<u>553</u>	<u>(194)</u>	<u>(7)</u>	<u>352</u>

(c) Total cash outflows for leases

During the financial year, the Group and the Company had total cash outflows for leases of RM75,000 (2023: RM85,000) respectively.

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

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Timberwell Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah, Malaysia.

The principal activities of the Company are investment holding, forest management, harvesting and trading of timber. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2025.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

2.2 Adoption of amendments to MFRSs

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

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

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

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

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

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. The initial application of the applicable new MFRSs and amendments to MFRSs is not expected to have material impact to the current and prior years financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

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

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of consolidation

(a) Subsidiaries and business combination

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

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at their acquisition-date fair values.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Financial instruments

Financial assets – subsequent measurement and gain and losses

Financial assets at fair value through profit or loss

The Group and the Company subsequently measure these assets at fair value. Net gains and losses, including any interest and dividend income, are recognised in profit or loss.

Debt instruments at amortised cost

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

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Financial instruments (continued)

Financial liabilities – subsequent measurement and gain and losses

Financial liabilities at amortised cost

The Group and the Company classify the financial liabilities at amortised cost.

The Group and the Company subsequently measures other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment (other than buildings, plant and machineries, motor vehicles and right-of-use asset) are measured at cost less accumulated depreciation and accumulated impairment losses.

Buildings, plant and machineries and motor vehicles are measured using revaluation model, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

All property, plant and equipment (other than right-of-use asset as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

Buildings	2.63% - 10%
Plant and machineries	6.67% - 10%
Motor vehicles	20%
Road and bridges	2% - 6.67%
Office equipments	10%
Office renovation	10%
Furniture and fittings	10%
Nursery	10%

Road consists of costs for the construction of mainline roads, such as clearing and grading, are amortised over the remaining unexpired period of the forest management unit licence.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Leases

(a) Lessee accounting

The Group and the Company presents right-of-use asset that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liability as borrowings in Note 16.

Right-of-use asset

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

Lease liability

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

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

(b) Lessor accounting

The Group recognises lease payment received from investment properties under operating leases as income on a straight-line basis over the lease term as part of other income.

3.6 Investment properties

Investment properties are measured at fair value with gains and losses arising from changes in the fair value of investment properties recognised in profit or loss for the period in which they arise.

3.7 Biological assets

Biological assets are measured at fair value less costs to sell, based on market prices of logs. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including royalty payable to authority and estimated costs of transport to market. Changes in fair value of biological assets are recognised in profit or loss.

In measuring the fair value of biological assets, various management estimates and judgements are required. Estimates and judgements in determining the fair value of biological assets relate to the market prices, discount rate and estimated yield.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Intangible assets

Intangible assets are stated at cost which comprises the initial expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, upkeep and maintenance of the sustainable forest management concession. The expenditure is being amortised over the remaining unexpired period of the forest management unit licence.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and comprises the production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

3.10 Revenue and other income

(a) Sales of goods

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

(b) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental income

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

3.11 Deferred tax

Where investment properties are carried at fair value in accordance with the accounting policy information as disclosed in Note 3.6, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

(a) Valuation of biological assets

Biological assets of the Group and of the Company are reported at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer. Judgement is exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of biological assets as at the reporting date is disclosed in Note 7.

(b) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group is to estimate the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer. Significant judgement is required to be exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of investment properties as at the reporting date is disclosed in Note 6.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings		Plant and machinery		Motor vehicles		Road and bridges		Office equipments		Office renovation and fittings		Furniture		Nursery		Right-of-use asset		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
2024																			
At cost/valuation																			
At 1 January 2024	411	4,493	628	10,873	207	56	96	170	388	17,322									
Additions	-	9	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Written off	-	(206)	(34)	-	(57)	-	(1)	-	-	-	-	-	-	-	-	-	-	-	(298)
At 31 December 2024	411	4,296	594	10,873	152	56	95	170	388	17,035									
Accumulated depreciation																			
At 1 January 2024	-	-	-	4,895	125	56	95	170	314	5,655									
Depreciation charge for the financial year	41	378	121	259	18	-	-	-	-	63	880								
Written off	-	(9)	(3)	-	(52)	-	(1)	-	-	(65)									
At 31 December 2024	41	369	118	5,154	91	56	94	170	377	6,470									
Carrying amount																			
At 31 December 2024	370	3,927	476	5,719	61	-	1	-	11	10,565									

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At cost ----->										Total RM'000	
	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Road and bridges RM'000	Office equipments RM'000	Office renovation RM'000	Furniture and fittings RM'000	Nursery RM'000	Right-of-use asset RM'000			
2023												
At cost/valuation												
At 1 January 2023	457	6,393	874	10,873	206	56	96	170	432	19,557		
Additions	76	-	-	-	1	-	-	-	-	77		
Derecognition*	-	-	-	-	-	-	-	-	(44)	(44)		
Elimination of accumulated depreciation on revaluation	(129)	(2,058)	(533)	-	-	-	-	-	-	(2,720)		
Revaluation surplus	7	158	287	-	-	-	-	-	-	452		
At 31 December 2023	411	4,493	628	10,873	207	56	96	170	388	17,322		
Accumulated depreciation												
At 1 January 2023	80	1,508	368	4,636	106	56	95	170	280	7,299		
Derecognition*	-	-	-	-	-	-	-	-	(38)	(38)		
Depreciation charge for the financial year	49	550	165	259	19	-	-	-	72	1,114		
Elimination of accumulated depreciation on revaluation	(129)	(2,058)	(533)	-	-	-	-	-	-	(2,720)		
At 31 December 2023	-	-	-	4,895	125	56	95	170	314	5,655		
Carrying amount												
At 31 December 2023	411	4,493	628	5,978	82	-	1	-	74	11,667		

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings		Plant and machineries		Motor vehicles		Road and bridges		Office equipments		Office renovation and fittings		Furniture and fittings		Nursery		Right-of-use asset		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
2024																				
At cost/valuation																				
At 1 January 2024	411	854	597	10,873	206	56	89	170	388	13,644										
Additions	-	9	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
Written off	-	(48)	(14)	-	(57)	-	(1)	-	-	(120)										(120)
At 31 December 2024	411	815	583	10,873	151	56	88	170	388	13,535										
Accumulated depreciation																				
At 1 January 2024	-	-	-	4,895	124	56	88	170	314	5,647										
Depreciation charge for the financial year	41	90	119	259	18	-	-	-	-	63	590									
Written off	-	(9)	(3)	-	(52)	-	(1)	-	-	(65)										
At 31 December 2024	41	81	116	5,154	90	56	87	170	377	6,172										
Carrying amount																				
At 31 December 2024	370	734	467	5,719	61	-	1	-	11	7,363										

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Buildings		Plant and machineries		Motor vehicles		Road and bridges		Office equipments		Office renovation and fittings		Furniture		Nursery		Right-of-use asset		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
	<----- At valuation ----->																			
	----- At cost ----->																			
2023																				
At cost/valuation																				
At 1 January 2023	457	1,367	837	10,873	205	56	89	170	432	14,486										
Additions	76	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77
Derecognition*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(44)
Elimination of accumulated depreciation on revaluation	(128)	(390)	(519)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,037)
Revaluation surplus/(loss)	6	(123)	279	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162
At 31 December 2023	411	854	597	10,873	206	56	89	170	388	13,644										
Accumulated depreciation																				
At 1 January 2023	79	257	356	4,636	106	56	88	170	280	6,028										
Derecognition*	-	-	-	-	-	-	-	-	(38)	(38)										
Depreciation charge for the financial year	49	133	163	259	18	-	-	-	-	72										
Elimination of accumulated depreciation on revaluation	(128)	(390)	(519)	-	-	-	-	-	-	(1,037)										
At 31 December 2023	-	-	-	4,895	124	56	88	170	314	5,647										
Carrying amount																				
At 31 December 2023	411	854	597	5,978	82	-	1	-	74	7,997										

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Assets pledge as security

Plant and machineries and motor vehicles with carrying amount of RM235,000 and RM63,000 (2023: RM269,000 and RM85,000) respectively have been pledged as security for hire purchase arrangements as disclosed in Note 16(b).

(b) Right-of-use asset

The Group and the Company lease building and information about the lease for which the Group and the Company are lessee is presented below:

	Group and Company
	Building
	RM'000
	At cost
Carrying amount	
At 1 January 2023	152
Depreciation	(72)
Derecognition*	(6)
	<hr/>
At 31 December 2023	74
Depreciation	(63)
	<hr/>
At 31 December 2024	<u>11</u>

* Derecognition of the right-of-use asset was a result of termination of a lease.

The Group and the Company lease building for their office space. The lease for office space generally has lease term of 6 years.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair value information

Fair value of buildings, plant and machineries and motor vehicles are categorised as Level 3. Level 3 fair value is based on the cost approach determined by external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The most significant input into this valuation approach is the remaining useful life of the assets.

There are no Level 1 or Level 2 property, plant and equipment or transfers between Level 1 and Level 2 during the financial years ended 31 December 2024 and 31 December 2023.

In estimating the fair value of the buildings, plant and machineries and motor vehicles, the highest and best use of the buildings, plant and machineries and motor vehicles are their current use.

Had the revalued buildings, plant and machineries and motor vehicles been carried at historical cost less accumulated depreciation, the net carrying amount of the buildings, plant and machineries and motor vehicles that would have been included in the financial statements of the Group and of the Company are as follows:

	2024	2023
	RM'000	RM'000
Group		
Buildings	91	109
Plant and machineries	444	652
Motor vehicles	63	85
	<u>598</u>	<u>846</u>
Company		
Buildings	91	109
Plant and machineries	444	652
Motor vehicles	63	85
	<u>598</u>	<u>846</u>

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTIES

Group	Leasehold land RM'000	Buildings RM'000	Total RM'000
At fair value:			
At 1 January 2023	12,600	5,802	18,402
Fair value gain/(loss) on investment properties (Note 22)	<u>800</u>	<u>(1,065)</u>	<u>(265)</u>
At 31 December 2023	13,400	4,737	18,137
Fair value gain/(loss) on investment properties (Note 20)	<u>365</u>	<u>(236)</u>	<u>129</u>
At 31 December 2024	<u>13,765</u>	<u>4,501</u>	<u>18,266</u>

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

	Group	
	2024 RM'000	2023 RM'000
Rental income	340	353
Direct operating expenses		
- Income generating investment properties	<u>36</u>	<u>36</u>

(a) Assets pledged as security

Leasehold land and buildings have been pledged as security for banking facilities granted to the Company.

(b) Fair value information

Fair value of investment properties is categorised as Level 3.

There are no Level 1 and Level 2 investment properties or transfers between Level 1 and Level 2 during the financial years ended 31 December 2024 and 31 December 2023.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTIES (continued)

(b) Fair value information (continued)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Leasehold land	Sales comparison approach	Price per acre of RM471,570 (2023: RM460,000)	The higher the price per acre, the higher the fair value
Buildings	Cost approach	Price per square foot of RM12 (2023: RM13)	The higher the price per square foot, the higher the fair value

Valuation processes applied by the Group

The Group estimated the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualification. The valuer is engaged on a yearly basis. Changes in Level 3 fair values are analysed by the Group every year. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

7. BIOLOGICAL ASSETS

	Group and Company	
	2024 RM'000	2023 RM'000
At fair value:		
At 1 January	28,527	29,650
Additions	810	1,267
Changes in fair value of biological assets	(2,487)	(2,390)
At 31 December	<u>26,850</u>	<u>28,527</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

7. BIOLOGICAL ASSETS (continued)

Biological assets represent the forest planting expenditures incurred on the development of the Group's and the Company's Sustainable Forest Management Project under a Sustainable Forest Management Licence Agreement with the Sabah State Government over an area of 45,659 hectares (2023: 45,659 hectares) in the Lingkabau Forest Reserve in Sabah for 100 years since 1997.

Fair value information

The fair value measurements for the planted trees have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Planted trees	Discounted cash flows	(i) Log selling price per m ³ RM450 (2023: RM450)	The higher the selling price, the higher the fair value
		(ii) Discount rate of 12% (2023: 12%)	The higher the discount rate, the lower the fair value
		(iii) Estimated yield per hectare of wood/timber (m ³ /ha) ranging from 43 to 111 (2023: 43 to 111)	The higher the yield rate, the higher the fair value

Valuation processes applied by the Group and the Company

The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer, Messrs Smiths Gore Sabah, a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualification. The valuer is engaged on a yearly basis. Changes in Level 3 fair values are analysed by the Group and the Company every year. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares - at cost	39,901	39,901
Loans that are part of net investments	15,000	15,000
	54,901	54,901
Less: Accumulated impairment losses	(48,086)	(48,086)
	<u>6,815</u>	<u>6,815</u>

Loans that are part of net investments represent amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
Held directly:				
Timberwell Plywood Sdn. Bhd.	Malaysia	59	59	Integrated timber activities
Timberwell Properties Sdn. Bhd.	Malaysia	100	100	Dormant

(a) Non-controlling interests ("NCI") in a subsidiary

The financial information of the Group's and the Company's subsidiary that have non-controlling interests are as follows:

	Timberwell Plywood Sdn. Bhd.	
	2024 RM'000	2023 RM'000
NCI percentage of ownership interest and voting interest	41%	41%
Carrying amount of NCI	2,722	2,699
Profit/(Loss) allocated to NCI	23	(59)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. INVESTMENT IN SUBSIDIARIES (continued)

(b) Summarised financial information of NCI

The summarised financial information (before intra-group elimination) of the Group's and the Company's subsidiary that have NCI are as follows:

	Timberwell Plywood Sdn. Bhd.	
	2024	2023
	RM'000	RM'000
Summarised statement of financial position		
Non-current assets	21,468	21,630
Current assets	360	133
Current liabilities	<u>(82)</u>	<u>(74)</u>
Net assets	21,746	21,689
Loans that are part of investment	<u>(15,000)</u>	<u>(15,000)</u>
	<u>6,746</u>	<u>6,689</u>
Summarised statement of comprehensive income		
Revenue	<u>-</u>	<u>-</u>
Profit/(Loss) for the financial year	<u>57</u>	<u>(366)</u>
Total comprehensive income/(loss) for the financial year	<u>57</u>	<u>(145)</u>
Summarised cash flow information		
Cash flows from operating activities	236	219
Cash flows used in financing activities	<u>-</u>	<u>(320)</u>
Net increase/(decrease) in cash and cash equivalents	<u>236</u>	<u>(101)</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INTANGIBLE ASSETS

	Group and Company	
	2024	2023
	RM'000	RM'000
Cost		
At 1 January/31 December	10,411	10,411
Accumulated amortisation		
1 January	2,184	2,072
Amortisation charged during the financial year	112	112
31 December	2,296	2,184
Carrying amount		
31 December	8,115	8,227

The amortisation of intangible assets of the Group and of the Company is an amount of RM111,722 (2023: RM111,722) included in administrative expenses in the statements of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current:					
Non-trade					
Other receivables	(a)	378	606	378	606
Current:					
Trade					
Trade receivables	(b)	7,641	5,063	7,641	5,063
Non-trade					
Other receivables		1,109	1,332	1,044	1,006
Less: Allowance for impairment loss	(c)	-	(226)	-	-
		1,109	1,106	1,044	1,006
Refundable deposits		132	146	123	138
Prepayments		26	70	-	70
		1,267	1,322	1,167	1,214
Total trade and other receivables (current)		8,908	6,385	8,808	6,277
Total trade and other receivables (non-current and current)		9,286	6,991	9,186	6,883

- (a) Long-term other receivable is measured at amortised cost at imputed interest rate at 11.70% (2023: 12.27%) per annum.
- (b) Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranging from 30 to 150 days (2023: 30 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER RECEIVABLES (continued)

(c) Non-trade receivables

Receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of other receivables are as follows:

	Group	
	2024	2023
	RM'000	RM'000
Other receivables		
At 1 January	226	226
Reversal of impairment loss	(200)	-
Written off	(26)	-
	<u> </u>	<u> </u>
At 31 December	<u> </u>	<u>226</u>

(d) The information about the credit exposures are disclosed in Note 27(b)(i).

11. INVENTORIES

	Group and Company	
	2024	2023
	RM'000	RM'000
Current:		
Raw materials	<u>1,916</u>	<u>1,282</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>18,214</u>	<u>15,916</u>

12. OTHER INVESTMENT

	Group and Company	
	2024	2023
	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVPL")		
At fair value:		
Short-term fund	<u>60</u>	<u>58</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

13. CASH AND SHORT-TERM DEPOSIT

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	553	948	292	920
Short-term deposit	431	424	431	424
	<u>984</u>	<u>1,372</u>	<u>723</u>	<u>1,344</u>

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Short-term deposit	431	424	431	424
Less: Deposit with maturity more than 3 months	<u>(431)</u>	<u>(424)</u>	<u>(431)</u>	<u>(424)</u>
Cash and bank balances	<u>553</u>	<u>948</u>	<u>292</u>	<u>920</u>
	<u>553</u>	<u>948</u>	<u>292</u>	<u>920</u>

Deposit placed with a licensed bank of the Group and of the Company earn interest at a rate of 1.45% (2023: 1.70%) per annum.

14. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		<-----Amounts----->	
	2024 Units	2023 Units	2024 RM'000	2023 RM'000
Issued and fully paid up (no par value):				
At beginning/end of the financial year	<u>89,050,667</u>	<u>89,050,667</u>	<u>98,677</u>	<u>98,677</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

15. REVALUATION RESERVE

Revaluation reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of leasehold land, buildings, plant and machineries and motor vehicles above their cost.

16. BORROWINGS

	Note	Group and Company	
		2024 RM'000	2023 RM'000
Non-current:			
Lease liability	(a)	-	12
Hire purchase payables	(b)	89	163
		<u>89</u>	<u>175</u>
Current:			
Lease liability	(a)	13	73
Hire purchase payables	(b)	74	75
		<u>87</u>	<u>148</u>
		<u>176</u>	<u>323</u>
Total borrowings:			
Lease liability	(a)	13	85
Hire purchase payables	(b)	163	238
		<u>176</u>	<u>323</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

16. BORROWINGS (continued)

(a) Lease liability

The average interest rate implicit in the lease is 4.50% (2023: 4.50%).

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

	Group and Company	
	2024	2023
	RM'000	RM'000
Minimum lease payments:		
Not later than one year	13	75
Later than one year and not later than 5 years	-	12
	<u>13</u>	<u>87</u>
Less: Future finance charges	-	(2)
Present value of minimum lease payments	<u>13</u>	<u>85</u>
Present value of minimum lease payments:		
Not later than one year	13	73
Later than one year and not later than 5 years	-	12
	<u>13</u>	<u>85</u>
Less: Amount due within 12 months	<u>(13)</u>	<u>(73)</u>
Amount due after 12 months	<u>-</u>	<u>12</u>

(b) Hire purchase payables

Hire purchase payables of the Group and of the Company of RM163,000 (2023: RM238,000) bear interests ranging from 2.49% to 2.55% (2023: 2.49% to 2.55%) per annum and are secured by the Group's and the Company's plant and machineries and motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

	At 1 January 2024 RM'000	Profit or loss (Note 24) RM'000	At 31 December 2024 RM'000
Group			
Deferred tax liabilities:			
Property, plant and equipment	(709)	100	(609)
Biological assets	(6,846)	402	(6,444)
Right-of-use asset	(18)	14	(4)
	<u>(7,573)</u>	<u>516</u>	<u>(7,057)</u>
Deferred tax assets			
Tax losses	90	(90)	-
Capital allowances	35	(35)	-
Lease liability	20	(17)	3
	<u>145</u>	<u>(142)</u>	<u>3</u>
	<u>(7,428)</u>	<u>374</u>	<u>(7,054)</u>
Company			
Deferred tax liabilities:			
Property, plant and equipment	(709)	100	(609)
Biological assets	(6,846)	402	(6,444)
Right-of-use asset	(18)	14	(4)
	<u>(7,573)</u>	<u>516</u>	<u>(7,057)</u>
Deferred tax assets			
Tax losses	90	(90)	-
Capital allowances	35	(35)	-
Lease liability	20	(17)	3
	<u>145</u>	<u>(142)</u>	<u>3</u>
	<u>(7,428)</u>	<u>374</u>	<u>(7,054)</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DEFERRED TAX LIABILITIES (continued)

Deferred tax relates to the following (continued):

Group	At 1 January 2023 RM'000	Profit or loss (Note 24) RM'000	Other comprehensive loss (Note 25) RM'000	At 31 December 2023 RM'000
Deferred tax liabilities:				
Property, plant and equipment	(768)	167	(108)	(709)
Biological assets	(7,116)	270	-	(6,846)
Right-of-use asset	(37)	19	-	(18)
	<u>(7,921)</u>	<u>456</u>	<u>(108)</u>	<u>(7,573)</u>
Deferred tax assets				
Tax losses	-	90	-	90
Capital allowances	-	35	-	35
Lease liability	40	(20)	-	20
	<u>40</u>	<u>105</u>	<u>-</u>	<u>145</u>
	<u>(7,881)</u>	<u>561</u>	<u>(108)</u>	<u>(7,428)</u>
Company				
Deferred tax liabilities:				
Property, plant and equipment	(768)	98	(39)	(709)
Biological assets	(7,116)	270	-	(6,846)
Right-of-use asset	(37)	19	-	(18)
	<u>(7,921)</u>	<u>387</u>	<u>(39)</u>	<u>(7,573)</u>
Deferred tax assets				
Tax losses	-	90	-	90
Capital allowances	-	35	-	35
Lease liability	40	(20)	-	20
	<u>40</u>	<u>105</u>	<u>-</u>	<u>145</u>
	<u>(7,881)</u>	<u>492</u>	<u>(39)</u>	<u>(7,428)</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

17. DEFERRED TAX LIABILITIES (continued)

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	3	145	3	145
Deferred tax liabilities	(7,057)	(7,573)	(7,057)	(7,573)
	<u>(7,054)</u>	<u>(7,428)</u>	<u>(7,054)</u>	<u>(7,428)</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024	2023
	RM'000	RM'000
Property, plant and equipment	(16,542)	(16,794)
Unused tax losses	<u>20,168</u>	<u>20,436</u>
	<u>3,626</u>	<u>3,642</u>

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

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

	Group	
	2024	2023
	RM'000	RM'000
2028	<u>20,168</u>	<u>20,436</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current:					
Trade					
Trade payables	(a)	1,305	836	1,305	836
Non-trade					
Other payables		44	119	32	107
Deposits		74	72	-	-
Accruals		3,945	3,730	3,936	3,726
Amount owing to a subsidiary	(b)	-	-	212	29
		<u>4,063</u>	<u>3,921</u>	<u>4,180</u>	<u>3,862</u>
Total trade and other payables (current)		<u>5,368</u>	<u>4,757</u>	<u>5,485</u>	<u>4,698</u>

- (a) The normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2023: 30 to 60 days).
- (b) Amount owing to a subsidiary is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.
- (c) For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 27(b)(ii).

19. REVENUE

	Group and Company	
	2024 RM'000	2023 RM'000
Revenue from contracts with customers:		
At a point in time:		
Sales of goods	<u>23,168</u>	<u>18,895</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. OTHER INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fair value gain on other investment	2	16	2	16
Fair value gain on investment properties (Note 6)	129	-	-	-
Gain on disposal of property, plant and equipment	148	-	148	-
Gain on lease modification	-	1	-	1
Interest income	113	208	113	208
Realised gain on foreign exchange	7	9	7	9
Rental income	340	353	-	-
Other income	512	368	509	351
	<u>1,251</u>	<u>955</u>	<u>779</u>	<u>585</u>

21. FINANCE COSTS

	Group and Company	
	2024 RM'000	2023 RM'000
Interest expense on:		
- lease liability	2	6
- hire purchase payables	17	24
	<u>19</u>	<u>30</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

22. LOSS BEFORE TAX

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortisation of intangible assets	112	112	112	112
Auditors' remuneration				
- statutory audit:				
- Baker Tilly Monteiro Heng PLT	219	210	205	196
Other services				
- Baker Tilly Monteiro Heng PLT	6	5	6	5
- Member firms of Baker Tilly International	22	24	15	17
Depreciation of property, plant and equipment (Note 5)	880	1,114	590	694
Employee benefits expenses (Note 23)	2,629	2,682	2,613	2,666
Fair value loss on other receivable measured at amortised cost	-	86	-	86
Fair value loss on biological assets (Note 7)	2,487	2,390	2,487	2,390
Fair value loss on investment properties (Note 6)	-	265	-	-
Impairment loss on investment in a subsidiary	-	-	-	20
Loss on striking-off of a subsidiary	-	-	-	10
Property, plant and equipment written off	233	-	55	-
Realised loss on foreign exchange	66	32	66	32

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NOTES TO THE FINANCIAL STATEMENTS (continued)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and allowances	2,312	2,333	2,298	2,319
Defined contribution plan	234	268	232	266
Other employee benefits	83	81	83	81
	<u>2,629</u>	<u>2,682</u>	<u>2,613</u>	<u>2,666</u>
Included in employee benefits expenses are:				
Directors of the Company				
- Fees	246	229	245	228
- Other emoluments	83	81	83	81
	<u>329</u>	<u>310</u>	<u>328</u>	<u>309</u>
Key management personnel				
- Salaries and other emoluments	1,209	1,194	1,208	1,193
- Defined contribution plan	145	144	145	144
	<u>1,354</u>	<u>1,338</u>	<u>1,353</u>	<u>1,337</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. INCOME TAX CREDIT

The major components of income tax credit for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	328	-	328	-
- Adjustment in respect of prior years	-	17	-	17
	<u>328</u>	<u>17</u>	<u>328</u>	<u>17</u>
Deferred tax (Note 17)				
- Reversal of temporary differences	(365)	(560)	(365)	(491)
- Adjustment in respect of prior years	(9)	(1)	(9)	(1)
	<u>(374)</u>	<u>(561)</u>	<u>(374)</u>	<u>(492)</u>
Income tax credit recognised in profit or loss	<u>(46)</u>	<u>(544)</u>	<u>(46)</u>	<u>(475)</u>

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable loss for the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

24. INCOME TAX CREDIT (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax credit are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Loss before tax	<u>(404)</u>	<u>(2,912)</u>	<u>(466)</u>	<u>(2,495)</u>
Tax at Malaysian statutory income tax rate of 24%	(97)	(699)	(112)	(599)
Adjustments:				
- Income not subject to tax	(101)	(48)	(22)	(51)
- Non-deductible expenses	245	341	117	179
- Crystallisation of deferred tax liabilities	(80)	(87)	(20)	(20)
- Utilisation of previously unrecognised tax losses	(4)	(67)	-	-
- Adjustment in respect of current income tax of prior years	-	17	-	17
- Adjustment in respect of deferred tax of prior years	<u>(9)</u>	<u>(1)</u>	<u>(9)</u>	<u>(1)</u>
Income tax credit	<u>(46)</u>	<u>(544)</u>	<u>(46)</u>	<u>(475)</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

25. OTHER COMPREHENSIVE LOSS

	Assets revaluation reserve RM	Income tax credit RM	Total (Net of tax) RM
2023			
Group			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment, net of tax	<u>452</u>	<u>(108)</u>	<u>344</u>
Company			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment, net of tax	<u>162</u>	<u>(39)</u>	<u>123</u>

26. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2024	2023
Loss attributable to owners of the Company (RM'000)	<u>(381)</u>	<u>(2,219)</u>
Weighted average number of ordinary shares for basic loss per share (unit)	<u>89,050,667</u>	<u>89,050,667</u>
Basic loss per share (sen)	<u>(0.43)</u>	<u>(2.49)</u>

(b) Diluted loss per ordinary share

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVPL")
- (ii) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
2024			
Financial assets			
Group			
Trade and other receivables, net of prepayments	9,260	9,260	-
Cash and short-term deposit	984	984	-
Other investment	60	-	60
	<u>10,304</u>	<u>10,244</u>	<u>60</u>
Company			
Trade and other receivables, net of prepayments	9,186	9,186	-
Cash and short-term deposit	723	723	-
Other investment	60	-	60
	<u>9,969</u>	<u>9,909</u>	<u>60</u>
Financial liabilities			
Group			
Trade and other payables	(5,368)	(5,368)	-
Hire purchase payables	(163)	(163)	-
	<u>(5,531)</u>	<u>(5,531)</u>	<u>-</u>
Company			
Trade and other payables	(5,485)	(5,485)	-
Hire purchase payables	(163)	(163)	-
	<u>(5,648)</u>	<u>(5,648)</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(a) **Categories of financial instruments** (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (continued)

	Carrying amount RM'000	Amortised cost RM'000	FVPL RM'000
2023			
Financial assets			
Group			
Trade and other receivables, net of prepayments	6,921	6,921	-
Cash and short-term deposit	1,372	1,372	-
Other investment	58	-	58
	<u>8,351</u>	<u>8,293</u>	<u>58</u>
Company			
Trade and other receivables, net of prepayments	6,813	6,813	-
Cash and short-term deposit	1,344	1,344	-
Other investment	58	-	58
	<u>8,215</u>	<u>8,157</u>	<u>58</u>
Financial liabilities			
Group			
Trade and other payables	(4,757)	(4,757)	-
Hire purchase payables	(238)	(238)	-
	<u>(4,995)</u>	<u>(4,995)</u>	<u>-</u>
Company			
Trade and other payables	(4,698)	(4,698)	-
Hire purchase payables	(238)	(238)	-
	<u>(4,936)</u>	<u>(4,936)</u>	<u>-</u>

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of 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 Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables).

The management has in place a credit procedure to monitor and minimise the exposure of default. Trade and other receivables are monitored on a regular and an ongoing basis. Credit evaluations are performed on all customers requiring credit over certain amount.

The Group and the Company consider a financial asset to be in default when:

- The counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- The contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company use ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group and the Company also take appropriate actions (including but not limited to legal actions) to recover long past due balances.

Credit risk concentration profile

The Group and the Company determine the credit risk concentration of their trade receivables by monitoring the profile of their trade receivables on an ongoing basis. As at the reporting date, the Group and the Company have a significant credit risk concentration in the form of outstanding balances arising from the amount due from 2 customers (2023: 1 customer) representing 82% (2023: 94%) of the total trade receivables.

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information. Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations. The Group and the Company believe that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Group and Company			
2024			
Trade receivables			
Neither past due nor impaired	0%	4,841	-
1 to 30 days past due	0%	2,800	-
	0%	7,641	-
2023			
Trade receivables			
Neither past due nor impaired	0%	5,063	-

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposit), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated, where applicable:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorate significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables and borrowings.

The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements.

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

Group	<--Contractual undiscounted cash flows-->			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	Total RM'000
2024				
Financial liabilities:				
Trade and other payables	5,368	5,368	-	5,368
Lease liability	13	13	-	13
Hire purchase payables	163	85	94	179
	5,544	5,466	94	5,560
2023				
Financial liabilities:				
Trade and other payables	4,757	4,757	-	4,757
Lease liability	85	75	12	87
Hire purchase payables	238	92	179	271
	5,080	4,924	191	5,115
Company				
2024				
Financial liabilities:				
Trade and other payables	5,485	5,485	-	5,485
Lease liability	13	13	-	13
Hire purchase payables	163	85	94	179
	5,661	5,583	94	5,677
2023				
Financial liabilities:				
Trade and other payables	4,698	4,698	-	4,698
Lease liability	85	75	12	87
Hire purchase payables	238	92	179	271
	4,921	4,865	191	5,013

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial statements as a result of changes in market interest rates. The Group's and the Company's primary interest rate risk arises primarily from their deposit placed with a licensed bank and lease liability. Deposit placed with a licensed bank is exposed to a risk of change in fair value due to changes in interest rates.

The interest rate relating to deposit placed with a licensed bank and lease liability are disclosed Notes 13 and 16(a) to the financial statements respectively.

The Group and the Company do not have any floating rate borrowings. Accordingly, the effect of changes in interest rate will not significantly affect the cash flows.

(iv) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group and the Company have transactional currency exposures arising from sales that are denominated in United States Dollar.

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currencies of the Group and of the Company does not have material impact on the loss after taxation and other comprehensive loss of the Group and of the Company and hence, no sensitivity analysis is presented.

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of other investment is determined by reference to the redemption price at the end of the reporting period.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers. There have been no transfers between Level 1 and Level 2 during the financial year (2023: no transfer between Level 1 and Level 2).

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

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

	Carrying amount Total RM'000	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group and Company								
2024								
Financial assets								
Other investment		60	-	-	-	-	-	-
- Short-term fund	60							
Financial liabilities								
Hire purchase payables	(163)	-	-	-	-	(169)	(169)	
2023								
Financial assets								
Other investment		58	-	-	-	-	-	-
- Short-term fund	58							
Financial liabilities								

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TIMBERWELL BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

- (i) Subsidiaries as disclosed in Note 8;
- (ii) Entities in which the directors have substantial financial interests; and
- (iii) Key management personnel of the Group and of the Company, comprises persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

There are no significant related party transactions disclosed in the financial statements.

Significant outstanding balance with a related party at the end of the reporting period is as disclosed in Note 18.

(c) Compensation of key management personnel

The compensation of key management personnel of the Group and the Company is disclosed in Note 23.

29. SEGMENT INFORMATION

Segment information is not presented as the Group operates substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. COMMITMENTS

(a) Commitments

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

	Group and Company	
	2024	2023
	RM'000	RM'000
Approved but not contracted for:		
- Industrial tree-planting project	1,100	1,100

(b) Operating lease commitments - as lessor

The Group leases its investment properties and certain plant and machineries which have remaining lease term between three to four years. Rental charges are revised every three years to reflect current market conditions.

The maturity analysis of the Group's lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	Group	
	2024	2023
	RM'000	RM'000
- Not later than one year	254	205
- One to two years	254	156
- Two to three years	163	156
- Three to four years	98	65
- Four to five years	24	-
	793	582

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31. CONTINGENT LIABILITIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Bank guarantee granted to secure a performance bond made in favour of the Forestry Department	5,000	5,000	5,000	5,000
Bank guarantee facility in favour of third party	29	29	-	-
	<u>5,029</u>	<u>5,029</u>	<u>5,000</u>	<u>5,000</u>

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group and the Company manage their capital structure by monitoring the capital and net debt on an ongoing basis. To maintain the capital structure, the Group and the Company may adjust the dividend payment to shareholders.

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Borrowings	176	323	176	323
Trade and other payables	5,368	4,757	5,485	4,698
Less: Cash and short-term deposit	(984)	(1,372)	(723)	(1,344)
Net debts	4,560	3,708	4,938	3,677
Total equity	<u>63,864</u>	<u>64,222</u>	<u>48,733</u>	<u>49,153</u>
Capital and net debts	<u>68,424</u>	<u>67,930</u>	<u>53,671</u>	<u>52,830</u>
Gearing ratio	<u>7%</u>	<u>5%</u>	<u>9%</u>	<u>7%</u>

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TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **AGNES SOEI-TIN LAMEY** and **LIM AH LAY**, being two of the directors of Timberwell Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 108 to 163 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 position of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

.....
AGNES SOEI-TIN LAMEY
Director

.....
LIM AH LAY
Director

Kota Kinabalu

Date: 27 March 2025

Registration No. 199601014835 (387185–W)

TIMBERWELL BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
(Pursuant to Section 251(1) of the Companies Act 2016)

I, **LEE YOKE WAH**, being the officer primarily responsible for the financial management of Timberwell Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 108 to 163 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
LEE YOKE WAH

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the State of Sabah on 27 March 2025.

Before me,

.....
Commissioner for Oaths

Registration No. 199601014835 (387185–W)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD**
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Timberwell Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 108 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD (continued)**
(Incorporated in Malaysia)

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.

Group and Company

Biological assets (Notes 4(a) and 7 to the financial statements)

Biological assets of the Group and of the Company are reported at fair value, with changes in fair values being recognised in profit or loss. The Group and the Company estimated the fair value of the biological assets based on information provided and the market valuation performed by an external independent valuer. Judgement is exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation. The carrying amount of biological assets as at the reporting date is disclosed in Note 7 to the financial statements.

Our audit response:

Our audit procedures included, among others:

- considering the competence, capabilities and objectivity of the independent professional valuer, including consideration of their qualifications and experience;
- discussing the discounted cash flow calculations and the underlying valuation model as well as comparing to available market data;
- corroborating the key inputs to the model, including commodity prices, yield and the area of land under cultivation to market data; and
- checking the mathematical computation of the discounted cash flow calculations.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD (continued)**
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Key Audit Matters (continued)

Group

Investment properties (Notes 4(b) and 6 to the financial statements)

The Group's accounting policy is to carry its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group is to estimate the fair value of the investment properties based on information provided and the market valuation performed by an external independent valuer. Significant judgement is required to be exercised by the directors in determining the appropriate valuation methods and the key assumptions used in the valuation.

Our audit response:

Our audit procedures included, among others:

- considering the competence, capabilities and objectivity of the external valuer which includes consideration of their qualifications and experience;
- understanding the scope and objective of the valuation by reading the terms of engagement;
- reading the valuation reports and discussing with external valuer on their valuation approach and the significant judgements they made; and
- understanding the relevance of the key input data used by the external valuer.

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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TIMBERWELL BERHAD** (continued)
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2026 J
Chartered Accountant

Kuala Lumpur

Date: 27 March 2025

LIST OF PROPERTIES

TIMBERWELL PLYWOOD SDN.BHD.

2 parcels of industrial land situated in the District of Sandakan, Sabah

Location	Land Area	Tenure	Approximate Age (year) of Building	Description	Net Book Value as at 31.12.2024 (RM'000)
CL075385670	29.19 acres	99 years (1.1.1980 to 31.12.2078)	21	Industrial land with storage sheds, integrated processing plant cum office	18,266 (After revaluation)
CL075385689					

ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2025

Issued share capital : 89,050,677 Ordinary Shares
 Class of shares : Ordinary Shares
 Voting rights : One (1) vote per one ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Capital
1 – 99	28	2.20	983	0.00
100 – 1,000	437	34.36	385,335	0.43
1,001 – 10,000	620	48.74	2,336,845	2.62
10,001 – 100,000	138	10.85	3,766,037	4.23
100,001 – 4,452,532*	44	3.46	38,253,316	42.96
4,452,533 and above**	5	0.39	44,308,161	49.76
Total	1,272	100.00	89,050,677	100.00

Notes:

* Less than 5% of issued shares capital

** 5% and above of issued shares capital

LIST OF SUBSTANTIAL SHAREHOLDERS (AS AT 2 APRIL 2025)

Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Dato Sri Tiong King Sing	21,210,322	23.82	-	-
Tan Toeng Swie @ Lam Toeng Sui	12,135,479	13.63	3,000 ¹	0.003
Agnes Soei-Tin Lamey	6,037,940	6.78	-	-
Lam Soei Lim	5,904,540	6.63	75,000 ¹	0.08
Datuk Yap Pak Leong	4,986,300	5.60	1,372,000 ¹	1.54
Lee Ngee Moi	2,674,899	3.00	2,367,533 ²	2.66
Wong Chong Kim	-	-	5,042,432 ³	5.66

Notes:

- Deemed interested by virtue of shareholdings held by persons connected pursuant to Section 8 of the Companies Act 2016 ("the Act").
- Deemed interested by virtue of shareholdings held of her shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.
- Deemed interested by virtue of shareholdings held by persons connected and of his shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D)**DIRECTORS' INTEREST IN SHARES IN THE COMPANY**

Name of Directors	Direct Interest	%	Indirect Interest	%
Wong Chong Kim	-	-	5,042,432 ²	5.66
Datuk Yap Pak Leong ³	4,986,300	5.60	1,372,000 ¹	1.54
Loo Choo Hong	-	-	-	-
Agnes Soei-Tin Lamey	6,037,940	6.78	-	-
Michael @ Radio bin Luban	-	-	-	-
Lim Ah Lay	-	-	-	-
Yap Fook Fung ⁴	1,240,000	1.39	9,000 ¹	0.01

Notes:

- Deemed interested by virtue of shareholdings held by persons connected pursuant to Section 8 of the Companies Act 2016 ("the Act").
- Deemed interested by virtue of shareholdings held by persons connected and of his shareholdings in Harmony Chime Sdn. Bhd. pursuant to Section 8 of the Act.
- Resigned as a Non-Independent Non-Executive Director ("NINED") with effect from 21 May 2024.
- Following the resignation of Datuk Yap Pak Leong as a Non-Independent Non-Executive Director ("NINED") of the Company, she ceased to be his Alternate Director. Subsequently, she was appointed as NINED of the Company with effect from 21 May 2024.

LIST OF THIRTY LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares Held	%
1.	RHB Nominees (Tempatan) Sdn. Bhd. [OSK Capital Sdn. Bhd. for Tiong King Sing]	21,210,322	23.82
2.	Tan Toeng Swie	6,380,206	7.16
3.	Agnes Soei-Tin Lamey	6,037,940	6.78
4.	Lam Toeng Sui	5,755,273	6.48
5.	Lam Soei Lim	4,924,420	5.53
6.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Hew Mui Lan]	3,458,700	3.88
7.	Cartaban Nominees (Asing) Sdn. Bhd. [Exempt AN for LGT Bank AG (Foreign)]	2,889,200	3.24
8.	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB for Yap Pak Leong (PB)]	2,712,600	3.05
9.	Lee Ngee Moi	2,674,899	3.00
10.	Ting Sing Hong	2,623,700	2.95
11.	Harmony Chime Sdn. Bhd.	2,367,533	2.66
12.	Patrick Chiong Sui Chai	2,078,700	2.33
13.	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Chiong Sui Chai & Sons Sdn. Bhd.]	1,638,100	1.84
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Everise Ventures Sdn. Bhd.]	1,459,000	1.64
15.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Bounty Leisure Sdn. Bhd.]	1,288,000	1.45
16.	Bounty Leisure Sdn. Bhd.	1,250,000	1.40

ANALYSIS OF SHAREHOLDINGS (CONT'D)**LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)**

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares Held	%
17.	Yap Fook Fung	1,240,000	1.39
18.	Lu Yieng Kee	1,106,500	1.24
19.	Hew Tien Shoong	1,000,000	1.12
20.	Lam Soei Lim	980,120	1.10
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Yap Pak Leong]	933,700	1.05
22.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Pau Chiong Ung]	800,000	0.90
23.	Cartaban Nominees (Tempatan) Sdn. Bhd. [Exempt AN for Standard Chartered Bank Malaysia Berhad (Wealth Management) (Tempatan)]	700,000	0.79
24.	HSBC Nominees (Asing) Sdn. Bhd. [Exempt AN for CACEIS Bank (CBSB-CSG-FGN)]	695,600	0.78
25.	Robert Tan	650,000	0.73
26.	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Yap Pak Leong]	640,000	0.72
27.	Chen Chee Min	570,666	0.64
28.	Anders Moller	480,000	0.54
29.	Wong Kam Seng	409,000	0.46
30.	Lim Lee Li	394,000	0.44

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TIMBERWELL BERHAD

[Registration No. 199601014835 (387185-W)]

FORM OF PROXY

I/We, _____ NRIC No./Passport No./Company No. _____

of _____

being a member/members of **Timberwell Berhad** hereby appoint _____

NRIC No./Passport No. _____ of _____

_____ *and/or failing him/her _____

NRIC No./Passport No. _____ of _____

or failing him/her, *the Chairman of Meeting as *my/our proxy to vote for *me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held at Crown 1, 2nd Floor, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Thursday, 22nd day of May 2025 at 3:00 p.m., and at any adjournment thereof.

Please indicate with an (X) in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees in respect of the financial year ended 31 December 2024.		
2.	To approve the payment of Directors' benefits payable to the Board of the Company and its subsidiaries.		
3.	To re-elect Madam Agnes Soei-Tin Lamey as a Director.		
4.	To re-elect Mr Wong Chong Kim as a Director.		
5.	To re-elect Ms Yap Fook Fung as a Director.		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT (AF0117) as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To approve the authority to issue and allot shares.		

Dated this _____ day of _____ 2025

No. of shares held	
CDS Account No.	
Contact No.	

.....
Signature(s)/Common Seal of Shareholder(s)

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy _____ %
Second named proxy _____ %
_____ 100 %

*Strike out whichever is not applicable.

NOTES:

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend, participate, speak and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company.
- A member shall be entitled to appoint not more than two (2) proxies to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two (2) proxies in respect of each Securities Account he holds in ordinary shares of the Company standing to the credit of the said Securities Account.
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.
Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the registered office of the Company at 2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
- Date of Record of Depositors for the purpose of determining Members' entitlement to attend, participate, speak and vote at the Annual General Meeting is 14 May 2025.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TIMBERWELL BERHAD

[Registration No. 199601014835 (387185-W)]

2nd Floor, Wisma BSN Sabah
Jalan Kemajuan, Karamuning
88000 Kota Kinabalu, Sabah.

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If undelivered, please return to:

Securities Services (Holdings) Sdn. Bhd.

[Registration No. 197701005827 (36869-T)]

Level 7 Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

TIMBERWELL BERHAD

Registration No. 199601014835 (387185-W)

2nd Floor, Wisma BSN Sabah, Jalan Kemajuan, Karamuning,
88000 Kota Kinabalu, Sabah.

Tel: 088-214 222 | Fax: 088-235 907

Email: enquiry@timwell.com.my | Website: <http://timwell.com.my>