

HeveaBoard

HEVEABOARD BERHAD

Registration No: 199301020774 (275512-A)



ANNUAL REPORT 2024

CORPORATE MISSION

Earnings

- Optimise returns for shareholders of **HeveaBoard** through enhanced growth and efficiency

Efficiency

- Apply innovations and research to lower production cost
- Increase efficiency through energy saving initiatives

Enhanced Growth

- Strive to maximise the usage of rubberwood residues
- To enhance value addition to our product range
- Create more high skill employment opportunities for Malaysians

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Cover Rationale

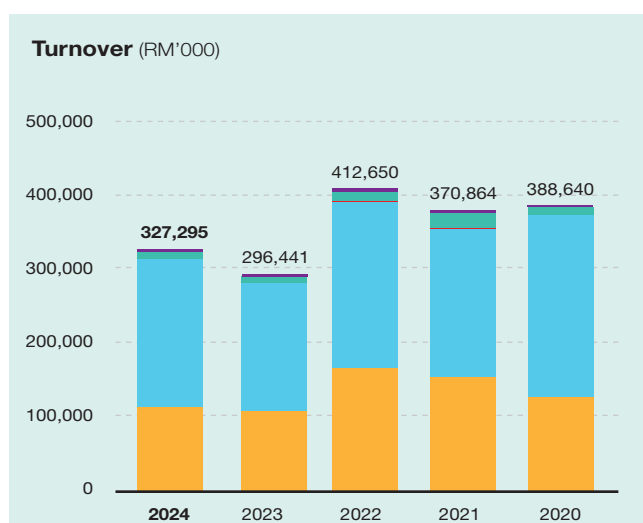
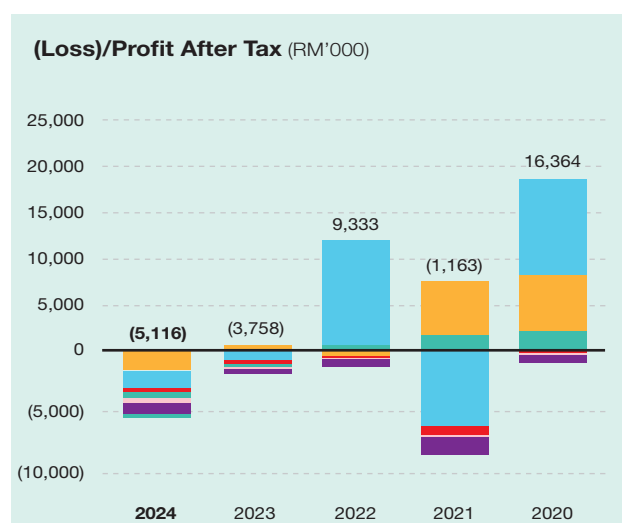
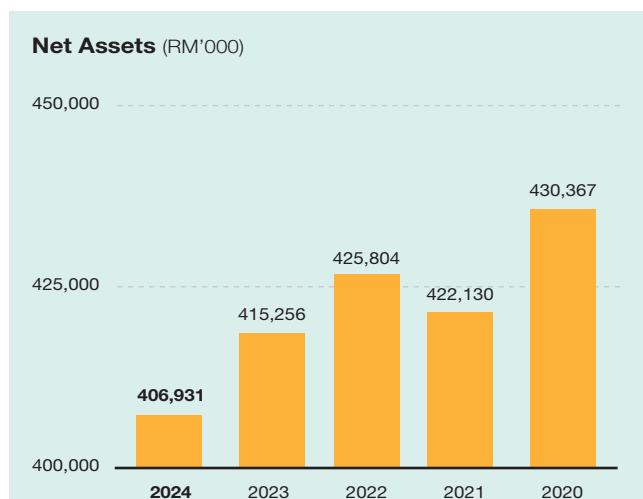
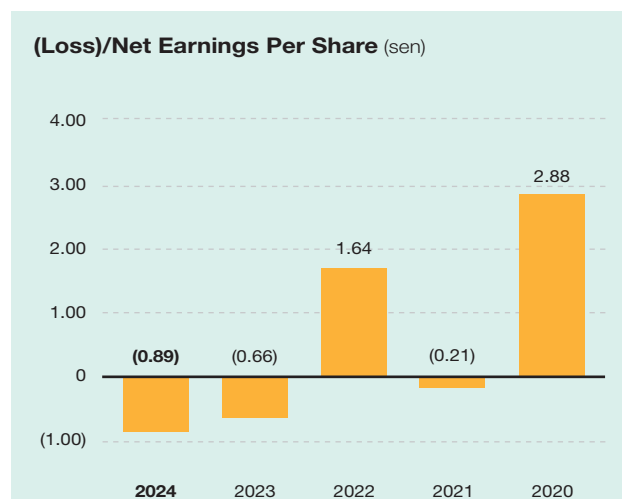
The cover features the newly refurbished headquarters, symbolising the Group's evolution, resilience, and forward momentum. The revitalisation of our corporate home reflects **HeveaBoard's** commitment to continuous improvement and our aspiration to build upon a strong foundation for future growth. It represents not only a physical transformation, but also the Group's steadfast dedication to progress, innovation, and excellence. As we move towards new frontiers, the renewed headquarters stands as a testament to our enduring values and our readiness to embrace opportunities ahead.

5-YEAR FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
Turnover (RM'000)	327,295	296,441	412,650	370,864	388,640
(Loss)/Profit Before Tax (RM'000)	(4,696)	(6,131)	16,561	(565)	17,805
Tax (RM'000)	(420)	2,373	(7,228)	(598)	(1,441)
(Loss)/Profit After Tax (RM'000)	(5,116)	(3,758)	9,333	(1,163)	16,364
Share Capital (RM'000)	160,215	160,215	160,215	160,215	160,215
Net Assets (RM'000)	406,931	415,256	425,804	422,130	430,367
Net Assets Per Share (RM)*	0.72	0.73	0.75	0.74	0.76
Interim Dividend (sen)	—	—	—	—	1.50
Proposed Final Dividend (sen)	1.00	1.00	1.20	1.00	0.75
(Loss)/Net Earnings Per Share (sen)**	(0.89)	(0.66)	1.64	(0.21)	2.88

* The net assets per share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date.

** The net earnings per share is arrived at by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.



MANAGEMENT DISCUSSION & ANALYSIS



Dear Shareholders,

*On behalf of the Board of Directors, I am pleased to present to you **HeveaBoard Berhad's** ("**HeveaBoard**" or "the Group") Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2024 ("FYE 2024")*

FINANCIAL PERFORMANCE

2024 was a year of both challenges and resilience for **HeveaBoard Berhad**. The global economic landscape remained volatile, with businesses navigating macroeconomic uncertainties, persistent inflationary pressures, and fluctuating foreign exchange rates. The lingering effects of geopolitical conflicts, including the Russia-Ukraine war and Middle East tensions, further compounded supply chain disruptions, leading to higher raw material and logistics costs across industries.

Despite these headwinds, the Group demonstrated resilience by leveraging operational efficiencies and strategic market positioning. **HeveaBoard** recorded a revenue of RM327.3 million in FYE 2024 as compared to the preceding year of RM296.4 million, representing an increase of RM30.9 million or 10.4%. The main contribution to our top line came from the ready-to-assemble ("RTA") sector, contributing to 62.8% of the Group's total revenue. Meanwhile, our particleboard and fungi cultivation sectors contributed 36.2% and 1.0% of the Group's total revenue, respectively.

However, the global market downturn, coupled with forex volatility in the third quarter, exerted pressure on profitability, resulting in a full-year net loss for the Group. In FYE 2024, the Group recorded a loss before tax ("LBT") of RM4.7 million, from a loss before tax of RM6.1 million a year ago, an improvement of RM1.4 million or 23.0%.

The Particleboard sector achieved revenue of RM146.1 million, an increase of RM6.7 million or 4.8%, driven by higher production and sales volumes. However, the sector's performance deteriorated from a profit to an LBT of RM2.8 million, a decline of RM4.3 million or 290.5% compared to the previous year. The downturn was primarily attributed to volatile foreign exchange movements in the third quarter of 2024 and challenging market conditions, which resulted in lower average selling prices.

The RTA sector achieved strong revenue growth of RM24.4 million or 13.1%, reaching RM209.7 million. This growth was driven by expansion into new markets and increased product innovation. The LBT improved significantly to RM2.4 million, a reduction of RM3.2 million or 56.6 % year-on-year. The improvement was attributed to higher sales volumes and better production efficiency, although forex-related challenges persisted in the third quarter of 2024.

The Fungi Cultivation sector's revenue declined by RM0.1 million or 2.8% to RM3.4 million, while the LBT increased by RM0.2 million or 14.8% compared to the previous year. The higher loss was mainly due to contamination issues that impacted production earlier in the year. To address this, the Group upgraded its facility, leading to improved operational performance in the latter part of the year.

Management Discussion & Analysis

(Continued)

DIVIDEND

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen per ordinary share of approximately RM5.7 million in respect of the current financial year, as of 31 December 2024, will be proposed for the shareholders' approval.

BUSINESS OPERATIONS & EFFICIENCIES

HeveaBoard

In response to increasing production costs and market challenges, the Particleboard sector has intensified its focus on enhancing production efficiency and cost optimization. One of the key initiatives undertaken was the implementation of higher automation in manufacturing processes, aimed at improving productivity while reducing dependency on manual labour. Additionally, the Group has prioritized energy efficiency by optimizing electricity consumption, particularly in light of rising tariffs. Despite facing pressure from lower selling prices due to competitive market conditions and forex fluctuations in the third quarter of 2024, **HeveaBoard** proactively expanded its customer base to diversify revenue streams and reduce reliance on any single market segment. **HeveaBoard** participated in international and local exhibitions, such as CIFF and ARCHIDEX, to market and promote its HVEA range of products. Moving forward, the Particleboard sector will continue investing in product innovation and process improvements to enhance market positioning and drive sustainable growth.

HeveaPac

The RTA sector recorded strong growth in 2024, driven by automation advancements and improved operational efficiencies. To meet rising demand and enhance production capacity, this sector introduced new automated cutting, edging, and hardware assembly lines. These upgrades led to faster turnaround times, improved quality control, and reduced material wastage and manpower usage. These improvements allowed the Group to optimize its cost structure and reduce operational inefficiencies, positioning the RTA sector for sustainable long-term growth.

Furthermore, the RTA sector successfully expanded its presence in key export markets, benefiting from increased global demand for ready-to-assemble furniture. To further enhance its competitive edge, HeveaPac is also investing into digital transformation, integrating data-driven production planning and streamlined logistics management, improving order accuracy and delivery efficiency. These strategic moves will strengthen the RTA sector's resilience against market volatility, allowing this sector to adapt swiftly to changing consumer preferences and economic conditions.

As part of our Corporate Social Responsibility ("CSR") initiatives, we participated in the hiring program of Supervised Persons. Additionally, this sector has constructed a certified hostel accommodating 1,500 foreign workers, providing a long-term solution for future labour recruitment.

HeveaGro

The Fungi Cultivation sector underwent significant operational improvements in 2024, addressing early-year contamination challenges that had impacted production efficiency. To mitigate these issues, the Group undertook comprehensive facility upgrades, incorporating enhanced climate control systems and stricter quality control measures to ensure consistent yield and higher-quality produce. These enhancements helped stabilize production output, leading to improved operational performance in the latter half of the year. With 2 types of mushroom and initial production challenges now under control, the management believes a positive gross profit for this sector is possible and forthcoming.

Management Discussion & Analysis

(Continued)

ENHANCING SUSTAINABILITY & ESG COMMITMENTS

Sustainability remains at the heart of **HeveaBoard Berhad's** long-term strategy, as the Group continues to align its operations with global ESG best practices and Bursa Malaysia's sustainability reporting requirements. **HeveaBoard** has reinforced its commitment to reducing its environmental impact, improving resource efficiency, and promoting responsible production, strongly focusing on energy efficiency, waste management, and carbon footprint reduction.

In 2024, the Group expanded its solar energy initiatives under the Net-Energy Metering ("NEM") program, generating 4,536,000 kWh annually and reducing carbon emissions by 3,538 tonnes. Energy efficiency measures, such as LED lighting upgrades, motion sensor installations, and automation, further reduced electricity consumption. Additionally, the Group strengthened its waste management efforts, repurposing rubber tree bark for fungi cultivation, optimizing material usage in furniture production, and recycling spent mushroom substrate into organic fertilizers, successfully diverting 6,866.71 metric tonnes of waste from landfills.

HeveaBoard also continues to prioritize employee welfare, community engagement, and workplace safety. In 2024, the Group expanded worker accommodation facilities, ensuring compliance with the Workers' Minimum Standards of Housing and Amenities Act 1990. Employee upskilling programs were enhanced, focusing on technical training and leadership development to empower the workforce. The Group also strengthened health and safety measures, implementing strict workplace safety protocols and regular hazard assessments. Additionally, **HeveaBoard** contributed to local community initiatives, including CSR programs for education, environmental awareness, and community well-being, reinforcing its role as a responsible corporate citizen.

During the financial year, **HeveaBoard** demonstrated its commitment to employee welfare and social responsibility by providing financial and manpower assistance to staff affected by major floods. This initiative included:

- Financial aid amounting to RM21,200 was distributed to affected staff.
- Deployment of 29 workers to assist in cleaning works at the homes of affected staff.

These efforts reflect the Group's dedication to supporting our employees in times of hardship and contributing positively to their well-being.

Ensuring long-term business resilience remains a key priority for **HeveaBoard**. The Group continues to enhance operational efficiency through automation, reducing reliance on manual labour while improving production capacity. Market expansion efforts in Southeast Asia, China, and the Middle East have diversified revenue streams and strengthened business resilience. Investments in supply chain optimization and digital transformation have enabled better cost management, improved logistics efficiency, and enhanced customer service. Moving forward, **HeveaBoard** will continue to integrate ESG principles into its corporate strategy, ensuring sustainable value creation for all stakeholders.

FUTURE OUTLOOK & PROSPECT

As **HeveaBoard Berhad** enters into 2025, the Group remains cautiously optimistic about its growth prospects amid evolving global economic conditions. While macroeconomic uncertainties, foreign exchange volatility, and persistent cost pressures are expected to persist, the Group is well-prepared to navigate these challenges through strategic cost management, operational efficiencies, and market expansion initiatives.

In response to rising raw material and energy costs, **HeveaBoard** will continue implementing cost rationalization strategies across all business sectors. Key initiatives include:

- **Investments in Automation & Digitalization:** Implementing automated and digitalized production processes to enhance productivity and reduce reliance on manual labour.
- **Energy-Saving Technologies:** Prioritizing energy-efficient technologies to reduce operational costs and improve sustainability.
- **Optimized Supply Chain Management:** Securing long-term partnerships with key suppliers to mitigate cost fluctuations and ensure a stable supply of raw materials.

Management Discussion & Analysis

(Continued)

FUTURE OUTLOOK & PROSPECT (CONTINUED)

Through these proactive measures, the Group aims to improve operational efficiency, enhance productivity, and maintain a competitive edge in the market.

HeveaBoard remains committed to expanding its market reach, both locally and internationally. The Group will accelerate its penetration into high-growth markets, particularly in Southeast Asia, China, and the Middle East, leveraging demand for environmentally friendly particleboard and RTA furniture. To differentiate ourselves in a competitive landscape, the Group will continue developing innovative, value-added products, particularly within the eco-friendly and low-emission product categories. These efforts align with global sustainability trends and growing consumer preferences for greener alternatives.

The Group recognises the importance of technology-driven growth and will continue investing in digital transformation initiatives to improve manufacturing agility, customer experience, and operational transparency. The integration of smart factory systems, data analytics, and automated logistics solutions will allow the Group to enhance real-time decision-making, improve supply chain efficiencies, and strengthen customer relationships.

With these focused strategies in place, **HeveaBoard** is confident that it will be able to weather through the challenges and uncertainties in 2025, delivering sustainable value for stakeholders while reinforcing its position as a leading player in the engineered wood and RTA furniture industries.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my deepest gratitude to all our stakeholders for their unwavering support throughout 2024. Despite the challenges faced, our employees, shareholders, business partners, and customers have remained integral to **HeveaBoard's** resilience and success.

To my fellow Board members, thank you for your strategic leadership and guidance in navigating challenges and driving **HeveaBoard** forward. To our employees, your dedication and resilience have been the backbone of our success, ensuring operational excellence and innovation. To our shareholders, customers, and business partners, we appreciate your confidence and collaboration, which have been vital to our growth. Lastly, we acknowledge the regulatory authorities and industry partners for their ongoing support in upholding best practices.

YOONG HAU CHUN
Group Managing Director

SUSTAINABILITY STATEMENT

Dear Shareholders,

At **HeveaBoard Berhad**, sustainability is at the core of our business strategy as we continue to drive long-term value creation for our stakeholders. As a leading player in the engineered wood panel and agricultural sector, we recognize our responsibility to balance economic growth with environmental stewardship and social well-being.

In 2024, we reaffirmed our commitment to sustainable business practices through proactive environmental management, responsible sourcing, and continuous energy and resource efficiency improvements. Our efforts are guided by our Environmental, Social, and Governance (“ESG”) principles, ensuring alignment with global sustainability standards, including Bursa Malaysia’s sustainability reporting requirements.

Our dedication to excellence and sustainability has been widely recognized through numerous prestigious awards over the years. Our achievements include the National Productivity Award (2005 - Special Award), National Business Excellence Award (2008), and Asean Energy Award (2014 - Winner, Industry Category - Special Submission), reflecting our commitment to operational efficiency and environmental responsibility. In recent years, we have continued to push the boundaries of innovation and sustainability, earning accolades such as the Industry Awards 2022 for Innovative Timber Product and Anugerah Industri Perakayuan MTIB 2023. Notably, in November 2024, we secured 1st Runner-Up at the Nitori World Circle, a testament to our dedication to continuous improvement and global industry leadership. These recognitions reinforce our pursuit of sustainable business growth while upholding the highest quality, safety, and environmental stewardship standards.

As we navigate an evolving landscape of environmental regulations, shifting consumer preferences, and climate-related challenges, we remain steadfast in our goal of reducing our carbon footprint while fostering a safe, inclusive, and ethical workplace. This statement outlines our key initiatives, progress, and future commitments in our sustainability journey.

SCOPE AND BASIS OF SCOPE

The scope of the statement covers all of **HeveaBoard’s** business divisions, namely Particle Board, Ready-to-Assemble (“RTA”) Furniture, and Fungi Cultivation and all reporting boundaries in Malaysia, covering all pillars of the Company’s businesses and stakeholders. No geographical areas or business sectors have been excluded. This ensures a comprehensive overview of **HeveaBoard’s** sustainability efforts across all pillars of the business and its stakeholder engagements. This Sustainability Report covers a 12-month reporting period from 1st January 2024 to 31st December 2024, unless stated otherwise.

REPORTING FRAMEWORKS AND STANDARDS

We have prepared our report in accordance with Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements and with guidance from its Sustainability Reporting Guidelines (3rd edition). We are constantly enhancing our sustainability strategy which will contribute to the enhancement of the framework over the years.

FEEDBACK

To continuously improve on our sustainability efforts, we welcome and encourage our stakeholders to provide feedback pertaining to this Statement or our sustainability practices and initiatives. Comments and questions can be directed to our designated email address at feedback@heveaboard.com.my

Sustainability Statement

(Continued)

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance



At **HeveaBoard**, sustainability is deeply embedded in our corporate strategy, with governance oversight at the highest level. Our Board of Directors provides strategic direction and oversight, ensuring that our ESG commitments align with our long-term business objectives and stakeholder expectations. Strong corporate leadership remains fundamental in driving our sustainability agenda, reinforcing our dedication to creating lasting value for the Group and the communities we serve.

Our sustainability initiatives are implemented by the Sustainability Committee, which is chaired by our Group Managing Director and supported by Senior Management. This committee is responsible for identifying key sustainability priorities, integrating ESG considerations into business operations, and ensuring that sustainability remains a core focus in decision-making.

Our sustainability approach is guided by a comprehensive assessment of areas where we can leverage our expertise, experience, and resources to generate meaningful impact. We adhere to global standards, robust processes, and advanced tools to safeguard our employees, local communities, and the environment. Moving forward, we are committed to continuously improving our operational practices, proactively mitigating risks, and minimizing environmental and social impacts across our facilities.

Material Matters & Assessment Process

The Materiality Assessment Process is a fundamental component of **HeveaBoard's** sustainability strategy. It ensures that we effectively identify, evaluate, and prioritize the ESG issues most relevant to our business operations and stakeholders. This structured approach allows us to remain agile in addressing both internal sustainability objectives and external expectations, ultimately supporting long-term value creation and stakeholder confidence.

HeveaBoard's sustainability framework is built upon three core pillars—Economic, Environmental, and Social—which are integral to our continued operational success and responsible corporate growth. Our materiality assessment is designed to align with global best practices, industry trends, and regulatory requirements, ensuring that our sustainability strategy remains relevant, effective, and forward-thinking.

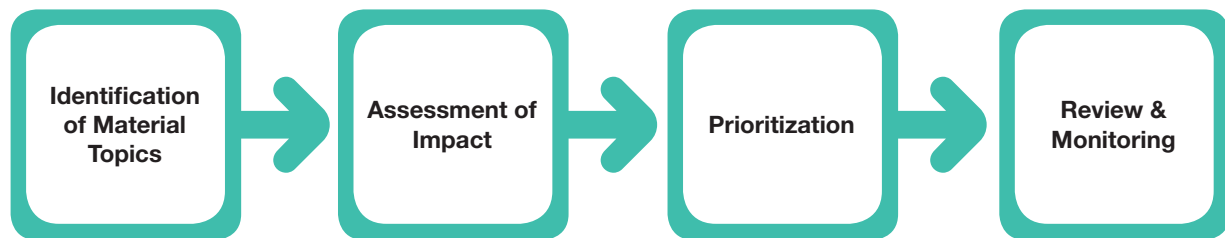
Sustainability Statement

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OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

Materiality Assessment Process:



1. Identification of Material Topics

HeveaBoard continuously evaluates the factors that significantly impact our business and stakeholders. This process involves:

- Assessing current industry trends, sustainability benchmarks, and global ESG frameworks.
- Monitoring regulatory requirements and policy developments that may affect our operations.
- Identifying emerging risks and opportunities to ensure long-term resilience.

By proactively identifying material sustainability topics, we can integrate them into our corporate strategy and enhance our ability to mitigate risks while capitalizing on opportunities.

2. Assessment of Impact

Once material topics are identified, we thoroughly analyse their potential risks and benefits to both our business and stakeholders. This evaluation enables us to:

- Assess the extent of each issue's influence on our sustainability goals and operational performance.
- Identify areas where we can drive the most significant positive impact while minimizing adverse effects.
- Align our business practices with stakeholder priorities to strengthen corporate responsibility.

This impact assessment helps us develop a more strategic and data-driven approach to sustainability integration across our operations.

Stakeholder Engagement

A critical element of our materiality assessment is active stakeholder engagement, ensuring that our ESG priorities align with the concerns and expectations of those who have a vested interest in **HeveaBoard**. We define stakeholders as individuals, groups, or entities affected by our business activities and decisions, as well as those whose actions and interests influence our growth and operations. Maintaining meaningful and continuous engagement with our stakeholders enables us to understand their expectations, address their concerns, and align their priorities with our business strategies.

We engage with stakeholders through various channels and corporate touchpoints, systematically gathering, analyzing, and incorporating their feedback into our decision-making processes. Strengthening these relationships enhances our ESG impact and contributes to sustainable business growth. As we move forward in an increasingly digital landscape, we continue to leverage technology to improve stakeholder engagement, enabling more efficient, transparent, and responsive communication.

Sustainability Statement

(Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

[Stakeholder Engagement \(Continued\)](#)

The table below outlines our key stakeholder groups, the engagement methods we employ, and the primary areas of interest that guide our interactions:

Stakeholder	Engagement Methods	Priority Issues
Employees	<ul style="list-style-type: none"> On-going education and training programs Employee events Internal e-announcements Employee feedback/suggestion form 	<ul style="list-style-type: none"> Employee satisfaction and well-being Training and development Performance management Occupational safety and health Employee engagement Employee welfare Direct feedback from employees concerning matters and improvement methods
Shareholders and investors	<ul style="list-style-type: none"> Annual report AGM Analyst meetings Announcements on Bursa Malaysia Securities Berhad Corporate website 	<ul style="list-style-type: none"> Company development Business strategy Regulatory compliance Financial performance
Financiers/banks	<ul style="list-style-type: none"> Meetings and discussions Announcements on Bursa Malaysia Securities Berhad 	<ul style="list-style-type: none"> Funding methods
Local authorities/ municipalities/ regulators/ government ministries	<ul style="list-style-type: none"> Meetings and discussions 	<ul style="list-style-type: none"> Strategic partnerships and agreements Regulatory compliance Briefings and trainings
Sub-contractors/ suppliers	<ul style="list-style-type: none"> Meetings and discussions 	<ul style="list-style-type: none"> Tenders Safety and quality compliances
Media	<ul style="list-style-type: none"> Interviews Press release 	<ul style="list-style-type: none"> Business development and performance
Customers	<ul style="list-style-type: none"> Feedback channels Meetings and discussions Exhibitions and trade shows 	<ul style="list-style-type: none"> Customer satisfaction Personalised solutions Competitive pricing Identify appropriate R&D to be carried out Understand latest market trend and consumer behaviour Compliance with new rules and regulations in different countries

Sustainability Statement

(Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

3. *Prioritization of Material Issues*

After identifying material topics, **HeveaBoard** thoroughly assesses the risks, opportunities, and potential impact associated with each material issue. This evaluation considers regulatory requirements, stakeholder concerns, industry trends, and the Group's business strategy. A key component of this assessment is compliance with internationally recognized certifications, which provide a structured framework for managing sustainability-related risks and ensuring operational excellence.

HeveaBoard's commitment to quality, environmental sustainability, occupational health and safety, and responsible resource management is reflected in its adherence to the following key certifications:

Environmental & Energy Management:

- ISO 14001:2015 (Environmental Management Systems)
- PEFC (Sustainable Forest and Energy Management)
- ISO 50001:2011 (Energy Management System)
- Singapore Green Label, Sirim Eco-Label Scheme, and MyHijau Certification for environmentally friendly products
- Product Carbon Footprint Certification - SIRIM QAS

These certifications help mitigate environmental risks by guiding resource efficiency, carbon footprint reduction, and responsible forestry practices, ensuring that **HeveaBoard** meets global sustainability standards.

Occupational Safety & Health:

- ISO 45001:2018 and MS 1722 (Occupational Safety and Health Management System)

As part of its ESG commitments, **HeveaBoard** prioritizes workplace safety through stringent health and safety standards. These certifications reinforce best practices in accident prevention, risk management, and employee well-being.

Quality & Regulatory Compliance:

- ISO 9001:2015 (Quality Management Systems)
- Japanese Industrial Standard (JIS) A5908:2015
- KS (Korean Standard)
- CARB (California Air Resources Board) Certification (Emission Standards)

These certifications strengthen **HeveaBoard's** focus on product excellence and regulatory compliance. They ensure that their manufacturing processes align with global quality benchmarks while addressing emissions and sustainability concerns.

HeveaGro Food Safety & Consumer Responsibility:

- ISO 22000:2018 (Food Safety Management System)
- MyOrganic Certification
- Halal Certification

These certifications validate **HeveaBoard's** commitment to safe, ethical, and high-quality production standards, particularly for markets where food safety and consumer trust are key concerns.

By integrating these certifications into its impact assessment process, **HeveaBoard** ensures that its sustainability strategy is proactively managed, risk-informed, and aligned with global best practices.

Sustainability Statement

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OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

4. Review and Continuous Monitoring

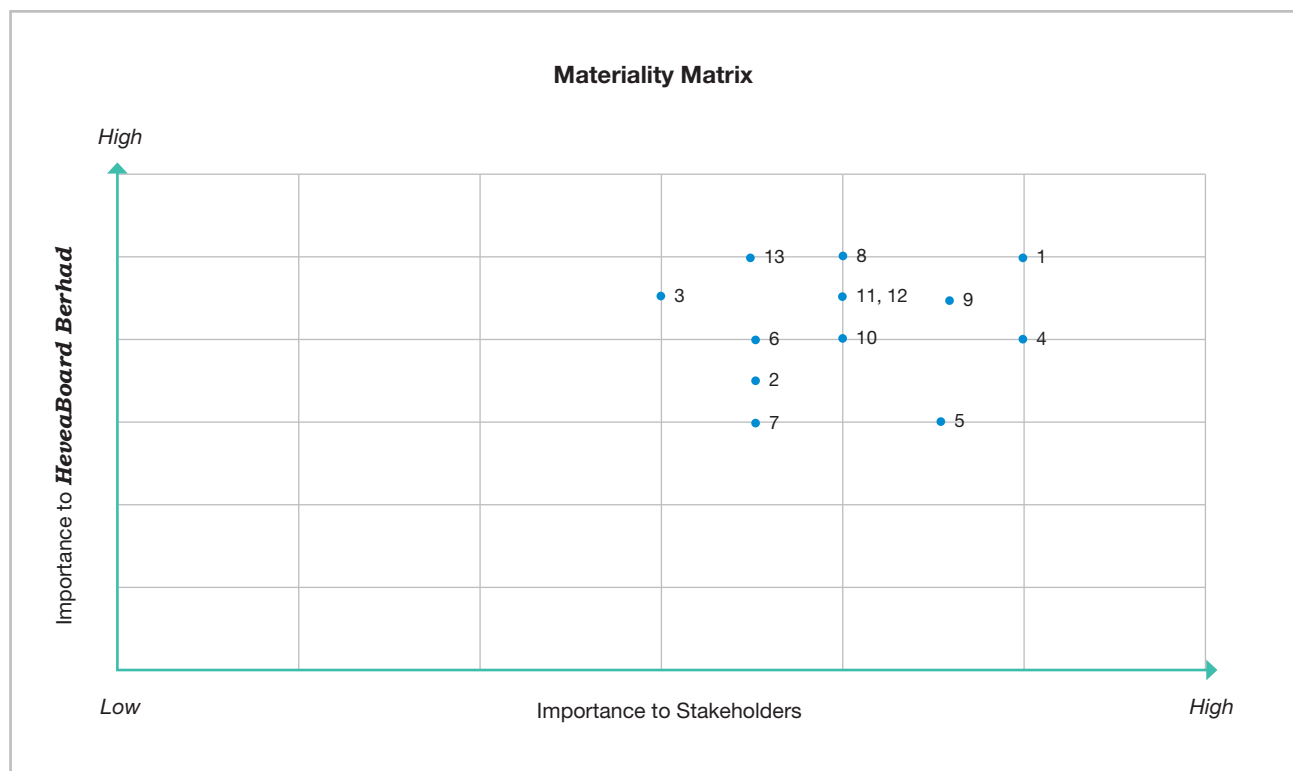
To remain agile and responsive to evolving industry requirements, **HeveaBoard** continuously monitors its material sustainability issues and certification compliance. Regular internal audits, external verifications, and stakeholder engagements allow the Group to adapt to emerging challenges while maintaining the highest standards of environmental, social, and governance (ESG) performance.

The Group's certifications undergo periodic reassessments and renewals, ensuring that sustainability practices are up-to-date and aligned with international benchmarks. Additionally, **HeveaBoard** leverages technological advancements and digital tools to enhance monitoring processes, improve data-driven decision-making, and optimize resource efficiency.

Through this ongoing review mechanism, **HeveaBoard** reinforces its commitment to long-term sustainability, operational excellence, and stakeholder trust while driving continuous improvement across its business operations.

Through this structured Materiality Assessment Process, **HeveaBoard** ensures that its sustainability strategy remains aligned with both business imperatives and stakeholder expectations. By integrating industry standards and best practices, we reinforce our role as a responsible corporate entity, committed to advancing sustainable development while fostering value creation for all stakeholders.

Materiality Matrix



Sustainability Statement

(Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Materiality Matrix (Continued)

No	Material Matters	Description
1	Economic Performance	Economic value generated and distributed to stakeholders by HeveaBoard
2	Community Engagement	Supporting communities that are economically disadvantaged through engagement programmes that create a positive social impact
3	Supply Chain Management	Promoting responsible and sustainable procurement practices, including assessing suppliers and their environmental and social impacts in accordance with the established criteria
4	Anti-Corruption	Promoting ethical business and transparency by avoiding all forms of corruption
5	Data Privacy and Security	Protecting customers' sensitive information and preventing data breaches
6	Employee Management	Efforts in recruiting and retaining talent as well as enhancing the overall productivity of our workforce
7	Diversity	Ensuring fair treatment to all employees, with dignity and without any form of discrimination based on gender, race, religion, age, nationality, disability, etc.
8	Health and Safety	Creating a healthy, safe and conducive working environment for employees and contractors particularly by minimising any health and safety-related risks that could arise
9	Energy Management	Efficient use of energy through technology and better management of processes
10	Water & Effluent Management	Efficient use of water and conservation of water resources
11	Waste Management	Efforts to reduce, reuse, recycle and responsible disposal of waste
12	Emissions	Reduction of environmental footprints and lowering our emissions across our operations
13	Materials	Resource conservation through the usage of recycled materials and other efforts

Sustainability Statement

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MANAGEMENT APPROACH FOR MATERIAL MATTERS

Economic Performance

Why is this important?

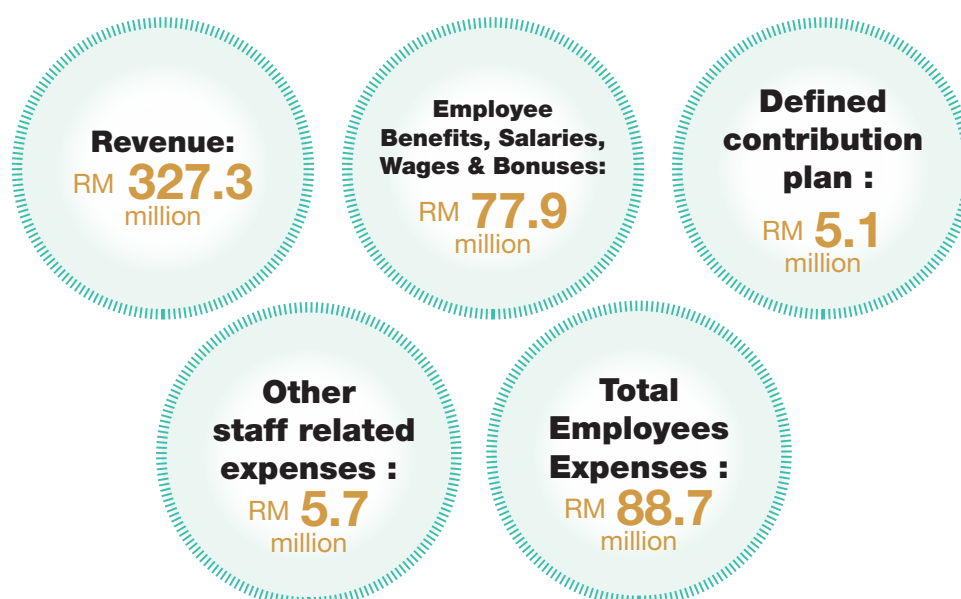
HeveaBoard's financial strength is fundamental to ensuring long-term value creation and sustaining our broader sustainability agenda. As a responsible corporate entity, we are committed to fostering economic growth, creating meaningful employment opportunities, and contributing to local community development. Our overarching goal is to enhance business resilience by maximizing the value of our assets and equitably distributing the wealth generated among our stakeholders.

Our approach

To maintain and enhance our economic performance, we employ a comprehensive business strategy that focuses on adapting to market trends, maintaining financial prudence, and leveraging technological advancements to drive operational efficiency. By staying attuned to industry developments and evolving consumer preferences, we ensure that our business remains competitive in an ever-changing landscape. Maintaining a strong balance sheet and healthy cash flow is central to our strategy, enabling us to navigate economic uncertainties while supporting sustainable business growth. Additionally, we continuously invest in innovation and process improvements, recognizing that technological advancements are key to increasing productivity and enhancing long-term financial stability.

Risk management also plays a crucial role in our approach, as we proactively identify and mitigate potential business risks that may impact our operational and financial resilience. At the same time, market expansion remains a priority, as we explore new growth opportunities to strengthen our presence in both domestic and international markets. Beyond these strategic efforts, we recognize that fostering strong relationships with our suppliers and customers is fundamental to our economic sustainability. Regular assessments and feedback mechanisms ensure that the materials and products we source meet our stringent quality standards while aligning with customer expectations. By prioritizing excellence and reliability, we reinforce customer trust, enhance satisfaction, and strengthen our competitive position in the market, ultimately driving long-term business success.

Our performance



Note: Please refer to the Annual Report pages 88 to 153 for detailed financial figures.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Community Engagement

Why is this important?

At **HeveaBoard**, we recognize that sustainable economic growth is intrinsically linked to the well-being and development of the communities in which we operate. By engaging with local communities, we contribute to economic empowerment, create job opportunities, and equip individuals with marketable skill sets that enhance employability. This commitment not only supports the nation's economic landscape but also fosters long-term social stability and prosperity.

Our Approach

As part of our commitment to community engagement, **HeveaBoard** actively facilitates employment opportunities for local job seekers through regular walk-in job interviews. These initiatives serve as a platform to identify and recruit talent while promoting sustainable economic participation within our surrounding communities.

To expand employment outreach, **HeveaBoard** has actively participated in various career fairs and job placement programs across multiple locations in Malaysia:



Across these events, we engaged with a total of approximately 150 job seekers who were interviewed for various positions, including Production Operator, Quality Control Inspector, Maintenance Technician, Logistics Coordinator and Sales & Marketing Executive.

Beyond job recruitment, we have also introduced a structured paid internship placement programme aimed at local university students. This initiative provides students with practical work experience, bridging the gap between academic knowledge and real-world applications. After graduation, several interns successfully transitioned into full-time roles within the group, further strengthening our talent pipeline and commitment to workforce development. Aside from internship programs, our RTA sector collaborated with INTI International University & College to enhance their students' exposure in the actual industry.

The economic downturn and rising cost of living have significantly impacted communities, particularly low-income households and vulnerable groups, making access to food more challenging. At **HeveaBoard Berhad**, philanthropy remains a core value embedded within our workforce. As part of our commitment to social responsibility, we mobilized our employees to distribute a total of 10,101.5kg of HeveaGro's Eryngii mushrooms to various beneficiaries, including Yayasan Food Bank Malaysia, schools and temples within the surrounding community.

Additionally, **HeveaBoard** also provided both financial and manpower assistance to staff affected by major floods during the financial year. RM21,200 was given out as aid, and 29 employees were deployed to help in cleaning works at the homes of affected staff.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Community Engagement (Continued)

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Total amount invested in the community (MYR)	76,000	121,200
Total number of beneficiaries of the investment in communities	12 charitable organizations	13 charitable organizations



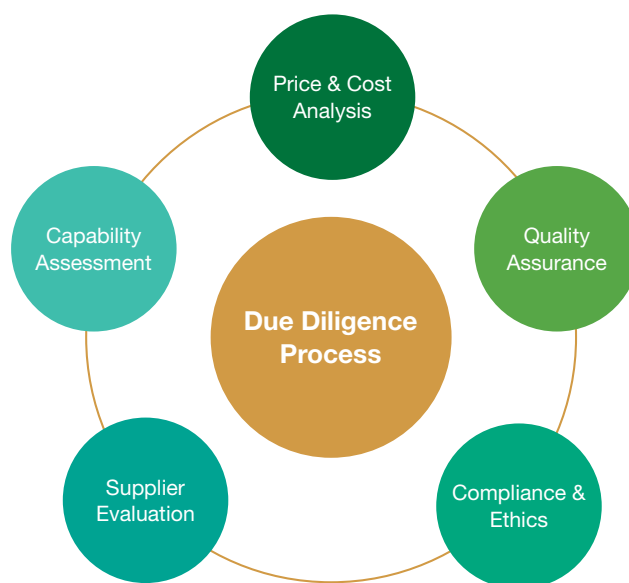
Supply Chain Management

[Why is this important?](#)

An effective supply chain ensures operational efficiency, cost-effectiveness, and product quality. **HeveaBoard** can reduce disruptions, optimize resources, and enhance overall business sustainability by maintaining a well-structured supply chain. A strong supplier network also supports timely delivery, minimizes production downtime, and ensures compliance with industry regulations and quality standards. Additionally, prioritizing local suppliers strengthens domestic economic growth and fosters long-term partnerships that contribute to business resilience.

[Our Approach](#)

As an ISO 9001-certified company, **HeveaBoard** adheres to internationally recognized quality management principles across its supply chain. Our approach includes a due diligence process in choosing our suppliers:



Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Supply Chain Management (Continued)

[Our Approach \(Continued\)](#)

- Supplier Evaluation: Assessing company background, stability, reputation, and compliance with industry standards.
- Capability Assessment: Evaluating production capacity, technology, and quality assurance.
- Price & Cost Analysis: Benchmarking prices, analysing payment terms, and ensuring long-term sustainability.
- Quality Assurance: Reviewing ISO certifications and other quality benchmarks.
- Compliance & Ethics: Ensuring suppliers adhere to environmental regulations and ethical policies.

Our supply chain management approach is also strengthened by our adherence to other internationally recognized certifications, including ISO 14001 for environmental responsibility, ISO 45001 for workplace safety, and PEFC for sustainable raw material sourcing. Additionally, supplier compliance with standards like CARB, JIS, and KS ensures that our products meet global market expectations while maintaining responsible sourcing and production practices.

[Our Performance](#)

Sector	FYE 2023		FYE 2024	
	Local Suppliers	Imported	Local Suppliers	Imported
Particleboard	90.6%	9.4%	91.4%	8.6%
RTA	87.0%	13.0%	80.1%	19.9%
Fungi Cultivation	91.6%	8.4%	89.2%	10.8%
Group Total	89.7%	10.3%	84.9%	15.1%

Anti-Corruption

[Why is this important?](#)

HeveaBoard upholds a zero-tolerance policy towards bribery and corruption, not only within its own operations but also throughout its supply chain. Maintaining ethical business practices is essential to safeguarding the interests of the company and its stakeholders, fostering trust, and strengthening confidence in our corporate integrity.

[Our Approach](#)

HeveaBoard's Anti-Bribery and Corruption Policy, established in alignment with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018), underscores our firm stance against all forms of bribery and corruption. To reinforce accountability further, we have had a whistleblowing policy in place since August 2015, both of which are publicly accessible on our corporate website.

Our commitment to ethical governance starts from the Board of Directors, who provide strong leadership in shaping and enforcing anti-corruption policies. These principles are systematically cascaded to all levels of employees, ensuring company-wide adherence.

To enhance awareness, **HeveaBoard** continuously provides anti-corruption training to employees and supply chain partners. New hires receive training as part of their induction program, with additional refresher courses conducted periodically. The Board of Directors and senior management also participate in these training sessions to reinforce a culture of compliance. In 2024, a total of 19 internal training sessions were conducted on both the Anti-Bribery and Corruption Policy and the Whistleblowing Policy. Employees are also required to sign a declaration of compliance, pledging to uphold all relevant laws and regulations.

Extending this commitment to our business partners, **HeveaBoard** introduced the Business Partner Compliance Verification Form, which requires suppliers, vendors, and agents to acknowledge and adhere to our anti-corruption principles formally. This initiative ensures that ethical standards are upheld within our organisation and across our entire supply chain.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Anti-Corruption (Continued)

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Percentage of employees who have received training on anti-corruption by employee category	100%	100%
Percentage of employees that have signed declaration of compliance	100%	100%
Percentage of operations assessed for corruption-related risks	NIL	NIL
Confirmed incidents of corruption and action taken	NIL	NIL

Whistle-blowing hotline: All advices communicating any concerns of malpractice must be in writing and can be sent via a letter to the Chairman of the Integrity Committee or by email to integrity_committee@heveaboard.com.my

Data Privacy & Security

[Why is this important?](#)

In an increasingly digitalised business environment, safeguarding data privacy and security is essential to maintaining trust and protecting stakeholders from cyber threats. **HeveaBoard** is committed to ensuring the confidentiality, integrity, and availability of data across all operations, particularly in protecting sensitive customer and business information. A strong data protection framework not only mitigates the risks associated with data breaches and unauthorized access but also reinforces compliance with regulatory requirements. By implementing robust cybersecurity measures, we uphold our responsibility to protect stakeholders' interests and maintain business continuity.

[Our Approach](#)

HeveaBoard strictly adheres to the Personal Data Protection Act 2010 ("PDPA") to ensure that all personal and business data is handled responsibly and securely. We continuously enhance our data governance policies, cybersecurity infrastructure, and employee awareness programs to mitigate potential risks associated with data breaches, phishing attempts, and fraudulent activities.

Recognizing the evolving nature of cyber threats, we have strengthened our email security measures by implementing Two-Factor Authentication ("2FA") to prevent unauthorized access and reduce the risk of identity fraud. Additionally, we conduct regular security assessments and monitoring to identify and address potential vulnerabilities before they pose significant threats.

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	NIL	2

In 2024, **HeveaBoard** recorded two substantiated complaints from customers in our RTA sector regarding hackers impersonating one of our subsidiary's identity to fraudulently collect payments. Upon identifying these incidents, we took immediate action to enhance our cybersecurity protocols, including the reinforcement of email security through 2FA implementation. Moving forward, we remain committed to further strengthening our data protection measures, ensuring that our systems remain resilient against emerging cyber threats.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Employee Management

Why is this important?

Employees are the foundation of **HeveaBoard's** success, and their well-being, development, and job satisfaction are central to our long-term sustainability. A well-structured employee management approach ensures a motivated workforce, higher productivity, and better retention rates. We are committed to fostering a workplace that values fairness, inclusivity, and professional growth, while providing competitive compensation and benefits. By prioritizing employee welfare, training, and a conducive work environment, we enhance both individual career progression and overall business performance.

Our Approach

HeveaBoard is committed to continuous learning and professional development, ensuring employees are equipped with the skills and knowledge necessary to excel in their roles. We provide both internal and external training programs tailored to business needs and employee growth.

Key external training programs included MTC Seminar on "Industry 4.0 for Malaysian Timber Industry Advancements", The ESG Essentials: Navigating ESG Implementation in The Timber Industry and Certified Environmental Professional in Scheduled Waste Management ("CePSWaM"), amongst others. Internal training programs focused on corporate policies, safety compliance, and workplace ethics, with sessions such as Procedure on Addressing Workers under the Influence of Alcohol/Drugs, Malaysian Anti-Corruption Commission & Whistleblower Policy and Understanding Fire Extinguishers.

At **HeveaBoard**, we ensure that employees are fairly compensated in accordance with the Minimum Wage Act while offering comprehensive benefits that support their well-being and work-life balance. Full-time employees are entitled to annual, medical, maternity, paternity, calamity, compassionate, examination leave, SOCSO, and Personal Accident Insurance coverage. Reflecting our commitment to family values, we extend health-related benefits to employees' family members and provide condolence benefits as a gesture of support. Employees who get married are also celebrated with gifts as a token of appreciation.

The Group offers various allowances and bonuses to incentivise performance, including attendance allowances, production output incentives, and skill-based rewards for employees who obtain specialized certifications. Retirement benefits are also provided for eligible employees as part of our long-term commitment to workforce security.

Recognizing the importance of workplace convenience, we have established an in-house clinic and installed an ATM within our RTA factory premises. Furthermore, to enhance employee accommodation, we have invested in the construction of a new hostel for the RTA sector, which will house up to 1,500 workers upon completion. Meanwhile, our particleboard sector has acquired four double-story shop lots near the factory to accommodate up to 120 workers in compliance with the Employees' Housing, Accommodations, and Amenities Act 446. The hostel is currently in use after receiving all the relevant approvals from the local authorities.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Employee Management (Continued)

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Total hours of training	391 hours	4,081 hours
Total hours of training by employee category:		
a. Management	N/A	567 hours
b. Executive	N/A	1,061 hours
c. Non-Executive	N/A	2,453 hours
Number of employees that are contractors or temporary staff	133 pax	128 pax
Total number of employee turnover	38 pax	491 pax
Total number of employee turnover by employee category:		
a. Management	N/A	5 pax
b. Executive	N/A	12 pax
c. Non-Executive	N/A	481 pax
Number of substantiated complaints concerning human rights violations and action taken, if any	NIL	NIL

Diversity

[Why is this important?](#)

Diversity in the workplace is a cornerstone of **HeveaBoard's** commitment to fostering an inclusive, dynamic, and forward-thinking corporate culture. A diverse workforce not only enhances innovation and decision-making but also strengthens our ability to serve a broad customer base while upholding our social responsibility. Ensuring equitable representation across gender, age, and backgrounds allows us to cultivate a work environment that values diverse perspectives, promotes inclusivity, and drives long-term business sustainability.

[Our Approach](#)

HeveaBoard strives to be fair in how we treat our employees regarding the terms and conditions of their employment and the development of employees' skills and knowledge. We observe and comply with statutory rules and regulations in the operation of our factories. This covers reasonable working hours, overtime, public holidays, rest days, and paid annual leave for employees. At **HeveaBoard**, we are committed to continuously engaging respectfully and fairly with all our employees and providing ample development opportunities without discrimination against gender, marital status, race, nationality, ethnicity, or age.

At **HeveaBoard**, we actively promote diversity by implementing inclusive hiring practices and providing opportunities to underrepresented groups. We are committed to gender diversity across all levels, ensuring that female candidates are sought after during recruitment. Women hold key leadership positions within our organization, including the roles of Chief Financial Officer and Corporate Services General Manager, and we are proud to have two female directors on our Board. Our goal is to continue fostering women's participation in management, despite the challenges posed by industry-specific gender imbalances.

In addition to gender diversity, we provide employment opportunities for individuals living with disabilities (OKU), currently employing one OKU staff member. Furthermore, we actively support social reintegration programs, having participated in the hiring of 120 Supervised Persons under an out-of-prison rehabilitation program. Our commitment extends beyond employment, as we offer skills training to help ex-convicts reintegrate into society. Once fully discharged, these individuals are encouraged to apply for permanent placement within our company, reinforcing our dedication to second-chance employment and social inclusion.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

[Our Performance](#)

Board Diversity

By Gender

Indicator	FYE 2023		FYE 2024	
	Number	%	Number	%
Male	7	77.8	7	77.8
Female	2	22.2	2	22.2
Total	9	100.0	9	100.0

By Age Group

Indicator	FYE 2023		FYE 2024	
	Number	%	Number	%
41 – 50	3	33.3	3	33.3
51 – 60	2	22.2	2	22.2
>61	4	44.5	4	44.5
Total	9	100.0	9	100.0

Workforce Profile

Workforce by Gender

Indicator	FYE 2023		FYE 2024	
	Number	%	Number	%
Male	1790	89.1	1679	86.3
Female	219	10.9	276	13.7
Total	2009	100.0	1955	100.0

Workforce by Age Group

Indicator	FYE 2023		FYE 2024	
	Number	%	Number	%
<20	42	2.1	18	0.9
20 – 29	790	39.3	675	34.5
30 – 39	731	36.4	769	39.4
40 – 49	329	16.4	358	18.3
50 – 59	107	5.3	116	5.9
>60	10	0.5	19	1.0
Total	2009	100.0	1955	100.0

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

[Our Performance \(Continued\)](#)

Workforce Breakdown by Employee Category:

Management by Gender

FYE 2024		
Indicator	Number	%
Male	37	72.5
Female	14	27.5
Total	51	100.0

Management by Age Group

FYE 2024		
Indicator	Number	%
30 – 39	8	15.7
40 – 49	21	41.2
50 – 59	12	23.5
>60	10	19.6
Total	51	100.0

Executive by Gender

FYE 2024		
Indicator	Number	%
Male	54	56.8
Female	46	43.2
Total	100	100.0

Executive by Age Group

FYE 2024		
Indicator	Number	%
20 – 29	14	14.0
30 – 39	35	35.0
40 – 49	33	33.0
50 – 59	17	17.0
>60	1	1.0
Total	100	100.0

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

[Our Performance \(Continued\)](#)

Workforce Breakdown by Employee Category: (Cont'd)

Non-Executive by Gender

FYE 2024		
Indicator	Number	%
Male	1588	88.1
Female	216	11.9
Total	1804	100.0

Non-Executive by Age Group

FYE 2024		
Indicator	Number	%
<20	18	1.0
20 – 29	661	36.7
30 – 39	726	40.2
40 – 49	304	16.9
50 – 59	87	4.8
>60	8	0.4
Total	1804	100.0

In 2024, there were no discrimination incidents reported and recorded within **HeveaBoard**, indicating that our initiatives and practices are effective in the working environment.

Health & Safety

[Why is this important?](#)

Ensuring the health and safety of employees is a fundamental priority at **HeveaBoard**. A safe working environment not only protects employees from hazards but also enhances productivity, morale, and overall business continuity. The Group takes a proactive approach to risk management, compliance, and safety training to foster a workplace where employees feel secure. We comply with OSHAS ISO 45001:2018 and Malaysia's MS 1722:2011, ensuring that our facilities meet international and national safety standards. Identifying and controlling risks mitigate adverse effects on employees' physical, mental, and cognitive well-being.

[Our Approach](#)

HeveaBoard is committed to equipping employees with essential safety knowledge and awareness to operate in a secure working environment. Safety is embedded into daily operations through morning toolbox talks, ongoing risk assessments, and strict enforcement of safety regulations. Our Health, Safety & Environment (HSE) Committee, chaired by the General Manager and supported by the Plant Manager and department representatives, oversees five key areas: Security, Emergency Response Team (ERT) & Landscaping, Fire Safety, Safety & Health Monitoring, and Health Surveillance - Audiometric. The committee meets twice a year to assess and mitigate workplace risks.

The Group also provides accessible healthcare support through its in-house clinic in its RTA facilities, which recorded an average of 739 monthly patient visits in 2024. This facility ensures that employees have immediate access to medical care, reducing workplace health risks and promoting overall well-being.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Health & Safety (Continued)

[Our Approach](#)

We have also implemented initiatives in response to regulatory updates, such as the Occupational Safety and Health (Noise Exposure) Regulations 2019, ensuring compliance through internal noise risk assessments and external exposure monitoring. Under Malaysia's Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulations 2000, chemical exposure monitoring ensures all exposures remain within permissible limits.

Beyond compliance, the Group prioritizes emergency preparedness by organizing fire drills, safety briefings, and ERP training. Employees are trained on proper chemical handling, fire safety protocols, and workplace health practices. **HeveaBoard** also promotes health and wellness through dedicated campaigns, including Safety Month in November 2024, themed "Chemical Safety & Handling".

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Number of work-related injuries:		
First aid	25	37
Major	9	11
Fatality	NIL	NIL
Lost time incident rate	N/A	2.09
Number of employees trained on health and safety standards	333	1,087

Health & Safety Initiatives:

- Fire drill exercise conducted on 25th April 2024 and 26th July 2024 by the RTA Sector and Particleboard Sector respectively.
- In-house clinic recorded an average of 739 patient visits per month in 2024.
- Company conducted "Chemical Safety & Handling" training on 15 May 2024 and 31 December 2024 by the RTA Sector and Particleboard Sector respectively.

By integrating comprehensive training, risk assessments, and safety initiatives, **HeveaBoard** continues to uphold the highest standards of workplace health and safety, ensuring a secure and well-regulated working environment for all employees.

Energy

[Why is this important?](#)

Energy efficiency is a critical aspect of **HeveaBoard's** sustainability strategy, contributing to cost savings, reduced carbon emissions, and overall environmental responsibility. By optimizing energy usage and incorporating renewable energy sources, we are committed to minimizing our carbon footprint while improving operational efficiency. Our initiatives, including solar power adoption, LED lighting, motion sensors, and automation, help us achieve a more sustainable manufacturing process.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Energy (Continued)

[Our Approach](#)

ISO 14001 & ISO 50001-certified:

HeveaBoard adheres to internationally recognized standards for environmental and energy management, ensuring responsible energy consumption and sustainability practices.

Renewable Power Generation:

To further integrate renewable energy into our manufacturing processes, **HeveaBoard** has successfully implemented rooftop solar photovoltaic (PV) systems across multiple facilities under the Net-Energy Metering (NEM2.0 and 3.0) program, regulated by the Sustainable Energy Development Authority (SEDA). Our RTA facilities are equipped with 1,500 kWp of solar PV capacity, while our fungi cultivation facility houses an additional 337 kWp.

In 2023, we expanded our solar energy initiatives by generating power from a 450 kWp rooftop solar car park facility. This effort continued in 2024 by installing an additional 863 kWp solar PV system on the particleboard factory rooftop, bringing the Group's total annual solar PV generation capacity to 4,536,000 kWh*. This renewable energy output is equivalent to powering 1,100** households in Malaysia and contributes to an estimated 3,538*** tonnes of carbon reduction per year.

Beyond lowering electricity costs, adopting solar energy allows our factories to rely more on clean energy sources, significantly reducing greenhouse gas emissions and air pollutants compared to fossil fuels. As a result, a portion of our products will be manufactured using green energy, reinforcing our commitment to sustainability and environmental responsibility.

* $(1500\text{kw} + 450\text{kw} + 337\text{kw} + 863\text{kw}) \times 5 \text{ hrs} \times 24 \text{ days} \times 12 \text{ months}$

** Average household uses 345kwh/month in Malaysia (www.mdpi.com/journal/sustainability 2021)

*** using MGTC carbon calculator +MY energy commission = 0.78kgCO2e/kWh

LED Lighting:

Since 2016, **HeveaBoard** has progressively replaced fluorescent lights with energy-efficient LED lighting in all factories, showrooms, and surrounding streetlights, significantly reducing energy consumption.

Motion Sensors:

We have installed motion sensors in sanitizing chambers, car parks, and factory premises to minimize unnecessary electricity use. In 2023, 17 additional motion sensors were installed at RTA facilities.

Automation:

HeveaBoard had set up automatic and robotic packing lines, reducing the need for manpower and packing material. This also reduced workers' fatigue from repetitive and laborious work.

The RTA sector added auto edging lines, hardware counting automation, and automatic printing lines into production processes to enhance efficiency. Additionally, three diesel-powered handling equipment units were replaced with electric-powered units to reduce emissions.

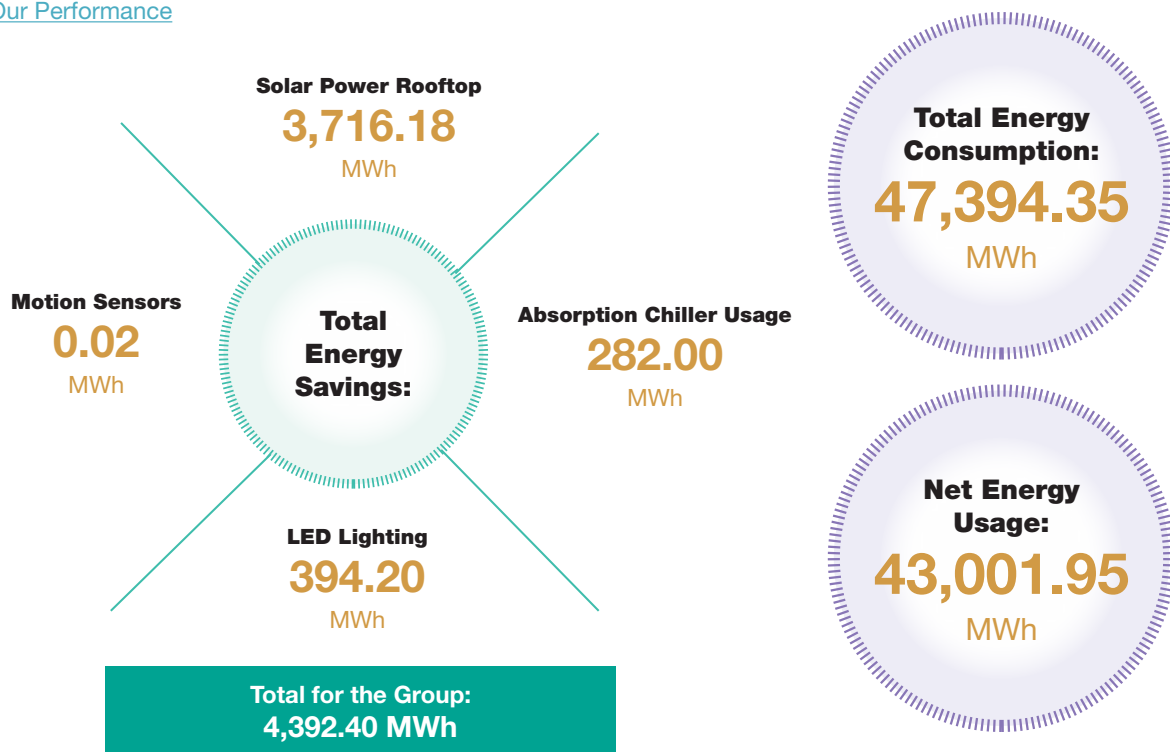
Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Energy (Continued)

[Our Performance](#)



By integrating solar power, automation, and energy-efficient technologies, **HeveaBoard** continues to enhance energy efficiency, reduce operational costs, and contribute to a greener future. **HeveaBoard** is having more automations and energy saving projects in the pipeline, and will have it realised in the next financial year. Moving forward, we remain committed to further expanding our renewable energy adoption and optimizing energy usage across all sectors.

Water

[Why is this important?](#)

Water is a critical resource for **HeveaBoard's** operations, and efficient water management is essential to reducing environmental impact and ensuring sustainable production. By implementing water-saving initiatives, including rainwater harvesting, underground water utilization, and absorption chillers, we actively reduce our reliance on treated water while optimizing consumption. These initiatives contribute to cost savings, operational efficiency, and environmental responsibility.

[Our Approach](#)

Usage of Absorption Chillers:

The particleboard sector has adopted an efficient water strategy using absorption chillers to recover waste heat from evaporative coolers, whereby under normal circumstances the hot water will be evaporated away. The heat from the hot water is recovered by the absorption chiller to generate chilled water at 6°C to 7°C for production processes. This method not only improves energy efficiency but also reduces water consumption from evaporation. An absorption chiller also utilizes water as refrigerant, making it a more environmentally friendly system. Plans are underway to install additional absorption chillers to extend cooling efficiency across a broader area of the factory.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Water (Continued)

[Our Approach \(Continued\)](#)

Rainwater Harvesting:

At the RTA sector, 45 water tanks have been installed, with a combined capacity to collect up to 70,888 litres of rainwater. This harvested water is reused for general cleaning, container water leak test, and washing, particularly in toilets and for cleaning factory equipment. In 2024, an estimated 0.6 Megalitres of rainwater was collected.

Underground Water Usage:

Due to high water table levels at the particleboard factory, underground wells were bored to manage water seepage issues and provide an alternative water source for cleaning activities. This initiative has not only helped resolve seepage problems but has also allowed the factory to reduce dependence on more expensive treated water.

[Our Performance](#)



Alternative Water Sources:

- Rainwater Harvesting: 0.6 ML
- Underground Water Usage: 3,468 litres

By incorporating advanced water-saving technologies, **HeveaBoard** continues to prioritize sustainable water management, minimizing consumption while optimizing operational efficiency. Moving forward, we remain committed to enhancing water conservation efforts and exploring innovative solutions to reduce dependency on treated water.

Waste

[Why is this important?](#)

Effective waste management reduces environmental impact, improves resource efficiency, and ensures regulatory compliance. **HeveaBoard** is committed to responsible waste disposal and resource recovery to minimize landfill waste and promote a circular economy. By incorporating waste reduction initiatives, recovery programs, and sustainable product designs, we actively contribute to environmental conservation while enhancing operational efficiency.

[Our Approach](#)

ISO 14001-Certified:

HeveaBoard operates in accordance with internationally recognized environmental management standards, ensuring best practices in waste management and sustainability since 2011.

Certified Scheduled Waste Competent Person:

Due to the variety of wastes and effluents generated from operations, **HeveaBoard** employs a Certified Scheduled Waste Competent Person to oversee waste tracking, handling, and disposal in compliance with Department of Environment (DOE) regulations.

Recovery of Rubber Tree Bark:

Rubber tree bark is recovered and repurposed as a substrate for fungi cultivation, reducing waste from the particleboard sector while eliminating the need for additional disposal.

Hollow Core Products for Waste Reduction:

The RTA sector integrates hollow core designs into furniture manufacturing to repurpose off-cut materials, minimizing waste. Future expansion of hollow core products is planned to further reduce production waste.

Click Technology in Toolless Furniture:

Our RTA sector pioneered Click Technology, replacing metal hardware (screws, nails, dowels) with recycled plastic inserts, reducing material usage, enhancing durability, and lowering transportation weight, leading to reduced emissions.

On average, each RTA set using Click Technology results in 100g of weight savings compared to traditional methods. In 2024, this resulted in total weight savings of 47,873 kg.

Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Waste (Continued)

[Our Approach \(Continued\)](#)

Photo Rendering Software for Sample Reduction:

Since 2021, the RTA sector has implemented photo rendering software to replace physical product samples for photography, significantly reducing material waste.

Spent Mushroom Substrate as Fertilizer:

Our Fungi Cultivation sector sells its spent mushroom substrate, rich in organic matter, to fertilizer producers, converting waste into organic fertilizers for agricultural use.

Leak Detection System for Handling Equipment:

An in-house early leak detection system was implemented to identify small leaks in forklifts and handling equipment, preventing environmental contamination and reducing unnecessary fluid replenishment.

[Our Performance](#)

Indicator	FYE 2023	FYE 2024
Total waste generated	N/A	7,986.86 Mt
Total waste diverted from disposal	N/A	6,965.59 Mt
Total waste directed to disposal	43.89 Mt	1,021.27 Mt

By implementing waste reduction strategies, recovery programs, and sustainable manufacturing practices, **HeveaBoard** continues to optimize waste management efforts, ensuring compliance with environmental regulations and reinforcing our commitment to sustainability.

Emissions

[Why is this important?](#)

Managing emissions is a critical aspect of **HeveaBoard's** sustainability efforts, helping to mitigate climate change, improve air quality, and enhance regulatory compliance. By actively monitoring and reducing our Scope 1, Scope 2, and Scope 3 emissions, we align with global environmental standards and contribute to a lower-carbon future. Our initiatives, such as solar energy adoption, pollution control systems, and carbon footprint certification, ensure a cleaner, more efficient manufacturing process.

[Our Approach](#)

ISO 14067 Certified - Product Carbon Footprint License:

HeveaBoard is among the first Malaysian companies in the wood panel industry to receive the ISO 14067 Product Carbon Footprint License from SIRIM QAS Malaysia. This certification ensures that our Greenhouse Gas (GHG) inventory aligns with leading reporting standards, enhancing transparency and innovation in reducing energy and raw material consumption.

State-of-the-Art Pollution Control System:

In March 2022, the RTA sector upgraded its pollution control system by replacing the outdated cyclone separation system with an advanced filter bag system. This upgrade ensures cleaner emissions, lower energy consumption, and improved environmental compliance. Additionally, regular isokinetic stack emission monitoring is conducted to ensure emissions meet regulatory standards.

Sustainability Statement

(Continued)

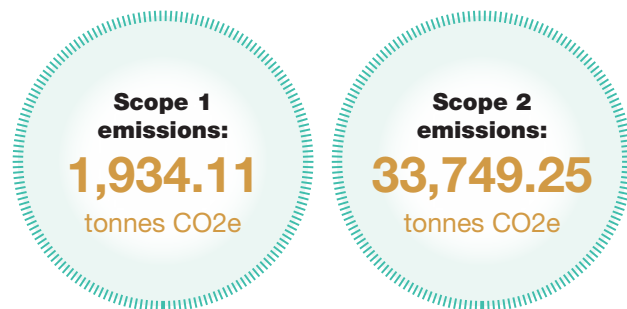
MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Emissions (Continued)

[Our Approach \(Continued\)](#)**Solar Energy for greenhouse gas Emissions Reduction:**

HeveaBoard continues to expand its reliance on renewable energy sources to reduce carbon emissions. Our solar PV systems significantly contribute to lower emissions across multiple facilities:

- Particleboard sector: Generated 1,289.06 MWh of solar power, reducing 997.73 tonnes of CO₂e in 2024.
- RTA sector: Generated 1,978.91 MWh of solar power, reducing 1,531.68 tonnes of CO₂e in 2024.
- Fungi Cultivation sector: Generated 448.21 MWh of solar power, reducing 346.91 tonnes of CO₂e annually.

[Our Performance](#)

**Total Emissions Reduction from Solar Energy:
2,876.32 tonnes CO₂e**

Currently, **HeveaBoard** has not yet collected data for Scope 3 emissions, which include indirect emissions from the value chain such as supplier activities, transportation, and product usage. Moving forward, the Group aims to establish a framework to track and assess Scope 3 emissions as part of our commitment to enhancing carbon transparency and sustainability efforts.

By leveraging renewable energy, upgrading pollution control systems, and maintaining carbon footprint certification, **HeveaBoard** remains dedicated to reducing its environmental impact and advancing low-carbon manufacturing practices.

Materials

[Why is this important?](#)

Sustainable material usage reduces environmental impact, improves resource efficiency, and promotes responsible production. **HeveaBoard** is committed to increasing the use of renewable and recycled materials while reducing reliance on non-renewable resources. We strive to minimise waste and lower our carbon footprint through continuous investment in alternative materials, eco-friendly adhesives, and sustainable packaging.

[Our Approach](#)**Utilization of Alternative Materials:**

One of our most significant initiatives to conserve the environment is our increased use of rubber tree stumps as a raw material for particleboard production. Rubber tree stumps are typically discarded or burned, contributing to air pollution. However, **HeveaBoard** has invested in cutting-edge processing and cleaning technology to recover and reuse these stumps efficiently. In 2023, a stump shredder was commissioned to enhance quality control and efficiency. We anticipate that with this technology, we can prevent 60,000 tonnes of CO₂ emissions during full production runs.

Use of Recyclable Packaging Materials:

Since 2021, the RTA sector has transitioned from polyfoam to recyclable packaging materials, including honeycomb boards and layer pads. Sustainable packaging plays a crucial role in minimizing the ecological footprint of our products throughout their lifecycle.

Research & Development for Green Products:

Recognizing potential health risks associated with traditional formaldehyde-based resins, **HeveaBoard** has invested in R&D to explore green adhesives that reduce indoor air pollution. The World Health Organization (WHO) and the United States Environmental Protection Agency (EPA) classify formaldehyde as a potentially hazardous carcinogen. To further these efforts, in 2024, **HeveaBoard** upgraded its R&D lab to accelerate the development of eco-friendly products and enhance process improvements.

Automatic Packing Line Implementation:

In February 2025, **HeveaBoard** had commissioned an automatic packing line, improving packing quality while reducing reliance on manual labor. More importantly, this advancement will result in a 30% reduction in packing material usage, significantly minimizing waste generation.

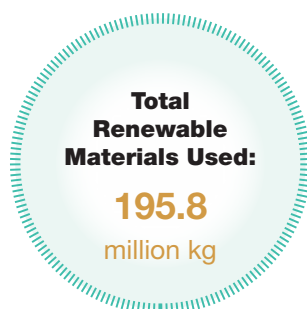
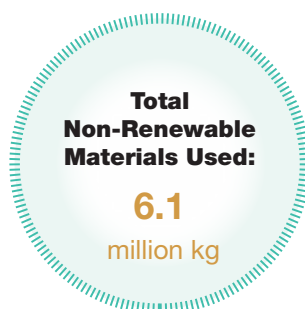
Sustainability Statement

(Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Materials (Continued)

[Our Performance](#)



Total weight or volume of materials that are used to produce and package products and services:
201.9 million kg

By integrating sustainable material sourcing, innovative product design, and efficient production methods, **HeveaBoard** continues to drive responsible material usage and minimize environmental impact across its operations.

ASSURANCE STATEMENT

In strengthening the credibility of our reporting, selected parts of this Sustainability Statement has been subjected to the following:

- an internal review by the company's internal auditors; and
- independent assurance in accordance with recognised assurance standards for selected indicators.

The Common Sustainability Matters and Scopes covered are provided below:

Common Sustainability Matters	Common Indicators	Scope	Business Divisions
Energy management	Total energy consumption	Solar Panel Installation	Particleboard, Ready-to-Assemble, Fungi Cultivation
		Energy Consumption	
		Solar Rooftop Savings	
		Other Savings	Particleboard
Health and safety	Number of work-related fatalities	First Aid	Particleboard, Ready-to-Assemble
		Major	Particleboard, Ready-to-Assemble
	Lost time incident rate	Total Reported Case	Particleboard, Ready-to-Assemble
	Number of employees trained on health and safety standards	Training	Particleboard, Ready-to-Assemble, Fungi Cultivation
Water	Total volume of water used	Water Usage	Particleboard, Ready-to-Assemble, Fungi Cultivation
		Alternative Water Source	Ready-to-Assemble

Sustainability Statement

(Continued)

ASSURANCE STATEMENT (CONTINUED)

The Common Sustainability Matters and Scopes covered are provided below: (Continued)

Common Sustainability Matters	Common Indicators	Scope	Business Divisions
Waste management	Total waste generated, and a breakdown of the following:	Waste Diverted from Disposal	Particleboard, Ready-to-Assemble
	(i) total waste diverted from disposal	Waste Directed to Disposal	Particleboard, Ready-to-Assemble
Emissions management	(ii) total waste directed to disposal		
	Scope 1 emissions in tonnes of CO ₂ e	Scope 1 (Diesel)	Particleboard, Ready-to-Assemble, Fungi Cultivation
	Scope 2 emissions in tonnes of CO ₂ e	Scope 2 (Electricity) Solar Energy Generated CO ₂ e Reduction	Particleboard, Ready-to-Assemble, Fungi Cultivation

Please refer to pages 31 to 34 of the Annual Report for the Independent Limited Assurance Statement provided by PKF Risk Management.

CONCLUSION

As our sustainability journey advances, **HeveaBoard Berhad** remains committed to driving positive environmental, social, and economic impact. Our continuous efforts in responsible sourcing, energy efficiency, waste reduction, and innovation underscore our dedication to sustainable business practices. The recognitions and awards we have received further affirm our commitment to excellence and environmental stewardship.

Moving forward, we will continue integrating sustainability into our operations, invest in cutting-edge technologies, and strengthen our ESG initiatives to align with global standards and stakeholder expectations. By fostering a culture of accountability and innovation, we aim to not only enhance our business resilience but also contribute meaningfully to a more sustainable future for all.

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT

PKF RISK MANAGEMENT SDN BHD
(Co No 1217856-K)



To the Board of Directors of HeveaBoard.

Independent Limited Assurance Report on the Selected Sustainability Information Disclosed in the Sustainability Report 2024 for HeveaBoard Berhad

HeveaBoard Berhad ("HeveaBoard") has engaged PKF Risk Management Sdn Bhd ("PKF") to independently verify and provide assurance on selected sustainability information in the HeveaBoard Sustainability Statement 2024. The primary objective of this verification process is to provide assurance to HeveaBoard and its stakeholders regarding the accuracy and reliability of the information presented in the statement.

The verification by PKF Risk Management Sdn Bhd focuses on the sustainable performance information (the subject matter) that falls within the scope of assurance, as outlined in the HeveaBoard Sustainability Statement 2024.

The scope of work is limited to the selected subject matter disclosed in the FY2024 Sustainability Report. It does not extend to data sets or information beyond the specified subject matter and related disclosures. In addition, the verification excludes information outside the FY2024 Sustainability Report, comparisons with historical data, and any forward-looking statements made by management.

Subject Matter

Our assurance engagement encompasses all of HeveaBoard's business divisions: Particle Board, Ready-to-Assemble (RTA) Furniture, and Fungi Cultivation. We conducted a limited assurance engagement on the selected common indicators listed in the table below, as disclosed in HeveaBoard's Sustainability Report FY2024.

Common Sustainability Matters	Common Indicators	Scope	Business Divisions
Energy management	Total energy consumption	Solar Panel Installation	Particleboard, Ready-to-Assemble, Fungi Cultivation
		Energy Consumption	
		Solar Rooftop Savings	
		Other Savings	Particleboard

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Level 33 • Menara 1MK • Kompleks 1 Mont Kiara • No. 1, Jalan Kiara • Mont Kiara • 50450 Kuala Lumpur • Malaysia

PKF Risk Management Sdn Bhd is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Sustainability Statement

(Continued)

INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)



Common Sustainability Matters	Common Indicators	Scope	Business Divisions
Health and safety	Number of work-related fatalities	First Aid	Particleboard, Ready-to-Assemble
		Major	Particleboard, Ready-to-Assemble
	Lost time incident rate	Total Reported Case	Particleboard, Ready-to-Assemble
	Number of employees trained on health and safety standards	Training	Particleboard, Ready-to-Assemble, Fungi Cultivation
Water	Total volume of water used	Water Usage	Particleboard, Ready-to-Assemble, Fungi Cultivation
		Alternative Water Source	Ready-to-Assemble
Waste management	Total waste generated, and a breakdown of the following: i) total waste diverted from disposal (ii) total waste directed to disposal	Waste Diverted from Disposal	Particleboard, Ready-to-Assemble
		Waste Directed to Disposal	Particleboard, Ready-to-Assemble
Emissions management	Scope 1 emissions in tonnes of CO ₂ e	Scope 1 (Diesel)	Particleboard, Ready-to-Assemble, Fungi Cultivation
	Scope 2 emissions in tonnes of CO ₂ e	Scope 2 (Electricity)	Particleboard, Ready-to-Assemble, Fungi Cultivation
		Solar Energy Generated	
		Co2e Reduction	

Reporting Frameworks and Standards

HeveaBoard Berhad prepares the subject matter in alignment with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and draws guidance from the Sustainability Reporting Guide (3rd Edition).

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)



HeveaBoard Berhad's responsibilities

The management of HeveaBoard Berhad is responsible for selecting the criteria and for preparing the subject matter in accordance with those criteria, in all material respects. This responsibility includes designing and maintaining effective internal controls, keeping adequate records, and making relevant estimates to ensure the subject matter is free from material misstatement, whether due to fraud or error.

Our responsibilities

We conducted our assurance engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)") and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410") (collectively referred to as the "Standards") and in line with the terms of reference agreed with HeveaBoard Berhad on 13 January 2025. These standards require that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement. The nature, timing, and extent of the procedures performed are determined based on our professional judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Based on our review, we believe the evidence obtained is sufficient and appropriate to form the basis for our limited assurance conclusion on the selected sustainability information presented in HeveaBoard's Sustainability Report 2024.

Our independence and quality management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") that are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

HeveaBoard Berhad's management retains full responsibility for the Sustainability Statement's preparation. PKF Risk Management Sdn Bhd affirms the independence of this verification, as our team had no participation in developing either the Sustainability Statement or the Integrated Annual Report 2024.

Our Approach

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Sustainability Statement

(Continued)

INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)



A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

Interviews & Process Understanding:

- Engaged with personnel to gain insights into business operations and reporting workflows.
- Held discussions with key stakeholders to assess the process for gathering, consolidating, and reporting the Subject Matter during the relevant period.

Evaluation of Methodology & Assumptions:

- Assessed the reasonableness of key factors applied in the Subject Matter Information calculations.
- Reviewed significant assumptions, underlying principles, and default values used in the Subject Matter Information against the Reporting Criteria.

Compliance & Accuracy Review:

- Verified that calculation methodologies aligned with the prescribed Reporting Criteria.
- Evaluated whether the Subject Matter Information adhered to the Reporting Criteria in all material respects.

Data Analysis & Validation:

- Performed analytical procedures on datasets and investigated material variances through management inquiries.
- Conducted sample-based document inspections and analytical reviews to validate the compilation and reporting of the Subject Matter.

Presentation & Consistency Assessment:

- Reviewed the overall presentation of the Subject Matter Information to ensure clarity and alignment with the Reporting Criteria.
- Verified consistency between the reported Subject Matter Information and the established Reporting Criteria.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter stated above in our report as of 21 April 2025 for the year ended 31 December 2024, in order for it to be in accordance with the Criteria.

Restricted use

The contents of this report are confidential and are to be used only by HeveaBoard Berhad.

PKF RISK MANAGEMENT SDN BHD
21 APRIL 2025
Kuala Lumpur, Malaysia

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023	2024
Bursa (Anti-corruption)			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
General Workers	Percentage	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	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	76,000.00 *	121,200.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12 *	13
Bursa (Diversity)			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 20	Percentage	No Data Provided	No Data Provided
Management Between 20-29	Percentage	No Data Provided	No Data Provided
Management Between 30-39	Percentage	No Data Provided	15.70
Management Between 40-49	Percentage	No Data Provided	41.20
Management Between 50-59	Percentage	No Data Provided	23.50
Management Above 60	Percentage	No Data Provided	19.60
Executive Under 20	Percentage	No Data Provided	No Data Provided
Executive Between 20-29	Percentage	No Data Provided	14.00
Executive Between 30-39	Percentage	No Data Provided	35.00
Executive Between 40-49	Percentage	No Data Provided	33.00
Executive Between 50-59	Percentage	No Data Provided	17.00
Executive Above 60	Percentage	No Data Provided	1.00
Non-Executive Under 20	Percentage	No Data Provided	1.00
Non-Executive Between 20-29	Percentage	No Data Provided	36.70
Non-Executive Between 30-39	Percentage	No Data Provided	40.20
Non-Executive Between 40-49	Percentage	No Data Provided	16.90
Non-Executive Between 50-59	Percentage	No Data Provided	4.80
Non-Executive Above 60	Percentage	No Data Provided	0.40
Gender Group by Employee Category			
Management Male	Percentage	No Data Provided	72.50
Management Female	Percentage	No Data Provided	27.50
Executive Male	Percentage	No Data Provided	56.80
Executive Female	Percentage	No Data Provided	43.20
Non-Executive Male	Percentage	No Data Provided	88.10
Non-Executive Female	Percentage	No Data Provided	11.90
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	77.80	77.80
Female	Percentage	22.20	22.20
Between 41-50	Percentage	33.30	33.30
Between 51-60	Percentage	22.20	22.20
Above 61	Percentage	44.40	44.40

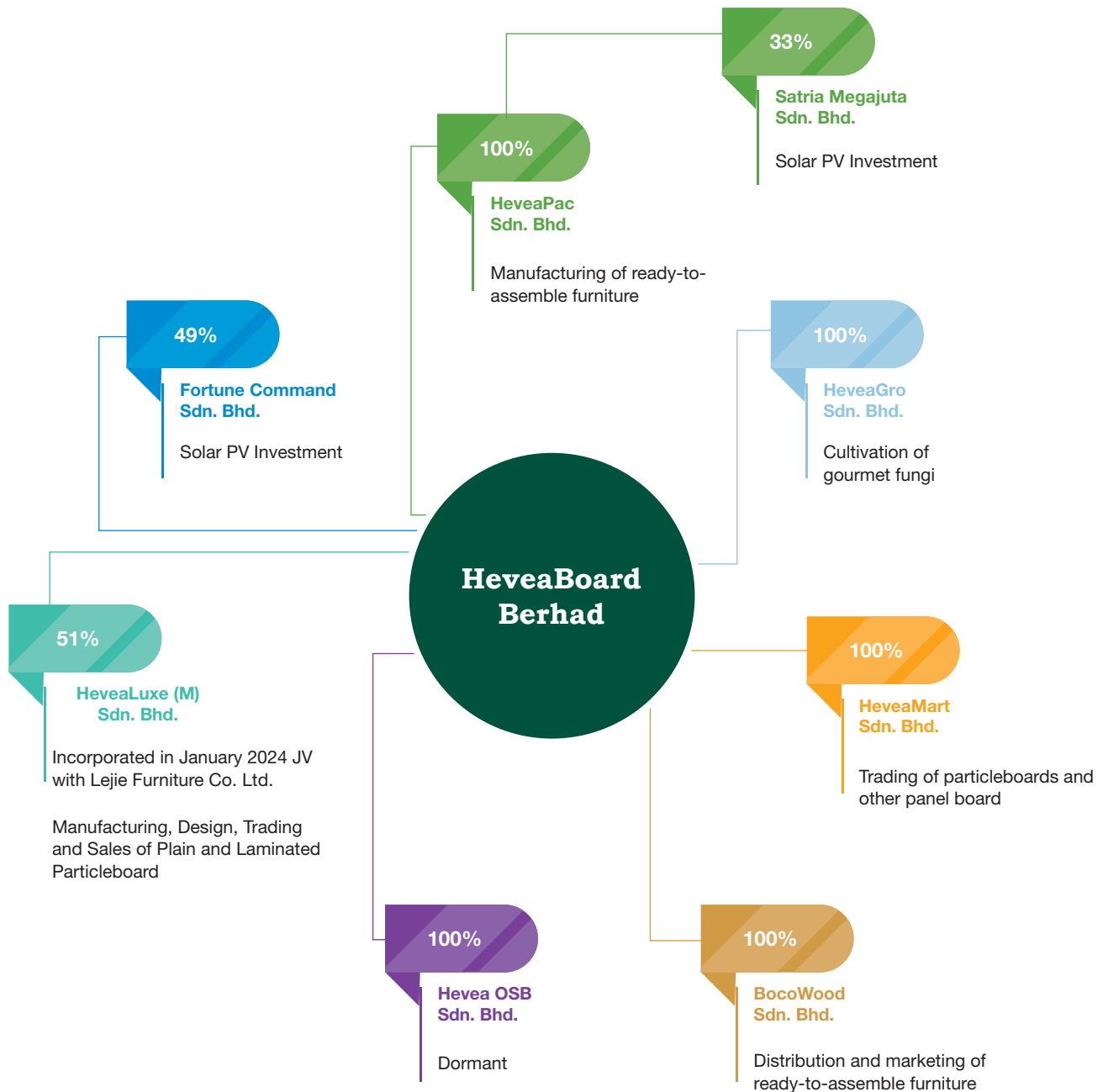
Internal assurance External assurance No assurance

(*)Restated

Sustainability Performance Report

(Continued)

Indicator	Measurement Unit	2023	2024
Bursa (Energy management)			
Bursa C4(a) Total energy consumption	Megawatt	No Data Provided	47,394.35
Bursa (Health and safety)			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	No Data Provided	2.09
Bursa C5(c) Number of employees trained on health and safety standards	Number	333	1,087
Bursa (Labour practices and standards)			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	No Data Provided	567
Executive	Hours	No Data Provided	1,061
Non-Executive	Hours	No Data Provided	2,453
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	16.70	6.55
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	No Data Provided	5
Executive	Number	No Data Provided	12
Non-Executive	Number	No Data Provided	481
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
Bursa (Supply chain management)			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	89.70	84.90
Bursa (Data privacy and security)			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	2
Bursa (Water)			
Bursa C9(a) Total volume of water used	Megalitres	No Data Provided	102.050000
Bursa (Waste management)			
Bursa C10(a) Total waste generated	Metric tonnes	-	7,986.86
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	6,965.59
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	43.89	1,021.27
Bursa (Emissions management)			
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	-	1,934.11
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	33,749.25
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	-	No Data Provided

CORPORATE
STRUCTURE

CORPORATE INFORMATION

Board Of Directors

Sundra Moorthi A/L V.M. Krishnasamy

Independent Non-Executive
Chairman

Yoong Hau Chun
Group Managing Director

Yoong Li Yen
Executive Director

Bailey Policarpio
Non-Independent Non-Executive
Director

Yoong Yan Pin
Independent Non-Executive
Director

Thye Heng Ong @ Teh Heng Ong
Independent Non-Executive
Director

Chin Pik Yuen
Independent Non-Executive
Director

Loo Chin Meng
Non-Independent Non-Executive
Director

**Yoong Tein Seng @
Yong Kian Seng (Tenson Yoong)**
Alternate Director to Yoong Hau
Chun

COMPANY SECRETARY

Lim Li Heong
SSM Practising Certificate No. 202008001981
(MAICSA 7054716)

Wong Mee Kiat
SSM Practising Certificate No. 202008001958
(MAICSA 7058813)

PRINCIPAL OFFICE

Lot 1942, Batu 3
Jalan Tampin, 73400 Gemas
Negeri Sembilan Daruh Khusus
Tel : 07-948 4745/46
Fax : 07-948 5192/3390

WEBSITE

www.heveaboard.com.my

AUDIT COMMITTEE

Chin Pik Yuen
Chairman

Yoong Yan Pin
Thye Heng Ong @ Teh Heng Ong

NOMINATION COMMITTEE

Thye Heng Ong @ Teh Heng Ong
(Redesignation from the position of
member to Chairman on 28 November
2024.)

Yoong Yan Pin
(Redesignation from the position of
Chairman to member on 28 November
2024.)

Bailey Policarpio

REMUNERATION COMMITTEE

Sundra Moorthi A/L V.M. Krishnasamy
Chairman

Thye Heng Ong @ Teh Heng Ong
Bailey Policarpio

TENDER BOARD COMMITTEE

Thye Heng Ong @ Teh Heng Ong
Chairman

Chin Pik Yuen

Loo Chin Meng

Bailey Policarpio
(Appointed on 28 November 2024.)

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : 03-2280 6388
Fax : 03-2280 6399
Email : listcomalaysia@acclime.com

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
[Registration No. 197901005880 (50164-V)]
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3922
Fax : 03-7784 1988
Email : binawin@binamg168.com

INTEGRITY COMMITTEE

Yoong Hau Chun
Chairman

Sundra Moorthi A/L V.M. Krishnasamy

Yoong Li Yen

Thye Heng Ong @ Teh Heng Ong
(Appointed on 20 December 2024.)

Chin Pik Yuen

Elaine Hew

Yoong Li Mian
(Appointed on 20 December 2024.)

Ramesh Kissen
(Appointed on 20 December 2024.)

PRINCIPAL BANKERS

AmBank (M) Berhad
[Registration No. 196901000166 (8515-D)]
CIMB Bank Berhad
[Registration No. 197201001799 (13491-P)]
Malayan Banking Berhad
[Registration No. 196001000142 (3813-K)]
RHB Bank Berhad
[Registration No. 196501000373 (6171-M)]
Public Bank Berhad
[Registration No. 196501000672 (6463-H)]

AUDITORS

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
Wilayah Persekutuan Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : HEVEA
Stock Code : 5095

PROFILE OF DIRECTORS



SUNDRA MOORTHY A/L V.M. KRISHNASAMY

Independent Non-Executive Chairman

81 years old
Malaysian
Male

MR SUNDRA MOORTHY A/L V.M. KRISHNASAMY was appointed as an Independent Non-Executive Director of **HeveaBoard** on 27 February 2018. On 19 November 2018, he was re-designated as an Independent Non-Executive Chairman of **HeveaBoard**. He is the Chairman of the Remuneration Committee and a member of Integrity Committee.

Mr Sundra Moorthi A/L V.M. Krishnasamy holds a Bachelor of Arts from the University of Malaya. He is a Barrister-at-Law and member of the Gray's Inn, United Kingdom. He was admitted to the Bar of England & Wales in 1970 and subsequently admitted to the Malaysian Bar in 1971.

A lawyer by profession, Mr Sundra Moorthi A/L V.M. Krishnasamy has been practicing law since 1971. In 1975, he set up his own practice under the name of Messrs. Adnan Sundra & Low and had been a Managing Partner in the said legal firm from then to 2014. He is presently a Consultant at Messrs. Adnan Sundra & Low. On the public service and commercial side, he has acquired more than 38 years of experience holding Directorship in various private limited, public listed and multinational companies.

Mr Sundra Moorthi A/L V.M. Krishnasamy does not hold any directorship in any other public companies or public listed companies.

He does not have any family relationship with any other director and/or substantial shareholders of **HeveaBoard**.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



YOONG HAU CHUN

Group Managing Director

49 years old
Malaysian
Male

MR YOONG HAU CHUN joined **HeveaBoard** in 2000 and was appointed as an Executive Director of **HeveaBoard** on 21 July 2000. He was re-designated as the Group Managing Director on 6 June 2012. He is the Chairman of the Integrity Committee.

He graduated from Sussex University, UK with a First-Class Honours Degree in Mechanical Engineering with Business Management and a MSc in Wood Industries Technology from UPM. He is responsible for the operation of the particleboard plants and the Group of companies under **HeveaBoard**.

Mr Yoong Hau Chun does not hold any directorship in any other public companies or public listed companies.

He is the son of Mr Tenson Yoong, who is his Alternate Director and a substantial shareholder of the Company. He is the brother of Ms Yoong Li Yen, who is the Executive Director and a substantial shareholder of the Company. Besides, he is the brother-in-law of Mr Bailey Policarpio, who is a Non-Independent Non-Executive Director of **HeveaBoard**.

Mr Yoong Hau Chun has declared his interest in the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant. His interest in the rental of lands gives rise to an actual/potential conflict of interest with his duties or interests as Director by virtue of his directorship in HeveaWood and his direct and indirect shareholdings in HeveaWood by virtue of Section 8 of the Companies Act 2016.

Save as disclosed above, Mr Yoong Hau Chun does not have any other major conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



YOONG LI YEN

Executive Director

48 years old
Malaysian
Female

MS YOONG LI YEN was appointed as an Executive Director of **HeveaBoard** on 18 February 2013. She is a member of the Integrity Committee.

Ms Yoong Li Yen graduated with a Bachelor of Administration Degree from University of New Brunswick Canada and Post Graduate Diploma from Chartered Institute of Marketing (CIM), United Kingdom.

Prior to joining **HeveaBoard**, she started her career in 1996 as a Business Analyst with New Brunswick Power, Canada. In 1998, she joined **HeveaBoard** as a Marketing Executive. Throughout the years, she gained extensive experience in sales, marketing and logistics, and was the General Manager in Commerce of **HeveaBoard**. She is also a Director of HeveaPac Sdn. Bhd., HeveaMart Sdn. Bhd., Hevea OSB Sdn. Bhd., HeveaGro Sdn. Bhd. and Bocowood Sdn. Bhd.

Ms Yoong Li Yen does not hold any directorship in any other public companies or public listed companies.

She is the spouse of Mr Bailey Policarpio, who is the Non-Independent Non-Executive Director of **HeveaBoard**. She is the daughter of Mr Tenson Yoong, who is the Alternate Director to Mr Yoong Hau Chun and a substantial shareholder of the Company. Besides, she is the sister of Mr Yoong Hau Chun, who is the Group Managing Director and a substantial shareholder of the Company.

Ms Yoong Li Yen has declared her actual/potential conflict of interest with her duties or interests as Director in respect of the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant by virtue of her family relationship with Mr Yoong Hau Chun and Mr Tenson Yoong, and her directorship in HeveaWood.

Save as disclosed above, Ms Yoong Li Yen does not have any other major conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



BAILEY POLICARPIO

Non-Independent Non-Executive Director

54 years old

Filipino

Male

MR BAILEY POLICARPIO was appointed as a Non-Independent Non-Executive Director of **HeveaBoard** on 8 March 2007. He is a member of the Nomination Committee, Remuneration Committee and Tender Board Committee of **HeveaBoard**.

Mr Bailey Policarpio graduated from De La Salle University, Philippines with a Degree in Electronics and Communications Engineering and a MSc in Manufacturing Systems from University of Nottingham, UK. His career includes being a lecturer at De La Salle University; being Directors for First Philippine Scales, Inc. (FPSI) and ProFence Systems Corporation. He is also an approved signatory of FPSI Metrology Laboratory, which is an ISO/IEC 17025 Accredited Calibration Laboratory.

Save as disclosed above, Mr Bailey Policarpio does not hold any other directorship in any other public companies or public listed companies.

Mr Bailey Policarpio is the spouse of Ms Yoong Li Yen, who is the Executive Director, the brother-in-law of Mr Yoong Hau Chun, who is the Group Managing Director, and the son-in-law of Mr Tenson Yoong, who is the Alternate Director to Mr Yoong Hau Chun, all of them are the substantial shareholders of the Company.

Mr Bailey Policarpio has declared his actual/potential conflict of interest with his duties or interests as Director in respect of the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant by virtue of his family relationship with Ms Yoong Li Yen, Mr Yoong Hau Chun and Mr Tenson Yoong.

Save as disclosed above, Mr Bailey Policarpio does not have any other major conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



YOONG YAN PIN

Independent Non-Executive Director

89 years old
Malaysian
Male

MR YOONG YAN PIN was appointed as an Independent Non-Executive Director of **HeveaBoard** on 27 February 2018. He is the member of the Nomination Committee and Audit Committee of **HeveaBoard**.

Mr Yoong Yan Pin holds a Certificate of Education (Kirkby, Liverpool) and a Bachelor of Arts (Hons) Degree from the University of Malaya.

Mr Yoong Yan Pin retired from banking in 1998 as a Director and Chief Executive Officer of United Overseas Bank (Malaysia) Bhd. He joined the United Overseas Bank Group in 1973 as Branch Manager, Kuala Lumpur Main Branch, Chung Khiaw Bank. A year later, he was appointed as Chief Executive Officer of Chung Khiaw Bank Malaysia. In 1980, he was appointed to the Board. He was the Chief Executive Officer of Chung Khiaw Bank Malaysia and United Overseas Bank (Malaysia) Bhd for 26 years. Prior to joining the UOB Group, he was a school teacher for 5 years, Bank Examiner in Bank Negara Malaysia for 3 years and Assistant to Chief Executive Officer of a commercial bank in Malaysia for 2 years. He is a Fellow of the Institute Bank-Bank Malaysia and was a Fellow of the Chartered Institute of Bankers London and the British Institute of Management. He served as a Council Member of the Association of Banks in Malaysia for 23 years and Institute Bank-Bank Malaysia for 15 years. He was a Director of Credit Guarantee Corporation Berhad for 2 terms. He has previously served as a Director of 2 public companies and an Advisor to a third public company. He was a Council Member of the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry for 23 years.

Mr Yoong Yan Pin was the former Chairman of Nanyang Press Foundation.

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

Mr Yoong Yan Pin does not have any family relationship with any other director and/or substantial shareholders of **HeveaBoard**.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



THYE HENG ONG @ TEH HENG ONG

Independent Non-Executive Director

74 years old
Malaysian
Male

MR THYE HENG ONG @ TEH HENG ONG was appointed as an Independent Non-Executive Director of **HeveaBoard** on 27 February 2018. He is the Chairman of the Nomination Committee and Tender Board Committee, a member of the Audit Committee, Remuneration Committee and Integrity Committee of **HeveaBoard**.

Mr Thye Heng Ong @ Teh Heng Ong holds a Degree in Mechanical Engineering from the University of Malaya.

Mr Thye Heng Ong @ Teh Heng Ong has more than 26 years of experience in the manufacturing industry. He started his career with Malaysian Tobacco Company Berhad in 1976 where he held various production and operations managerial positions including as Factory Manager both in Malaysia and Hong Kong. His last appointment was Production/Operations Director and also served as Executive Director on the Board. From 1999 he assumed the position as Plant Integration Director in British American Tobacco (M) Berhad until 2002.

Over the next 5 years from 2004 to 2009 he was engaged as Operations Director in Asia Green Environmental Sdn. Bhd., a provider of Mill integrated bio-composting plants/systems to the plantation industry. He has also been providing advisory services as Technical/Operations Advisor in AMB Packaging Sdn. Bhd.

Mr Thye Heng Ong @ Teh Heng Ong does not hold any directorship in any other public companies or public listed companies.

He does not have any family relationship with any other director and/or substantial shareholders of **HeveaBoard**.

He does not have any conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



CHIN PIK YUEN

Independent Non-Executive Director

60 years old
Malaysian
Female

MS CHIN PIK YUEN was appointed as an Independent Non-Executive Director of **HeveaBoard** on 1 November 2022. She is the Chairman of the Audit Committee, a member of the Tender Board Committee and Integrity Committee of **HeveaBoard**.

Ms Chin Pik Yuen is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants. She holds a post graduate diploma in Anti-Money Laundering from University of Manchester, Manchester Business School, United Kingdom.

Ms Chin Pik Yuen started her career as a statutory auditor in 1988 and subsequently specialised in internal audit with two public listed groups of companies in the banking and capital market sectors for a period of 12 years. In these companies she also took on various other functions during her service, including Internal Audit Professional Practices, Special Projects, Systems & Methods and Human Resources & Administration. She then moved on to a governance role with a US-based Outsourcing company where she supported the Hong Kong operations. She subsequently returned to the banking and capital markets sector for 7 years in a risk and compliance role with a foreign bank and a local investment bank as head of group compliance, covering Hong Kong, Singapore and the bank's ASEAN-based subsidiaries.

Ms Chin Pik Yuen joined Securities Commission Malaysia in 2014 where she served until her retirement in 2021. She headed the Managed Investment Schemes Department and subsequently the Authorisation & Licensing Department. Her final role before retirement was General Manager of the Corporate Planning and Strategy Department.

Presently, Ms Chin Pik Yuen is also a Director of AEON Credit Service (M) Berhad.

Save as disclosed above, she does not hold any other directorship in any other public companies or public listed companies.

She does not have any family relationship with any other director and/or substantial shareholders of **HeveaBoard**.

She does not have any conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



LOO CHIN MENG

Non-Independent Non-Executive Director

47 years old
Singaporean
Male

MR LOO CHIN MENG was appointed as a Non-Independent Non-Executive Director of **HeveaBoard** on 19 November 2018. He is a member of the Tender Board Committee of **HeveaBoard**.

Mr Loo Chin Meng graduated in 1998 with Bachelor Degree in Communication Business from Bond University, Australia, majoring in marketing and public relations. He enlisted into Singapore Arms Forces in 1998 and received training in Officer Cadet School. He was commissioned as 2nd Lieutenant in 1999. He was promoted as Lieutenant in 2000.

Mr Loo Chin Meng started his career in 2001 in the sawmill and timber industry. He has been in the sawmill and timber industry throughout the years and is currently Directors of a number of companies involved in sawmill and timber export business. He also engages in housing development and is currently Directors for a few property development companies.

Mr Loo Chin Meng does not hold any directorship in any other public companies or public listed companies.

Mr Loo Chin Meng does not have any family relationship with any other director and/or substantial shareholders of **HeveaBoard**.

Mr Loo Chin Meng has declared his actual/potential conflict of interest with his duties or interests as Director in respect of the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant by virtue of his directorship in HeveaWood and his direct shareholdings in HeveaWood.

Save as disclosed above, Mr Loo Chin Meng does not have any other conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Profile of Directors

(Continued)



YOONG TEIN SENG @ YONG KIAN SENG (TENSON YOONG)

Alternate Director to Yoong Hau Chun

78 years old
Malaysian
Male

MR TENSON YOONG was appointed as the Alternate Director to Mr Yoong Hau Chun, who is the Group Managing Director, on 18 February 2013.

Mr Tenson Yoong has over 30 years of experience in sawmill and timber export business and is one of the founding members of **HeveaBoard**.

Mr Tenson Yoong does not hold any directorship in any other public companies or public listed companies.

Mr Tenson Yoong is the father of Mr Yoong Hau Chun, who is the Group Managing Director, and Ms Yoong Li Yen who is the Executive Director and substantial shareholders of **HeveaBoard**. Mr Tenson Yoong is also the father-in-law of Mr Bailey Policarpio who is a Non-Independent Non-Executive Director of **HeveaBoard**.

Mr Tenson Yoong has declared his actual/potential conflict of interest with his duties or interests as Director in respect of the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant by virtue of his family relationship with Mr Yoong Hau Chun and Ms Yoong Li Yen, and his directorship in HeveaWood.

Save as disclosed above, Mr Tenson Yoong does not have any other major conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Notes to Directors' Profiles:

None of the Directors has any conviction for offences within the past five (5) years other than traffic offences, and there are no public sanction and/or penalty imposed by the relevant regulatory bodies on the Directors during the financial year.

Directors' securities holdings:

The details of the Directors' securities holdings are set out in the section of Analysis of Shareholdings of this Annual Report.

Board Meeting attendance in 2024:

All the Directors attended all the five (5) Board Meetings which were held during the financial year.

The composition of the Board of Directors complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires at least one-third (1/3) of the Board comprises Independent Directors.

PROFILE OF KEY SENIOR MANAGEMENT

PEH JU CHAI

Executive Director, HeveaPac Sdn. Bhd.

65 years old
Malaysian
Male

Date of appointment to present position:

2 January 2001

Qualification

- Tunku Abdul Rahman College, Diploma in Commerce.
- Studied Chartered Association of Certified Accountants.
- Studied Chartered Institute of Management Accountants, UK.

Working experience

- One of the founding members of HeveaPac Sdn. Bhd.
- Executive Director of HeveaPac Sdn. Bhd., heading Marketing, both export and domestic, Shipping, Finance and Administration since the commencement of HeveaPac Sdn. Bhd. and Bocowood Sdn. Bhd.
- Prior to joining the Group, he held senior management positions in various industries including consultancy, international trading, engineering and sawmilling.
- He has many years of marketing and management experience in RTA furniture manufacturing and more than 30 years of experience in international business.

Directorship in public listed companies

None

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

No

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

No

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

Profile of Key Senior Management

(Continued)

ELAINE HEW

Chief Financial Officer

66 years old
Malaysian
Female

Date of appointment to present position:

16 September 2003

Qualification

- Master in Business Administration (Finance) – University of Southern Queensland, Australia.
- Fellow member, The Chartered Institute of Management Accountants, UK.
- Chartered Accountant, Malaysian Institute of Accountants.
- CPA Australia.

Working experience

- Presently holding Independent Directorship in Private Limited and Public Listed companies.
- Over 30 years of financial experience in manufacturing environment with Public Listed/Multinational companies.
- Joined **HeveaBoard** in 2003 and is responsible for the Group's overall financial and accounting reporting and management.
- Was with Samsung SDI (M) Berhad for 13 years from 1991 to 2003 as Senior Finance Manager.

Directorship in public listed companies

Presently, an Independent Non-Executive Director of Eksons Corporation Berhad.

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

No

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

No

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

Profile of Key Senior Management

(Continued)

YOONG LI MIAN

General Manager – Corporate Services

47 years old
Malaysian
Female

Date of appointment to present position:

1 January 2018

Qualification

- Bachelor of Science, major in Computer Information Systems from Indiana University Bloomington.

Working experience

- Over 20 years of working experience in the area of information system, corporate affairs and purchasing.

Directorship in public listed companies

None

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

Ms Yoong Li Mian is the daughter of Mr Tenson Yoong who is the Alternate Director of Mr Yoong Hau Chun and a substantial shareholder of the Company. She is the sister of Mr Yoong Hau Chun and Ms Yoong Li Yen who is the Group Managing Director and Executive Director of the Company respectively and substantial shareholders of the Company.

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

Ms Yoong Li Mian has declared her actual/potential conflict of interest with her duties or interests as General Manager – Corporate Services in respect of the rental of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro's mushroom cultivation plant by virtue of her family relationship with Mr Yoong Hau Chun, Ms Yoong Li Yen and Mr Tenson Yoong and her directorship in HeveaWood.

Save as disclosed above, Ms Yoong Li Mian does not have any other major conflict of interest or potential conflict of interest, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

Profile of Key Senior Management

(Continued)

TEE CHIN LUNG

General Manager, HeveaGro Sdn. Bhd.

49 years old
Malaysian
Male

Date of appointment to present position:

1 June 2017

Qualification

- Bachelor of Mechanical Engineering, Sussex University, UK

Working experience

- One of the founding members of JW Mushroom Cultivation.
- 3 years as Engineer with ProEnviro Sdn. Bhd.
- Was with **HeveaBoard** for 5 years from 2007 to 2011 as Engineer.

Directorship in public listed companies

None

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

No

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

No

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

Profile of Key Senior Management

(Continued)

RADHAKRISHNAN S/O KRISHNAN

Deputy General Manager – Plant Operation

49 years old
Malaysian
Male

Date of appointment to present position:

1 February 2024

Qualification

- Electronic Engineering Diploma – UTM

Working experience

- 28 years in particleboard and lamination board manufacturing industry.

Directorship in public listed companies

None

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

No

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

No

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

Profile of Key Senior Management

(Continued)

HAN KHAI LONE

Senior Manager – Accounting and Finance,
HeveaPac Sdn. Bhd.

36 years old
Malaysian
Male

Date of appointment to present position:

24 May 2021

Qualification

- Bachelor of Science (Hons) in Accounting and Finance from Lancaster University.
- Fellow member, Association of Chartered Certified Accountants, UK.
- Chartered Accountant, Malaysian Institute of Accountants.
- Chartered Accountant, Institute of Singapore Chartered Accountants.
- Associate member, Institute of Internal Auditors Malaysia.

Working experience

- Over 10 years of working experience in audit, tax, accounting and finance.
- Joined HeveaPac Sdn. Bhd. in 2021 and responsible for accounting reporting and finance management.
- Member of the HeveaPac Sdn. Bhd.'s senior management with full responsibility in helping the Executive Director in making important decisions.

Directorship in public listed companies

None

Directorship in public companies

None

Family relationship with any director and/or major shareholder of the Company

Mr Han Khai Lone is the son-in-law of Mr Peh Ju Chai who is the Executive Director of HeveaPac Sdn. Bhd.

Conflict of interest or potential conflict of interest with the Company and its subsidiaries

No

Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public section or penalty imposed by the relevant regulatory bodies during the financial year.

No

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of **HeveaBoard Berhad** (“**HeveaBoard**” or “the Company”) is committed to the highest standards of corporate governance and business integrity in directing and managing the affairs of the Company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholders’ value while taking into account the interest of other stakeholders.

The Board continuously reviews its corporate governance practices within the Group and the Company to ensure continuous application of the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) while ascertaining the practices reflecting the prevailing norms, market dynamics, regulatory requirements and evolving shareholders expectations.

The Securities Commission Malaysia (“SC”) had on 28 April 2021 issued an update of the MCCG (“MCCG 2021”), comprising the introduction of new best practices and further guidance to strengthen the corporate governance culture of listed companies. The Company has applied most of the practices of the MCCG 2021 considering the size of the Company, the environment the Company is operating in, and the complexity and the nature of the risks and challenges faced by the Group and the Company during the financial year.

This Corporate Governance Overview Statement outlines how the Company has applied the practices encapsulated in the following three (3) Key Principles of the MCCG 2021, and the Board’s current key focus areas and future priorities in relation thereto:

- **PRINCIPLE A**
Board Leadership and Effectiveness
 - Board Responsibilities
 - Board Composition
 - Remuneration
- **PRINCIPLE B**
Effective Audit and Risk Management
 - Audit Committee
 - Risk Management and Internal Control Framework
- **PRINCIPLE C**
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders
 - Engagement with Stakeholders
 - Conduct of General Meetings

This statement is presented in compliance with paragraph 15.25(1) of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements, and it is to be read together with the Corporate Governance Report 2024 (“CG Report”) of the Company which discloses the details of the Company’s application of each practice set out in the MCCG 2021. The CG Report is available on **HeveaBoard**’s website at www.heveaboard.com.my and the Company’s announcement on Bursa Securities’ website.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board assumes the overall governance responsibilities of leading, controlling and overseeing the performance of the Group and the Company to ensure business prosperity and the creation of sustainable long-term value to shareholders and stakeholders.

The Board establishes strategic goals and objectives to direct the Group and the Company toward achieving its long-term success and instilling good corporate governance culture to ensure the Group is well run. The Board constantly reviews the strategic goals and direction of the Group to ensure they are aligned with the current changing and challenging business environment and the Group is always on the right path and right direction in achieving its goals and objectives. The Board ensures the necessary resources are in place and well organised. The Board oversees and monitors the conduct and performance of the Group and the Company's business, the effectiveness of risk management and internal control and ensures good governance culture within the organisation towards achieving the strategic goals and objectives.

Sustainability has been one of the critical agendas of the Board over the years. The Board is not just supportive of corporate sustainability efforts, they are in partnership with Management in orienting the Group around sustainability. Sustainability has always been the Board's key focus area for the long-term success of the Group.

While focusing on driving business continuity, the Board entrusted and delegated some of its specific stewardship responsibilities to the Board Committees as stated below to enhance corporate efficiency and effectiveness. The ultimate responsibility for the final decision on all matters lies with the Board.

- i) Audit Committee
 - Assists the Board in overseeing the Group and the Company's financial reporting and internal control and risk management system while ensuring checks and balances within the Group and the Company.
- ii) Nomination Committee
 - Assists the Board with the recruitment exercise on the appointment of Directors and Key Senior Management, and annual assessment of the effectiveness of Board Committees and the Board as a whole, and the performance of individual Directors and Key Senior Management officers.
- iii) Remuneration Committee
 - Assists the Board in developing and implementing remuneration policies and procedures for Directors and Key Senior Management.
- iv) Integrity Committee
 - Assists the Board in establishing an oversight body to undertake primarily anti-bribery and corruption measures and responses.
- v) Tender Board Committee
 - Assists the Board on reviewing shortlisted tenders and proposals put forward by the Management.

There is clarity of roles amongst members of the Board and the roles are defined in the Company's Board Charter.

An Independent Non-Executive Chairman, Mr Sundra Moorthi A/L V.M. Krishnasamy, leads the Board. The Chairman ensures smooth functioning of the Board so that, the Board can perform its responsibility effectively for meeting the goals and objectives of the Group and the Company. Under the leadership of the Chairman, the Board continues to function effectively in fulfilling its governance responsibilities during the financial year.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (Continued)

The Group Managing Director, Mr Yoong Hau Chun assumes the primary responsibility for managing the Group's operations and resources, while the Executive Director and Management are responsible for the implementation of the operational and corporate decisions as well as day-to-day management of the business operation of the Group and the Company.

The Independent Non-Executive Directors play an important role in corporate accountability by providing unbiased and independent views, advice and judgement focusing on performance, monitoring and enhancing corporate governance in safeguarding the interests of the shareholders and stakeholders.

There is a demarcation of responsibilities between the Board and Board Committees. Besides being governed by the Company's Constitution and provisions of the Companies Act 2016, in discharging the duties and fiduciary obligation, the Board is guided by the Board Charter while the Board Committees are guided by their Terms of Reference. The Board in its effort to raise the bar of its corporate governance standard regularly reviews the Board Charter and Terms of Reference of each of the Board Committees to align with the MCCG 2021's Practices and the changes in Bursa Securities' Listing Requirements.

The underlying factors of Directors' commitment to the Company are the devotion of time and continuous improvement of knowledge and skill which are essential in fulfilling their duties and responsibilities as Directors. Each Board member has demonstrated a high commitment with full meeting attendance. None of the Directors holds directorships in more than five (5) public listed companies. Details of the Directors' attendance at Board and Board Committees' meetings during the financial year are set out below, it is also disclosed in the CG Report under Practice 1.1.

Director	No. of Meetings Attended/No. of Meetings Held in 2024 (between 1/1/2024 and 31/12/2024)				
	Board meeting	AC meeting	NC meeting	RC meeting	Integrity Committee meeting
Mr Sundra Moorthi A/L V.M. Krishnasamy	5/5	–	–	1/1	–
Mr Yoong Hau Chun (Alternate Director, Mr Yoong Tein Seng @ Yong Kian Seng)	5/5	–	–	–	1/1
Ms Yoong Li Yen	5/5	–	–	–	1/1
Mr Bailey Policarpio	5/5	–	1/1	1/1	–
Mr Yoong Yan Pin	5/5	5/5	1/1	–	–
Mr Thye Heng Ong @ Teh Heng Ong	5/5	5/5	1/1	1/1	1/1
Ms Chin Pik Yuen	5/5	5/5	–	–	1/1
Mr Loo Chin Meng	5/5	–	–	–	–

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (Continued)

Director	No. of Meetings Attended/No. of Meetings Held (between 1/1/2025 and up to the date of approving this statement)				
	Board meeting	AC meeting	NC meeting	RC meeting	Integrity Committee meeting
Mr Sundra Moorthi A/L V.M. Krishnasamy	2/2	–	–	–	–
Mr Yoong Hau Chun (Alternate Director, Mr Yoong Tein Seng @ Yong Kian Seng)	2/2	–	–	–	–
Ms Yoong Li Yen	2/2	–	–	–	–
Mr Bailey Policarpio	2/2	–	–	–	–
Mr Yoong Yan Pin	2/2	2/2	–	–	–
Mr Thye Heng Ong @ Teh Heng Ong	2/2	2/2	–	–	–
Ms Chin Pik Yuen	2/2	2/2	–	–	–
Mr Loo Chin Meng	2/2	–	–	–	–

In ensuring good corporate governance culture and business conduct and code of ethics within the Group, the Board is always mindful to set the right tone at the top through its conduct.

The Board fosters a healthy culture of internal reporting to ensure that employees, customers, suppliers, contractors, sub-contractors and other stakeholders who have dealings with the Group to have a safe and effective way to report concerns about unethical or fraudulent practices within the Group, in order to promote compliance and facilitate early detection and remedial solution. The Whistleblowing Policy has been put in place since August 2015.

The Board had in 2021 put in place an Anti-Bribery and Corruption Policy (“Policy”) for the Group and the Company in accordance with subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Policy is supplemental to the Company’s internal policies and procedures, Whistleblowing Policy and Code of Ethics and Conduct.

An Integrity Committee was set up on 2 November 2020 to assist the Board in reviewing matters relating to anti-corruption measures and programs of the Group.

The Company adopted a Conflict of Interest Policy on 1 March 2024. The said policy sets out the framework and appropriate controls and measures to ensure systematic identification and management of conflict of interest or potential conflict of interest situations in an effective and timely manner.

The Board always keeps in mind the good corporate governance practices in carrying out its duties and responsibilities as well as in its decision-making.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1. Board Responsibilities (Continued)

The Board had reviewed the Group and the Company's 2024 corporate governance practices based on MCCG 2021, and is satisfied that the corporate governance practices of the Group and the Company continue to be in line with most of the practices of the MCCG 2021, except Practice 1.4 as the Board still requires Mr Sundra Moorthi A/L V.M. Krishnasamy who is the Board Chairman to lead and guide the Remuneration Committee; Practice 5.9 on 30% of woman directors; Practice 5.10 on policies on gender diversity for the Board and Senior Management; and Practice 8.2 on disclosure on name basis the top five (5) senior management's remuneration in the band of RM50,000.

The corporate governance practices that the Group had applied and the reasons for those practices that had not been applied are explained in the Company's Corporate Governance Report.

Although the gender diversity policy has not been formalised, the Board continues with its efforts and various measures to achieve sufficient gender diversity for the Board and Management. There are two (2) female Directors on the Board, representing 22% of the Board, whilst the Key Senior Management consists of two (2) female personnel. There is no gender discrimination on the Board and workplace.

Moving forward, the future priorities of the Board are to ensure Board effectiveness and continue with its effort to enhance its gender diversity. Besides that, while ensuring business prosperity, the Board will keep an eye on the market development on corporate governance, improve its overall corporate governance practices and implement the practices in the manner appropriate to the Group and the Company.

The Board is supported by qualified and competent Company Secretaries who, amongst others, play an advisory role to advise the Board on corporate disclosure, to ensure that the Board procedures, applicable governance practices, company laws, securities regulations and Listing Requirements are complied with, and assist the Board in applying the MCCG 2021 Practices to meet the Board's needs and stakeholders' expectations.

To ensure effective and efficient discussion and decision-making and smooth meeting flow, the subject matters of discussion, such as financial results, reports and proposals, are circulated via electronic mail to the respective Board and Board Committees for their review prior to the meetings. Meeting materials are circulated to the respective Board and Board Committees via electronic mail at least five (5) days before the meeting. With a view to encourage a paperless environment, hard copy of meeting materials will only be circulated upon request by the Board and Board Committee members. Urgent proposals can be presented or circulated to the Board Members in less than five (5) days or during the Board meeting subject to the approval of the Chairman.

2. Board Composition

The Board of the Company is of an optimal size with the right group of people of diverse backgrounds, qualifications, skills, business and industry knowledge, expertise and experience. The right Board's skill matrix enables the contribution of views and insight from various perspectives in arriving at productive discussion and decision-making. Independent elements in the Board support independent deliberation and objective decision-making which is in the best interest of the Company and its shareholders.

In recognition of the spirit and intention of the MCCG 2021 to strengthen board composition, independence, accountability and transparency, the Board has applied Practice 5.2 of the MCCG 2021 that at least half of the Board comprises Independent Directors. During the financial year under review, the Board consists of eight (8) members and one (1) alternate director, and half of them are Independent Directors. The Board size is optimal to meet the Group and the Company's strategic goals and objectives for expansion in business operations while ensuring good corporate governance. The profile of each Director is presented in the Annual Report under the section Profile of Directors. Such information is also published on the Company's corporate website at www.heveaboard.com.my.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (Continued)

Activities of the Nomination Committee

The Nomination Committee assists the Board in the recruitment process, reviewing the composition of the Board and Board Committees, and assessing the performance and effectiveness of the Board and its Committees and individual Director. To ensure the recruitment and evaluation of Board performance are done objectively, the Nomination Committee is chaired by an Independent Non-Executive Director and comprises exclusively of Non-Executive Directors with a majority of Independent Directors. The composition of the Nomination Committee is disclosed in this Annual Report under the section of Corporate Information.

i. Review of Board Composition and New Appointment

The Nomination Committee reviewed the Board and Board Committees' composition annually and refreshed it when the need arises to continue strengthening the Board quality, diversity and independence.

The Nomination Committee considers the current Board comprising eight (8) Board members and one (1) alternate director is sizable enough at present. The current composition of the Board comprises high calibre individuals from diverse backgrounds, experiences and knowledge, which range from industry-specific knowledge, engineering, finance, legal, management and marketing, has functioned adequately. The Board composition is well-balanced with half of the Board comprises independent Directors.

Although the Gender Diversity Policy for the Board and Senior Management has not been formalised in writing, the Nomination Committee and the Board acknowledge the benefits of boardroom diversity and gender equality for a good mix of Board composition. The Board has achieved 22% of woman Director on Board. Currently, the Board comprises two (2) woman Director, namely Ms Yoong Li Yen, who is an Executive Director of the Group, and Ms Chin Pik Yuen who is an Independent Non-Executive Director. Moving forward, the priority will be given to female candidates in recruitment exercise for Board and senior management position. Meanwhile, the effort in grooming up female talents within the Group to hold a position on the Board or senior management will be one of the priorities in the succession planning process. During the financial year ended review, there were no new appointments of Directors recommended.

Considering his age, Mr Yoong Yan Pin indicated his intention to relinquish from the position of Nomination Committee Chairman to member. The Nomination Committee deliberated and recommended Mr Thye Heng Ong @ Teh Heng Ong to hold the position of Nomination Committee Chairman. The redesignation of the positions takes place on 28 November 2024.

Apart from that, the Nomination Committee observes that the Tender Board Committee's discussions revolve around technical proposals. Hence, Mr Bailey Policarpio who equipped with the relevant technical knowledge was recommended for appointment as an additional member for the Tender Board Committee. His technical contribution would come in handy and facilitate the Tender Board Committee's discussions. The appointment takes place on 28 November 2024.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (Continued)

Activities of the Nomination Committee (Continued)

ii. Performance Evaluation

The performance of the Board, Board Committees and individual Director is assessed annually to determine the effectiveness of the Board and to identify areas which require improvement. The Nomination Committee assists the Board in conducting the annual assessment. The assessment is internally facilitated. The process and criteria of assessment is disclosed in the CG Report under Practice 6.1. Based on the assessment conducted on 28 November 2024, the Nomination Committee concluded that the Board had discharged its fiduciary duties and leadership functions effectively in managing the various challenges faced by the Group and the Company during the financial year. The Independent Directors have continuously fulfilled the independence criteria as set out in Practice 13 of the Main Market Listing Requirements. The Board Committees, i.e., Audit Committee, Nomination Committee, Remuneration Committee, Tender Board Committee and Integrity Committee had discharged their duties effectively and efficiently. Each of the Directors had sufficiently contributed his/her skills, experience, business and industry knowledge and time in discharging his/her duties and responsibilities.

iii. Nomination and Election process of Directors

In accordance with the Company's Constitution, an election of Directors shall take place each year at the Annual General Meeting ("AGM") of the Company where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the AGM at which he retires.

Mr Yoong Hau Chun, Mr Bailey Policarpio and Mr Loo Chin Meng shall retire by rotation and stand for re-election at the forthcoming AGM.

The recommendation to the shareholders for re-election of the retiring Directors at AGM should be justified with valid reasons. The Nomination Committee had assessed the performance of the retiring Directors based on a pre-set criteria and had rated their performance as "Good/Competent" in discharging their duties and responsibilities as Directors. The shelf-declaration checklist containing the fit and proper criteria as set out in the Directors' Fit and Proper Policy of the Company is used as a base to determine whether the Directors continue to be fit and proper.

iv. Directors' Continuous Professional Development

In ensuring Directors' continuous professional development, the NC reviewed the training and development needs of each of the Directors based on the results of the annual assessments. The NC acknowledged that all the Board members are corporate persons who had already have sufficient management skills and vast experience. The Board and Management attended the risk management workshop and ESG briefing during the year. The Board was requested to attend the MAP Part II in relation to sustainability before 1 August 2025. A majority of the Board members have attended MAP Part II in relation to sustainability. Those Board members who have not attended have registered a seat for MAP Part II.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2. Board Composition (Continued)

Activities of the Nomination Committee (Continued)

iv. Directors' Continuous Professional Development (Continued)

The training programme attended by the Directors during the financial year is set out below. It is also disclosed in the CG Report under Practice 6.1.

Director	Event/Session/Training Programme Attended
Mr Sundra Moorthi A/L V.M. Krishnasamy	<ul style="list-style-type: none"> Risk Management Workshop MAP Part II in relation to sustainability
Mr Yoong Hau Chun	<ul style="list-style-type: none"> Risk Management Workshop
Ms Yoong Li Yen	<ul style="list-style-type: none"> Risk Management Workshop
Mr Bailey Policarpio	<ul style="list-style-type: none"> Risk Management Workshop
Mr Yoong Yan Pin	<ul style="list-style-type: none"> Risk Management Workshop
Mr Thye Heng Ong @ Teh Heng Ong	<ul style="list-style-type: none"> Risk Management Workshop MAP Part II in relation to sustainability
Ms Chin Pik Yuen	<ul style="list-style-type: none"> Audit Committee Conference 2024 MICG 10th National Procurement Conference Effective Climate Governance MAP Part II in relation to sustainability
Mr Loo Chin Meng	<ul style="list-style-type: none"> Risk Management Workshop MAP Part II in relation to sustainability

3. Remuneration

The Company has put into place its policy and procedures on remuneration to set remuneration at levels that are sufficient to attract and retain the Directors and Senior Management needed to run the Group and the Company successfully to achieve this goal.

Activities of the Remuneration Committee

The Remuneration Committee assists the Board to establish a formal and transparent framework for developing policy and procedures on remuneration packages for Directors and Senior Management and implements the policy and procedures accordingly.

The policy and procedures on remuneration are established by considering relevant factors including the function, workload and responsibilities involved. It should be aligned with market norms by considering the comparable roles among other similar organisations and industries. It has been used as guidance for the Remuneration Committee in its review and recommendation of remuneration packages of Directors and Senior Management.

In recognition that policy on remuneration and decisions should be made through a transparent and independent process, the Board had in 2018 revised the composition of the Remuneration Committee to consist only Non-Executive Directors and a majority of the Independent Directors to align with Guidance 7.2 of the MCCG 2021. The composition of the Remuneration Committee is disclosed in this Annual Report under the section of Corporate Information.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

During the financial year, the activities of the Remuneration Committee included the annual review of the remuneration packages of the Directors and Senior Management before recommending the 2025's remuneration packages to the Board for its approval for implementation. During the review, the Remuneration Committee received performance reports from the Managing Director on the Group and the Company's performance and his proposals on remuneration. The Remuneration Committee ensured that the remuneration packages to be recommended to the Board were in line with the performance and contribution of the Directors and its Senior Management taking into consideration the Group and the Company's performance. None of the individuals or the Chairman participated in any discussion and decision relating to their own remuneration. The Board approved the 2025's remuneration packages of the Directors and Senior Management, except the Directors' Fees which will be put forth to the shareholders for approval at the forthcoming AGM of the Company pursuant to Sections 230(1) and 340(1)(c) of the Companies Act 2016.

As a good corporate governance practice, the Board applied Practice 8.1 of the MCCG 2021 to disclose Directors' remunerations on a named basis for individual Directors with a detailed remunerations breakdown. It is also disclosed in the CG Report under Practice 8.1.

The remunerations received or receivable by the Non-Executive Directors, Group Managing Director and Executive Director in respect of the financial year ended 31 December 2024 are disclosed below: -

COMPANY

Non-Executive Directors

No.	Name	Directors' Fees RM'000	Other Emoluments RM'000	Total RM'000
1.	Mr Sundra Moorthi A/L V.M. Krishnasamy (Independent Non-Executive Chairman)	116	nil	116
2.	Bailey Policarpio (Non-Independent Non-Executive Director)	88	nil	88
3.	Mr Yoong Yan Pin (Independent Non-Executive Director)	91	nil	91
4.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	91	nil	91
5.	Ms Chin Pik Yuen (Independent Non-Executive Director)	98	nil	98
6.	Mr Loo Chin Meng (Non-Independent Non-Executive Director)	95	nil	95

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED)

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

COMPANY (CONTINUED)

Group Managing Director and Executive Director

No.	Name	Salary RM'000	Bonus RM'000	EPF RM'000	Retirement Benefit RM'000	Benefits in-kind RM'000	Other Allowance RM'000	Total RM'000
1.	Yoong Hau Chun (Group Managing Director)	1,201	50	138	100	16	nil	1,505
2.	Yoong Li Yen (Executive Director)	1,046	57	130	93	nil	78	1,404

GROUP

Non-Executive Directors

No.	Name	Directors' Fees RM'000	Other Emoluments RM'000	Total RM'000
1.	Mr Sundra Moorthi A/L V.M. Krishnasamy (Independent Non-Executive Chairman)	116	nil	116
2.	Bailey Policarpio (Non-Independent Non-Executive Director)	88	nil	88
3.	Mr Yoong Yan Pin (Independent Non-Executive Director)	91	nil	91
4.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	91	nil	91
5.	Ms Chin Pik Yuen (Independent Non-Executive Director)	98	nil	98
6.	Mr Loo Chin Meng (Non-Independent Non-Executive Director)	95	nil	95

Group Managing Director and Executive Director

No.	Name	Salary RM'000	Bonus RM'000	EPF RM'000	Retirement Benefit RM'000	Benefits in-kind RM'000	Other Allowance RM'000	Total RM'000
1.	Yoong Hau Chun (Group Managing Director)	1,201	50	138	100	16	nil	1,505
2.	Yoong Li Yen (Executive Director)	1,046	57	130	93	nil	78	1,404

Corporate Governance Overview Statement

(Continued)

PRINCIPLE A (CONTINUED) BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

However, the Board deemed it inappropriate to disclose the detailed remuneration of its top five (5) Senior Management in bands of RM50,000 nor on name basis. Although the disclosures are considered a good corporate governance practice, it would be commercially disadvantageous for the Company to reveal this information in this highly competitive market for talents and the need to retain talents. The Board assures that the remuneration of the Senior Management is commensurate with the function, workload, responsibilities and individual performance, the Company's performance, and at the levels which are sufficient to attract, retain and motivate Senior Management to run the Company successfully but without paying more than is necessary. The Company's Human Resource will regularly review and benchmark employees' compensation to ensure that the remuneration packages are competitive and adequate for employees.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Board has always been mindful of upholding an independent element in its Audit Committee. An effective Audit Committee can bring transparency and independent judgment needed to oversee the financial reporting process and the risk and control environment.

In the past, the Audit Committee comprised 3 members who were exclusively Non-Executive Directors with a majority of Independent Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements. In its effort to raise the bar of corporate governance standard, the Board had applied Practice 9.4 – Step Up of the MCCG 2021 that Audit Committee should comprise solely of Independent Directors and in 2018 revised the composition of its Audit Committee to comprise solely of Independent Directors. In observing the development of good corporate governance, the Chairman of the Board, Mr Sundra Moorthi A/L V.M. Krishnasamy resigned as a member of the Audit Committee in 2021. The composition of the Audit Committee is disclosed in this Annual Report under the section of Corporate Information and Audit Committee Report.

It has been the Company's practice over the years that the Chairman of the Audit Committee is not the Chairman of the Board. The two (2) positions are held by different individuals. The Audit Committee is chaired by Ms Chin Pik Yuen, an Independent Non-Executive Director. The Board is chaired by Mr Sundra Moorthi A/L V.M. Krishnasamy, the Independent Non-Executive Chairman.

The Chairman of Audit Committee, Ms Chin Pik Yuen is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants. The Audit Committee members have been keeping themselves abreast of the development of the accounting and audit standards, practices and rules through various channels to assume the responsibility on overseeing the financial report of the Group and Company effectively. Besides that, the Audit Committee is also regularly attending events or sessions organised by the Securities Commission Malaysia, Bursa Securities, the Malaysia Institute of Accountants (MIA) and other training organisers to keep themselves updated with market development.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE B (CONTINUED) EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

1. Audit Committee (Continued)

To be in line with Practice 9.2 of the MCCG 2021, the Terms of Reference of Audit Committee had been revised in 2021 to amend the clause relating to the requirement for minimum cooling-off period of three (3) years before a former partner of the external audit firm of the Company can be appointed as a member of the Audit Committee. During the financial year under review, none of the members of the Audit Committee was a former partner of the external audit firm of the Group and the Company.

The Audit Committee is responsible for monitoring the ongoing effectiveness and independence of the External Auditors. The Audit Committee conducts an annual assessment on the suitability, objectivity and independence of the External Auditors before making recommendation to the Board on appointment, removal, or whether or not the External Auditors should be put forward for re-appointment at the AGM, and also their remunerations. Further details are disclosed in the CG Report under Practice 9.3 and Annual Report under the section of Audit Committee Report.

2. Risk Management and Internal Control Framework

The Board is responsible for the Group and the Company's risk management framework and internal control system. The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is, however, not the Group's objective to eliminate risk totally, but to provide structural means to identify, prioritise and manage the risks involved in all the Group and the Company's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

Instead of establishing a Risk Management Committee, the Audit Committee assumes the role of overseeing the risk management framework and policies together with Senior Management and provides the Board with reasonable assurance of the Group and the Company's internal control, risk management and governance process.

The Board has established an Internal Audit Function which is currently outsourced to an independent internal audit consulting firm. The Internal Auditors report to the Audit Committee directly and they are responsible for conducting regular reviews and appraisals of the effectiveness of the governance, risk management and internal controls and processes within the Group and the Company. The Audit Committee reviews periodically the adequacy of the audit scope to ensure it is aligned with the strategies and risks of the Group and the Company, the resources and authorities made available to the Internal Audit Function, and the competency of the Internal Auditors, to ensure the Internal Audit Function remains effective.

During the financial year, the Board was satisfied that the existing level of risk management and internal control system were adequate and effective to enable the Group and the Company to achieve its business objectives. There were no material losses resulting from significant control weaknesses that would require additional disclosure.

However, the Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development and this emphasis has been the key focus area of the Board over the years and will be one of the future priorities of the Board in strengthening its corporate governance.

The details of the Group's Risk Management and Internal Control Framework, and the adequacy and effectiveness of this framework are disclosed in the Annual Report under the section of Statement on Risk Management and Internal Control.

Corporate Governance Overview Statement

(Continued)

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Engagement with Stakeholders

The Board values the relationship between the Company and its stakeholders. The Board also recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and significant developments of the Group and the Company.

The Company has taken various ways to facilitate effective reporting and communication with its stakeholders including timely announcement to Bursa Securities, publication of information on **HeveaBoard's** corporate website, issuance of Annual Reports, regular dialogue with analysts, institutional shareholders and members of the press to convey information regarding the Group and the Company's development, except market sensitive information which has not been formally announced to Bursa Securities, engaging with shareholders at general meeting and AGM, and attending to shareholders and investors' e-mail and telephone enquiries. The details are disclosed in the CG Report under Practice 12.1.

The documents required to be issued to shareholders pursuant to the Main Market Listing Requirements are sent to them via electronic means. The Board will continue its effort to enhance the efficiency in disseminating information as one of the future priorities of the Board for good corporate governance.

2. Conduct of General Meeting

The Company has been practicing sending Notice of Annual General Meeting (AGM) to shareholders and advertising the Notice in the nationally circulated daily newspaper more than 28 days prior to the meeting, so that shareholders are given ample time to consider the resolutions or seek professional advice before exercising their voting rights, and to make arrangement to attend the AGM either personally, through proxy or corporate representative.

The Board views AGM as one of the principal forums for dialogue with shareholders.

Since a few years ago, the Company has moved to leverage on technology to facilitate the flow and efficiency of its shareholders' meeting as well as to provide accurate outcome of the poll results. At the Company's 2017's AGM, the Company had started to leverage on technology to facilitate electronic voting ("e-voting") for the conduct of poll voting on all resolutions proposed at the AGM. Subsequently at the 2018 and 2019's AGM, the Company moved one step forward to conduct its poll voting via "Live Voting" which enabled the meeting to proceed with poll voting on each resolution via hand phones/mobile devices immediately after the Questions and Answers session and the poll results were instantly displayed on the screen. In light of the MCO imposed by the Government arising from Covid-19 pandemic, the Company had accelerated its efforts towards leverage on technology to realise the application of remote shareholders' participation and voting in absentia by conducting a virtual AGM in 2020. In view of the nationwide total lockdown and a FMCO, the 2021's AGM was held on a fully virtual basis via an online platform with remote participation and online remote voting based on the Revised SC's Guidance Note, effective 1 June 2021 which required the Chairperson of the meeting, Board members, senior management, shareholders and auditors to participate in the meeting online. The Board was satisfied that the fully virtual AGM was conducted successfully with the support of virtual meeting facility.

The last AGM of the Company held on 28 June 2024 was conducted on a fully virtual basis via an online meeting platform with remote participation and online remote voting, and all the Directors attended the AGM. Despite the AGM being held in a fully virtual meeting environment, the Chairman had played an effective role to ensure the engagement between the Board, Senior Management and shareholders was managed smoothly and meaningfully.

This statement is made in accordance with the approval of the Board of Directors on 28 March 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a robust system of internal control within HeveaBoard Berhad (“the Group”) and is pleased to present the Statement on Risk Management and Internal Control (“Statement”). This Statement outlines the nature and scope of the Group’s risk management and internal control framework of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2024.

This Statement is issued by the Board in pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”) and incorporates the recommendations of the Malaysian Code on Corporate Governance.

ROLES AND RESPONSIBILITY

(A) Board of Directors

The Board recognises the importance of maintaining a sound internal control and an effective risk management. The Board acknowledges its primary responsibility to ensure that risks are identified, measured and managed with an appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an ongoing basis. The review covers, inter-alia, financial, operational and compliance system controls and risk management procedures of the Group. Nonetheless, it recognises that such a system can only provide reasonable but not absolute assurance because of limitations inherent in any system of internal control against material misstatements or fraud and is designed to manage rather than eliminate the risk of failure to achieve business objectives.

In accordance with the latest Malaysian Code of Corporate Governance, the Board who is responsible for the Group’s risk management and internal control systems, shall set appropriate policies on internal control and seek assurance that the systems are functioning effectively. In addition, the Board must also ensure that the systems of risk management and internal control manage risks and form part of its corporate culture.

(B) Audit Committee

The Audit Committee (“AC”) is established by the Board and governed by clearly defined terms of reference and authority for areas within their scope. The Board delegates the review of the risk management and internal control reports and processes to AC to assist the Board in reviewing and overseeing the effectiveness of the risk management of the Group.

(C) Nomination Committee and Remuneration Committee

Other board committees that were established by the Board are the Nomination Committee and Remuneration Committee which have clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

Statement on Risk Management and Internal Control

(Continued)

RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing significant risks embraced in the operating and business processes. These processes are driven by all executive Directors and Senior Management team members in their course of work. Key matters covering the financial and operation performances, changes in customers' preference, suppliers, raw material prices, risks and market outlook are reviewed and deliberated in the EXCO meetings. During these EXCO meetings, causes and reasons for performances are discussed to identify the appropriate measures to effectively manage the risks. Key issues discussed in EXCO meetings are recorded in minutes, summarised and presented in the quarterly Board meetings for all Board members to review and understand the issues impacting the Group.

Annual risk assessment workshop, attended by executive and non-executive Board members and Key Senior Management personnel, is held to identify new risks, reassess the risk appetite of the Board as well as the possibility and impact of the existing risks, consider the effectiveness of the existing controls; and to formulate new risk management mitigation action plan. The application of this risk management processes is based on the principles of Committee of Sponsoring organizations of the treadway Commission ("COSO") Enterprise Risk Management framework and ISO 31000 on risk management which are internationally recognised risk management frameworks. Based on the key risks identified, management then proceeds to develop the necessary measures to minimise the possibility and impact of these risks.

The Risk Assessment process is as follow:



The Group's principal risks and challenges, along with their mitigation plans, are summarised below:

Key Risk Focus	Key Mitigation Plan
Impact of Forex Fluctuation	<ol style="list-style-type: none"> I. The Group actively monitors foreign exchange rate volatility and applies a structured hedging policy to mitigate currency risk and protect financial stability. II. A comprehensive costing mechanism is in place to track and analyse currency fluctuations, ensuring profitability through proactive forex management. III. Pricing strategies incorporate predefined tolerance limit for currency fluctuations, enabling more accurate and risk-adjusted pricing. IV. Continuous production planning optimizes strategic procurement, allowing advance purchases when exchange rates and market conditions are favourable, thereby minimizing cost volatility. V. The Group closely monitors global market trends, geopolitical factors, and economic conditions affecting foreign exchange, ensuring timely and informed decision-making.

Statement on Risk Management and Internal Control

(Continued)

RISK MANAGEMENT (CONTINUED)

The Group's principal risks and challenges, along with their mitigation plans, are summarised below: (Continued)

Key Risk Focus	Key Mitigation Plan
Volatile Raw Materials Supply and prices, and Fluctuation in Cost of Production	I. Strategic Supplier Engagement – Establish long-term agreements with key suppliers to secure the availability of critical raw materials at competitive and stable prices. II. Inventory Optimization – Maintain buffer stock levels to mitigate supply chain disruptions, shipment delays, and market volatility. III. Cost Mitigation Strategies – Collaborate with customers on price adjustments and implement value engineering solutions to manage rising material and production costs while maintaining product quality. IV. Supply Chain & Logistics Coordination – Work closely with customers to synchronize production and delivery schedules, optimising order fulfilment, backlog reduction, container shortages, and other logistical challenges.
Business Sustainability & Growth	I. Research & Development (R&D) & Market Intelligence – Innovate product designs, enhance customer service, and strengthen manufacturing capabilities to maintain a competitive edge. II. Commitment to Excellence – Continuously enhance product quality, introduce innovative designs, ensure timely delivery and maintain strong customer relationships. III. Customer-Centric Growth Strategy – Proactively nurture relationships with both local and global customers. Collaborate closely to capitalize on emerging market trends and explore new growth opportunities in high-potential markets. IV. Long-Term Customer Partnerships – Foster sustainable relationships by consistently delivering value, reliability, and exceptional service.
Implementation of Minimum Wages in Malaysia	I. Workforce Optimization & Productivity Enhancement – Invest in automation, digitalization, and employee upskilling. Optimizing workforce allocation and shift scheduling will maximize productivity while reducing reliance on manual labour. II. Cost Management & Operational Efficiency – Streamline processes, optimize procurement, and reduce wastage. Leveraging technology for resource management and supply chain improvements will help offset rising labour costs. III. Government Incentives & Compliance Optimization – Leverage on government subsidies, tax incentives, and workforce development grants to manage cost increases. IV. Training & Workforce Development – Invest in employee training programs to improve operational efficiency and job adaptability.

Statement on Risk Management and Internal Control

(Continued)

RISK MANAGEMENT (CONTINUED)

The Group's principal risks and challenges, along with their mitigation plans, are summarised below: (Continued)

Key Risk Focus	Key Mitigation Plan
Changes in political, economic and regulatory conditions	<p>I. Regulatory Compliance & Risk Management – Stay updated on evolving laws, policies, and industry regulations to ensure full compliance and minimize legal risks.</p> <p>II. Economic Resilience & Financial Planning – Develop flexible financial strategies to adapt to economic fluctuations, including inflation, interest rate changes, and currency volatility.</p> <p>III. Political & Geopolitical Risk Assessment – Continuously monitor political developments and geopolitical risks in operating markets. Establish contingency plans, including supply chain diversification and alternative market strategies, to mitigate potential disruptions.</p> <p>IV. Government & Industry Engagement – Strengthen relationships with policymakers, industry bodies, and regulatory authorities to stay ahead of legislative changes. Actively participate in industry discussions to advocate for favourable business policies.</p> <p>V. Business Continuity & Crisis Management – Implement robust crisis management and business continuity plans to handle unexpected political, economic, or regulatory changes. Develop risk mitigation frameworks that ensure minimal operational disruption.</p> <p>VI. Strategic Workforce & Talent Management – Adapt workforce strategies to align with regulatory changes and economic conditions. Invest in upskilling programs to ensure a resilient and agile workforce that can navigate evolving market conditions.</p>

INTERNAL CONTROLS

HeveaBoard Berhad continues to maintain the following certifications. These management systems and certifications for the guiding principles for the operational procedures. Internal quality audits are carried out and annual surveillance audits are conducted by external certification bodies to ensure compliance with the respective certification bodies' requirements.

- i. Quality Management Systems of ISO 9001:2015;
- ii. The Environment Management Systems ISO 14001:2015;
- iii. Occupational Safety and Health Management System 45001:2018 and MS 1722;
- iv. Sustainable Forest and Energy Management Systems under the Programme for the Endorsement of Forest Certification("PEFC");
- v. Energy Management System ISO 50001:2011 Certification in efficient and effective energy management system;
- vi. Singapore Green Label Certificate, Sirim Eco-Label Scheme Certification and MyHijau Certification for environmentally friendly product;
- vii. Japanese Industrial Standard (JIS) Mark Certification A5908:2015
- viii. CARB (California Air Resources Board) Certification on compliance with applicable emission standard; and
- ix. Japanese Industrial Standard (JIS) Mark Certification S5908:2015

Similarly, HeveaPac Sdn. Bhd., a fully owned subsidiary was also certified with quality management certifications on ISO 9001:2015, ISO 14001:2015 and PEFC.

Statement on Risk Management and Internal Control

(Continued)

INTERNAL CONTROLS (CONTINUED)

HeveaGro Sdn. Bhd., a fully owned subsidiary was also certified with Food Safety Management System ISO 22000:2018. In addition to the above, the fundamental controls and measures that have been put in place in the Group are: -

- i. Management organisation chart outlining the management responsibilities and hierarchical structure of reporting and accountability;
- ii. Approval and authority limits of the top executives and heads of department;
- iii. Insurances to protect the assets and interests of the Group;
- iv. Review of operation performance and segregation of duties in the management functions of the Group;
- v. Job descriptions are established providing understanding to employees of their tasks in discharging their responsibilities;
- vi. Financial forecasts are used as performance targets;
- vii. Whistleblowing policy for reporting of employees' misbehaviours; and
- viii. Audit Committee review of the quarterly financial reports, annual financial statements, related party transactions, external and internal audit reports.

The Board reviewed the status of implementing adequate procedures regarding the Group's Bribery and Corruption Risk assessment. Under this exercise, the Board assessed the performance, efficiency, and effectiveness of the anti-corruption programme and ensured that the programme was enforced.

THE REVIEW MECHANISM

There are two levels of review of risk management systems and internal control in the organisation. The Executive Directors and Senior Management undertake the first level of the review while the second level constitutes the independent review performed by the Audit Committee. The Internal Audit Function reports directly to the Audit Committee, conducts periodic audits to assess the effectiveness of the risk management and internal control procedures; recommends actions to management for improvement; and reports the status of management control procedures to the Audit Committee.

The Internal Audit Function reviews the internal controls in the Group's key activities based on the annual audit plan approved by the Audit Committee. It carries out this function based on the International Standards for the professional practice of Internal Auditing.

Since adopting the enterprise Risk Management framework, the Internal Audit Function has taken on a risk-based approach when preparing its audit strategy and plans, after considering the risk profiles of the operations of the Group. The internal control system has been structured in such a manner that it has provided reasonable assurance that the likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. It can achieve this through a combination of preventive, detective and corrective measures.

The internal audit function has organised its work according to the principles of the internal auditing standards, which cover the conduct of audit planning, execution, documentation, communication of findings, and consultation with senior management and the board on audit concerns.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies, implementing and maintaining sound systems of risk management and internal control, and monitoring and reporting significant control deficiencies and changes in risks that could significantly affect the Group's achievement of its objectives and performance.

The Board has received assurance from the Group Managing Director and Chief Financial Officer that, to the best of their knowledge, that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects.

Statement on Risk Management and Internal Control

(Continued)

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board continues to derive its comfort of the state of risk management and internal control of the Group from the following key processes and information: -

- Periodic review of financial information covering financial performance and quarterly financial results;
- Audit Committee's review and consultation with Management on the integrity of the financial results, Annual Report and audited financial statements before recommending them to the Board for approval;
- Audit findings and reports on the review of systems of internal control provided by the Internal Auditors and status of Management's implementation of the audit recommendations;
- Annual risk assessment exercise to identify and assess risks faced by the Group as well as the action plans needed to manage the identified risks effectively; and
- Management's assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require additional disclosure in the Annual Report. Nonetheless, the Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. It should also be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems could only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

OTHER INTERNAL CONTROL ELEMENTS

a. Policies and Procedures and Compliance Review

The Board ensures that the respective operating activities have put in place policies and procedures, code of ethics and conduct adhering to and in compliance with the internal controls and applicable laws and regulations and they are reviewed periodically with the assistance from the Senior Management to meet changes in regulatory requirements.

b. Information and Communication

The Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request information and clarification from the service providers and seek inputs from the AC, External and Internal Auditors, and other experts at the Group's expense.

c. Audit Committee

The Board has established the AC, which comprises three (3) Independent Non-Executive Directors. The AC's report is disclosed in the Annual Report under the section of Audit Committee, and the AC's terms of reference are made available for reference on the Company's corporate website at www.heveaboard.com.my.

Statement on Risk Management and Internal Control

(Continued)

OTHER INTERNAL CONTROL ELEMENTS (CONTINUED)

d. Whistleblowing Policy

To uphold the highest standards of ethical conduct, we have implemented our Whistleblowing Policy, providing a safe and confidential channel for employees and external stakeholders to report suspected illegal or unethical business practices and non-compliance with legal and regulatory requirements. This policy applies to the Group's directors, management, employees, external stakeholders, and business partners.

Our Whistleblowing Policy ensures that whistleblowers who report in good faith are protected from discrimination, retaliation, or harassment of any kind.

The Board has formalized a Whistleblowing Policy as part of its commitment to the highest standards of integrity, openness, and accountability in its business and operations. The policy provides a confidential and secure channel for reporting suspected unethical or illegal practices.

If possible, the reporting parties should disclose their names, contact numbers, details of the person(s) involved, the nature of the allegation, where and when the incident took place, and evidence.

All concerns will be dealt with in strictest confidence and the reporting parties will be assured that their identities will be kept confidential within the limits required by the law.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2024, and reported to the Board that nothing has come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

AAPG3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

For the financial period ended 31 December 2024 and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is of the opinion that the risk management and internal control system currently in place are 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. This Statement is made in accordance with the approval and resolution of the Board of Directors dated **28 March 2025**.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the income statement and cash flows of the Group and the Company for the financial year.

The Directors consider that, in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2024, the Company has consistently applied appropriate accounting policies, and has made judgments and estimates that are reasonable and prudent. The Directors confirm that all applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company maintains adequate accounting records which disclose with reasonable accuracy the financial position of the Group and the Company to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2016.

The Directors also have general responsibilities for taking reasonable steps to safeguard the assets of the Group and the Company.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. UTILISATION OF PROCEEDS

There were no corporate proposals undertaken by the Company to raise funds during the financial year ended 31 December 2024.

2. LIST OF PROPERTIES

The properties held by the Group and the Company during the financial year ended 31 December 2024 are stated in the section of List of Properties of this Annual Report.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the related party transactions and recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2024 between **HeveaBoard** and related parties are disclosed in Note 27 of the Financial Statements.

4. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial period.

5. MATERIAL LITIGATION

There was no material litigation during the financial year ended 31 December 2024.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2024.

The Board is required by law to ensure that the Company's financial statements present a true and fair view of the company's state of affairs and that they are prepared in accordance with applicable financial reporting standards and provisions of the Companies Act 2016. The Board also assumes the responsibility of maintaining a sound system of risk management and internal control to achieve its business objective and operational efficiency to protect and preserve shareholders' equity and interests. The Board may delegate its responsibility to the Audit Committee, but not abdicate.

COMPOSITION OF MEMBERS

The current composition of the Audit Committee comprises three (3) members and all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements, which require the Audit Committee to consist of not fewer than three (3) members, all of whom must be Non-Executive Directors with a majority of them being Independent Directors.

The members of the Audit Committee are as follows:

1. Ms Chin Pik Yuen – Chairman
Independent Non-Executive Director
2. Mr Yoong Yan Pin – Member
Independent Non-Executive Director
3. Mr Thye Heng Ong @ Teh Heng Ong - Member
Independent Non-Executive Director

The composition of members is in line with Practice 9.4 – Step Up of the Malaysian Code on Corporate Governance ("MCCG 2021"). An independent Audit Committee is better positioned to rigorously challenge and ask probing questions on the Company's financial reporting process, internal controls, risk management and governance.

The Chairman of the Audit Committee, Ms Chin Pik Yuen, is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants. Accordingly, this complies with paragraph 15.09(1)(c) of the Main Market Listing Requirements.

The profiles of the Audit Committee members are set out in this Annual Report under the section of Profile of Directors.

AUTHORITY

The Audit Committee is authorised by the Board to independently investigate any matters within its Terms of Reference. It should have full and unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management and all employees in carrying out its duties.

The Terms of Reference of the Audit Committee can be viewed on the Company's corporate website at www.heveaboard.com.my.

Audit Committee Report

(Continued)

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Audit Committee should assume four (4) fundamental responsibilities:

- (a) Overseeing financial reporting;
- (b) Assessing the risks and control environment;
- (c) Evaluating the internal and external audit process; and
- (d) Reviewing conflict of interest situations and related party transactions.

The Board has reviewed the performance of the Audit Committee based on the Nomination Committee's report and the Board is satisfied that the Audit Committee has discharged their duties and responsibilities effectively in accordance with its Terms of Reference.

MEETING

Audit Committee meetings are one of the channels for the Audit Committee on discussing and evaluate an organisation's overall financial performance and its internal control functions. The Audit Committee meetings are held regularly with high-quality interactions with and within Audit Committee members. The Audit Committee may call for a meeting as and when required with reasonable notice as the Audit Committee members deem fit.

During the financial year ended 31 December 2024, the Audit Committee held five (5) Audit Committee meetings, and two (2) Audit Committee meetings were held during the period from 1 January 2025 to the date of approving this Report.

The details of attendance of each Audit Committee member are as follows:

Name of Committee Member	No. of Meetings Attended/ No. of Meeting Held	
	Year 2024	1/1/2025 and up to the date of approving this report
Ms Chin Pik Yuen (Chairman)	5/5	2/2
Mr Yoong Yan Pin (Member)	5/5	2/2
Mr Thye Heng Ong @ Teh Heng Ong (Member)	5/5	2/2

The quorum for a meeting of the Audit Committee shall be two (2) members.

In every Audit Committee meeting, besides reviewing financial reporting and financial management, sufficient time shall be put on assessing internal auditing and internal control on risks relating to, amongst others, financial, operational, system, governance, and compliances with relevant regulatory requirements. The Audit Committee meeting shall be held excluding the attendance of other Directors, Management and employees, except when the Audit Committee requests their presence. The Audit Committee also has the right to hold private discussions with the External Auditors and Internal Auditors to exchange free and honest views and opinions without the presence of other Directors and Management, whenever deemed necessary. The Company Secretary will be in attendance at all meetings.

Audit Committee Report

(Continued)

MEETING (CONTINUED)

Each Audit Committee meeting is scheduled in advance and conducted with proper meeting proceedings. Meeting notice is circulated to Audit Committee members via electronic mail at least seven (7) days before the meeting. To ensure efficient and effective review and discussion as well as the smooth flow of the meeting, the meeting papers such as quarterly financial results and related party transaction reports are circulated via electronic mail to the Audit Committee members for their review and comments at least five (5) days before the meeting. With a view to encourage a paperless environment, the hard copy of the meeting materials will only be made available upon request.

As and when necessary, the Audit Committee will review and discuss ad hoc and urgent matters via electronic mail or carry out informal discussions and make its decision and recommendation by way of circular resolution.

During the financial year ended 31 December 2024 and subsequent to the year-end, at each quarterly meeting, the Chief Financial Officer was invited to present the quarterly financial results and related party transactions as well as conflict of interest situation that may arise within the Group and the Company, and at the same time to provide clarification on issues and queries which may be raised by the Audit Committee. The Internal Auditors were invited to present their internal audit plan and to report the outcome of their internal audit, including the follow-up audit and annual update of the Enterprise Risk Management Report ("ERM Report"). The ERM Report covers the prevailing key risk profiles of the Group and the Company and the relevant control measures in place. The Executive Directors and Management, when necessary, would be invited to brief and provide further clarifications to the Audit Committee on issues arising from the internal audit, external audit, and other pertinent matters to facilitate a better understanding of the subject matter. The External Auditors were invited to present their Audit Plan, Audit Committee Memorandum and draft Audited Financial Statements according to the audit timeline.

The Audit Committee Chairman reports to the Board of the pertinent matters discussed at the Audit Committee's meetings, the recommendations and significant concerns.

During the financial year ended 31 December 2024 and during the period from 1 January 2025 to the date of approving this Report, the agendas of the Audit Committee meetings included the following:

- 1) Review and recommend the unaudited quarterly financial results for the Board's approval;
- 2) Review the Internal Audit Plan, Internal Audit Reports and annual update of Enterprise Risk Management Report;
- 3) Review the report from the Integrity Committee on the status of implementation of the adequate procedures and guidelines pursuant to Section 17 (A) of Malaysian Anti-Corruption Commission (MACC) Amendment Act 2018 introduced by the MACC;
- 4) Review the Audit Plan and Audit Committee Memorandum of the External Auditors;
- 5) Meet up with the External Auditors without the presence of Executive Members;
- 6) Review and recommend the draft Audited Financial Statements for the Board approval;
- 7) Review the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- 8) Review and consider the proposed Audit and Non-Audit fees;
- 9) Consider the re-appointment of External Auditors of the Company;
- 10) Review recurrent related party transaction and any related party transaction;
- 11) Review conflict of interest and potential conflict of interest situation;
- 12) Confirm the Minutes of the Audit Committee meetings; and
- 13) Discuss various significant issues noted within the Group and operating environment.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following:

1. Financial Reporting

The Audit Committee has oversight responsibilities on financial reporting prepared by Management as well as the system of internal control over financial reporting, disclosure and procedures established by Management. The Audit Committee must satisfy themselves as to the reliability and integrity of the annual and quarterly financial statements, and the adequacy of the system of internal control over financial reporting.

a. Review of quarterly financial results

Pursuant to Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market, a public listed company ("PLC") must give Bursa Securities for public release such quarterly report which is prepared on a quarterly basis as soon as the figures have been approved by the Board of Directors of the PLC, and in any event not later than 2 months after the end of each quarter of a financial year.

The Audit Committee reviews the unaudited quarterly financial results at its quarterly meetings before recommending them to the Board for approval.

The unaudited quarterly financial results for the four (4) quarters of the Company and the Group for the financial year ended 31 December 2024 were reviewed at the four (4) Audit Committee quarterly meetings held on 29 May 2024, 28 August 2024, 28 November 2024 and 26 February 2025.

At the meetings, the Audit Committee reviewed the financial information and reports which were prepared in compliance with the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and paragraph 9.22, including Appendix 9B of the Main Market Listing Requirements. The Audit Committee in consultation with the Chief Financial Officer and Management, deliberated the integrity of the quarterly financial results as well as the significant issues of concern focusing on the following aspects to confirm that the reports are correct, accurate and reliable before recommending to the Board for approval:

- Significant financial reporting issues and judgements;
- The appropriateness of accounting policies, key judgements and fairness of management estimates and going concern assumptions;
- The material financial areas in which significant judgements have been made;
- Changes in or implementation of major accounting policy and practices;
- Compliance with financial reporting standards and governance requirements;
- Other significant and unusual events; and
- The clarity of disclosures.

b. Annual Audited Financial Statements

▪ Audit Plan 2024

On 28 November 2024, the Audit Committee conducted a preliminary meeting with the External Auditors to review and discuss the overall Audit Strategy and Audit Plan for the financial year ended 31 December 2024. The Audit Plan outlined, amongst others, the policies and procedures concerning auditors' independence, consideration of fraud in audit, related party transaction disclosures and procedures, audit timeline and audit activities, risk assessment and audit approach, overall accounting development, provision of non-audit services and proposed audit fees.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

1. Financial Reporting (Continued)

b. Annual Audited Financial Statements (Continued)

▪ Audit Plan 2024 (Continued)

In reviewing the overall Audit Strategy and Audit Plan, the Audit Committee focused its oversight on:

- The audit planning, audit approach and identification process;
- The timing of significant audit activities;
- Whether the External Auditors' analysis and planned audit activities demonstrate sufficient knowledge of the Group's business risks;
- Key audit deliverables;
- The resources needed to execute the Audit Plan; and
- Updates on accounting standards and regulatory requirements.

▪ Audit Committee Memorandum

Based on the audit timeline, the External Auditors presented their Audit Committee Memorandum to the Audit Committee on 26 February 2025, subsequent to the financial year ended 31 December 2024.

The Audit Committee Memorandum provides, amongst others, the status of the audit, significant audit findings and matters of concern, significant unusual events, potential key audit matters, fraud related matters, related party disclosures, potential key audit matters, matters for control improvements, significant outstanding matters, uncorrected misstatements, accounting developments and capital market development.

Amongst others, the Audit Committee focused its review and deliberation on the following matters:

- ❖ Whether there were any fraud-related matters.
- ❖ The following significant audit matters were noted:
 - i. Inventory Valuation
 - ii. Impairment review on investment in subsidiaries
 - iii. Impairment review on property, plant and equipment and rights-of-use assets
- ❖ Potential Key Audit Matters and the justification identified by the External Auditors.
- ❖ Internal control weaknesses noted by the External Auditors and Management's comments.
- ❖ The Audit Committee also took note of the accounting standard developments, its requirements and impact on the Group and Company's financial statements.

The Audit Committee also reviewed with the External Auditors the level of assistance given by the Management of the Group and the Company to the External Auditors, including the availability of the necessary resources such as manpower, any difficulties or disputes with Management encountered during the audit.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

1. Financial Reporting (Continued)

b. Annual Audited Financial Statements (Continued)

▪ Audited Financial Statements

The External Auditors present the draft Audited Financial Statements to the Audit Committee for its review in March or April each year subsequent to the financial year-end.

Thus, a specific meeting is held, amongst other matters, to review the draft Audited Financial Statements presented by the External Auditors and the issues highlighted with respect to the audit before recommending to the Board for approval.

As part of the reviewing process, the External Auditors are required to report to the Audit Committee on their view of Management's selection of accounting principles and accounting adjustments made by Management or the External Auditors, any disagreement or difficulties encountered in working with the Management, and any fraud, irregularities or illegal acts. The Audit Committee also discusses with Management with regards to the audit findings, disclosures and key areas relating to the draft Audited Financial Statements, the representation letters issued by the External Auditors and the implementation of audit recommendations.

On 28 March 2025, a specific meeting was held to review the draft Audited Financial Statements for the financial year ended 31 December 2024.

A private discussion was held between the Audit Committee and the External Auditors without the presence of the Group Managing Director, other Directors and Management. Save for the significant audit matters highlighted in the Audit Committee Memorandum, there were no other significant areas of concern raised by the External Auditors that need to be brought to the attention of the Board.

2. External Auditors

An effective oversight of the performance of the External Auditors is one of the core responsibilities of the Audit Committee as the External Auditors play a vital role in the financial reporting process. The Audit Committee is directly responsible for monitoring the ongoing effectiveness and independence of the External Auditors and recommending to the Board on the re-appointment of the External Auditors or the appointment of new External Auditors and compensation of the External Auditors.

a. Independence

The External Auditors must comply with local professional institutes' rules concerning auditors' independence or their firm's requirements.

The External Auditors, namely Messrs. Baker Tilly Monteiro Heng PLT confirmed that in relation to their audit of the financial statements of **HeveaBoard** Group ("the Group") for the financial year ended 31 December 2024, the Engagement Partners and its staff engaged in the audit of the Group's financial statements neither hold any direct or indirect financial interest in the Group nor are connected with the Group which would impair their independence, and they have complied with the requirements for independence as stipulated in the International Standards on Auditing ("ISA") 260.

In accordance with the By-laws of the Malaysian Institute of Accountants, Messrs. Baker Tilly Monteiro Heng PLT rotates its engagement partner once every seven (7) years to ensure objectivity, independence and integrity of audit opinions.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

2. External Auditors (Continued)

b. Audit and Non-Audit Fees

Before recommending the proposed audit fees and the assurance-related fees to the Board for approval, the Audit Committee evaluated the quantum of audit work, the audit process and approach, the engagement team's credentials and experience, their ability to provide valuable advice and services and to perform audit work within the Group's timeline.

The details of the audit and non-audit fees paid/payable to the External Auditors and a firm or corporation affiliated to the External Auditors in relation to the financial year ended 31 December 2024 are set out below:

	Group RM	Company RM
Total Audit Fees	209,250	98,000
Total Non-Audit Fees	17,000	17,000

On 28 March 2025, the Audit Committee recommended to the Board for approval of the audit fee and non-audit fee in respect of the financial year ended 31 December 2024.

c. Re-appointment of External Auditors

In each financial year, the Audit Committee assesses and reviews the suitability, objectivity and independence of External Auditors. This enables the Audit Committee to make an informed recommendation to the Board on whether or not the External Auditors should be put forward for re-appointment at the Annual General Meeting.

The Audit Committee performs an assessment on the suitability and independence of the External Auditors by considering the following criteria:

- i. The independence, objectivity, integrity and professionalism of the External Auditors in accordance with the terms of the professional and regulatory requirements of the Malaysian Institute of Accountants;
- ii. The experience, capabilities and resources of the firm;
- iii. The performance and competencies of the External Auditors;
- iv. The quality of services including the responsiveness to issues and ability to provide realistic analysis with technical knowledge and independent judgement, and sufficiency of resources they have provided to the Group; and
- v. The level of non-audit services rendered by the External Auditors and its affiliates to the Group.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

2. External Auditors (Continued)

c. Re-appointment of External Auditors (Continued)

The Audit Committee also determines whether the External Auditors have exercised professionalism and performed a quality audit based on the quality of the communications and interactions with the Audit Committee during the course of an audit.

Following the completion of the 2024 financial year audit, the Audit Committee was satisfied with the quality of the audit, effectiveness and independence of Messrs. Baker Tilly Monteiro Heng PLT as External Auditors of the Group and the Company. The Audit Committee continues to consider Messrs. Baker Tilly Monteiro Heng PLT to be suitable in their role as External Auditors of the Group.

The Audit Committee recommended to the Board for approval to put forward the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as External Auditors of the Group and the Company for the ensuing financial year at the forthcoming Annual General Meeting based on the following opinion:

- i. The External Auditors have confirmed that they comply with the local professional institutions' rules concerning auditors' independence and their firm's requirements;
- ii. The Audit Committee is satisfied that the External Auditors have exercised professionalism and performed a quality audit;
- iii. The Audit Committee continues to consider the External Auditors to be suitable in their role as External Auditors of the Group and the Company; and
- iv. The non-audit services rendered by the External Auditors and its affiliates consist of mainly assurance-related services. It is satisfied that the provision of non-audit services by the External Auditors did not in any way impair their objectivity and independence.

The Board approved the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as the Group and the Company's External Auditors for the ensuing financial year based on the Audit Committee's recommendation, subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting.

3. Internal Audit

The Audit Committee oversees the Internal Audit Function and relies on internal audit as one of its primary resources in the oversight of risk management and control processes that Management has put in place.

The entire Internal Audit Function of the Group is outsourced to an independent internal audit service provider, namely PKF Risk Management Sdn. Bhd. ("PKF"). The Internal Auditors report directly to the Audit Committee.

Internal Audit Report

During the financial year, the Audit Committee reviewed the internal audits undertaken by the Internal Auditors and the effectiveness of the internal control implemented within the Group.

Based on the audit findings and reports of the Internal Auditors, the Audit Committee formed an opinion on the adequacy of measures undertaken by Management and reported to the Board on the overall standing of the Group's internal control.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

3. Internal Audit (Continued)

Internal Audit Report (Continued)

The following Internal Audit Reports were reviewed by the Audit Committee:

Date of AC Meeting	Internal Audit ("IA") Reports reviewed
29 February 2024	Inventory Management of HeveaPac Sdn. Bhd. ("HeveaPac"). Follow Up Audit Report: <ul style="list-style-type: none"> Health, Safety and Environment of HeveaPac; and Production and Quality Control of HeveaGro
29 May 2024	Research and Development of HeveaGro Sdn. Bhd. ("HeveaGro").
28 August 2024	Annual Update of Enterprise Risk Management.
28 November 2024	Follow Up Audit Report: <ul style="list-style-type: none"> Inventory and Logistics Management of HeveaPac; and Research and Development of HeveaGro
26 February 2025	Report for the Gap Analysis Report on Adequate Procedures of Section 17 (A) of Malaysian Anti-Corruption Commission (MACC) Amendment Act 2018 in relation to the implementation of adequate procedures guidelines introduced by MACC.

Statement on Risk Management and Internal Control

The Audit Committee reviews the Statement on Risk Management and Internal Control ("SORMIC") which is part of the Company's Annual Report. The SORMIC is presented at the Audit Committee Meeting in March or April each year subsequent to the financial year-end.

The Audited Committee had reviewed the SORMIC in respect of the financial year ended 31 December 2024 for inclusion in the 2024 Annual Report. The External Auditors had also reviewed the SORMIC based on their audit during the financial year and provided with limited assurance that nothing has come to their attention that causes them to believe the SORMIC is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of risk management and internal control of the Group.

4. Review of related party transactions and conflict of interest situation

The Audit Committee reviews any related party transaction ("RPT") and recurrent related party transaction ("RRPT") including any transaction, procedure or course of conduct that raises questions of management integrity. Besides that, the Audit Committee oversight over conflict of interest ("COI") and potential COI situations that arose or persist or may arise together with the measures taken to resolve, eliminate, or mitigate the COI situation.

At the request of the Audit Committee, the Company has on 29 February 2024 adopted a Conflict of Interest Policy which sets out the framework and appropriate controls and measures to ensure systematic identification and management of conflict of interest or potential conflict of interest situation in an effective and timely manner.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

4. Review of related party transactions and conflict of interest situation (Continued)

The Audit Committee must ensure that:

- a. Adequate oversight over the controls on the following:
 - i. identification of the interested parties.
 - ii. identification of the RPT and RRPT and the possible COI situations.
- b. Assess and address the reasonableness of the RPT and RRPT, and COI and potential COI situations with reference to Bursa Securities' Listing Requirements to ensure that interested parties do not abuse their powers to gain unfair advantage.

Upon receiving a report on RPT/RRPT and/or COI/potential COI situation, the Audit Committee reviews and determines whether the RPT/RRPT and/or COI/potential COI situation is fair, reasonable, on normal commercial terms and in the best interests of the Group and the Company.

The key considerations taken by the Audit Committee in reviewing the RPT/RRPT and/or COI/potential COI situation are as follows:

- (a) Whether the transaction price is at arm's length basis or whether the terms are fair to the Group and the Company;
- (b) Whether there are business reasons for the Company to enter into the transaction with the related party and not a third party;
- (c) Whether the business reasons are in line with the overall strategy and objectives of the Group and the Company;
- (d) What benefits the interested party will derive from the transaction;
- (e) What impact the transaction will have on the financial statements;
- (f) Whether there is economic substance in entering into the transaction; and
- (g) Enquire to ascertain whether, apart from the review of related party transactions and conflicts of interest, transactions entered into have been disclosed in the Company's financial statements under the relevant financial reporting standards.

The Audit Committee reports to the Board of any RPT/ RRPT and COI/ potential COI situations that arose or may arise within the Group and the Company.

During the financial year, the following reviews were performed by the Audit Committee:

i. Review of RRPT

At each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions of revenue or trading in nature in relation to the rental payment for renting of lands from the Company's substantial shareholder, namely HeveaWood Industries Sdn. Bhd. ("HeveaWood") for use as the Company's logyard and HeveaGro Sdn. Bhd.'s ("HeveaGro") mushroom cultivation plant. An announcement on the transactions was not required to be made to Bursa Malaysia Securities Berhad as the value of the transactions are not significant and does not exceed the threshold for announcement as stipulated by the Main Market Listing Requirements.

Audit Committee Report

(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2024, and during the period from 1 January 2025 to the date of approving this Report comprised the following: (Continued)

4. Review of related party transactions and conflict of interest situation (Continued)

During the financial year, the following reviews were performed by the Audit Committee: (Continued)

ii. Review of COI situations

In February 2025, the Audit Committee reviewed the annual COI declaration made by the Company's Directors and the Key Senior Management.

Same as last year's COI declaration, save for Mr Yoong Hau Chun, Ms Yoong Li Yen, Mr Bailey Policarpio, Mr Tenson Yoong, Ms Yoong Li Mian and Mr Loo Chin Meng who have declared their interest in the rental of lands from the Company's substantial shareholder, namely HeveaWood for use as the Company's logyard and HeveaGro mushroom cultivation plant by virtue of their directorship and/or shareholdings in HeveaWood, none of the Board members and Key Senior Management have any COI or potential COI, including interest in any competing business, in any business arrangement involving the Company and its subsidiaries.

The Audit Committee acknowledged that other than as disclosed above, there is a regular supply of parts and relevant services by companies related to Mr Yoong Hau Chun. However, the value was very below the materiality threshold.

There were no new COI situations reported since the last COI declaration which was made in March 2024.

Premised to the following two considerations, the Audit Committee opined that the existing measures undertaken to resolve, eliminate, or mitigate the impact of the COI situation are sufficient, and there is no additional mitigation actions proposed:

- a. The Audit Committee has performed a quarterly review of the report and updates from Management of the recurrent related party transaction in relation to the abovementioned rental of lands from HeveaWood.
- b. The value of the regular supply of parts and relevant services by companies related to Mr Yoong Hau Chun is not significant.

INTERNAL AUDIT FUNCTION

The Board recognises that the Internal Audit Function plays a critical assurance role in the Group's governance process, particularly in risk management and internal control.

The Internal Audit Function assists the Audit Committee in executing its oversight function and discharging its duties and responsibilities by performing independent reviews to ensure the adequacy and effectiveness of the internal control and risk management systems established by the Group.

The internal audit's role is separate and independent from management so that it can carry out its work freely and objectively. Hence, over the years and for the financial year ended 31 December 2024, the entire Internal Audit Function of the Group and the Company was outsourced to an independent internal audit consulting firm. The Board and Audit Committee are responsible for the effectiveness of the Internal Audit Function although all the Internal Audit Function is outsourced.

Audit Committee Report

(Continued)

INTERNAL AUDIT FUNCTION (CONTINUED)

The Internal Auditors are accountable to the Audit Committee. They provide the results of their audit work to the Audit Committee, outlining their audit findings, risks identified, recommended actions to fix control weaknesses, Management's feedback on recommended action and progress monitoring.

The Audit Committee conducts continuous assessment of the Internal Audit Function by reference to the internal audit work performed during the financial year. The Internal Auditors' competency and performance are also discussed with the Board and Management. Feedback is provided to the Internal Auditors for continuous improvement.

Internal Audit Plan

The Internal Auditors adopt risk-based audit planning methodology and carry out their functions based on the Internal Audit Plan approved by the Audit Committee. Subject to separate terms of engagement, special and ad hoc audit reviews and assistance, shall be approved by the Audit Committee.

Activities of the Internal Audit Function

The activities of the Internal Audit Function for the financial year ended 31 December 2024 includes the following:

- (a) Conducting internal audit reviews based on the Internal Audit Plan approved by the Audit Committee;
- (b) Reporting the results of internal audits and making recommendations for improvements to the internal control systems;
- (c) Performing follow-up audits to ensure that recommendations for improvement to the internal control systems were satisfactorily implemented; and
- (d) Conducting Annual Risk Assessment Workshop.

During the financial year, the internal audits conducted on the Group did not reveal any significant weaknesses in the internal control system that would result in material losses, contingencies or uncertainties that must be disclosed in the Group's Annual Report.

The total cost incurred for the Group's Internal Audit Function for the financial year ended 31 December 2024 was approximately RM 73,000.

This report is made in accordance with the Board of Directors' approval on 28 March 2025.



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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of **HeveaBoard Berhad** ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing of particleboards and investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(5,116)	(2,983)
Attributable to:		
Owners of the Company	(5,057)	(2,983)
Non-controlling interests	(59)	–
	(5,116)	(2,983)

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM'000
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2023, paid on 30 July 2024	5,659

At the forthcoming Annual General Meeting, a single tier final dividend of 1.00 sen (2023: 1.00 sen) per ordinary share of approximately RM5.66 million (2023: RM5.66 million) in respect of the current financial year, based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2024, will be proposed for the shareholders' approval.

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.

BAD AND DOUBTFUL DEBTS

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

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

Directors' Report

(Continued)

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 amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM209,250 and RM98,000 respectively.

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

Directors' Report

(Continued)

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

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

As at 31 December 2024, the Company held 1,881,000 treasury shares out of its 567,745,681 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,614,489.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Yoong Tein Seng @ Yong Kian Seng*
 (Alternate director to Yoong Hau Chun)
 Yoong Hau Chun*
 Yoong Li Yen*
 Bailey Policarpio
 Loo Chin Meng
 Yoong Yan Pin
 Sundra Moorthi A/L V.M. Krishnasamy
 Thye Heng Ong @ Teh Heng Ong
 Chin Pik Yuen

* Directors of the Company and certain subsidiaries.

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

Peh Ju Chai
 Ding, Xuedong

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

	At 1 January 2024	Number of ordinary shares		At 31 December 2024
		Bought	Sold	
Direct interests				
Yoong Hau Chun	1,503,850	–	–	1,503,850
Bailey Policarpio	126,664	–	–	126,664
Yoong Li Yen	1,672,532	–	–	1,672,532
Yoong Tein Seng @ Yong Kian Seng (Alternate director to Yoong Hau Chun)	433,500	–	–	433,500
Loo Chin Meng	370,000	–	–	370,000
Yoong Yan Pin	250,000	–	–	250,000
Sundra Moorthi A/L V. M. Krishnasamy	9,000,000	–	–	9,000,000
Thye Heng Ong @ Teh Heng Ong	200,000	–	–	200,000

		At 1 January 2024	Number of ordinary shares		At 31 December 2024
			Bought	Sold	
Indirect interests					
Yoong Hau Chun	(1)	185,847,691	1,500,000	–	187,347,691
Bailey Policarpio	(2)	1,672,532	–	–	1,672,532
Yoong Li Yen	(3)	184,352,341	1,500,000	–	185,852,341
Yoong Tein Seng @ Yong Kian Seng (Alternate director to Yoong Hau Chun)	(4)	196,370,837	1,500,000	–	197,870,837
Loo Chin Meng	(5)	4,292,000	120,789,890	–	125,081,890

(1) Deemed interested by virtue of Section 8 of the Companies Act 2016 in Malaysia, shareholdings held through Tenson Holdings Sdn. Bhd., a substantial shareholder of both Firama Holdings Sdn. Bhd. and HeveaWood Industries Sdn. Bhd., and by virtue of his family relationship with Tan Ya Ling, his spouse, Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100% of the votes attached to the voting shares in Gemas Ria Sdn. Bhd..

(2) Deemed interested by virtue of his relationship with Yoong Li Yen, his spouse.

(3) Deemed interested by virtue of her family relationship with Bailey Policarpio, her spouse, Yoong Tein Seng @ Yong Kian Seng, her father, Yoong Hau Chun, her brother and deemed interested by virtue of HeveaWood Industries Sdn. Bhd., being entitled to control the exercise of 100% of the votes attached to the voting shares in Gemas Ria Sdn. Bhd..

(4) Deemed interested by virtue of his relationship with Yoong Hau Chun, his son, Yoong Li Yen, Yoong Li Mian, Yoong Li Bing and Yoong Li Xian, his daughters and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100% of the votes attached to the voting shares in Gemas Ria Sdn. Bhd..

(5) Deemed interested by virtue of his relationship with Dato' Loo Swee Chew, his father.

Directors' Report

(Continued)

DIRECTORS' INTERESTS (CONTINUED)

By virtue of their shareholdings in the ordinary shares of the Company, Yoong Tein Seng @ Yong Kian Seng, Yoong Hau Chun and Yoong Li Yen are deemed to have interests in shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016 in Malaysia.

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 a 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 Company were as follows:

	Company RM'000
Directors	
- salaries, fees, allowances and bonus	3,370
- defined contribution plan	462
- other benefits	16
	<hr/> 3,848 <hr/>

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage for the directors and officers of the Company were RM5,000,000 and the insurance premium paid were RM13,510 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

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

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:

.....
YOONG HAU CHUN
Director

.....
YOONG LI YEN
Director

Date: 28 March 2025

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	249,024	238,409	107,051	104,807
Investment in subsidiaries	6	–	–	58,158	58,759
Investment in associates	7	974	925	490	490
Goodwill on consolidation	8	2,946	2,946	–	–
Deferred tax assets	9	1,277	1,277	1,277	1,277
Other investments	13	*	–	–	–
Total non-current assets		254,221	243,557	166,976	165,333
Current assets					
Inventories	10	88,710	92,846	44,624	46,978
Biological asset	11	228	743	–	–
Trade and other receivables	12	31,906	34,354	26,113	25,159
Prepayments		3,252	3,704	445	509
Tax recoverable		4,774	4,767	225	89
Other investments	13	5,858	3,119	3,840	2,209
Cash and short-term deposits	14	100,196	118,181	33,478	48,904
Total current assets		234,924	257,714	108,725	123,848
TOTAL ASSETS		489,145	501,271	275,701	289,181

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

Statements of Financial Position
as at 31 December 2024
(Continued)

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	160,215	160,215	160,215	160,215
Treasury shares	16	(1,614)	(1,614)	(1,614)	(1,614)
Retained earnings	17	245,939	256,655	87,690	96,332
		404,540	415,256	246,291	254,933
Non-controlling interest		2,391	–	–	–
TOTAL EQUITY		406,931	415,256	246,291	254,933
Non-current liabilities					
Loans and borrowings	18	17,179	14,518	720	1,027
Deferred tax liabilities	9	6,060	6,060	–	–
Total non-current liabilities		23,239	20,578	720	1,027
Current liabilities					
Trade and other payables	19	56,635	61,141	28,392	32,896
Loans and borrowings	18	2,340	4,296	298	325
Total current liabilities		58,975	65,437	28,690	33,221
TOTAL LIABILITIES		82,214	86,015	29,410	34,248
TOTAL EQUITY AND LIABILITIES		489,145	501,271	275,701	289,181

* Represent amount less than RM1,000.

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	20	327,295	296,441	146,129	139,389
Cost of sales		(311,185)	(283,040)	(136,073)	(127,056)
Gross profit		16,110	13,401	10,056	12,333
Other income		9,760	7,490	7,010	7,757
Distribution expenses		(2,891)	(2,245)	(1,612)	(1,326)
Administrative expenses		(25,804)	(23,065)	(13,684)	(12,713)
Net impairment loss on financial assets		(17)	(43)	–	(43)
Other expenses		(1,082)	(1,198)	(4,421)	(4,499)
Operating (loss)/profit		(3,924)	(5,660)	(2,651)	1,509
Finance costs	21	(878)	(527)	(41)	(33)
Share of result of associate, net of tax		106	56	–	–
(Loss)/Profit before tax	22	(4,696)	(6,131)	(2,692)	1,476
Income tax expense	24	(420)	2,373	(291)	(356)
(Loss)/Profit for the financial year		(5,116)	(3,758)	(2,983)	1,120
Other comprehensive income		–	–	–	–
Total comprehensive (loss)/income for the financial year		(5,116)	(3,758)	(2,983)	1,120
(Loss)/Profit attributable to:					
Owners of the Company		(5,057)	(3,758)	(2,983)	1,120
Non-controlling interest		(59)	–	–	–
		(5,116)	(3,758)	(2,983)	1,120
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(5,057)	(3,758)	(2,983)	1,120
Non-controlling interest		(59)	–	–	–
		(5,116)	(3,758)	(2,983)	1,120
Loss per share attributable to owners of the Company (sen)					
- Basic earnings per share	25(a)	(0.89)	(0.66)		
- Diluted earnings per share	25(b)	(0.89)	(0.66)		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2024

	Attributable to owners of the Company					
	Note	Share capital RM'000	Treasury shares RM'000	Warrant reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000
Group						
At 1 January 2023		160,215	(1,614)	-	267,203	-
Total comprehensive loss for the financial year		-	-	-	(3,758)	-
Transactions with owners:						
Dividends paid on shares	26	-	-	-	(6,790)	-
Total transaction with owners		-	-	-	(6,790)	-
At 31 December 2023		160,215	(1,614)	-	256,655	-
Total comprehensive loss for the financial year		-	-	-	(5,057)	(59)
Transactions with owners:						
Dividends paid on shares	26	-	-	-	(5,659)	-
Shares subscribed by non-controlling interest of a subsidiary		-	-	-	-	2,450
Total transactions with owners		-	-	-	(5,659)	2,450
At 31 December 2024		160,215	(1,614)	-	245,939	2,391
						406,931

Statements of Changes in Equity
for the Financial Year Ended 31 December 2024
(Continued)

	Note	----- Attributable to owners of the Company -----				Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Warrant reserve RM'000	Retained earnings RM'000	
Company						
At 1 January 2023		160,215	(1,614)	–	102,002	260,603
Total comprehensive income for the financial year		–	–	–	1,120	1,120
Transactions with owners:						
Dividends paid on shares	26	–	–	–	(6,790)	(6,790)
Total transactions with owners		–	–	–	(6,790)	(6,790)
At 31 December 2023		160,215	(1,614)	–	96,332	254,933
Total comprehensive loss for the financial year		–	–	–	(2,983)	(2,983)
Transactions with owners:						
Dividends paid on shares	26	–	–	–	(5,659)	(5,659)
Total transactions with owners		–	–	–	(5,659)	(5,659)
At 31 December 2024		160,215	(1,614)	–	87,690	246,291

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(4,696)	(6,131)	(2,692)	1,476
Adjustments for:					
Bad debts written off		*	–	–	–
Depreciation for property, plant and equipment and right-of-use assets		20,928	20,148	8,447	7,743
Dividend income		(142)	(131)	(2,137)	(4,602)
Fair value gain on other investments		(331)	(33)	(257)	(34)
Finance costs		878	527	41	33
Gain on disposal of property, plant and equipment		(11)	(10)	(31)	–
Gain on lease modification		–	(120)	–	–
Interest income		(3,816)	(3,829)	(1,319)	(1,545)
Impairment loss on:					
- investment in subsidiaries		–	–	4,000	4,000
- trade receivables		17	43	–	43
Inventories written off		1,074	4,122	242	448
Net unrealised foreign exchange loss/(gain)		935	(149)	(257)	(73)
Property, plant and equipment written off		34	22	–	–
Share of result of associate, net of tax		(106)	(56)	–	–
Operating profit before changes in working capital		14,764	14,403	6,037	7,489
Changes in working capital:					
Biological asset		515	(34)	–	–
Inventories		3,062	7,229	2,112	(664)
Trade and other receivables		3,533	1,121	(679)	3,356
Trade and other payables		(4,506)	(6,582)	(4,479)	(43)
Net cash generated from operations		17,368	16,137	2,991	10,138
Income tax paid		(940)	(1,632)	(427)	(405)
Income tax refunded		513	1,284	–	–
Net cash generated from operating activities		16,941	15,789	2,564	9,733

Statements of Cash Flows
for the Financial Year Ended 31 December 2024
(Continued)

		Group		Company	
Note		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities					
		4,408	(38,500)	12,708	(32,000)
		199	213	112	2,102
		–	8,734	–	–
		3,816	3,829	1,319	1,545
		–	–	(2,550)	–
		–	(490)	–	(490)
		(2,408)	(454)	(1,374)	(454)
		77	10	43	–
	(a)	(31,643)	(30,843)	(10,703)	(12,219)
		–	–	2,439	528
		2,450	–	–	–
Net cash (used in)/generated from investing activities		(23,101)	(57,501)	1,994	(40,988)
Cash flows from financing activities					
		(5,659)	(6,790)	(5,659)	(6,790)
		(735)	(391)	(41)	(33)
		–	–	(849)	(23)
		(647)	–	(647)	–
		(3)	–	(3)	–
	(b)	(877)	(1,037)	(99)	(189)
	(b)	1,439	11,022	(235)	1,171
Net cash (used in)/generated from financing activities		(6,482)	2,804	(7,533)	(5,864)
Net change in cash and cash equivalents		(12,642)	(38,908)	(2,975)	(37,119)
Cash and cash equivalents at the beginning of the financial year		74,681	113,440	16,904	53,950
Effects of exchange rate changes on cash and cash equivalents		(935)	149	257	73
Cash and cash equivalents at the end of the financial year	14	61,104	74,681	14,186	16,904

* Represent amount less than RM1,000.

Statements of Cash Flows
for the Financial Year Ended 31 December 2024
(Continued)

(a) Purchase of property, plant and equipment and right-of-use assets

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash payments on purchase of property, plant and equipment and right-of-use assets	31,643	30,843	10,703	12,219

During the financial year, the Group and the Company had total cash outflows for leases of RM1,649,396 and RM793,847 (2023: RM1,464,477 and RM546,477) respectively.

(b) Reconciliation of liabilities arising from financing activities:

	At 1 January 2024 RM'000	Cash flows RM'000	Lease modification RM'000	Non-cash acquisition RM'000	At 31 December 2024 RM'000
Group					
Term loans	14,407	1,439	–	–	15,846
Lease liabilities	3,071	–	–	143	3,214
Hire purchase payables	1,336	(877)	–	–	459
	18,814	562	–	143	19,519
Company					
Term loans	1,171	(235)	–	–	936
Hire purchase payables	181	(99)	–	–	82
	1,352	(334)	–	–	1,018
	At 1 January 2023 RM'000	Cash flows RM'000	Lease modification RM'000	Non-cash acquisition RM'000	At 31 December 2023 RM'000
Group					
Term loans	3,385	11,022	–	–	14,407
Lease liabilities	3,442	–	(507)	136	3,071
Hire purchase payables	2,373	(1,037)	–	–	1,336
	9,200	9,985	(507)	136	18,814
Company					
Term loans	–	1,171	–	–	1,171
Hire purchase payables	370	(189)	–	–	181
	370	982	–	–	1,352

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

HeveaBoard Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur. The principal place of business of the Company is located at Lot 1941 & 1942, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan Darul Khusus.

The principal activities of the Company are manufacturing of particleboards and investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 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:

Amendments to MFRSs

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

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

Amendments to MFRS 101 Presentation of Financial Statements

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

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments to MFRSs (Continued)

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

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

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

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

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

MFRS 18 Presentation and Disclosure in Financial Statements

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

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

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

MFRS 18 Presentation and Disclosure in Financial Statements (Continued)

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

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

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Amendments to MFRS 121 respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.

Applying the Amendments, entities will be applying a consistent approach in determining if a currency can be exchanged into another currency. These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities' financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

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

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

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

Amendments to MFRS 7 introduces new disclosure requirements relating to:

- investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

- (c) The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRSs and amendments to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

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 the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Financial instruments

Financial assets - subsequent measurement and gains 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 measure 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.

Financial liabilities – subsequent measurement and gains and losses

The Group and the Company classify the financial liabilities at amortised cost or fair value through profit or loss. Financial liabilities are classified as fair value through profit or loss if it is classified as held for trading, it is a derivative, it is contingent consideration of an acquirer in a business combination or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

The Group and the Company subsequently measure 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.

Notes to the Financial Statements

(Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment (other than right-of-use assets as disclosed in Note 3.3) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Buildings	20 - 50
Plant, machineries and equipment	5 - 30
Furniture, fittings and renovation	5 - 10
Motor vehicles	5

3.3 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 18.

Short-term leases and leases of low value assets

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

Right-of-use assets

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

Lease liabilities

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

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

Notes to the Financial Statements

(Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**3.4 Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

3.5 RevenueFinancing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components as the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Sale of goods

The Group and the Company manufacture and sell a range of particleboards, ready to assemble furniture to local and foreign customers and involves in cultivation and trading of mushroom. 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.

Sales are made within a credit term of 30 to 120 days, therefore, no element of financing is deemed present. 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Notes to the Financial Statements

(Continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

(a) Inventories

The costs of inventories comprise the cost of raw materials, direct labour, conversion costs such as variable and fixed overheads. The cost allocation to the work-in-progress and finished goods involves multiple inputs which comprise of the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

Reviews are made periodically on inventories for cost allocation, obsolete and decline in net realisable value. These reviews require the use of judgement and estimate. Possible changes in these estimates may result in revision to the valuation of inventories.

The carrying amount of the Group's and the Company's inventories are disclosed in Note 10 to the financial statements.

(b) Investment in a subsidiary

As at the reporting date, the Company determines whether there is any indication of impairment on its investment in a subsidiary. Where there is indication of impairment, the Company carries out the impairment test based on value-in-use of the cash generating unit.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiary, which involve uncertainties and are significantly affected by the assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's test for impairment of investment in a subsidiary.

The carrying amount of investment in subsidiaries are disclosed in Note 6 to the financial statements.

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2024	Freehold Land RM'000	Buildings RM'000	Plant, Machineries and Equipment RM'000	Furniture, Fittings and Renovation RM'000	Motor Vehicles RM'000	Capital Work-In- Progress RM'000	Right-Of- Use Assets RM'000	Total RM'000
Cost								
At 1 January 2024	7,462	130,503	507,523	6,739	8,337	1,005	30,297	691,866
Additions	-	7,499	17,145	1,998	2	4,999	-	31,643
Disposals	-	-	(633)	(40)	(128)	-	-	(801)
Written off	-	(5)	(2,602)	(14)	(75)	-	-	(2,696)
Reclassification	-	2,468	731	-	-	(3,199)	-	-
At 31 December 2024	7,462	140,465	522,164	8,683	8,136	2,805	30,297	720,012
Accumulated depreciation								
At 1 January 2024	-	37,546	396,683	4,933	6,972	-	7,323	453,457
Depreciation charge for the financial year	-	3,512	15,673	405	506	-	832	20,928
Disposals	-	-	(605)	(2)	(128)	-	-	(735)
Written off	-	(1)	(2,576)	(10)	(75)	-	-	(2,662)
At 31 December 2024	-	41,057	409,175	5,326	7,275	-	8,155	470,988
Carrying amounts								
At 1 January 2024	7,462	92,957	110,840	1,806	1,365	1,005	22,974	238,409
At 31 December 2024	7,462	99,408	112,989	3,357	861	2,805	22,142	249,024

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2023	Freehold Land RM'000	Buildings RM'000	Plant, Machineries and Equipment RM'000	Furniture, Fittings and Renovation RM'000	Motor Vehicles RM'000	Capital Work-In- Progress RM'000	Right-Of- Use Assets RM'000	Total RM'000
Cost								
At 1 January 2023	7,462	114,334	496,478	6,654	8,409	532	30,719	664,588
Additions	-	16,169	14,032	131	38	473	-	30,843
Disposals	-	-	-	-	(110)	-	-	(110)
Written off	-	-	(2,987)	(46)	-	-	-	(3,033)
Lease modification	-	-	-	-	-	-	(422)	(422)
At 31 December 2023	7,462	130,503	507,523	6,739	8,337	1,005	30,297	691,866
Accumulated depreciation								
At 1 January 2023	-	34,169	384,714	4,575	6,481	-	6,526	436,465
Depreciation charge for the financial year	-	3,377	14,938	400	601	-	832	20,148
Disposals	-	-	-	-	(110)	-	-	(110)
Written off	-	-	(2,969)	(42)	-	-	-	(3,011)
Lease modification	-	-	-	-	-	-	(35)	(35)
At 31 December 2023	-	37,546	396,683	4,933	6,972	-	7,323	453,457
Carrying amounts								
At 1 January 2023	7,462	80,165	111,764	2,079	1,928	532	24,193	228,123
At 31 December 2023	7,462	92,957	110,840	1,806	1,365	1,005	22,974	238,409

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2024	Freehold Land RM'000	Buildings RM'000	Plant, Machineries and Equipment RM'000	Furniture, Fittings and Renovation RM'000	Motor Vehicles RM'000	Capital Work-In- Progress RM'000	Right-Of- Use Assets RM'000	Total RM'000
Cost								
At 1 January 2024	6,034	37,105	373,912	1,112	4,295	1,005	4,061	427,524
Additions	-	874	3,299	1,531	-	4,999	-	10,703
Disposal	-	-	(71)	-	(124)	-	-	(195)
Reclassification	-	2,468	731	-	-	(3,199)	-	-
At 31 December 2024	6,034	40,447	377,871	2,643	4,171	2,805	4,061	438,032
Accumulated depreciation								
At 1 January 2024	-	14,810	301,916	1,000	4,109	-	882	322,717
Depreciation charge for the financial year	-	1,186	7,026	60	131	-	44	8,447
Disposal	-	-	(59)	-	(124)	-	-	(183)
At 31 December 2024	-	15,996	308,883	1,060	4,116	-	926	330,981
Carrying amounts								
At 1 January 2024	6,034	22,295	71,996	112	186	1,005	3,179	104,807
At 31 December 2024	6,034	24,451	68,988	1,583	55	2,805	3,135	107,051

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2023	Freehold Land RM'000	Buildings RM'000	Plant, Machineries and Equipment RM'000	Furniture, Fittings and Renovation RM'000	Motor Vehicles RM'000	Capital Work-In- Progress RM'000	Right-Of- Use Assets RM'000	Total RM'000
Cost								
At 1 January 2023	6,034	35,641	363,633	1,109	4,295	532	4,061	415,305
Additions	–	1,464	10,279	3	–	473	–	12,219
At 31 December 2023	6,034	37,105	373,912	1,112	4,295	1,005	4,061	427,524
Accumulated depreciation								
At 1 January 2023	–	13,748	295,493	970	3,925	–	838	314,974
Depreciation charge for the financial year	–	1,062	6,423	30	184	–	44	7,743
At 31 December 2023	–	14,810	301,916	1,000	4,109	–	882	322,717
Carrying amounts								
At 1 January 2023	6,034	21,893	68,140	139	370	532	3,223	100,331
At 31 December 2023	6,034	22,295	71,996	112	186	1,005	3,179	104,807

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**(a) Buildings in relation to the leasehold land**

The buildings in the Group and the Company with carrying amount of RM 82,131,068 and RM14,600,021 respectively are buildings situated on the leasehold land classified as right-of-use assets.

(b) Assets pledged as security

Included in property, plant and equipment of the Group and the Company are assets pledged to the licensed financial institutions to secure credit facilities granted to the Group and the Company as disclosed in the Note 18 to the financial statements with carrying amounts as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Freehold land	6,034	6,034	6,034	6,034
Buildings	85,750	81,733	18,219	18,703
	91,784	87,767	24,253	24,737

Leased assets are pledged as security for the related lease liabilities as disclosed in Note 18(b).

- (i) Included in property, plant and equipment of the Group and of the Company are assets acquired under finance lease instalment plans with carrying amounts as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Plant, machineries and equipments	685	866	–	147
Motor vehicles	814	1,318	76	223
	1,499	2,184	76	370

(c) Right-of-use assets

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

Group	Leasehold Land RM'000	Factory Building RM'000	Total RM'000
Carrying amount			
At 1 January 2023	20,957	3,236	24,193
Adjustment due to lease modification	–	(387)	(387)
Depreciation	(767)	(65)	(832)
At 31 December 2023	20,190	2,784	22,974
Depreciation	(767)	(65)	(832)
At 31 December 2024	19,423	2,719	22,142

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Right-of-use assets (Continued)

Company	Leasehold Land RM'000
Carrying amount	
At 1 January 2023	3,223
Depreciation	(44)
At 31 December 2023	3,179
Depreciation	(44)
At 31 December 2024	3,135

(i) Lease terms

The leasehold land generally has lease terms between 20 to 91 years.

The lease for factory building has lease term of 10 years, with option to extend for 40 years until year 2067.

6. INVESTMENT IN SUBSIDIARIES

	Company 2024 RM'000	2023 RM'000
At cost		
Unquoted shares	44,510	41,960
Loans that are part of net investment	23,169	22,320
	67,679	64,280
Less: Accumulated impairment loss		
At 1 January	(5,521)	(1,521)
Additions	(4,000)	(4,000)
	(9,521)	(5,521)
At 31 December	58,158	58,759

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

Loans that are part of net investments represent amount owing by subsidiaries which are 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.

Notes to the Financial Statements

(Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows:

Name of Company	Principal place of business/ country of incorporation	Effective ownership interest/voting rights		Principal activities
		2024 %	2023 %	
HeveaPac Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of ready-to-assemble furniture.
HeveaMart Sdn. Bhd.	Malaysia	100	100	Trading of particleboards and other panel boards.
BocoWood Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of ready-to-assemble furniture.
HeveaGro Sdn. Bhd.	Malaysia	100	100	Cultivation and trading of gourmet fungi.
Hevea OSB Sdn. Bhd.	Malaysia	100	100	Dormant.
HeveaLuxe (M) Sdn. Bhd.	Malaysia	51	–	Manufacturing, design, trading and sales of plain and laminated particleboards

(c) **Incorporation and additional investment in HeveaLuxe (M) Sdn. Bhd.**

On 9 January 2024, the Company acquired 51 shares representing 51% of the issued and fully paid-up shares of RM1 each in HeveaLuxe (M) Sdn. Bhd. for a total consideration of RM51.

On 10 July 2024, the Company had subscribed an additional of 2,549,949 shares for a total consideration of RM2,549,949. The Company's effective ownership maintains at 51% in HeveaLuxe (M) Sdn. Bhd..

(d) During the financial year, an impairment loss of RM4,000,000 (2023: RM4,000,000) is provided in the profit and loss under other expenses.

The recoverable amount of the investment in a subsidiary as at 31 December 2024 was based on value-in-use calculations using cash flow projections approved by directors. In determining the value-in-use, the cash flows were discounted as a rate of 8% on a pre-tax basis.

(e) **Non-controlling interest in subsidiary**

The financial information of the Group's and the Company's subsidiary that have material non-controlling interest are as follows:

	HeveaLuxe (M) Sdn. Bhd. RM'000
Group 2024	
Non-controlling interest percentage of ownership interest (%)	49%
Carrying amount of non-controlling interest	2,391
<hr/>	
Loss allocated to non-controlling interest in current financial year	(59)

Notes to the Financial Statements

(Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(f) Summarised financial information of material non-controlling interest

**HeveaLuxe (M)
Sdn. Bhd.
RM'000**

Summarised statements of financial position As at 31 December 2024

Current assets	4,935
Non-current assets	139
Current liabilities	(194)
Net assets	4,880

Summarised statements of comprehensive income Financial year ended 31 December 2024

Total comprehensive loss	121
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Summarised cash flow information Financial year ended 31 December 2024

Cash flows used in operating activities	(363)
Cash flows used in investing activities	(142)
Cash flows from financing activities	5,000

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares, at cost				
At 1 January	822	332	490	490
Additions	–	490	–	–
At 31 December	822	822	490	490
Share of results				
At 1 January	103	129	–	–
Addition	106	56	–	–
Less: Dividend income	(57)	(82)	–	–
At 31 December	152	103	–	–
	974	925	490	490

Notes to the Financial Statements

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The associate is accounted for using the equity method in the consolidated financial statements.

Details of associates are as follows:

Name of Company	Principal place of business/ country of incorporation	Ownership interest		Principal activity
		2024 %	2023 %	
Satria Megajuta Sdn. Bhd. *	Malaysia	33	33	Operation of generation facilities that produce electric energy
Fortune Command Sdn. Bhd. *	Malaysia	49	49	Operation of generation facilities that produce electric energy

* The financial statements of the associate is not audited by Messrs Baker Tilly Monteiro Heng PLT.

The Group's share of the results of associates were based on the unaudited management accounts of the associates as at 31 December 2024. The Group has considered the effect of significant transactions or events that occurred between the latest available financial statements and the unaudited management accounts of the associates as at 31 December 2024.

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

Group 2024	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Total RM'000
Assets and liabilities			
Non-current assets	3,426	2,204	5,630
Current assets	582	252	834
Non-current liabilities	(2,158)	(26)	(2,184)
Current liabilities	(387)	(1,432)	(1,819)
Net assets	1,463	998	2,461
Results:			
Profit for the financial year	198	83	281
Reconciliation of net assets to carrying amount:			
Group's share of net assets	481	493	974
Group's share of results:			
Group's share of profit for the financial year	65	41	106
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income	65	41	106

Notes to the Financial Statements

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates: (continued)

Group 2023	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Total RM'000
Assets and liabilities			
Non-current assets	3,590	549	4,139
Current assets	828	546	1,374
Non-current liabilities	(2,663)	–	(2,663)
Current liabilities	(390)	(130)	(520)
Net assets	1,365	965	2,330
Results:			
Profit for the financial year	213	(28)	185
Reconciliation of net assets to carrying amount:			
Group's share of net assets	449	476	925
Group's share of results:			
Group's share of profit for the financial year	70	(14)	56
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	70	(14)	56

8. GOODWILL ON CONSOLIDATION

	Group 2024 RM'000	2023 RM'000
At cost		
At 1 January/ 31 December	2,946	2,946

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGUs") identified according to the business segments as follows:

	Group 2024 RM'000	2023 RM'000
Ready-to-assemble products segment:		
Manufacturing segment	2,666	2,666
Trading segment	280	280
	2,946	2,946

Notes to the Financial Statements

(Continued)

8. GOODWILL ON CONSOLIDATION (CONTINUED)

The recoverable amounts of cash-generating units ("CGUs") in ready-to-assemble products segment are determined based on value-in-use calculations using cash flows projections on financial budgets approved by management covering a 5 year period. The cash flows were projected by the directors based on past experiences, actual operating results and the 5 years business plan. A pre-tax discount rate of 13% to 15% was used in determining the value-in-use.

The key assumptions used for value-in-use calculations are:

- In the first year of the 5 year business plan, revenue was projected at approximately RM234,947,951 and RM6,963,919 for the manufacturing and trading segment respectively. The expected revenue growth in the cash flow projection is 15% for the two segments respectively per annum for year 2025 to 2029.
- The budgeted gross margin is based on the estimated selling prices, fixed and variable costs, adjusted for market conditions and economic conditions and internal resource efficiency. The budgeted gross margins used are 4% and 24% for the manufacturing segment and trading segment respectively.
- The discount rate used is pre-tax and reflect specific risk relating to the industry.

The value assigned to the key assumptions represents directors' assessment on the future trends of the Ready-to-Assemble Furniture Industry and are based on both external and internal sources.

Sensitivity to changes in assumptions

There are no reasonable possible changes in key assumptions which would cause the carrying value of goodwill on consolidation to exceed its recoverable amount.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Presented after appropriate offsetting as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets	1,277	1,277	1,277	1,277
Deferred tax liabilities	(6,060)	(6,060)	–	–
	(4,783)	(4,783)	1,277	1,277
<hr/>				
	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December	(4,783)	(4,783)	1,277	1,277

Notes to the Financial Statements

(Continued)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

(i) Recognised deferred tax liabilities

Deferred tax liabilities of the Group's relate to the following:

	Group	
	2024	2023
	RM'000	RM'000
Deferred tax liabilities		
Property, plant and equipment	(6,060)	(6,060)

(ii) Recognised deferred tax assets

Deferred tax assets of the Group and of the Company relate to the following:

	Group and Company	
	2024	2023
	RM'000	RM'000
Deferred tax assets		
Investment tax allowance	1,277	1,277

(iii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Taxable temporary difference				
Excess of carrying amount over corresponding tax written down value	(40,080)	(34,647)	(2,965)	433
Unabsorbed allowances on:				
- investment tax allowances	146,735	151,945	146,735	146,658
- reinvestment allowance	7,920	7,920	2,633	2,633
Unused tax losses	8,919	7,563	1,327	1,327
Unused capital allowance	13,720	14,049	–	–
	137,214	141,543	147,730	151,051
Potential deferred tax assets not recognised at 24% (2023: 24%)	32,931	33,970	35,455	36,252

Notes to the Financial Statements

(Continued)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which are available for utilisation up to the following financial years:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Year of assessment				
2028	2,389	2,389	1,327	1,327
2029	1,348	1,348	–	–
2030	1,067	1,067	–	–
2031	578	578	–	–
2032	829	829	–	–
2033	1,352	1,352	–	–
2034	1,356	–	–	–
	8,919	7,563	1,327	1,327

10. INVENTORIES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost				
Consumables and spare parts	17,820	18,540	14,695	15,367
Raw materials	33,210	33,328	5,665	6,143
Work-in-progress	5,143	5,063	17	–
Finished goods	32,537	35,915	24,247	25,468
	88,710	92,846	44,624	46,978

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Recognised in profit and loss:				
Inventories recognised as cost of sales	192,600	182,700	75,080	71,063
Inventories written off	1,074	4,122	242	448

Notes to the Financial Statements

(Continued)

11. BIOLOGICAL ASSET

The biological asset of the Group consists of gourmet fungi.

	Group 2024 RM'000	2023 RM'000
Gourmet fungi		
Carrying amounts		
King oyster mushroom		
At 1 January	527	709
Fair value changes	(299)	(182)
At 31 December	228	527
Grey oyster mushroom		
At 1 January	216	–
Fair value changes	(216)	216
At 31 December	–	216
	228	743

The biological asset of the Group comprises of fungi prior to harvest. The valuation model adopted by the Group had taken into consideration the present value of the net cash flows expected to be generated from the sale of fungi.

To arrive at the fair value of fungi, based on management's assumption, the net cash flow generated from the fungi to be 7 weeks prior to harvest was used for valuation purpose.

The change in fair value of the biological asset in each accounting period is recognised in profit or loss.

The Group's biological asset was fair valued within Level 3 of the fair value hierarchy.

The key assumption used in determine the fair value are as follows:

	Group 2024	2023
Gourmet fungi		
King oyster mushroom		
Selling price per kg (RM/kg)	12 to 16	12 to 15
Yield per bag (gram)	210 to 228	199 to 244
Grey oyster mushroom		
Selling price per kg (RM/kg)	12 to 15	12 to 15
Yield per bag (gram)	103 to 113	150 to 157

Notes to the Financial Statements

(Continued)

11. BIOLOGICAL ASSET (CONTINUED)

A 10% increase/decrease in the average selling price (RM/kg) will result in the following to the fair value of the biological asset:

	Group	
	2024 RM'000	2023 RM'000
Sensitivity analysis:		
King oyster mushroom		
Increase by 10%	56	104
Decrease by 10%	(56)	(104)
Grey oyster mushroom		
Increase by 10%	20	33
Decrease by 10%	(20)	(33)

Highest and best use

In estimating the fair value of the fungi, the highest and best use of the growing produce is their current use.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current Trade					
Trade receivables		26,405	25,376	11,362	12,752
Amount owing by subsidiaries		–	–	8,032	8,192
		26,405	25,376	19,394	20,944
Less: Impairment loss		(17)	(43)	–	(43)
Trade receivables, net	(a)	26,388	25,333	19,394	20,901
Non-trade					
Other receivables		4,409	8,614	3,536	1,441
Refundable deposits		459	407	112	117
Amount owing by subsidiaries	(b)	–	–	2,421	2,700
Amount owing by a related company	(b)	3	–	3	–
Amount owing by an associate	(c)	647	–	647	–
Other receivables, net		5,518	9,021	6,719	4,258
Total trade and other receivables		31,906	34,354	26,113	25,159

Notes to the Financial Statements

(Continued)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal trade credit terms offered by the Group and the Company ranging from 30 to 120 days (2023: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The movement in the impairment loss on trade receivables is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	43	86	43	–
Charge for the financial year				
- Individually assessed	17	43	–	43
Written off	(43)	(86)	(43)	–
At 31 December	17	43	–	43

The information about the credit exposures are disclosed in Note 30(b)(i) to the financial statements.

Included in the trade receivables of the Group are amounts totalling RM15,844,581 (2023: RM13,649,900) due from 3 (2023: 3) of its significant receivables.

(b) Amount owing by subsidiaries and related company

Amounts owing by subsidiaries and related company are unsecured, non-interest bearing and repayable on demand and are expected to be settled in cash.

(c) Amount owing by an associate

Amount owing by an associate is unsecured, subject to interest at 3.10% (2023: Nil) and repayable on demand and are expected to be settled in cash.

13. OTHER INVESTMENTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current:				
Financial assets designated at fair value through other comprehensive income ("DFVOCI")				
- Unquoted equity securities	*	–	–	–
Current:				
Financial assets at fair value through profit or loss ("FVPL")				
- Quoted investment in shares	2,351	2,162	1,839	1,718
- Unquoted securities in equity and income trust funds	3,507	957	2,001	491
	5,858	3,119	3,840	2,209

* Represent amount less than RM1,000.

Notes to the Financial Statements

(Continued)

13. OTHER INVESTMENTS (CONTINUED)**Non-current**

The Group holds unquoted equity securities which designated at fair value through other comprehensive income. These investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments as strategic long-term investments.

Current

The other investments are funds invested mainly in the fixed income instruments, income trust and equity trust funds which at fair value through profit or loss and are managed by the investment banks and licensed fund management companies.

The fair value measurements for the unquoted investments have been categorised as Level 1 fair value of which is determined directly by reference to prices provided by the investment banks and licensed fund management companies.

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	79,780	99,515	23,853	39,062
Cash and bank balances	20,416	18,666	9,625	9,842
Cash and short-term deposits as presented in statements of financial position	100,196	118,181	33,478	48,904
Less: Fixed deposits with maturity more than 3 months	(39,092)	(43,500)	(19,292)	(32,000)
Cash and short-term deposits as presented in statements of cash flows	61,104	74,681	14,186	16,904

The interest rate as at the reporting date and the remaining maturities of the Group's and the Company's short-term deposits placed with licensed banks are as follows:

	Group and Company	
	2024	2023
Interest rate (%) (per annum)	2.10 - 5.30	2.25 - 4.10
Average maturities (months)	1 to 7	1 to 7

Notes to the Financial Statements

(Continued)

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2024 '000 unit	2023 '000 unit	2024 RM'000	2023 RM'000
Issued and fully paid up (no par value):				
Ordinary shares:				
At 1 January/31 December	567,746	567,746	160,215	160,215

The holder of ordinary shares (except treasury 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 regards to the Company's residual assets.

16. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2024 '000 unit	2023 '000 unit	2024 RM'000	2023 RM'000
At 1 January/31 December	1,881	1,881	1,614	1,614

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company.

The share repurchases made to-date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

At 31 December 2024, the Company's treasury shares are held at a carrying amount of RM1,614,489 (2023:RM1,614,489).

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

17. RETAINED EARNINGS

The Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

Notes to the Financial Statements

(Continued)

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current:					
Term loans	(a)	1,900	3,366	235	227
Hire purchase payables	(c)	440	930	63	98
		2,340	4,296	298	325
Non-current:					
Term loans	(a)	13,946	11,041	701	944
Lease liabilities	(b)	3,214	3,071	–	–
Hire purchase payables	(c)	19	406	19	83
		17,179	14,518	720	1,027
		19,519	18,814	1,018	1,352
Total loans and borrowings					
Term loans	(a)	15,846	14,407	936	1,171
Lease liabilities	(b)	3,214	3,071	–	–
Hire purchase payables	(c)	459	1,336	82	181
		19,519	18,814	1,018	1,352

(a) Term loans

- (i) The loans and borrowings at the end of the reporting period are bearing interest rate as follows:

	Group	
	2024 %	2023 %
Term loans	2.59 - 4.49	2.39 - 5.44

The term loans are secured by:

- Fixed charges over certain property, plant and equipment and right-of-use assets of the Group, as disclosed in Note 5 to the financial statements;
- Corporate guarantees by the Company given to the financial institutions for credit facilities granted to a subsidiary company; and
- Pledge of fixed deposit.

Notes to the Financial Statements

(Continued)

18. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

The future minimum lease payments under lease liabilities together with the present value of net minimum lease payments are as follows:

	Group	
	2024 RM'000	2023 RM'000
Future minimum lease payments		
- later than one year and not later than five years	720	720
- later than five years	6,720	6,720
Total minimum lease payments	7,440	7,440
Less: Future finance charges	(4,226)	(4,369)
Present value of minimum lease liabilities	3,214	3,071
Analysis of present value lease liabilities:		
Non-current		
- later than five years	3,214	3,071

The lease liabilities of the Group bear interest at rates of 4.55% (2023: 4.55%) per annum respectively.

(c) Hire purchase payables

The future minimum hire purchase payments under hire purchase together with the present value of net minimum hire purchase payments are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Future minimum hire purchase payments:				
- not later than one year	442	975	65	105
- later than one year and not later than five years	20	414	20	85
Total minimum hire purchase payments	462	1,389	85	190
Less: Future finance charges	(3)	(53)	(3)	(9)
Present value of minimum hire purchase liabilities	459	1,336	82	181
Analysis of present value hire purchase liabilities:				
Current				
- not later than one year	440	930	63	98
Non-current				
- later than one year and not later than five years	19	406	19	83
	459	1,336	82	181

Hire purchase payables of the Group and of the Company of bears interest ranging from 2.11% to 3.50% and 2.15% to 2.52% (2023: 2.11% to 3.50% and 2.15% to 2.52%) respectively per annum.

Notes to the Financial Statements

(Continued)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current Trade					
Trade payables	(a)	27,555	31,238	15,345	18,664
Non-trade					
Other payables		13,691	14,742	3,490	4,681
Accrued operating expenses		15,449	15,161	3,453	3,422
Amount owing to subsidiaries	(b)	–	–	6,104	6,129
		29,078	29,903	13,047	14,232
Total trade and other payables		56,635	61,141	28,392	32,896

- (a) The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2023: 30 to 90 days).
- (b) The amount owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

20. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contract customers:				
Sale of goods	327,295	296,441	146,129	139,389
Timing of revenue recognition:				
At a point in time	327,295	296,441	146,129	139,389

(a) Disaggregation of revenue

The Group and the Company report the following major segments: particle boards, ready-to-assemble furniture, and cultivation and trading of gourmet fungi in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

The information on disaggregation of revenue into primary geographical markets is disclosed in Note 29 to the financial statements.

Notes to the Financial Statements

(Continued)

21. FINANCE COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest expenses on:				
- term loans	661	288	30	–
- lease liabilities	143	136	–	–
- hire purchase	69	98	6	28
- others	5	5	5	5
	878	527	41	33

22. (LOSS)/PROFIT BEFORE TAX

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

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
After charging:					
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		209	203	98	95
Other services					
- Baker Tilly Monteiro Heng PLT		7	7	7	7
- Member firms of Baker Tilly International		10	–	10	–
Bad debts written off		*	–	–	–
Depreciation for:					
- Property, plant and equipment and right-of-use assets		20,928	20,148	8,447	7,743
Expenses relating to short-term leases		772	428	695	357
Impairment loss on:					
- investment in subsidiaries		–	–	4,000	4,000
- trade receivables		17	43	–	43
Inventories written off		1,074	4,122	242	448
Net realised foreign exchange loss		–	11	620	689
Net unrealised foreign exchange loss		935	–	–	–
Property, plant and equipment written off		34	22	–	–
Employee benefits expense	23	88,644	79,305	24,571	24,163
After crediting:					
Dividend income		(142)	(131)	(2,137)	(4,602)
Fair value gain on other investment		(331)	(33)	(257)	(34)
Gain on disposal of property, plant and equipment		(11)	(10)	(31)	–
Gain on lease modification		–	(120)	–	–
Interest income		(3,816)	(3,829)	(1,319)	(1,545)
Net realised foreign exchange gain		(137)	–	–	–
Net unrealised foreign exchange gain		–	(149)	(257)	(73)

* Represent amount less than RM1,000.

The estimated monetary value of benefits-in-kind received and receivable by a director other than cash from the Company amounted to RM15,500 (2023: RM15,500).

Notes to the Financial Statements

(Continued)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, wages and bonuses	77,913	68,619	20,629	20,115
Defined contribution plan	5,060	4,889	2,245	2,250
Other staff related expenses	5,671	5,797	1,697	1,798
	88,644	79,305	24,571	24,163

Included in employee benefits expenses are:

Directors of the Company

- Directors' allowances	111	113	111	113
- Directors' fees	905	977	905	977
- Directors' emoluments:				
- salaries and bonus	2,354	2,394	2,354	2,394
- defined contribution plan	462	552	462	552
- other benefits	16	16	16	16
	3,848	4,052	3,848	4,052

Directors of the subsidiaries

- Directors' emoluments:				
- salaries and bonus	2,541	2,134	-	-
- defined contribution plan	422	511	-	-
	2,963	2,645	-	-

24. INCOME TAX EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Statements of comprehensive income				
Income tax				
- Current income tax charge	(520)	(977)	(337)	(402)
- Adjustment in respect of prior years	100	3,350	46	46
Income tax expense recognised in profit or loss	(420)	2,373	(291)	(356)

Income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

Notes to the Financial Statements

(Continued)

24. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(Loss)/Profit before tax	(4,696)	(6,131)	(2,692)	1,476
Tax at Malaysian statutory income tax rate of 24% (2023: 24%)	1,127	1,471	646	(354)
Tax effects arising from:				
- non-deductible expenses	(2,532)	(3,589)	(2,328)	(2,860)
- non-taxable income	(180)	53	548	1,106
- utilisation of previously unrecognised tax losses and capital allowances	1,039	1,074	797	1,706
- share of results of associate	26	14	–	–
- adjustment in respect of prior years income tax of prior years	100	3,350	46	46
Income tax expense	(420)	2,373	(291)	(356)

25. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share is 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 for the financial year attributable to owners of the Company (RM'000)	(5,057)	(3,758)
Weighted average number of ordinary shares for basic loss per share ('000 units)	567,746	567,746
Basic loss per ordinary share (sen)	(0.89)	(0.66)

(b) Diluted loss per ordinary share

The diluted loss of the Group is equivalent to the basic loss per ordinary shares of the Group as the Company has no dilutive potential ordinary shares.

Notes to the Financial Statements

(Continued)

26. DIVIDENDS

	Company	
	2024	2023
	RM'000	RM'000
Recognised during the financial year:		
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2023, paid on 30 July 2024	5,659	–
Single-tier final dividend of 1.20 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 20 July 2023	–	6,790
	5,659	6,790

At the forthcoming Annual General Meeting, a single tier final dividend of 1.00 sen (2023: 1.00 sen) per ordinary share of approximately RM5.66 million (2023: RM5.66 million) in respect of the current financial year, based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 31 December 2024, will be proposed for the shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2025.

27. RELATED PARTIES

(a) Identification 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;
- (ii) associates;
- (iii) the key management personnel of the Group's and the Company's holding company, comprise person (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly; and
- (iv) entities controlled by certain key management personnel, directors and/or substantial shareholders, namely HeveaWood Industries Sdn. Bhd. and Gemas Ria Sdn. Bhd..

Notes to the Financial Statements

(Continued)

27. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2024	2023
	RM'000	RM'000
Dividend income from subsidiary		
- HeveaPac Sdn. Bhd.	2,000	4,500
Sales to subsidiary		
- HeveaPac Sdn. Bhd.	27,694	27,774
Purchase from a subsidiary		
- HeveaPac Sdn. Bhd.	-	(9)
Contract manufacturing income from subsidiary		
- HeveaPac Sdn. Bhd.	124	122
Rental expense to related company		
- HeveaWood Industries Sdn. Bhd.	(180)	(180)
Dividend income from associate		
- Fortune Command Sdn. Bhd.	24	-
Interest income from associate		
- Fortune Command Sdn. Bhd.	31	-

(c) Compensation of key management personnel

The remuneration of key management personnel is disclosed as follows:

	Group	
	2024	2023
	RM'000	RM'000
Short term employees benefits payable to key management personnel:		
- salaries and bonus	4,603	4,292
- defined contribution plans	615	1,067
- other benefits	4	17
	5,222	5,376

Notes to the Financial Statements

(Continued)

28. CAPITAL COMMITMENT

The outstanding commitment in respect of capital expenditure incurred on property, plant and equipment of the Group are as follows:

	Group	
	2024	2023
	RM'000	RM'000
In respect of capital expenditure:		
- approved and contracted for	9,375	5,913

29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments*. Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of directors/ respective Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group's operating segments are classified according to the nature of activities as follows:

- Particleboards segment : Involved in the business of manufacturing and trading of particleboards and other panel boards;
- Ready-to-assemble product segment : Involved in the business of manufacturing and trading of ready-to-assemble furniture;
- Cultivation and trading of gourmet fungi segment : Involved in the business of cultivation and trading of gourmet fungi; and
- Others : Investment holding.

The Board of directors/respective Executive Committee assess the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax refundable, tax payable and deferred tax assets/(liabilities).

Segment profit

Segment performance is used to measure performance as Board of directors/respective Executive Committee believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the Board of directors/respective Executive Committee.

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (CONTINUED)

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Board of directors/respective Executive Committee, hence no disclosures are made on segment liabilities.

	Particle-boards RM'000	Ready-to-assemble products RM'000	Cultivation and trading of gourmet fungi RM'000	Others RM'000	Eliminations RM'000		Total RM'000
Group 2024							
REVENUE							
External revenue	118,435	205,450	3,410	–	–		327,295
Inter-segment revenue	27,694	4,209	–	–	(31,903)	A	–
Total revenue	146,129	209,659	3,410	–	(31,903)		327,295
RESULTS							
Segment results	(2,770)	(1,748)	(1,433)	(25)	2,052	B	(3,924)
Finance costs	(41)	(694)	(143)	–	–		(878)
Share of result associate, net of tax	–	–	–	–	106		106
Segment (loss)/profit	(2,811)	(2,442)	(1,576)	(25)	2,158		(4,696)
Income tax expense	(291)	(129)	–	–	–		(420)
(Loss)/Profit after tax	(3,102)	(2,571)	(1,576)	(25)	2,158		(5,116)
Non-controlling interest	–	–	–	–	59		59
(Loss)/Profit attributable to owners of the Company	(3,102)	(2,571)	(1,576)	(25)	2,217		(5,057)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segment assets #	279,273	254,118	15,337	5,932	(71,566)	C	483,094
Unallocated corporate assets							6,051
Total assets							489,145
OTHER INFORMATION							
Capital expenditure	10,847	20,677	119	–	–		31,643
Depreciation and amortisation	8,450	11,870	608	–	–		20,928
Non-cash items other than depreciation and amortisation	(169)	1,843	44	–	–	D	1,718

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (CONTINUED)

Segment liabilities (Continued)

	Particle-boards RM'000	Ready-to-assemble products RM'000	Cultivation and trading of gourmet fungi RM'000	Others RM'000	Eliminations RM'000		Total RM'000
Group 2023							
REVENUE							
External revenue	111,615	181,318	3,508	–	–		296,441
Inter-segment revenue	27,774	3,989	–	–	(31,763)	A	–
Total revenue	139,389	185,307	3,508	–	(31,763)		296,441
RESULTS							
Segment results	1,509	(5,267)	(1,237)	(22)	(643)	B	(5,660)
Finance costs	(33)	(358)	(136)	–	–		(527)
Share of result associate, net of tax	–	–	–	–	56		56
Segment (loss)/profit	1,476	(5,625)	(1,373)	(22)	(587)		(6,131)
Income tax expense	(356)	2,729	–	–	–		2,373
(Loss)/Profit after tax	1,120	(2,896)	(1,373)	(22)	(587)		(3,758)
Non-controlling interests	–	–	–	–	–		–
(Loss)/Profit attributable to owners of the Company	1,120	(2,896)	(1,373)	(22)	(587)		(3,758)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segment assets #	287,815	257,790	16,543	5,957	(72,878)	C	495,227
Unallocated corporate assets							6,044
Total assets							501,271
OTHER INFORMATION							
Capital expenditure	12,219	18,570	54	–	–		30,843
Depreciation and amortisation	7,743	11,729	676	–	–		20,148
Non-cash items other than depreciation and amortisation	384	3,611	(120)	–	–	D	3,875

Segment assets comprise total current and non-current assets, less tax recoverable and deferred tax assets.

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (CONTINUED)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenue are eliminated on consolidation.

B Reconciliation of profit or loss

	2024 RM'000	2023 RM'000
Dividend income	(2,058)	(4,583)
Unrealised loss/(profits) on inventories	110	(60)
Impairment loss on investment in subsidiaries	4,000	4,000
	2,052	(643)

C Reconciliation of assets

	2024 RM'000	2023 RM'000
Investment in subsidiaries	(58,158)	(58,759)
Inter-segment assets	(13,408)	(14,119)
	(71,566)	(72,878)

D Non-cash items consist of:

	2024 RM'000	2023 RM'000
Bad debts written off	*	—
Fair value gain on other investments	(331)	(33)
Gain on disposal of property, plant and equipment	(11)	(10)
Gain on lease modification	—	(120)
Impairment losses on trade receivables	17	43
Inventories written off	1,074	4,122
Net unrealised foreign exchange loss/(gain)	935	(149)
Property, plant and equipment written off	34	22
	1,718	3,875

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (CONTINUED)Geographical information

In presenting the information on the basis of geographical segments, segment revenue and non-current assets are based on the geographical location of customers.

	Revenue RM'000	Non-current assets* RM'000
31 December 2024		
Japan	214,568	—
China	30,219	—
Philippines	162	—
Korea	15,321	—
Malaysia	14,910	252,944
India	1,130	—
United States of America	2,684	—
France	2,371	—
Hong Kong	12,703	—
Australia	5,844	—
United Arab Emirates	11,555	—
Singapore	5,264	—
Others	10,564	—
	327,295	252,944
31 December 2023		
Japan	171,368	—
China	32,730	—
Philippines	21,467	—
Korea	9,832	—
Malaysia	10,327	242,280
India	2,989	—
United States of America	4,434	—
France	2,115	—
Hong Kong	16,222	—
Australia	3,714	—
United Arab Emirates	5,343	—
Singapore	5,401	—
Others	10,499	—
	296,441	242,280

* Excluded deferred tax assets.

Major customers

Two major customers with revenue equal to or more than 10% of Group's revenue, amounted to approximately RM158,678,142 (2023: RM144,366,344) arising from particleboards and ready-to-assemble furniture segments.

Notes to the Financial Statements

(Continued)

30. 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) Amortised cost ("AC")
- (ii) Fair value through profit or loss ("FVPL")
- (iii) Designated fair value through other comprehensive income ("DFVOCI")

	Carrying amount RM'000	AC RM'000	FVPL RM'000	DFVOCI RM'000
At 31 December 2024				
Financial assets				
Group				
Trade and other receivables	31,906	31,906	–	–
Other investments	5,858	–	5,858	*
Cash and short-term deposits	100,196	100,196	–	–
	137,960	132,102	5,858	*
Company				
Trade and other receivables	26,113	26,113	–	–
Other investments	3,840	–	3,840	–
Cash and short-term deposits	33,478	33,478	–	–
	63,431	59,591	3,840	–
Financial liabilities				
Group				
Trade and other payables	56,635	56,635	–	–
Term loans	15,846	15,846	–	–
Hire purchase payables	459	459	–	–
	72,940	72,940	–	–
Company				
Trade and other payables	28,392	28,392	–	–
Term loans	936	936	–	–
Hire purchase payables	82	82	–	–
	29,410	29,410	–	–

* Represent amount less than RM1,000.

Notes to the Financial Statements

(Continued)

30. 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	AC RM'000	FVPL RM'000
At 31 December 2023			
Financial assets			
Group			
Trade and other receivables	34,354	34,354	–
Other investments	3,119	–	3,119
Cash and short-term deposits	118,181	118,181	–
	155,654	152,535	3,119
Company			
Trade and other receivables	25,159	25,159	–
Other investments	2,209	–	2,209
Cash and short-term deposits	48,904	48,904	–
	76,272	74,063	2,209
Financial liabilities			
Group			
Trade and other payables	61,141	61,141	–
Term loans	14,407	14,407	–
Hire purchase payables	1,336	1,336	–
	76,884	76,884	–
Company			
Trade and other payables	32,896	32,896	–
Term loans	1,171	1,171	–
Hire purchase payables	181	181	–
	34,248	34,248	–

Notes to the Financial Statements

(Continued)

30. 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, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

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

(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) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

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

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.

Notes to the Financial Statements

(Continued)

30. 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 their carrying amounts in the statements of financial position.

The carrying amount of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9 Financial Instruments, which permits the use of the lifetime expected losses 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 expected credit losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's and the Company's trade receivables are as follows:

	Current RM'000	1-30 days past due RM'000	> 30 days past due RM'000	Total RM'000
Group				
At 31 December 2024				
Gross carrying amount	6,800	18,742	863	26,405
Impairment losses	–	–	(17)	(17)
At 31 December 2023				
Gross carrying amount	7,807	16,687	882	25,376
Impairment losses	–	–	(43)	(43)
Company				
At 31 December 2024				
Gross carrying amount	5,488	5,352	522	11,362
At 31 December 2023				
Gross carrying amount	7,021	5,137	594	12,752
Impairment losses	–	–	(43)	(43)

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Credit risk concentration profile (Continued)

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Australia	173	450	78	8
China	6,388	7,665	5,796	7,665
Europe	—	—	—	—
India	—	399	—	331
Japan	14,208	11,195	3,590	2,023
Korea	197	487	197	487
Malaysia	2,510	2,496	906	1,170
United Arab Emirates	1,161	535	129	421
United State of America	185	1,072	—	—
Others	1,566	1,034	666	604
	26,388	25,333	11,362	12,709

Other receivables and other financial assets

For other receivables and other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the 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.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

The Group and the Company consider the other receivables and financial assets to have low credit risk. At the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks for credit facilities granted to certain subsidiaries and borrowings granted to an associate. The amount related to the corporate guarantee provided by the Group are as follows:

	Group 2024 RM'000	2023 RM'000
Corporate guarantee given to:		
- Bank for banking facilities granted to subsidiaries	14,910	13,239
- Bank for borrowings granted to an associate	740	928
	15,650	14,167

The Company monitors the results of the subsidiaries and associate and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM15,649,853 (2023: RM14,167,827) representing the maximum amount the Group could pay if the guarantees are called.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) 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's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency).

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Foreign currency risk (Continued)

The Group's and the Company's exposure to foreign currency (a currency which is other than currency of the Group entities) risk, based on carrying amounts as at the end of reporting period is as follows:

	Chinese Yuan RM'000	Indian Rupee RM'000	Euro Dollar RM'000	Japanese Yen RM'000	United States Dollar RM'000	Swiss France RM'000	Singapore Dollar RM'000
Group							
2024							
Trade and other receivables	5,995	–	515	–	18,040	–	–
Cash and short-term deposits	2,881	1	1,356	7	34,646	59	6
Trade and other payables	(489)	–	(158)	–	(4,131)	(6)	–
	8,387	1	1,713	7	48,555	53	6
2023							
Trade and other receivables	8,110	–	4,883	–	14,795	–	–
Cash and short-term deposits	221	1	427	15	18,502	–	–
Trade and other payables	(201)	–	(413)	–	(5,683)	–	(48)
	8,130	1	4,897	15	27,614	–	(48)
Company							
2024							
Trade and other receivables	5,796	–	215	–	4,407	–	–
Cash and short-term deposits	2,880	1	1,356	7	2,804	59	6
Trade and other payables	(488)	–	(75)	–	(520)	(6)	–
	8,188	1	1,496	7	6,691	53	6
2023							
Trade and other receivables	8,110	–	24	–	3,472	–	–
Cash and short-term deposits	219	1	427	15	1,820	–	–
Trade and other payables	(201)	–	(354)	–	(406)	–	–
	8,128	1	97	15	4,886	–	–

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Group		Company	
	2024	2023	2024	2023
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000	RM'000	RM'000
Effects on profit or loss and equity				
Chinese Yuan:				
- strengthened by 10%	637	618	622	618
- weakened by 10%	(637)	(618)	(622)	(618)
Euro Dollar:				
- strengthened by 10%	130	372	114	7
- weakened by 10%	(130)	(372)	(114)	(7)
Japanese Yen:				
- strengthened by 10%	1	1	1	1
- weakened by 10%	(1)	(1)	(1)	(1)
United States Dollar:				
- strengthened by 10%	3,690	2,099	509	371
- weakened by 10%	(3,690)	(2,099)	(509)	(371)
Swiss France:				
- strengthened by 10%	4	–	4	–
- weakened by 10%	(4)	–	(4)	–
Singapore Dollar:				
- strengthened by 10%	–	4	–	–
- weakened by 10%	–	(4)	–	–

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) 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, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows				
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	After 5 years RM'000	Total RM'000	
Group						
Financial liabilities						
2024						
Trade and other payables	56,635	56,635	–	–	56,635	
Term loans	15,846	2,556	15,677	–	18,233	
Lease liabilities	3,214	–	720	6,720	7,440	
Hire purchase payables	459	442	20	–	462	
	76,154	59,633	16,417	6,720	82,770	
2023						
Trade and other payables	61,141	61,141	–	–	61,141	
Term loans	14,407	3,917	10,179	2,085	16,181	
Lease liabilities	3,071	–	720	6,720	7,440	
Hire purchase payables	1,336	975	413	–	1,388	
	79,955	66,033	11,312	8,805	86,150	

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Liquidity risk (Continued)

Maturity analysis (Continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (Continued)

		←----- Contractual cash flows -----→			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	After 5 years RM'000	Total RM'000
Company					
Financial liabilities					
2024					
Trade and other payables	28,392	28,392	–	–	28,392
Term loans	936	264	734	–	998
Hire purchase payables	82	65	20	–	85
Financial guarantee contracts	–	15,650	–	–	15,650
	29,410	44,371	754	–	45,125
2023					
Trade and other payables	32,896	32,896	–	–	32,896
Term loans	1,171	264	1,011	–	1,275
Hire purchase payables	181	105	84	–	189
Financial guarantee contracts	–	14,167	–	–	14,167
	34,248	47,432	1,095	–	48,527

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an on-going basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Interest rate risk (Continued)

Exposure to interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their short-term deposits placed with licensed banks and loans and borrowings.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting period are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<i>Fixed rate instruments</i>				
Financial asset				
Short-term deposits placed with licensed banks	79,780	99,515	23,853	39,062
<i>Floating rate instruments</i>				
Financial liability				
Loans and borrowings	15,846	14,407	936	1,171

Financial instruments at fixed rates are fixed until the maturity of the instruments.

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore, a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Profit or loss and Equity			
	2024		2023	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
	RM'000	RM'000	RM'000	RM'000
Group				
Variable rate instruments	(120)	120	(109)	109
Company				
Variable rate instruments	(7)	7	(9)	9

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)**(c) Fair value measurement**

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowing are reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

As at 31 December 2024, the fair value of other investments as disclosed in Note 13 to the financial statements is measured under Level 1, of which is determined directly by reference to prices provided by investment banks.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2023: no transfer in either directions).

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

		Fair value of financial instrument not carried at fair value			
	Carrying amount RM'000	Fair Value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
2024					
Financial liability					
Term loans	13,946	–	–	13,946	13,946
Hire purchase payables	19	–	–	19	19
<hr/>					
2023					
Term loans	11,041	–	–	11,041	11,041
Hire purchase payables	406	–	–	406	406
<hr/>					
Company					
2024					
Financial liability					
Term loans	701	–	–	701	701
Hire purchase payables	19	–	–	19	19
<hr/>					
2023					
Term loans	944	–	–	944	944
Hire purchase payables	83	–	–	83	83

Level 3Fair value of financial instruments not carried at fair value

The fair value of borrowings are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

Notes to the Financial Statements

(Continued)

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2024 and 31 December 2023.

The Group and the Company monitor capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as total loan and borrowings divided by total equity.

The debt-to-equity ratio of the Group and the Company as at the end of the reporting period was as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Total loan and borrowings	19,519	18,814	1,018	1,352
Total equity	406,931	415,256	246,291	254,933
Debt-to-equity ratio (times)	0.05	0.05	–	–

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

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **YOONG HAU CHUN** and **YOONG LI YEN**, being two of the directors of **HEVEABOARD BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 95 to 153 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:

.....
YOONG HAU CHUN
Director

.....
YOONG LI YEN
Director

Date: 28 March 2025

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **HEW MEI YING**, being the officer primarily responsible for the financial management of **HEVEABOARD BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 95 to 153 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.

.....
HEW MEI YING
MIA membership no.: 5039

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on date 28 March 2025.

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of **HeveaBoard Berhad**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HeveaBoard 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 95 to 153.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Inventories (Note 4(a) and 10 to the financial statements)

As at 31 December 2024, the carrying amount of inventories held by the Group and the Company amounted to RM88,710,090 and RM44,623,672 respectively. We focused on this area because the computation and cost allocation process involve multiple inputs and significant judgement by directors are required to estimate the cost of finished goods and work-in-progress which comprise of the cost of raw materials, direct labour, other direct costs and the appropriate allocation of overheads based on normal operating capacity. The valuation of these inventories at the lower of cost and net realisable value by the Group and the Company are an area of significant estimate made by the directors.

Our response:

Our audit procedures included, among others:

- obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories;
- understanding the computation of inventory costing which includes costs of raw materials, direct labour, other direct costs and other incidental costs incurred in bringing the inventories to their present location and condition;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and understanding the design and implementation of controls during the count; and
- checking subsequent sales and evaluating directors' assessment on estimated the net realisable values on selected inventory items.

Independent Auditors' Report

(Continued)

Key Audit Matters (Continued)

Company

Investment in a subsidiary (Note 4(b) and 6 to the financial statements)

The Company has a significant balance of investment in a subsidiary, namely HeveaGro Sdn. Bhd.. At the end of the financial year, the directors are required to determine if there is any indication of impairment in the investment in the subsidiary. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecasts which include the directors' assessment and consideration of the current economic and business environment in relation to key assumptions;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as 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.

Independent Auditors' Report

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

(Continued)

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

Heng Fu Joe
No. 02966/11/2026 J
Chartered Accountant

Kuala Lumpur

Date: 28 March 2025

LIST OF PROPERTIES

Registered Owner	Location	Description/ existing use	Tenure of Land	Land Area	Net Book Value as at 31st December 2024 (RM'000)
HeveaBoard	Lot 1941 & 1942, Batu Tiga, Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Factory, Office and Warehouse	Freehold	31,580 sq.m	7,073
	Lot 4577/8, Batu Tiga, Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Factory and Warehouse	Leasehold (Expires on 13-8-2095)	81,824 sq.m	17,734
	19A-10-2, Level 10, UOA Centre, No 19 Jalan Pinang 50450 Kuala Lumpur	Office	Freehold	173 sq.m	1,685
	Lot 4184, 4185 & 4186 Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Storage Yard for logs and wood slabs	Freehold	39,225 sq.m	2,740
	No 44 & 45 Jalan Pahlawan 4 Taman 73400 Gemas Negeri Sembilan Darul Khusus	Staff Quarters	Freehold	290 sq.m	448
	No 111, 112, 113 & 114 Jalan DS 1/5 Dataran Satria 1 73400 Gemas Negeri Sembilan Darul Khusus	Shoplot Hostel	Freehold	604 sq.m	2,187
Hevea OSB	Lot 1943, Batu Tiga Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Vacant Land	Freehold	20,234 sq.m	1,429
HeveaPac	PT 414, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan	Factory Buildings and Office Blocks	Leasehold (Expires on 22-1-2047)	39,659 sq.m	9,309
	PT 406, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Factory Buildings and Office Blocks	Leasehold (Expires on 24-3-2046)	40,468 sq.m	15,148
	PT 403, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Warehouse Hostel	Leasehold (Expires on 21-3-2045)	21,044 sq.m	4,440
	PT 405, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Factory Buildings and Office Blocks	Leasehold (Expires on 7-3-2046)	31,270 sq.m	27,732
	PT 74, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Hostel	Leasehold (Expires on 12-11-2044)	5,895 sq.m	1,776

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

A. SHARE CAPITAL

Total Number of Issued Shares	:	565,864,681 shares*
Class of Shares	:	Ordinary shares
Voting Rights	:	Every member of the Company, present in person or by proxy or by duly authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
No. of Treasury Shares Held	:	1,881,000 shares

* Excluding a total of 1,881,000 shares bought back by the Company and retained as treasury shares.

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 100	41	0.549	1,010	*0.000
100 – 1,000	1,154	15.442	674,206	0.119
1,001 – 10,000	3,188	42.660	18,005,519	3.182
10,001 – 100,000	2,567	34.350	89,460,553	15.810
100,001 – 28,293,233 (less than 5% of issued holdings)	521	6.972	312,302,318	55.190
28,293,234 (5% of issued holdings) and above	2	0.027	145,421,075	25.699
Total	7,473	100.000	565,864,681	100.000

* Negligible

C. SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name	Direct		Indirect		
	No. of Shares	%	No. of Shares	%	
1. HeveaWood Industries Sdn. Bhd.	116,740,290	20.630	4,049,600	0.716	@
2. Firama Holdings Sdn. Bhd.	30,294,785	5.354	135,221,890	23.897	*
3. Tenson Holdings Sdn. Bhd.	18,471,652	3.264	165,516,675	29.250	**
4. Mah Fah Victor Group Sdn. Bhd.	–	–	165,516,675	29.250	**
5. Yoong Hau Chun	1,503,850	0.266	188,318,791	33.280	#
6. Yoong Li Yen	1,672,532	0.296	186,823,441	33.016	****
7. Yoong Tein Seng @ Yong Kian Seng	1,204,600	0.213	198,070,837	35.003	***
8. Loo Chin Meng	370,000	0.065	125,081,890	22.105	❖
9. Liang Chong Wai	10,400	0.0018	120,789,890	21.346	~

@ Deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

* Deemed interested by virtue of its substantial shareholdings in both HeveaWood Industries Sdn. Bhd. and Firama Engineering Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act"); and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

Analysis of Shareholdings

(Continued)

C. SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(as per Register of Substantial Shareholders)

- ** Deemed interested by virtue of its substantial shareholdings in HeveaWood Industries Sdn. Bhd., Firlama Holdings Sdn. Bhd. and Firlama Engineering Bhd. (shareholdings held through Firlama Holdings Sdn. Bhd.) pursuant to Section 8 of the Act; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- # Deemed interested by virtue of Section 8 of the Act [shareholdings held through Tenson Holdings Sdn. Bhd., a substantial shareholder of Firlama Holdings Sdn. Bhd., HeveaWood Industries Sdn. Bhd. and Firlama Engineering Bhd (shareholdings held through Firlama Holdings Sdn. Bhd.)]; and by virtue of his family relationship with Tan Ya Ling, his spouse, Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- **** Deemed interested by virtue of her family relationship with Bailey Policarpio, her spouse, Yoong Tein Seng @ Yong Kian Seng, her father and Yoong Hau Chun, her brother; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- *** Deemed interested by virtue of his family relationship with Yoong Hau Chun, his son, Yoong Li Yen, Yoong Li Mian, Yoong Li Bing and Yoong Li Xian, his daughters; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ❖ Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and by virtue of his family relationship with Dato' Loo Swee Chew, his father; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ~ Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn. Bhd. pursuant to Section 8 of the Act and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

D. DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Sundra Moorthi A/L V.M. Krishnasamy	9,000,000	1.590	—	—
2. Yoong Hau Chun	1,503,850	0.266	188,318,791 ⁽¹⁾	33.280
3. Yoong Li Yen	1,672,532	0.296	186,823,441 ⁽²⁾	33.016
4. Bailey Policarpio	126,664	0.022	1,672,532 ⁽³⁾	0.296
5. Yoong Yan Pin	250,000	0.044	—	—
6. Thye Heng Ong @ Teh Heng Ong	200,000	0.035	—	—
7. Chin Pik Yuen	—	—	—	—
8. Loo Chin Meng	370,000	0.065	125,081,890 ⁽⁴⁾	22.105
9. Yoong Tein Seng @ Yong Kian Seng (Alternate Director to Yoong Hau Chun)	1,204,600	0.213	198,070,837 ⁽⁵⁾	35.003

Analysis of Shareholdings

(Continued)

D. DIRECTORS' SHAREHOLDINGS (CONTINUED)*(as per Register of Directors' Shareholdings)*

- (1) *Deemed interested by virtue of Section 8 of the Act [shareholdings held through Tenson Holdings Sdn. Bhd., a substantial shareholder of Firama Holdings Sdn. Bhd., HeveaWood Industries Sdn. Bhd. and Firama Engineering Bhd (shareholdings held through Firama Holdings Sdn. Bhd.)]; and by virtue of his family relationship with Tan Ya Ling, his spouse, Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.*
- (2) *Deemed interested by virtue of her family relationship with Bailey Policarpio, her spouse, Yoong Tein Seng @ Yong Kian Seng, her father and Yoong Hau Chun, her brother; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.*
- (3) *Deemed interested by virtue of his family relationship with Yoong Li Yen, his spouse.*
- (4) *Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and by virtue of his family relationship with Dato' Loo Swee Chew, his father; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.*
- (5) *Deemed interested by virtue of his family relationship with Yoong Hau Chun, his son, Yoong Li Yen, Yoong Li Mian, Yoong Li Bing and Yoong Li Xian, his daughters; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.*

E. LIST OF THIRTY (30) LARGEST SHAREHOLDERS*(without aggregating the securities from different securities accounts belonging to the same depositor)*

	Name	No. of Shares Held	%
1.	HeveaWood Industries Sdn. Bhd.	116,440,290	20.577
2.	Firama Holdings Sdn. Bhd.	28,980,785	5.122
3.	Tenson Holdings Sdn. Bhd.	18,471,652	3.264
4.	Firama Engineering Berhad	14,450,000	2.554
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yap Kiew @ Yap Chin Fook (M07)	10,569,200	1.868
6.	Chong Kwee Hiong	9,183,400	1.623
7.	Sundra Moorthi A/L V.M. Krishnasamy	9,000,000	1.590
8.	Loh Kok Wai	8,416,700	1.487
9.	Lee Ka Yong	7,794,200	1.377
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	7,653,800	1.353

Analysis of Shareholdings

(Continued)

E. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

(without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares Held	%
11.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Yee Hui	5,000,000	0.884
12.	Yoong Kee Sin	4,620,000	0.816
13.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sia Boon Huat	4,423,900	0.782
14.	Dato' Loo Swee Chew	4,292,000	0.758
15.	Gemas Ria Sdn Bhd	4,049,600	0.716
16.	Yoong Li Bing	4,000,000	0.707
17.	Yoong Li Xian	4,000,000	0.707
18.	Yoong Li Mian	3,906,128	0.690
19.	Teh Bee Gaik	2,960,800	0.523
20.	Liau Choon Hwa & Sons Sdn. Bhd.	2,921,332	0.516
21.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. - Pledged Securities Account for Teh Shiou Cherng (J D B Tunggal BR-CL)	2,870,000	0.507
22.	Liau Keen Yee	2,741,200	0.484
23.	Chua Kwee Nam	2,540,000	0.449
24.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chua Hock Gee	2,476,000	0.438
25.	Cheah Yaw Song	2,416,500	0.427
26.	Salud Uy Policarpio	2,337,900	0.413
27.	Liau Chern Yee	2,282,628	0.403
28.	Leong Kok Cheong	2,191,000	0.387
29.	Yong Lee Yin	2,050,000	0.362
30.	Mak Chee Weng	2,000,000	0.353
		295,039,015	52.137

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First (31st) Annual General Meeting (“AGM”) of **HeveaBoard Berhad** will be held at Lot 1942, HeveaWood Industrial Park, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan Darul Khusus on Tuesday, 24 June 2025 at 10.00 a.m., for the purpose of considering the following businesses:

AGENDA

Ordinary Business

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. | <i>[Please refer to Explanatory Note 4(i)]</i> |
| 2. To approve a first and final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2024. | <i>Ordinary Resolution 1</i> |
| 3. To approve the payment of Directors’ fees payable up to an amount of RM905,421 per annum for the financial year ending 31 December 2025. | <i>Ordinary Resolution 2</i> |
| 4. To re-elect the following Directors who retire by rotation pursuant to Clause 97 of the Company’s Constitution, and being eligible, offered themselves for re-election: | |
| i. Mr Yoong Hau Chun | <i>Ordinary Resolution 3</i> |
| ii. Mr Bailey Policarpio | <i>Ordinary Resolution 4</i> |
| iii. Mr Loo Chin Meng | <i>Ordinary Resolution 5</i> |
| 5. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing financial year and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 6</i> |

Special Business

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

- | | |
|--|------------------------------|
| 6. Renewal of Authority for Directors to Issue Shares | <i>Ordinary Resolution 7</i> |
|--|------------------------------|

“THAT subject always to the Companies Act 2016 (the “Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental/regulatory authorities, where such approval is necessary, approval be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Act to issue and allot not more than ten per centum (10%) of the total number of issued 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 AND THAT the Directors be and are hereby 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.

FURTHER THAT pursuant to Section 85 of the Act read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered with new shares ranking equally to the existing issued shares arising from the issuance and allotment of the new shares in the Company pursuant to Sections 75 and 76 of the Act AND THAT the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company.”

Notice of Annual General Meeting

(Continued)

7. **Proposed Renewal of Authority for Purchase of Own Shares by the Company ("Proposed Renewal of Authority")**

Ordinary Resolution 8

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may resolve to retain the shares so purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder, where such shares are held as treasury shares, the Directors may resell the treasury shares or transfer the treasury shares or cancel the treasury shares or distribute the treasury shares as dividends to shareholders.

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

Any Other Business

- 8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

Notice of Annual General Meeting

(Continued)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Thirty-First (31st) AGM, a first and final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2024 will be payable on 25 July 2025 to holders of ordinary shares registered in the Record of Depositors at the close of business on 11 July 2025.

A depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the Depositor's Securities Account on or before 4.30 p.m. on 11 July 2025 in respect of ordinary transfers; and
- b. Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

LIM LI HEONG (SSM Practising Certificate No. 202008001981) (MAICSA 7054716)
WONG MEE KIAT (SSM Practising Certificate No. 202008001958) (MAICSA 7058813)
 Company Secretaries

Kuala Lumpur
 30 April 2025

Notes:

1. PROXY

- (i) A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his/her proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- (ii) The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his/her 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.
- (iii) A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.
- (iv) 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.
- (v) The instrument appointing a proxy must be deposited with the Company's Share Registrar, Bina Management (M) Sdn. Bhd., at Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.

Notice of Annual General Meeting

(Continued)

Notes: (Continued)

2. POLL VOTING

The Company has put all the Resolutions as set out in the Notice of AGM to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. GENERAL MEETING RECORD OF DEPOSITORS

For the purposes of determining a member who shall be entitled to attend this Thirty-First (31st) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 16 June 2025. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.

4. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

- (i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2024.

The Audited Financial Statements are laid pursuant to Section 340(1)(a) of the Companies Act 2016 for discussion only, a formal approval of the shareholders for the Audited Financial Statements is not required. Hence, this Agenda item is not put forward for voting.

- (ii) Ordinary Resolution 1 – First and Final dividend

With reference to Section 131 of the Companies Act 2016 (the “Act”), a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made in accordance with the requirements under Section 132(2) and (3) of the Act.

- (iii) Ordinary Resolution 2 – Directors' fees

Section 230(1) of the Companies Act 2016 provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. Hence, the Board seeks the shareholders' approval at this AGM for the payment of Directors' fees.

There is no increment proposed for the Directors' fees for the financial year ending 31 December 2025. It had been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognise that the Directors' fees payable is in the best interest of the Company.

The Board is of the view that it is just and equitable for the Directors to be paid the Directors' fees, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the year.

- (iv) Ordinary Resolutions 3, 4 and 5 – Re-election of Directors pursuant to Clause 97 of the Company's Constitution

Clause 97 of the Company's Constitution provides that election of Directors shall take place each year at the AGM of the Company where one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire and be eligible for re-election provided that each Director must retire from office at least once in every three (3) years.

The profiles of the retiring Directors Mr Yoong Hau Chun, Mr Bailey Policarpio and Mr Loo Chin Meng who stand for re-election and their interest in the securities of the Company are set out in the section of Profile of Directors and Analysis of Shareholdings of the Annual Report.

Notice of Annual General Meeting

(Continued)

Notes: (Continued)

4. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS (CONTINUED)

- (iv) Ordinary Resolutions 3, 4 and 5 – Re-election of Directors pursuant to Clause 97 of the Company's Constitution (Continued)

The Nomination Committee had assessed the performance of the above Directors based on a pre-set criteria and had rated their performance as "Good/Competent" in discharging their duties and responsibilities as Directors. All of them meet the Directors' fit and proper criteria as set out in the Directors' Fit and Proper Policy of the Company. The Board values the role and contributions of Mr Yoong Hau Chun who is the Group Managing Director in driving the business continuity and progress of the Group in the challenging business environment. Whilst Mr Bailey Policarpio and Mr Loo Chin Meng as the Non-Independent Non-Executive Directors have provided check and balance on the Board, focusing on shareholders and stakeholders' interest, are equally important for the Board to function effectively. Based on the above, the Board supports the recommendation for re-election of all of them as Directors and seeks the shareholders to vote in favour of these resolutions.

- (v) Ordinary Resolution 7 – Renewal of Authority for Directors to Issue Shares

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the total number of issued shares of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings ("General Mandate"). The purpose of this General Mandate sought will provide flexibility to the Company for any possible fund-raising activities 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. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This is the renewal of the general mandate obtained from the shareholders at the last AGM held on 28 June 2024. As of the date of the Notice of Meeting, no new shares have been issued pursuant to the general mandate granted at the last AGM of the Company and this general mandate will lapse at the conclusion of this Thirty-First (31st) AGM.

Shareholders are advised to take note that the approval given to the Directors in this resolution for the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive and deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 54 of the Constitution of the Company and will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate which this will result in a dilution to their shareholding percentage in the Company.

- (vi) Ordinary Resolution 8 - Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase its own shares and hold its own shares as treasury shares up to ten per centum (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. Please refer to the Share Buy-back Statement in relation to the Proposed Renewal of Authority dated 30 April 2025, which is available on the Company's corporate website at www.heveaboard.com.my, for further information.

Notice of Annual General Meeting

(Continued)

Notes: (Continued)

5. STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individual who is standing for election as Director

No individual is seeking election as Director at the Thirty-First (31st) AGM of the Company other than the following retiring Directors who are seeking re-election:

- 1) Mr Yoong Hau Chun
- 2) Mr Bailey Policarpio
- 3) Mr Loo Chin Meng

The profiles of the above Directors and their interest in the securities of the Company are set out in the section of Profile of Directors and Analysis of Shareholdings of the Annual Report.

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PROXY FORM

HeveaBoard Berhad
[Registration No. 199301020774 (275512-A)]
(Incorporated in Malaysia)

Table with 2 columns: Field (No. of shares held, CDS Account No.), Value

I/We (full name in block letters) NRIC/Passport/Company No.*
of (full address, telephone no. and e-mail address)
being a member of HeveaBoard Berhad, hereby appoint
(full name of Proxy 1) NRIC No./Passport No.*
of (full address, telephone no. and e-mail address)
and/or failing him/her*, (full name of Proxy 2) NRIC No./Passport No.*
of (full address, telephone no. and e-mail address)

or failing which, the Chairman of the Meeting** as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty-First (31st) Annual General Meeting of the Company to be held at Lot 1942, HeveaWood Industrial Park, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan Darul Khusus on Tuesday, 24 June 2025 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Table with 3 columns: Resolutions, FOR, AGAINST. Rows include Ordinary Resolutions 1-8: Approval of Dividend, Directors' fees, Re-election of directors, Re-appointment of auditors, Renewal of Authority for Shares, Proposed Renewal of Authority for Purchase of Own Shares.

* Strike out whichever is not applicable.
** If you wish to appoint any person other than the Chairman of the Meeting to be your proxy, kindly delete the words "the Chairman of the Meeting" and insert the name of the person desired.

Please indicate with a cross (X) in the space provided, how you wish your vote to be casted in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.

Signed this day of , 2025

Signature/Common Seal of Shareholder^

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

Notes:

- 1. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his/her proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- 2. The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his/her 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.
- 3. A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
- 4. 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.
- 5. The instrument appointing a proxy must be deposited with the Company's Share Registrar, Bina Management (M) Sdn. Bhd., at Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.
- 6. POLL VOTING
The Company has put all the Resolutions as set out in the Notice of AGM to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 7. GENERAL MEETING RECORD OF DEPOSITORS
For the purposes of determining a member who shall be entitled to attend this Thirty-First (31st) AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 16 June 2025. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting or appoint proxies to attend and/or vote on his/her behalf.



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AFFIX
STAMP

The Share Registrar of
HeveaBoard Berhad
[Registration No. 199301020774 (275512-A)]
BINA MANAGEMENT (M) SDN. BHD.
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st fold here

HeveaBoard

HEVEABOARD BERHAD

Registration No: 199301020774 (275512-A)

REGISTERED OFFICE

Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City,
59200 Kuala Lumpur, Wilayah Persekutuan
Kuala Lumpur, Malaysia
T : 603-2280 6388 | F : 603-2280 6399

KL OFFICE

Business Suite 19A-10-2,
Level 10, UOA Centre, No. 19 Jalan Pinang,
50450 Kuala Lumpur, Wilayah Persekutuan
Kuala Lumpur, Malaysia
T : 603-2166 1393 | F : 603-2166 3390

FACTORY

Lot 1942, Batu 3, Jalan Tampin,
73400 Gemas, Negeri Sembilan Darul Khusus,
Malaysia
T : 607-948 4745/46 | F : 607-948
5192/3390

www.heveaboard.com.my