

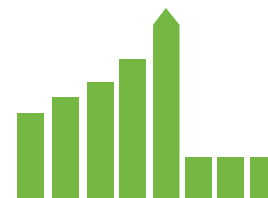
HeveaBoard Berhad

Registration No: 199301020774 (275512-A)



Annual Report
2023

CORPORATE MISSION



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

Efficiency

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

Earnings

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

WHAT 'S INSIDE

1 5-Year Financial Highlights	59 Statement on Risk Management and Internal Control
2 Management Discussion & Analysis	65 Statement on Directors' Responsibilities
5 Sustainability Statement	66 Additional Compliance Information
27 Sustainability Performance Report	67 Audit Committee Report
28 Corporate Structure	78 Financial Statements
29 Corporate Information	146 List of Properties
30 Profile of Directors	147 Analysis of Shareholdings
40 Profile of Key Senior Management	151 Notice of Annual General Meeting
46 Corporate Governance Overview Statement	Proxy Form



Cover Rationale

Sustainability is at the core of **HeveaBoard's** business – an approach that creates value for all stakeholders as we ensure our business activities are performed with high standards of environmental and social conduct. Prioritising sustainability in our business strategies enhances our adaptive management, learning, innovation and leadership capacity to manage risks and uncertainties whilst fostering and nurturing long-term growth and value creation. Our focus on business sustainability and ESG-related risks and opportunities is the key building block towards future-proofing the Group with elevated competitiveness to build resilience for a sustainable future.

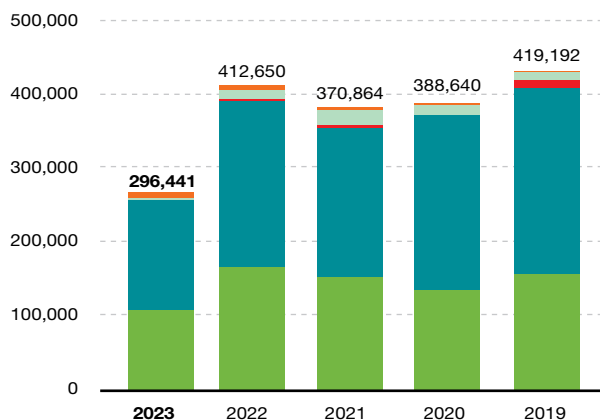
5-YEAR FINANCIAL HIGHLIGHTS

	2023	2022	2021	2020	2019
Turnover (RM'000)	296,441	412,650	370,864	388,640	419,192
(Loss)/Profit Before Tax (RM'000)	(6,131)	16,561	(565)	17,805	15,994
Tax (RM'000)	2,373	(7,228)	(598)	(1,441)	(1,554)
(Loss)/Profit After Tax (RM'000)	(3,758)	9,333	(1,163)	16,364	14,440
Share Capital (RM'000)	160,215	160,215	160,215	160,215	159,429
Net Assets (RM'000)	415,256	425,804	422,130	430,367	430,378
Net Assets Per Share (RM)*	0.73	0.75	0.74	0.76	0.76
Interim Dividend (sen)	–	–	–	1.50	3.00
Proposed Final Dividend (sen)	1.00	1.20	1.00	0.75	1.00
(Loss)/Net Earnings Per Share (sen)**	(0.66)	1.64	(0.21)	2.88	2.57

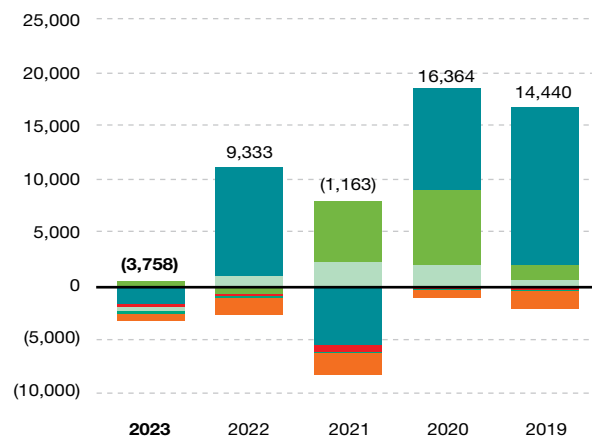
* The net assets per share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date.

** 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

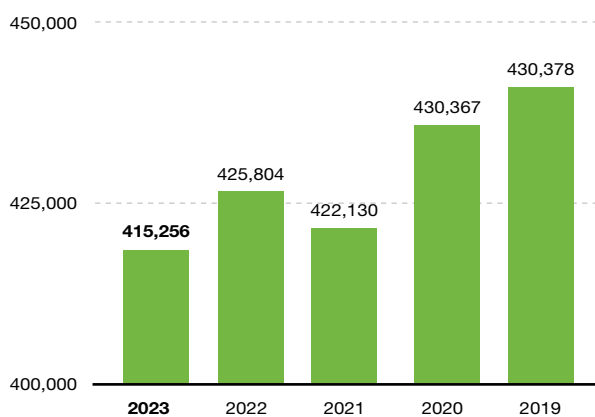
Turnover (RM'000)



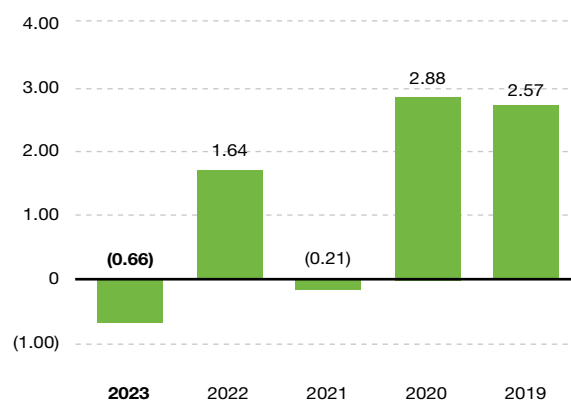
(LOSS)/PROFIT AFTER TAX (RM'000)



Net Assets (RM'000)



(LOSS)/NET EARNINGS PER SHARE (SEN)



■ HeveaBoard ■ HeveaPac ■ HeveaMart ■ BocoWood ■ Hevea OSB ■ HeveaGro

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 2023 (“**FYE 2023**”)*

FINANCIAL PERFORMANCE

The Group's performance in FYE 2023 was heavily impacted by a complex global landscape marked by persistent challenges. Alongside the enduring effects of the COVID-19 pandemic and geopolitical tensions stemming from the Russia-Ukraine and Israel-Hamas conflicts, the year witnessed significant disruptions in global supply chains. These disruptions impeded the smooth flow of goods and services, leading to delays and increased operational costs for businesses worldwide. Moreover, ongoing trade tensions between major economies continued to contribute to uncertainty and volatility in international trade.

These economic challenges had far-reaching implications, affecting businesses' demand, profitability, and investment strategies. Overall, these multifaceted challenges underscored the complexity of the global business environment in FYE 2023, presenting additional hurdles for businesses to overcome and influencing their financial performance and strategic decision-making processes.

HeveaBoard recorded a 10-year low revenue of RM296.4 million in FYE 2023 as compared to the preceding year of RM412.7 million, representing a decrease of RM116.3 million or 28.2%. The main contribution to our top line came from the ready-to-assemble (“RTA”) sector with RM181.3 million or 61.2% of the Group's total revenue. Meanwhile, our particleboard and fungi cultivation sectors contributed RM111.6 million and RM3.5 million, respectively, representing 37.7% and 1.2%, to the Group's total revenue.

The Group recorded a loss before tax (“LBT”) in FYE 2023 of RM6.1 million, from a profit before tax of RM16.6 million a year ago, a significant decrease of RM22.7 million or 136.8%. The particleboard sector reported a profit before tax (“PBT”) of RM0.8 million, a decrease of RM0.2 million or 21.9% from the preceding year. The RTA sector reported an LBT of RM4.7 million, a decrease of RM21.9 million or 127.3% from the preceding year. On the other hand, our fungi cultivation sector reported a LBT of RM1.4 million, a decrease of RM0.2 million in loss or 12.5% from the preceding year.

In FYE 2023, the particleboard sector experienced lower revenue and PBT. Several factors contributed to the much lower revenue recorded, being a decrease in average selling price, sales and production volume, reflecting the challenging market conditions. Moreover, this sector also faced significant challenges such as a notable increase in electricity costs, which impacted production cost very significantly. However, the sector was able to partly mitigate these challenges through enhanced production cost control measures. Also, it benefited from a higher USD/MYR exchange rate, which partially offset the adverse effects of the challenging operating environment. Overall, the particleboard sector demonstrated resilience and efficiency in managing its operations, resulting in a profitable performance in FYE 2023.

Management Discussion & Analysis (Continued)

Meanwhile, our RTA sector also experienced a revenue drop of about 26.8% as compared to 2022 and incurred LBT of RM4.7 million mainly due to weaker market sentiment, which impacted consumer demand and sales. Additionally, this sector also faced challenges such as higher labor costs resulting from the implementation of a new minimum wage policy on 1 July 2023, which increased operating expenses. Furthermore, the write-off of slow-moving inventories also adversely affected the sector's profitability.

Our fungi cultivation sector achieved higher revenue and narrowed down its losses in FYE 2023. This improvement can be attributed to several strategic initiatives undertaken by the sector. Firstly, despite increasing competition from mushrooms imported from China, this sector adapted by diversifying its product offerings. This included initiating grey oyster mushroom cultivation, aimed at enhancing utilisation and achieving better economies of scale. Additionally, the introduction of processed mushrooms and the promotion of broader usage of eryngii mushrooms contributed to revenue growth especially in the hypermarkets. Furthermore, this sector also intensified its efforts to capture market share by expanding distribution channels locally, thereby increasing market penetration. These proactive measures enabled the fungi cultivation sector to bolster its revenue and mitigate losses, reflecting a promising trajectory for future growth and sustainability.

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 2023, will be proposed for the shareholders' approval.

BUSINESS OPERATIONS & EFFICIENCIES

HeveaBoard

The move by the Malaysian government to impose a targeted ICPT on non-domestic users for medium and high voltage users saw a substantial surcharge hike in January 2023. The management had implemented a series of measures to mitigate this increase by doing major production flow change, increasing the use of cheaper renewable energy and putting in much better cost control.

The Group remains dedicated to upholding the high-quality standards of our products to ensure customer satisfaction. Additionally, we are intensifying our endeavours in product innovation to set ourselves apart in the market. Upholding our vision of offering environmentally friendly products, we are prioritising the development of our green range of products, and started to recapture our market shares in China, focusing on the low emission greener products with proprietary decorative laminates as selling points. We are also setting up additional lamination lines on JV basis with our Chinese counterpart in Malaysia, with the plan to capture the niche market on unique panel finishing design in the local and international market.

HeveaPac

As a result of our efforts over the years in facing foreign labour issues, we have focused on automation and hiring of more local workers. The Group had capitalised on automation with new auto edging lines, hardware counting automation lines, and automatic printing lines. With these various automation initiatives, the Group has managed to improve production efficiencies.

We have also participated in the hiring program of Supervised Persons as part of our Corporate Social Responsibility ("CSR") initiatives. To mitigate the challenges, the group will continue focusing on improvements in automation and production efficiency. This sector has also built a certified hostel for 1,500 foreign workers as a long-term solution to our future labour recruitment.

HeveaGro

In addition to our maiden crop, the Group's fungi cultivation sector began cultivating Grey Oyster Mushrooms in June 2023. With two types of mushrooms, it is our hope that HeveaGro will be able to increase its capacity utilisation to achieve better economies of scale. We are currently in most major hypermarkets, and it is encouraging to note that two of our largest hypermarkets' volumes grew by more than 50% in FYE 2023. We will continue to strive to improve our performance in this sector.

Management Discussion & Analysis (Continued)

FUTURE OUTLOOK & PROSPECT

Looking ahead, our company remains cautiously optimistic about our prospects in both the global and local markets. We are committed to leveraging our strengths, capitalising on emerging opportunities, and navigating potential risks to deliver long-term value to our shareholders and stakeholders.

The road to recovery will require time and patience, with market consolidation anticipated as we move forward. While there are some signs of improvement, the challenges remain. **HeveaBoard** has earned a reputation for reliability and integrity, thanks to our customer-centric approach, strong corporate ethics, and governance track record. Management will maintain a focus on meeting high-quality standards and distinguishing ourselves from competitors. Continued vigilance, adaptability, and proactive policy responses will be essential to navigating uncertainties and sustaining economic recovery.

Based on the aforementioned factors and barring unforeseen circumstances, the Board is cautiously optimistic about the Group's future prospects and financial performance.

APPRECIATION

As we look to the future, I wish to take this opportunity to express the appreciation of the Board and Management to the employees of **HeveaBoard**. Their professional, excellent contributions during the financial year were instrumental in helping the Group to overcome all challenges faced during this financial year. In the same vein, on behalf of the Board, I wish to extend our gratitude to our stakeholders, business associates, customers, regulators and relevant authorities for their steadfast support to the Group.

We look forward to your continued support as we journey together towards greater heights and the creation of more value for all. The future is uncertain but it remains bright, with promising prospects and potential for all stakeholders.

YOONG HAU CHUN
Group Managing Director



SUSTAINABILITY STATEMENT

Dear Shareholders,

*We at **HeveaBoard** are deeply committed to sustainability as we view it as a paramount responsibility. Continuously, we endeavour to elevate our performance in environmental, social, and governance (ESG) realms in alignment with our business objectives. Through our planning and actions rooted in social and environmental responsibility, we are confident in our ability to generate value for our diverse stakeholders consistently.*

Our dedication to upholding high standards of social and environmental conduct remains unwavering. This entails ensuring that our operational assets and endeavours contribute positively to establishing a sustainable manufacturing environment. Our commitment goes beyond our day-to-day operations, extending to include our business partners and external stakeholders.

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. This Sustainability Report covers a 12-month reporting period from 1st January 2023 to 31st December 2023, 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

We welcome and encourage our stakeholders to send feedback on this Statement to feedback@heveaboard.com.my

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

Sustainability integration at the highest level has enabled us to remain steadfast in our ESG commitments. Our corporate leadership has been critical in delivering the Group's sustainability purpose and performance that add long-term value to **HeveaBoard**.

Our sustainability initiatives are under the purview of our Sustainability Committee, which is led by our Group Managing Director and supported by our Senior Management members. The committee's role includes identifying key sustainability matters and integrating long-term sustainability strategies into day-to-day business decisions.

Our sustainability initiatives were developed after identifying areas where we are able to harness our skills, experience, and resources to make a positive difference. The foundation of our approach includes having global standards, processes, and tools in place to manage the safety of our people, the surrounding community, and the environment. In the long run, we aim to continuously improve the way we operate to prevent incidents, identify, mitigate, and minimise the adverse environmental and social impacts across our facilities.

Sustainability Statement (Continued)

Stakeholder Engagement

We define stakeholders as parties who are impacted by our business decisions and activities, and as groups whose actions and decisions will influence our business growth. Stakeholders are also those with a vested interest in our corporation. We maintain regular engagement with our stakeholders, enabling us to identify and align their key priorities and concerns with organisational business practices and strategies.

Our stakeholder engagements are carried out through various platforms and organisational touchpoints to gather feedback for analysis and strategy formulation. Maintaining strong stakeholder relationships improves our ESG impact and strengthens our business growth. In 2023, we continued to leverage on digital tools to engage with stakeholders even as Malaysia transitioned into endemicity.

Our key stakeholders are outlined in the table below, along with the forms of engagement and key topics of interest that we seek to address.

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 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)

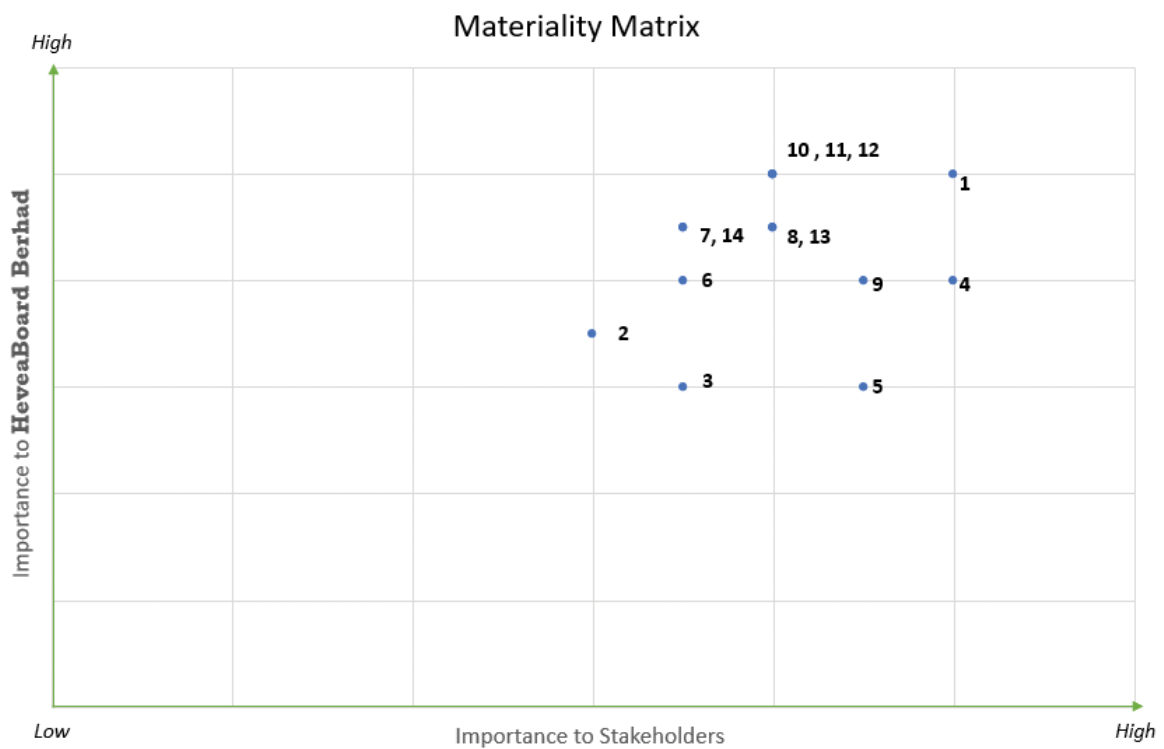
Material Matters & Assessment Process

As an organisation, we are cognisant of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. A materiality assessment was conducted in 2023 involving both our key internal and external stakeholders to ensure that their interests and concerns are addressed.

Our materiality process referenced Bursa Malaysia’s Sustainability Reporting Guide and resulted in identifying 7 key stakeholders and 14 relevant material matters being prioritised.

The outcome of the process was reviewed by our Sustainability Committee and endorsed by the Board.

Materiality Matrix



Sustainability Statement
(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	Customer Health & Safety	Ensuring the well-being and safety of our customers through rigorous adherence to quality standards, product safety protocols, and proactive measures to minimize risks, fostering trust and confidence in HeveaBoard's offerings.
10	Energy Management	Efficient use of energy through technology and better management of processes
11	Water & Effluent Management	Efficient use of water and conservation of water resources
12	Waste Management	Efforts to reduce, reuse, recycle and responsible disposal of waste
13	Emissions	Reduction of environmental footprints and lowering our emissions across our operations
14	Materials	Resource conservation through the usage of recycled materials and other efforts

MANAGEMENT APPROACH FOR MATERIAL MATTERS



Economic Performance

Why is this important?

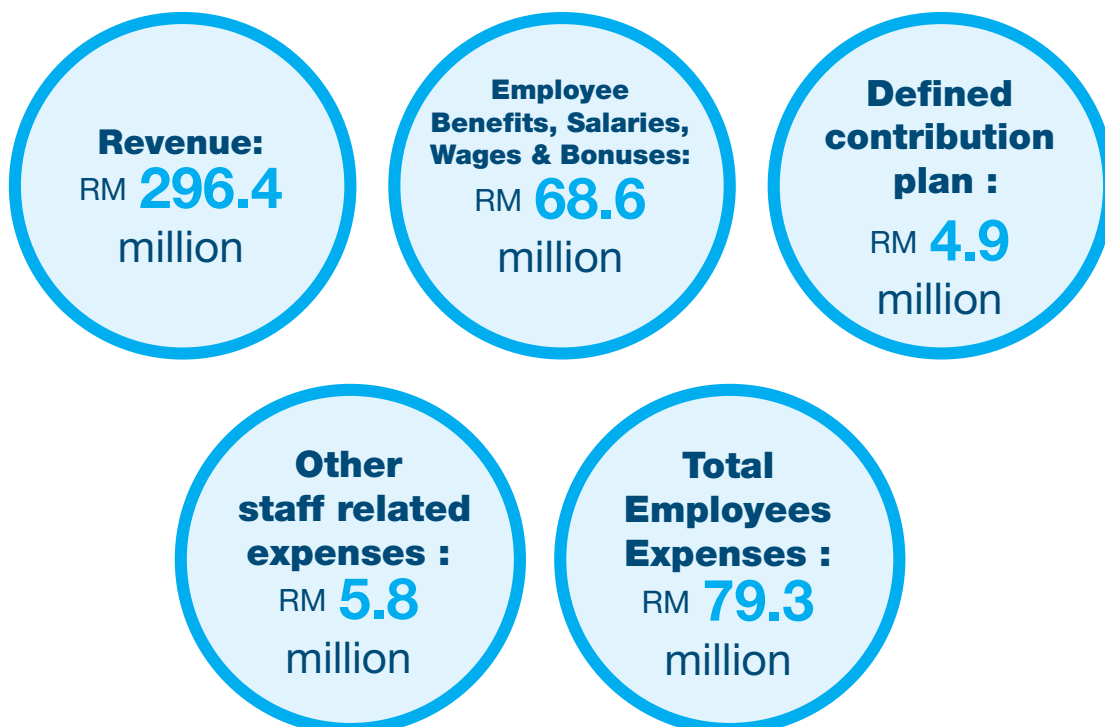
HeveaBoard's financial performance supports long-term value creation and the Group's sustainability agenda. We are mindful of our responsibilities to create decent employment opportunities and promote economic development within the local communities. Our ultimate goal is to ensure long-term resilience by leveraging our assets and sharing the generated wealth with our stakeholders

Our approach

Our approach to sustaining and achieving good economic performance is by executing our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, pursuing technological advancement, mitigating identified risks relevant to our business as well as pursuing market expansion.

We prioritize maintaining robust relationships with our suppliers and customers as a cornerstone of our economic performance strategy. Through regular assessments and feedback mechanisms, we ensure that the quality of products sourced from our suppliers consistently meets our stringent standards and fulfils the evolving needs and expectations of our customers. This commitment not only safeguards our reputation for reliability but also enhances customer satisfaction, thereby bolstering our economic performance through sustained loyalty and market competitiveness.

Our performance



Note: Please refer to the Annual Report pages 78 to 140 for detailed financial figures.

Sustainability Statement (Continued)



C Community Engagement

Why is this important?

As a business, our responsibilities to society go beyond delivering sustainable long-term value to our shareholders. We are also responsible for developing the communities surrounding our operations.

Our approach

In this regard, the Group had been conducting regular walk-in job interviews for local job seekers, when possible, as part of our effort to drive a shared and sustainable economic growth while simultaneously equipping the local communities with marketable skill sets.

Our passion for empowering the local communities also extends beyond this. We welcomed interns under our paid internship placement programme, which is targeted at local university students and provides a platform for them to apply their acquired knowledge to real work situations.

In addition, the Group participated in career talks and career fairs to generate awareness in the local community of job opportunities within the Group.

The economic slowdown and resulting higher cost of living had affected the livelihood of the communities in many ways. They disproportionately impacted poorer households and disadvantaged groups making it difficult to put food on the table. Within the Group, philanthropy is one of the most advocated traits that we have continued to inculcate within our workforce. We mobilised our workforce to distribute HeveaGro's Eryngii mushrooms to various beneficiaries including Yayasan Food Bank and schools within the surrounding community. Apart from this, the Group also made monetary donations to multiple organizations.

Our performance

Total number of
local job seekers
hired from walk-in
job interviews:
172 pax

Total number of
interns under our
paid internship
programme:
2 pax

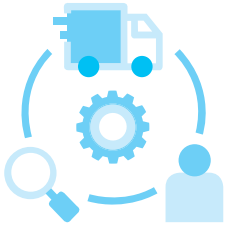
Participated in the career fair at Pusat Pembangunan Kemahiran Industri Kayu (WISDEC) and career talk at Institut Kemahiran MARA Jasin.

We distributed approximately 5,730kg of HeveaGro's Eryngii mushrooms to the surrounding communities, such as temples, mosques, and local authorities, such as police, medical centres, and the city council, as well as to non-governmental charitable organizations.

Contribution of Decorative Particle Boards to Rejimen ke-4 Artileri DiRaja Kem Segamat.

Total donations worth RM1,500 to 2 beneficiaries including Pertubuhan Pemulihan Dalam Komuniti Gemas and Sekolah Jenis Kebangsaan (C) Kuo Min Gemas.

In 2023, **HeveaBoard** received numerous awards and accolades such as Anugerah Industri Perakayuan 2023 by Malaysian Timber industry Board ("MTIB"). Aside from this, we were also awarded the Innovation Management Certificate SIRIM 8:2016 by SIRIM Berhad. These were awarded to **HeveaBoard** as recognition of the company as one of the leading innovators in the timber industry. This underscores the Group's continued advancement in process and sustainability.



Supply Chain Management

Why is this important?

HeveaBoard is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by incorporating sustainability elements throughout our procurement lifecycle. We firmly believe in supporting local businesses and driving economic growth in the communities where we operate.

Our approach

- ISO – 9001 certified

ISO 9001 provides a framework for us to implement and maintain effective quality management practices throughout our operations, including within the supply chain. Under supply chain management, ISO 9001 can be applied in several ways:

- Supplier Evaluation and Selection: Emphasizes the importance of selecting and evaluating suppliers based on their ability to consistently meet quality requirements.

- Supplier Quality Management: Encourages organizations to establish processes for monitoring and managing supplier performance to effectively track and address issues related to product quality, delivery timelines, and adherence to contractual agreements.
- Continuous Improvement: Promotes a culture of continuous improvement within organizations, including within the supply chain, leading to enhanced efficiency, reduced waste, and improved overall quality performance.

Our performance

Proportion of spending on local suppliers vs imports:

Sector	Local Suppliers	Imported
Particleboard	90.6%	9.4%
RTA	87.0%	13.0%
Fungi Cultivation	91.6%	8.4%

Sustainability Statement (Continued)



Anti-Corruption

Why is this important?

HeveaBoard takes a zero-tolerance approach to bribery and corruption not just within the Group's business operations but also across its supply chain. This is crucial for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

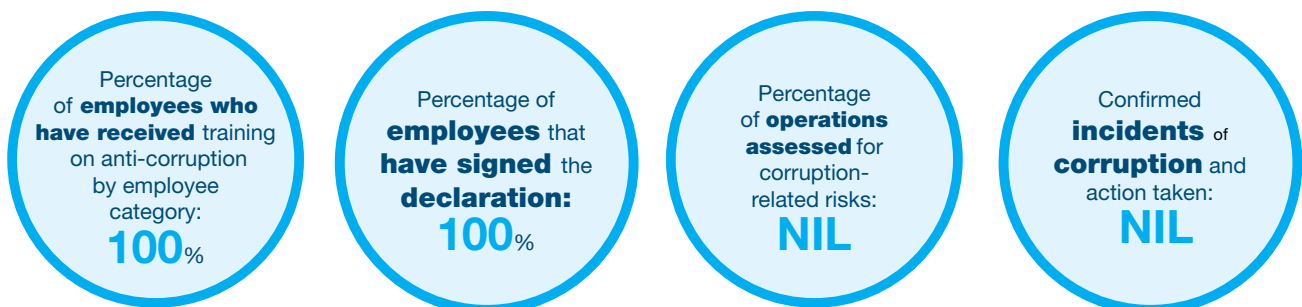
Our approach

Our Anti-Bribery and Corruption Policy which was drafted in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) articulates our zero-tolerance approach to all forms of bribery and corruption. The Whistleblowing Policy has also been put in place since August 2015. Both policies are available on our website.

The policy begins at the top, with the Board of Directors setting a clear moral compass with the development and implementation of policies and practices at the highest level of decision-making. The same is cascaded to all employees. **HeveaBoard** continues to provide awareness training on anti-corruption to our staff and supply chain. All new staff receive training during their induction and subsequently at periodic intervals. The same applies to the Group's Board of Directors and senior management. All employees are also requested to sign a declaration and pledge to comply with all laws and regulations in accordance with the Act. Internal trainings on both the Anti-Bribery and Corruption Policy as well as our whistle-blowing policy was done 26 times in 2023.

We also extended our anti-corruption journey for our supply chain by introducing the Business Partner Compliance Verification Form to all our business partners, including suppliers, vendors, and agents. In it, they affirm their adherence to our no-corruption practice.

Our performance



However, the Group has a plan in place to introduce anti-corruption risk assessments in the future.

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?

Data privacy and security is paramount for **HeveaBoard**, not only to comply with regulations, but also to preserve our reputation and trust, avoid financial losses, gain a competitive advantage, and maintain business continuity in an increasingly interconnected and data-driven business environment.

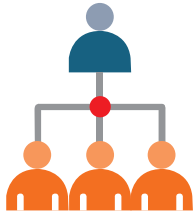
Our approach

We process some quantity of personal and sensitive data in our course of business. We respect privacy rights and are committed to providing privacy-compliant services to our valued customers through responsible data security management. We do not use supplier or customer data for secondary purposes without approval. Sensitive and personal information is handled strictly in accordance with the Personal Data Protection Act 2010.

Our performance

Number of
**substantiated
complaints concerning
breaches of customer
privacy and losses of
customer data:**
NIL

Sustainability Statement (Continued)



E Employee Management

Why is this important?

As a labour-oriented organisation, our workforce is a crucial asset for our business performance. Our employees are the life force that sustains the business, as they are the key element in executing the Company's corporate strategies. We understand that creating a healthy work environment would positively influence the Group's productivity and operational efficiencies.

Our approach

Upskilling and reskilling: Our objective is to foster a skilled, resilient, and agile workforce that can thrive in an ever-changing market landscape, amidst technological advances and emerging trends. In 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels with over 150 trainings provided.

At HeveaBoard, we ensure our employees are compensated fairly and we are in compliance with the Minimum Wage Act. In addition to fair remuneration, all full-time employees receive competitive work benefits that promote health and well-being while appreciating the workforce as part of our ecosystem. Our employee benefits program includes leave entitlement such as annual, medical, maternity and paternity, calamity, compassionate and examination leave. Employees are covered by SOCSO and Personal Accident Insurance. As a company that promotes family values, we extend our employee benefits to the family members, especially on key aspects such as health. Condolence benefits are also given out to our employees who lost their loved ones as an expression of sympathy. On top of that, we also celebrate our employees that get married with gifts as a token of appreciation.

In addition, the Group also rewards employees with various allowances and incentives for having achieved certain set KPIs such as attendance allowance and production output incentives. Employees who attained special skills with certifications are rewarded with skill allowances. Retirement benefits are also provided to employees who have met the criteria set.

We also undertake various employee engagement initiatives to improve camaraderie and address employee concerns. Amongst employee engagements conducted in 2023 are as follows:

1. Blood Donation
2. Programmes with Agensi Anti Dadah Kerajaan
3. Various health screening programmes
4. Company-wide cooperation to clean and paint the compound, building and foreign workers hostel
5. As part of our green initiative and to set an example to the surrounding community on sustainability, our employees planted 2,500 eucalyptus trees in the log yard, compound and open areas within the Group's facilities

Our employee welfare program also includes initiatives that promote convenience within our workforce, such as establishing an in-house clinic and an automated teller machine ("ATM") within the RTA factory's compound.

For a safer and better living environment for our employees, the RTA sector has invested in constructing a new hostel which can accommodate 1,500 workers and is nearing completion. The particleboard sector has also purchased 4 units of double-storey shop lots which are within walking distance to the factory; these units are currently being renovated into a hostel, in accordance with the Employees' Housing, Accommodations, and Amenities Act 446, to accommodate up to 120 workers.

The Group will continue to look into improvements that can be implemented, so that our employees can have a more conducive environment to work and to live in.

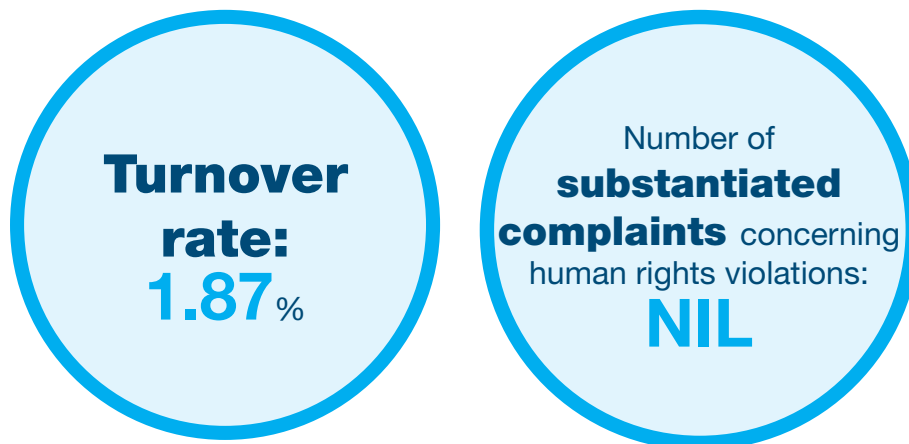
Sustainability Statement
(Continued)

Our performance

Employee training hours by category:

Category	Internal Training Hours	External Training Hours
Soft Skills	59	40
Management Skills	21	19
Technical Skills	20	64
Safety Training	96	72
Total	196	195

Aside from trainings, the Group also clocked in a total of 14 hours of Team Building.



The minimum age of employment at **HeveaBoard** is 18 years old in compliance with international human rights standards.

Some of our employees are members of unions in which a Grievance Procedure is set in place according to the Collective Agreement. The Management of **HeveaBoard** consistently have meetings with the union representatives. Aside from this, we also conduct Employee Perception Survey to gain valuable insights into our employees' satisfaction, engagement, and organizational culture. These insights help identify areas for improvement, enhance employee morale, increase retention rates, and ultimately drive organizational success.

Sustainability Statement (Continued)



Why is this important?

Promoting diversity and inclusiveness among our employees is in line with the Group's values and commitment. We strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age and nationality.

Our approach

Exemplified in our hiring and promotion process, candidates are selected based on their job performance and competency level. We strive to empower all employees regardless of their age, gender, race, or religion.

The right to work is a fundamental human right accessible to all persons, regardless of whether the person is able-bodied or has a disability. The ability to obtain a job allows a person to improve his or her individual economic status. It also facilitates people to improve their self-esteem, participate socially, as well as gain knowledge and skills. In this regard, the Group has taken the initiative to provide employment opportunities for people living with disabilities ("OKU"). Currently, we have two OKU under our employment.

We have also participated in the hiring program of 120 Supervised Persons under the out-of-prison rehabilitation programme. We are committed to mobilizing efforts to help ex-convicts with skill-set training so that they can return and serve society without being discriminated against for their past offences. Once they are fully discharged from prison, we also invite them to return to us for permanent placement.

We continue to actively build on diversity with a focus on gender by taking steps to ensure that women candidates are sought as part of our recruitment exercise. Besides at the working level, we also ensure that women are part of our highest governance levels. Our Group's key senior management positions are led by females such as our Chief Financial Officer and Corporate Services General Manager. The drive to promote women in management extends to the Board level with two women on the Board of Directors. We hope to continue having more women in leadership positions at the Group to empower the future generation of women although it is particularly a challenge to achieve a satisfactory gender balance in all fields of business activity due to the nature of our industry.

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 in a respectful and fair manner with all our employees and providing ample development opportunities without discrimination against gender, marital status, race, nationality, ethnicity, or age.

Sustainability Statement
(Continued)

Our performance

Board Diversity

By Gender

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

By Age Group

Indicator	Number	%
41 - 50	3	33.3
51 - 60	2	22.2
>61	4	44.4
Total	9	100.0

Workforce Profile

Workforce by Gender

Indicator	Number	%
Male	1790	89.1
Female	219	10.9
Total	2009	100.0

Sustainability Statement
(Continued)

Workforce by Age Group

Indicator	Number	%
<20	42	2.1
21 - 30	790	39.3
31 - 40	731	36.4
41 - 50	329	16.4
51 - 60	107	5.3
>61	10	0.5
Total	2009	100.0

Workforce by Nationality

Indicator	Number	%
Malaysian	816	40.6
Foreigner	1193	59.4
Total	2009	100.00

Workforce by Contract Type

Indicator	Number	%
Permanent	1790	89.1
Contract	219	10.9
Employment Agency	116	5.8
Total	2009	100.0

In 2023, the number of discrimination incidents reported and recorded within **HeveaBoard** was nil, indicating that our initiatives and practices are effective in the working environment.

Sustainability Statement (Continued)



Why is this important?

We prioritize the health and safety of our employees at **HeveaBoard**. As a manufacturer, we conduct high-risk and high-skilled work with machineries. Therefore, it is important for us to ensure the safety of our employees. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to increased efficiency and output.

Our approach

To ensure the safety of our employees, we equip them with specific knowledge and safety awareness in operating within our facilities. The Group takes a proactive approach, emphasising management commitment, worker involvement, and risk control for continuous improvement of health and safety performance. On top of this, all workplaces are strictly inspected, evaluated, and equipped with safety equipment to ensure all employees are working in a safe environment. Each department also did training and awareness on safe work practices during daily toolbox talks in the morning before beginning work.

HeveaBoard complies with both the international standards of the Occupational Safety and Health Management System OSHAS ISO 45001:2018, replacing OHSAS 18001, and Malaysia's MS 1722:2011 by providing a safe and healthy workplace for our employees and visitors by identifying and controlling all risk factors and mitigating adverse effects on a person's physical, mental, and cognitive condition.

The Group has in place a Health, Safety & Environment ("HSE") Committee with dedicated officers in charge of health, safety and environment. The HSE Committee is chaired by the General Manager and supported by the Plant Manager and employer and employee representatives from each department. It has identified five scopes under the purview of the HSE Committee, namely Security, Emergency Response Team (ERT) & Landscaping, Fire Safety, Safety & Health Monitoring, Environment and Health Surveillance - Audiometric. The committee convenes twice a year to evaluate and analyse the risks that can affect our employees and manage them responsibly.

In June 2019, the Minister of Human Resource Malaysia introduced the Occupational Safety and Health (Noise Exposure) Regulations 2019. In compliance with the new regulation, the Group had an internal noise risk assessment done in June 2020. **HeveaBoard** had also appointed an external noise risk assessor to conduct initial exposure monitoring. It is from these results that the Group had taken an initiative to identify an additional scope which was established in 2021 under the HSE Committee which is the Health Surveillance – Audiometric.

Under the regulation of Malaysia Occupational Safety and Health (Use and Standard of Exposure Of Chemicals Hazardous to Health) Regulations 2000, **HeveaBoard** is required to monitor industrial chemical exposure. Based on the Chemical Exposure Monitoring, no staff was required to undergo health surveillance as all chemical exposures were within the permissible limit.

In 2023, the Group conducted one fire drill throughout our facilities.

Our performance



The University of Pahang conducted a research at the RTA sector on the subject of 'Noise Risk and Use of Personal Hearing Protector Assessment among our Workers'. We obtained an Appreciation Award for this collaboration.

Sustainability Statement (Continued)



C Customer Health & Safety

Why is this important?

We recognize the paramount importance of prioritizing customer health and safety within the realm of food production. Ensuring the highest standards of food safety is not only a legal and ethical obligation but also a fundamental aspect of maintaining consumer trust and confidence in our products.

Our approach

- Fungi Cultivation is ISO 22000-certified

ISO 22000 is an internationally recognized standard for food safety management systems. The certification validates our commitment to food safety, enhances consumer trust, facilitates market access, strengthens our brand reputation, reduces risks and costs, and promotes sustainability in food production.

- Our Mushrooms are MyOrganic-certified

MyOrganic certification signifies that our mushrooms are produced through organic farming practices in accordance with the MS 1529: 2001. This certification enhances our credibility as a producer of organic products and builds trust among consumers who seek safe and high-quality organic food options.

Our Performance

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement: **NIL**

Total number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services within the reporting period: **NIL**

Number of recalls issued and total units recalled for health and safety reasons: **NIL**

Sustainability Statement (Continued)



E nergy Management

Why is this important?

As a manufacturer, we recognise the Group's day-to-day operations' impacts on the environment. Our commitment to sustainable development has seen the Group strives to minimise its environmental impacts by improving efficiency and reducing unwanted by-products within business operations. We continue to demonstrate commitment to proactively managing the Group's environmental footprint which has been embedded within our corporate culture. **HeveaBoard's** mission is to develop exemplary business practices consistent with sound environmental practices.

Our approach

ISO 50001-certified:

HeveaBoard is an ISO 50001-certified company. This certification demonstrates **HeveaBoard's** commitment to continual improvement in energy management.

Our Performance

Renewable Power Generation:

To enhance the use of more renewable energy in the manufacturing process of our products, the Group has successfully installed rooftop solar PV systems with 1500kWp on the premise of our RTA facilities and 337kWp on the premise of our fungi facility under the Net-Energy Metering ("NEM") program, which is under the purview of Sustainable Energy Development Authority ("SEDA").

In 2023, **HeveaBoard** started generating solar power from its 450kWp solar rooftop car park facility.

In 2024, progress is ongoing with the installation of an additional 863kWp solar PV system on the rooftop of the particleboard factory, bringing our total Group Solar PV generation capacity in a year to be 4,536,000KWh*. This renewable energy generated is sufficient to power 1,100** households in Malaysia and can contribute to a carbon reduction of 3,538*** tonnes per year.

In addition to the reduction of electricity costs, the factories will be relying more on green energy which releases far fewer greenhouse gases than fossil fuels, as well as few or low levels of air pollutants. With this, some of our products will be produced with green energy.

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

** 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, the Group has progressively switched from fluorescent lights to Light-Emitting Diodes ("LED") in all of our factories, showrooms, and surrounding street lights. LEDs, which are renowned for their energy-efficient features, will help the Group save on electricity significantly and improve energy efficiency.

- Motion Sensors:

We have installed motion sensors at 2 sanitizing chambers and 2 car park lights on the premises, as well as LED lights with light sensors around the facilities of **HeveaBoard**, to reduce electricity wastage. The lights will only switch on when needed.

Sustainability Statement (Continued)

In 2023, we installed 17 additional motion sensors around our RTA facilities. We are gradually upgrading our facilities by installing motion sensors wherever we can.

- Automation:

With regards to the RTA sector, the Group had capitalised on automation with a new auto edging line, hardware counting automation line, and automatic printing line. In 2022, 3 diesel-powered handling equipment units were replaced with electrically powered units, paving our way forward to having more zero-emission handling equipment in the production lines.

- Efficient use of energy through better production and process plannings

2023 saw a 30% reduction in production output as compared to 2022 due to challenging market conditions. 2023 also saw a hefty uplift in electricity cost due to Imbalance Cost Pass Through (“ICPT”) increase. Faced with such challenges, the particleboard sector managed to revamp its production planning and processes, and managed to save almost RM1.0m in electricity cost, and also managed to reduce 1.35 kWh/m³ on the particleboard produced. In the process of doing so, the carbon footprint of each m³ of particleboard produced also went down by 1.03kgCO₂e.



Water & Effluent Management

Why is this important?

Water is one of the most critical resources for any industry or manufacturing process. With good water management, we can ensure safe and reliable production, optimised water and energy consumption while reducing our environmental impact and guarantee the continuity of industrial production.

Effluent describes the wastewater that flows from industrial outfall. The treatment of effluent is vital before it is discharged into oceans, rivers and streams to prevent damage to the environment, animals and to human health.

Our approach

- Usage of Absorption Chillers:

HeveaBoard has adopted an efficient water consumption strategy. Through the usage of absorption chillers in the particle board plant, waste heat is recovered to produce chilled water at 6°C to 7°C to be used in the production process. The use of water as refrigerant is also kinder to the environment. The particleboard sector is finalizing on the installation of additional absorption chillers to cover even wider areas of cooling needs in the factory.

- Rainwater Harvesting:

At the RTA sector, HeveaPac has installed 45 water tanks with the capacity to collect rainwater of up to 70,888 litres. We are re-using this harvested water for general cleaning and washing, especially for toilets and other equipment. The Group plans to link the water tanks to our toilet flushing system of the entire factory to maximise the usage of rainwater.

- UnderGround water usage

The water table at the particleboard factory is high and has certain water seepage issues at low level areas in the factory. To solve this issue, an underground well was bored and the water can be used for cleaning activities. This move had minimized the water seepage issue, and at the same time, provided us with additional water sources. The use of underground water will save on the use of more expensive treated water as 80 litres per hour of underground can be harnessed for general cleaning uses.

Sustainability Statement (Continued)

Our performance

Usage of Absorption Chillers: Through this initiative, we managed to save approximately 459,365kWh in electricity consumption which is equivalent to 356 tonnes CO₂e*** reduction.

Rainwater Harvesting: We utilised 607,480 litres of rainwater in 2023.

Estimated total underground water volume that can be extracted for one year: 576,000 litres

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



Why is this important?

We prioritise proper waste management to reduce our environmental impact on the surrounding communities. We generate different types of waste, including hazardous waste categorised as scheduled waste, as well as non-hazardous such as domestic waste and recyclable waste. Improper waste management can have far-reaching consequences, including detrimental effects on air and water quality, soil contamination, and heightened risks of hazardous material exposure for both our employees and the surrounding communities in the areas where we operate. Recognising the severity of these potential impacts, it is imperative that we implement proactive measures to ensure responsible waste management practices across all our operations.

Our approach

- ISO 14001-certified :

HeveaBoard has built and operates an environmental management system (EMS) in accordance with international standards. The Group has been an ISO 14001-certified environmentally responsible company since 2011.

- Certified Scheduled Waste Competent Person:

HeveaBoard generates a broad range of wastes and effluents due to the nature of our operations. All businesses and facilities comply with the Group-wide policy on waste and effluent management, with hazardous and scheduled waste specifically tracked and managed. In that regard, the Group has employed a Certified Scheduled Waste Competent Person to manage all wastes generated from our factories while staying compliant with the Department of Environment's regulations.

- Recovery of rubber tree bark:

Another similar effort of the Group is the recovery of rubber tree bark for use in the fungi cultivation sector as substrate. This has reduced the amount of waste from the particleboard sector while simultaneously eliminating the need to dispose of the residue.

- Incorporation of hollow core products:

On a similar note, furniture manufacturing processes can generate high levels of off cuts waste. In order to reduce, reuse and recycle, we have incorporated hollow core products into our designs to enable us to use our off-cut materials that would have otherwise been discarded. The RTA sector plans to widen the range of this type of product to reduce waste.

Sustainability Statement (Continued)

- Incorporation of Click Technology:

HeveaPac is the pioneer in producing toolless furniture products known as Click Technology, replacing metal hardware such as screws, nails, and wooden dowels with only flexible recycled plastic inserts. Such products have lower carbon footprint as the panel component joints are much stronger. Hence, thinner panels can be used, using lesser materials and lowering transportation weight. These toolless furniture products can also be disassembled and assembled any number of times, reducing the need to scrap old furniture while moving houses.

- Photo rendering software:

In our efforts to reduce waste in our operations, the Group introduced photo rendering software in 2021 for product photo illustrations. The software is to allow the Group to reduce waste as we no longer need to provide physical samples for photo shooting purposes.

- Spent substrate sold to make fertilizer:

Another noteworthy initiative that the Group has taken is through our fungi cultivation sector where HeveaGro's spent mushroom substrate, a waste raw material high in organic matter, is sold to fertilizer producers to be converted into organic fertilizers to be used in agriculture.

- Setup of early detection system on working fluid leak of handling equipment

Handling equipment such as forklifts have various working fluids in them, particularly hydraulic fluid and engine lubricant. These fluids are prone to leakage due to the normal wear and tear of the equipment. Detection is normally difficult and not until a major leak has happened. Such a scenario will not only bring harm to the environment, but additional fossil-based working fluids will have to be replenished, causing double whammy impacts to the environment. **HeveaBoard** has established an in-house early leak detection test, where our forklifts are subject to quick load cycle test to detect any early sign of leak on a daily basis. The smallest possible leak can now be detected early, and immediately repaired so as to prevent any major form of leaks which can be harmful to the environment.

Our performance

Total waste generated:

(i) Total waste diverted from disposal/prevention of fluid leak:

- ISO 14001-certified: Recovered 2,280 m² of used sand paper as friction pads to prevent bundles movement inside the containers during shipment.
- Recovery of rubber tree bark: On average, the fungi cultivation sector uses 5 tonnes of rubber tree bark waste per day.
- Incorporation of Click Technology: On average, we saved about 100g weight per RTA set by using Click technology as compared to the same that using traditional method. In 2023, we sold 460,818 sets of Click products, which translates into 46,081kg of weight savings. This also helps reduce fuel consumption. According to the U.S. Environmental Protection Agency (EPA), for every 100 pounds (approximately 45kg) taken out of the vehicle, the fuel economy is increased by 1-2 percent.
- Spent mushroom substrate has produced zero wastage as all of them are being sold and recycled.
- Early detection of hydraulic fluid leak, approximately 108 litres of hydraulic fluid can be saved a year.

(ii) Total scheduled waste disposed: 43,890kg

Sustainability Statement (Continued)



Why is this important?

The Group acknowledges that our GHG emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

Our approach

- ISO 14067 certified - Product Carbon Footprint License:

HeveaBoard is one of the first Malaysian companies in the wood panel industry to receive the Product Carbon Footprint License which is according to ISO 14067. The certification was issued by SIRIM QAS Malaysia, which serves to provide an accurate carbon footprint of the Company's Greenhouse Gas Inventory to ensure that it aligns with leading reporting standards. The objectives of Carbon Footprint Certification are to create transparency, identify the main sources of emission, and create innovations in reducing energy and raw materials consumption.

HeveaBoard has built and operates an environmental management system (EMS) in accordance with international standards.

- State-of-the-art pollution control system:

The RTA sector had in March 2022 installed a state-of-the-art pollution control system by utilizing a filter bag system, replacing the out-dated cyclone separation system. This new system will ensure a cleaner emission from our factories while enabling lower power consumption.

Regular isokinetic stack emission monitoring is done to ensure that our stack emission is conforming to the standard set.

Our performance

Although the Group has implemented systems aimed at mitigating emissions, the corresponding data is currently unavailable. Nonetheless, we are committed to including comprehensive reporting on emissions in future reports.

Sustainability Statement (Continued)



Why is this important?

HeveaBoard recognises that natural resources are finite, and hence, we place great importance on resource conservation.

Our approach

- Use of alternative materials:

One of our most significant initiatives to conserve the environment is our increased use of alternative materials such as rubber tree stumps as raw material for particleboard production. Rubber tree stumps are generally irrecoverable for use and are normally burnt during replanting causing undue air pollution. However, **HeveaBoard** has invested in cutting-edge technology and has perfected the ways to recover and re-use rubber tree stumps in the production of our particleboard over the years. For 2023, we have commissioned a stump shredder to enable us to utilise a much higher amount of rubber tree stumps with more consistent quality control and cleaning efficiency. We are confident that with this technology, we will be able to achieve our target to prevent 60,000 tonnes of CO₂ from being emitted into the atmosphere during full production run.

- Use of recyclable packaging materials:

Since 2021, the RTA sector had also initiated its efforts to convert polyfoam to the recyclable type of materials in our packaging. Such alternatives include a honeycomb board and layer pad. Sustainable packaging is important because it reduces the ecological footprint of all the stages in the product's life cycle.

- Research & Development:

Impending health challenges in the formulations of particleboards and the binders used are of great concern. As such, **HeveaBoard** has invested in conducting research and development efforts to use green adhesives to reduce the health threat related to utilising formaldehyde-based resins. We have continued our focus on manufacturing premier-grade products that are eco-friendly with low formaldehyde emissions. This is an effort to reduce indoor air pollution as formaldehyde has been classified as a potentially dangerous carcinogen and an important environmental pollutant by the World Health Organisation and the United States Environmental Protection Agency. For 2024, the particleboard sector is upgrading its research and development lab to a more modern and better equipped one, so that we can intensify the development of green products and further process improvements.

Our performance

About 4,000 ton of rubber tree stumps were used in 2023, translating to about 6,600 ton of CO₂^{****} being prevented from emitting into the atmosphere.

***** Burning 1 kg of wood will release 1.65 kg to 1.8 kg of CO₂ (source: <https://paperonweb.com>)*

CONCLUSION

Driving strong sustainability is crucial for a business to survive and thrive in this day and age as sustainability assures that continual value creation occurs which ultimately benefits the bigger value chain as well as all the relevant stakeholders involved. At **HeveaBoard Berhad**, we constantly take the initiative to expand upon our sustainability highlights and achievements. We believe we can always do more to embed and strengthen meaningful ESG development in our businesses and operations.

We are incredibly proud of the hard work and dedication of our employees for enabling us to make progress on our sustainability journey consistently. Moving forward, we will continue to enhance our corporate governance and sustainability management practices in response to the latest developments in regulatory requirements and growing public expectations.

Statement of Assurance

This Sustainability Statement has not been subjected to an assurance process. **HeveaBoard Berhad** is however making sure that its claims and representations are as accurate as possible by making references to reliable sources available. **HeveaBoard Berhad** is working towards assurances to be undertaken for the following financial year end.

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	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
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Workforce Under 20	Percentage	2.10
Workforce Between 21-30	Percentage	39.30
Workforce Between 31-40	Percentage	36.40
Workforce Between 41-50	Percentage	16.40
Workforce Between 51-60	Percentage	5.30
Workforce Above 61	Percentage	0.50
Gender Group by Employee Category		
Workforce Male	Percentage	89.10
Workforce Female	Percentage	10.90
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	77.80
Female	Percentage	22.20
Between 41-50	Percentage	33.30
Between 51-60	Percentage	22.20
Above 61	Percentage	44.40
Number of Board Directors	Number	9
Number of independent Directors on the board	Number	4
Number of women on the board	Number	2
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	No Data Provided
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	No Data Provided
Bursa C5(c) Number of employees trained on health and safety standards	Number	333
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
All	Hours	391
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	16.70
Bursa C6(c) Total number of employee turnover by employee category		
All	Number	38
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	89.70
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megallitres	No Data Provided
Bursa (Waste management)		
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	43.89

Internal assurance External assurance No assurance

(*) Restated

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

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

AUDIT COMMITTEE

Chin Pik Yuen
(Appointed on 15 May 2023)
Chairman
Yoong Yan Pin
Thye Heng Ong @ Teh Heng Ong

NOMINATION COMMITTEE

Yoong Yan Pin
Chairman
Thye Heng Ong @ Teh Heng Ong
(Appointed on 15 May 2023)
Bailey Policarpio

REMUNERATION COMMITTEE

Sundra Moorthi A/L V.M. Krishnasamy
Chairman
Thye Heng Ong @ Teh Heng Ong
(Appointed on 15 May 2023)
Bailey Policarpio

INTEGRITY COMMITTEE

Yoong Hau Chun
Chairman
Sundra Moorthi A/L V.M. Krishnasamy
Yoong Li Yen
Chin Pik Yuen
(Appointed on 15 May 2023)
Elaine Hew

TENDER BOARD COMMITTEE

Thye Heng Ong @ Teh Heng Ong
Chairman
Chin Pik Yuen
(Appointed on 15 May 2023)
Loo Chin Meng

COMPANY SECRETARY

Wong Youn Kim
SSM Practising Certificate No. 201908000410
(MAICSA 7018778)
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

PRINCIPAL BANKERS

AmBank (M) Berhad
[Registration No. 196901000166 (8515-D)]
CIMB Bank Berhad
[Registration No. 197201001799 (13491-P)]
Citibank Berhad
[Registration No. 199401011410 (297089-M)]
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

Aged 80

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 the 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 was 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 has no 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

Aged 48

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 in 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

Aged 47

Malaysian

Female

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

Aged 53

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 and Remuneration 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

Aged 88

Malaysian

Male

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

Aged 73

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 Tender Board Committee, a member of the Audit Committee, Nomination Committee and Remuneration 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

Aged 59

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 Integrity Committee and Tender Board 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

Aged 46

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.

He is the son of Dato' Loo Swee Chew who is a substantial shareholder 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 family relationship with Dato' Loo Swee Chew who is a substantial shareholder of 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
(TENSION YOONG)**

Alternate Director to Yoong Hau Chun

Aged 77

Malaysian

Male

MR TENSION 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.

Profile of Directors
(Continued)

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 2023:

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.

Aged 64

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

Aged 65

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

- Over 30 years of 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

Aged 46

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.

Aged 48

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

Aged 48

Malaysian

Male

Date of appointment to present position:

1 February 2024

Qualification

- Electronic Engineering Diploma – UTM

Working experience

- 27 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.

Aged 35

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 taking into account 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
 - Communication 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 2023 (“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 announcement is 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 2023 (between 1/1/2023 and 31/12/2023)				
	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	–	–	–	–
Ms Yoong Li Yen	5/5	–	–	–	–
Mr Lim Kah Poon	2/2 *	2/2 *	–	–	–
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	–
Ms Chin Pik Yuen	5/5	3/5 **	–	–	–
Mr Loo Chin Meng	5/5	–	–	–	–

* Mr Lim Kah Poon resigned as Independent Non-Executive Director, Chairman of AC, member of NC, RC and Integrity Committee on 15 May 2023.

** Ms Chin Pik Yuen was appointed as AC Chairman on 15 May 2023.

*** Mr Thye Heng Ong @ Teh Heng Ong was appointed as NC and RC member on 15 May 2023.

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 1/1/2024 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.

The Board had reviewed the Group and the Company’s 2023 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.

Corporate Governance Overview Statement (Continued)

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

1. Board Responsibilities (Continued)

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 **HeveaBoard'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, assessing the performance and effectiveness of the Board and its Committees and individual Director. An Independent Non-Executive Director chairs the Nomination Committee and comprises exclusively of Non-Executive Directors with a majority of Independent Directors to ensure the recruitment and evaluation of Board performance are done objectively. 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 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, 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.

Following the resignation of Mr Lim Kah Poon as an Independent Non-Executive Director, the Nomination Committee reviewed the composition of the Board Committees and discussed with the Board of the suitable Board members to fill up the vacancy of Audit Committee Chairman and member of other Board Committees.

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 22 November 2023, 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 and Remuneration 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.

Corporate Governance Overview Statement
(Continued)

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

2. Board Composition (Continued)

Activities of the Nomination Committee (Continued)

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 Sundra Moorthi A/L V.M. Krishnasamy, Ms Yoong Li Yen and Mr Yoong Yan Pin shall retire and stand for re-election at the forthcoming AGM.

The recommendation to the shareholders for re-election of the retiring Directors at Annual General Meeting 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 self-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.

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	▪ Risk Management Workshop
Mr Yoong Hau Chun	▪ Risk Management Workshop
Ms Yoong Li Yen	▪ Risk Management Workshop
Mr Bailey Policarpio	▪ Risk Management Workshop
Mr Yoong Yan Pin	▪ Risk Management Workshop

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)

Director	Event/Session/Training Programme Attended
Mr Thye Heng Ong @ Teh Heng Ong	<ul style="list-style-type: none"> ▪ Risk Management Workshop ▪ Audit Oversight Board (AOB) Alert to Audit Committee
Ms Chin Pik Yuen	<ul style="list-style-type: none"> ▪ Risk Management Workshop ▪ Audit Committee Conference 2023 ▪ Management of Cyber Risk ▪ Amendments to Listing Requirements - Enhanced Conflict of Interest Framework
Mr Loo Chin Meng	<ul style="list-style-type: none"> ▪ Risk Management Workshop

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, but without paying more than is necessary 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.

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 remuneration packages for 2024 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 2024 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.

Corporate Governance Overview Statement
(Continued)

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

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

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 2023 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)	113	nil	113
2.	Lim Kah Poon (Independent Non-Executive Director) (Resigned on 15 May 2023)	64	42	106
3.	Bailey Policarpio (Non-Independent Non-Executive Director)	85	nil	85
4.	Mr Yoong Yan Pin (Independent Non-Executive Director)	85	nil	85
5.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	85	nil	85
6.	Ms Chin Pik Yuen (Independent Non-Executive Director)	93	nil	93
7.	Mr Loo Chin Meng (Non-Independent Non-Executive Director)	92	nil	92

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	48	187	100	16	nil	1,552
2.	Yoong Li Yen (Executive Director)	1,046	42	175	87	nil	78	1,428

Corporate Governance Overview Statement
(Continued)

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

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

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)	113	nil	113
2.	Lim Kah Poon (Independent Non-Executive Director) (Resigned on 15 May 2023)	64	42	106
3.	Bailey Policarpio (Non-Independent Non-Executive Director)	85	nil	85
4.	Mr Yoong Yan Pin (Independent Non-Executive Director)	85	nil	85
5.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	85	nil	85
6.	Ms Chin Pik Yuen (Independent Non-Executive Director)	93	nil	93
7.	Mr Loo Chin Meng (Non-Independent Non-Executive Director)	92	nil	92

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	48	187	100	16	nil	1,552
2.	Yoong Li Yen (Executive Director)	1,046	42	175	87	nil	78	1,428

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 Human Resource will regularly review and benchmark employees' compensation to ensure that the remuneration packages are competitive and adequate for employees.

Corporate Governance Overview Statement (Continued)

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.

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.

Corporate Governance Overview Statement (Continued)

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

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.

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.

Corporate Governance Overview Statement
(Continued)

PRINCIPLE C (CONTINUED)
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

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 22 June 2023 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 2 April 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of **HeveaBoard Berhad** (“the Group”) is pleased to present its Statement on Risk Management and Internal Control for the Financial Year Ended 31 December 2023. The disclosure in this statement is presented pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

ROLES AND RESPONSIBILITY

(A) Board of Directors

The Board recognises the importance of maintaining 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 which 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 risk management and internal control systems 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 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' preferences, 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 manage the risks effectively. 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 process 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 principal risks and challenges faced by the Group presently and its mitigation plans are summarised as follows:

Key Risk Focus	Key Mitigation Plan
Sustainability of Business	<ol style="list-style-type: none"> I. Research and Development initiative on new products and market intelligence. Innovative product design, excellent customer services and strong manufacturing capabilities differentiate us in the marketplace; II. Continuous efforts will be deployed to improve product quality, offer innovative product designs and timely delivery, maintain close rapport with customers and offer competitive pricing without jeopardising the Group's bottom line. III. Take proactive action to maintain good relationships with local and global customers. To work closely with customers to take advantage of developing trends within existing markets and explore growth opportunities in new markets with supportive demographics close; and IV. Strive to build long-term sustainable relationships with the customers.

Statement on Risk Management and Internal Control (Continued)

RISK MANAGEMENT (CONTINUED)

The principal risks and challenges faced by the Group presently and its mitigation plans are summarised as follows:
(Continued)

Key Risk Focus	Key Mitigation Plan
Impact of Forex Fluctuation - Changes in the value of the US Dollar compared to the currencies of the countries from which we operate	<ol style="list-style-type: none"> I. The Group diligently monitors the volatility/movement of the foreign exchange rate and adopts the approved hedging policy as the need arises. II. A costing mechanism is also in place to monitor currency fluctuation in order to safeguard the Group's profitability. III. Consider including a tolerance limit on currency fluctuation when quoting or pricing to customers; IV. Forward production planning to enable forecast purchases to be made in advance when prices and exchange rates are favourable; and V. Keep abreast of world market developments that influence the forex market.
Volatile Supply in Raw Materials and Fluctuation in Prices and Cost of Production	<ol style="list-style-type: none"> I. Negotiate and make arrangements with suppliers to ensure the availability of critical raw materials at reasonable prices; II. Increase raw materials and finished goods inventory to buffer for supply or shipment interruptions; III. Negotiate with customers for price adjustments and/or value engineering to mitigate rising costs of materials and productions; and IV. Co-ordinate with customers on production and delivery schedules to manage orders and backlogs, shortage of containers and other logistic disruptions.
Increase in Electricity Cost	<ol style="list-style-type: none"> I. Install rooftop solar PV systems on the premises of RTA facilities, fungi facility, and the rooftop of the carpark for the particleboard sector; II. To take proactive action to upgrade the efficiency of machines and equipment to eliminate wastage of electricity and fuel utilisation; III. Increase overall productivity via automation in order to achieve efficiency to offset the electricity cost; and IV. Better management and planning to achieve optimum production capacity in all sectors and more efficient electricity consumption.

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 products;
- vii. Japanese Industrial Standard (JIS) Mark Certification A5908:2015
- viii. CARB (California Air Resources Board) Certification on compliance with applicable emission standards; 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 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 the implementation of the adequate procedures in regard to the Bribery and Corruption Risk assessment of the Group. Under this exercise, the Board assessed the anti-corruption programme's performance, efficiency and effectiveness and ensured the programme was enforced.

THE REVIEW MECHANISM

There are two levels of review of systems of risk management 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 critical activities of the Group based on the annual audit plan approved by the Audit Committee. It carries out the 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 covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with senior management and the Board on the 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 achievement of its objective and performance.

To the best of their knowledge, the Board has received assurance from the Group Managing Director and Chief Financial Officer 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 from 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 is effective in enabling the Group to achieve its business objectives and there were no material losses resulting 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. They are reviewed periodically with the Senior Management's assistance 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 for information and clarification from the service providers as well as 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. Details of the report of the AC are disclosed in the Annual Report under the section of Audit Committee and the terms of reference of the AC is made available for reference on the Company's corporate website at www.heaveaboard.com.my.

d. Whistleblowing Policy

The Board has formalised a whistle-blowing policy as it is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs ethically, responsibly and transparently.

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 occurred and evidence, if possible.

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.

Statement on Risk Management and Internal Control (Continued)

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial period ended 31 December 2023. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide (“AAPG” 3) (Revised): 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.

AAPG 3 (Revised) does not require External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the External Auditor has reported to the Board that nothing has come to the attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

CONCLUSION

For the financial period ended 31 December 2023 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 **2 April 2024**.

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 2023, 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 2023.

2. LIST OF PROPERTIES

The properties held by the Group and the Company during the financial year ended 31 December 2023 are stated on page 146 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 2023 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 2023.

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2023.

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
(Appointed on 15 May 2023)
2. Mr Yoong Yan Pin – Member
Independent Non-Executive Director
3. Mr Thye Heng Ong @ Teh Heng Ong - Member
Independent Non-Executive Director

During the financial year ended 31 December 2023, Mr Lim Kah Poon resigned as Audit Committee Chairman following his resignation as Independent Non-Executive Director of the Company on 15 May 2023.

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 details 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 shall 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 have a significant impact on evaluating 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 2023, the Audit Committee held five (5) Audit Committee meetings, and two (2) Audit Committee meetings were held during the period from 1 January 2024 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 2023	1/1/2024 and up to the date of approving this report
Ms Chin Pik Yuen (Chairman) <i>(Appointed on 15 May 2023)</i>	3/5*	2/2
Mr Lim Kah Poon (Chairman) <i>(Resigned on 15 May 2023)</i>	2/2	–
Mr Yoong Yan Pin (Member)	5/5	2/2
Mr Thye Heng Ong @ Teh Heng Ong (Member)	5/5	2/2

* Ms Chin Pik Yuen was appointed as an Audit Committee Chairman on 15 May 2023. Before the said appointment, Ms Chin attended the Audit Committee Meetings held on 23 February 2023 and 24 March 2023 by invitation.

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 discussion with the External 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 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 2023 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 the Audit Committee's report, which consisted of recommendations and significant concerns, to the Board at the subsequent Board meeting.

During the financial year ended 31 December 2023 and during the period from 1 January 2024 to the date of approving this Report, the agendas of the Audit Committee meetings included the following:

- 1) To review and recommend the unaudited quarterly financial results for the Board's approval;
- 2) To review the Internal Audit Plan, Internal Audit Reports and annual update of Enterprise Risk Management Report;
- 3) To meet up with the Internal Auditors without the presence of Executive Members;
- 4) To review Audit Plan and Audit Committee Memorandum of the External Auditors;
- 5) To meet up with the External Auditors without the presence of Executive Members;
- 6) To review and recommend the draft Audited Financial Statements for the Board approval;
- 7) To review the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report;
- 8) To consider the Audit and Non-Audit fees;
- 9) To consider the re-appointment of External Auditors of the Company;
- 10) To review recurrent related party transaction and any related party transaction;
- 11) To review the conflict of interest and potential conflict of interest situation;
- 12) To confirm the Minutes of the Audit Committee meetings; and
- 13) To 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 2023, and during the period from 1 January 2024 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 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 2023 were reviewed at the four (4) Audit Committee quarterly meetings held on 19 May 2023, 25 August 2023, 22 November 2023 and 29 February 2024.

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.

Audit Committee Report
(Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2023, and during the period from 1 January 2024 to the date of approving this Report comprised the following: (Continued)

1. Financial Reporting (Continued)

b. Annual Audited Financial Statements

▪ Audit Plan 2023

On 22 November 2023, 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 2023. 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.

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 29 February 2024, subsequent to the financial year ended 31 December 2023.

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 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 2023, and during the period from 1 January 2024 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 2 April 2024, a specific meeting was held to review the draft Audited Financial Statements for the financial year ended 31 December 2023.

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 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 2023, 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)

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 2023 are set out below:

	Group RM	Company RM
Audit Fees		
(i) Statutory Audit Fees	195,000	87,000
(ii) Review of Other Information	8,000	8,000
Total Audit Fees	203,000	95,000
Non-Audit Fees		
(i) Review of Internal Control	7,000	7,000
Total Non-Audit Fees	7,000	7,000

On 2 April 2024, 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 2023.

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)

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 2023 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)

3. Internal Audit (Continued)

Internal Audit Report (Continued)

The following Internal Audit Reports were tabled to the Audit Committee for its review:

Date of AC Meeting	Internal Audit ("IA") Reports reviewed
23 February 2023	Health, Safety and Environment of HeveaPac Sdn. Bhd. ("HeveaPac").
19 May 2023	Production and Quality Control of HeveaGro Sdn. Bhd. ("HeveaGro").
25 August 2023	Annual Update of Enterprise Risk Management.
22 November 2023	Follow Up Internal Audit Report: <ul style="list-style-type: none"> • Health, Safety and Environment of HeveaPac; and • Production and Quality Control of HeveaGro
29 February 2024	<ul style="list-style-type: none"> i. Inventory and logistics Management of HeveaPac. ii. Follow Up Audit Report: <ul style="list-style-type: none"> • Health, Safety and Environment of HeveaPac; and • Production and Quality Control of HeveaGro

During the financial year under review, the Audit Committee held a private discussion with the Internal Auditors to discuss and address the differences between Management and the Internal Auditors on the audit findings relating to Production and Quality Control.

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 2023 for inclusion in the 2023 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

At each quarterly meeting, the Audit Committee reviews any related party transaction ("RPT") and conflict of interest or potential conflict of interest ("COI") situation that may arise within the Group and the Company including any transaction, procedure or course of conduct that raises questions of management integrity.

At the request of the Audit Committee, the Company has 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.

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 related party transactions and possible conflict of interest situations
- b. Assess and address the reasonableness of the conflict of interest situations or the related party transactions to ensure that interested parties do not abuse their powers to gain unfair advantage.

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

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

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

The key considerations taken by the Audit Committee in reviewing the RPT and/or 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 (including recurrent related party transactions) and COI situations that may arise within the Group and the Company.

During the financial year, at each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions of revenue or trading in nature which include the rental payment for renting of lands from the Company's substantial shareholder. An announcement on the transactions was not required to be made to Bursa Malaysia Securities Berhad as the value of the transactions did not exceed the threshold as stipulated by the Listing Requirements.

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 2023, 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.

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

Audit Committee Report
(Continued)

INTERNAL AUDIT FUNCTION (CONTINUED)

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 2023 included 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 2023 was approximately RM72,000.

This report is made in accordance with the Board of Directors' approval on 2 April 2024.



FINANCIAL STATEMENTS

79	Directors' Report
85	Statements of Financial Position
86	Statements of Comprehensive Income
87	Statements of Changes in Equity
89	Statements of Cash Flows
92	Notes to the Financial Statements
141	Statement by Directors
141	Statutory Declaration
142	Independent Auditors' Report

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 2023.

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)/Profit for the financial year, net of tax	(3,758)	1,120
<hr/>		
Attributable to:		
Owners of the Company	(3,758)	1,120
Non-controlling interests	–	–
	(3,758)	1,120
<hr/>		

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)

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 1.20 sen per ordinary share in respect of the financial year ended 31 December 2022, paid on 20 July 2023	6,790

At the forthcoming Annual General Meeting, a single tier final dividend of 1.00 sen (2022: 1.20 sen) per ordinary share of, approximately RM5.68 million (2022: RM6.79 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 2023, will be proposed for the shareholders' approval.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

**Directors' Report
(Continued)****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 RM203,000 and RM94,750 respectively.

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

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

As at 31 December 2023, 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' Report (Continued)

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*

Lim Kah Poon

(Resigned on 15 May 2023)

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

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 2023	Number of ordinary shares		At 31 December 2023
		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)	165,600	633,800	(365,900)	433,500
Loo Chin Meng	370,000	–	–	370,000
Yoong Yan Pin	250,000	–	–	250,000
Sundra Moorthi A/L V. M. Krishnasamy	7,998,300	1,001,700	–	9,000,000
Thye Heng Ong @ Teh Heng Ong	200,000	–	–	200,000

Directors' Report
(Continued)

DIRECTORS' INTERESTS (CONTINUED)

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: (Continued)

Interests in the Company (Continued)

		At 1 January 2023	Number of ordinary shares		At 31 December 2023
			Bought	Sold	
Indirect interests					
Yoong Hau Chun	(1)	185,039,791	1,173,800	(365,900)	185,847,691
Bailey Policarpio	(2)	1,672,532	–	–	1,672,532
Yoong Li Yen	(3)	183,544,441	1,173,800	(365,900)	184,352,341
Yoong Tein Seng @ Yong Kian Seng (Alternate director to Yoong Hau Chun)	(4)	195,830,837	540,000	–	196,370,837
Loo Chin Meng	(5)	4,292,000	–	–	4,292,000

(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.

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' Report
(Continued)

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 Group and of the Company were as follows:

	Group RM'000	Company RM'000
Directors		
- salaries, fees, allowances and bonus	5,618	3,484
- defined contribution plan	1,063	552
- other benefits	16	16
	6,697	4,052

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 RM13,260 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.

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: 2 April 2024

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	238,409	228,123	104,807	100,331
Investment in subsidiaries	6	–	–	58,759	62,459
Investment in associates	7	925	461	490	–
Goodwill on consolidation	8	2,946	2,946	–	–
Deferred tax assets	9	1,277	1,277	1,277	1,277
Total non-current assets		243,557	232,807	165,333	164,067
Current assets					
Inventories	10	92,846	104,197	46,978	46,762
Biological asset	11	743	709	–	–
Trade and other receivables	12	34,354	38,478	25,159	21,088
Prepayments		3,704	9,478	509	6,307
Tax recoverable		4,767	2,046	89	40
Other investments	13	3,119	2,632	2,209	1,721
Cash and short-term deposits	14	118,181	118,440	48,904	53,950
Total current assets		257,714	275,980	123,848	129,868
TOTAL ASSETS		501,271	508,787	289,181	293,935
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	256,655	267,203	96,332	102,002
TOTAL EQUITY		415,256	425,804	254,933	260,603
Non-current liabilities					
Loans and borrowings	18	14,518	6,088	1,027	170
Deferred tax liabilities	9	6,060	6,060	–	–
Total non-current liabilities		20,578	12,148	1,027	170
Current liabilities					
Trade and other payables	19	61,141	67,723	32,896	32,962
Loans and borrowings	18	4,296	3,112	325	200
Total current liabilities		65,437	70,835	33,221	33,162
TOTAL LIABILITIES		86,015	82,983	34,248	33,332
TOTAL EQUITY AND LIABILITIES		501,271	508,787	289,181	293,935

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	20	296,441	412,650	139,389	198,677
Cost of sales		(283,040)	(382,763)	(127,056)	(187,003)
Gross profit		13,401	29,887	12,333	11,674
Other income		7,490	17,340	7,757	4,443
Distribution expenses		(2,245)	(2,444)	(1,326)	(1,385)
Administrative expenses		(23,065)	(26,691)	(12,713)	(12,370)
Net impairment loss on financial assets		(43)	–	(43)	–
Other expenses		(1,198)	(1,140)	(4,499)	(582)
Operating (loss)/profit		(5,660)	16,952	1,509	1,780
Finance costs	21	(527)	(411)	(33)	(36)
Share of result of associate, net of tax		56	20	–	–
(Loss)/Profit before tax	22	(6,131)	16,561	1,476	1,744
Income tax expense	24	2,373	(7,228)	(356)	(3,074)
(Loss)/Profit for the financial year		(3,758)	9,333	1,120	(1,330)
Other comprehensive income		–	–	–	–
Total comprehensive (loss)/income for the financial year		(3,758)	9,333	1,120	(1,330)
(Loss)/Profit attributable to:					
Owners of the Company		(3,758)	9,333	1,120	(1,330)
Non-controlling interests		–	–	–	–
		(3,758)	9,333	1,120	(1,330)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(3,758)	9,333	1,120	(1,330)
Non-controlling interests		–	–	–	–
		(3,758)	9,333	1,120	(1,330)
(Loss)/Earnings per share attributable to owners of the Company (sen)					
- Basic earnings per share	25(a)	(0.66)	1.64		
- Diluted earnings per share	25(a)	(0.66)	1.64		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2023

	Note	Share Capital RM'000	Attributable to owners of the Company Treasury Shares RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Group						
At 1 January 2022		160,215	(1,614)	–	263,529	422,130
Total comprehensive income for the financial year		–	–	–	9,333	9,333
Transactions with owners:						
Shares repurchased	16	–	*	–	–	–
Dividends paid on shares	26	–	–	–	(5,659)	(5,659)
Total transaction with owners		–	–	–	(5,659)	(5,659)
At 31 December 2022		160,215	(1,614)	–	267,203	425,804
Total comprehensive loss for the financial year		–	–	–	(3,758)	(3,758)
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)	–	256,655	415,256

* Represent amount less than RM1,000.

Statements of Changes in Equity
for the Financial Year Ended 31 December 2023
(Continued)

	Note	Share Capital RM'000	Attributable to owners of the Company Treasury Shares RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Company						
At 1 January 2022		160,215	(1,614)	–	108,991	267,592
Total comprehensive loss for the financial year		–	–	–	(1,330)	(1,330)
Transactions with owners:						
Shares repurchased	16	–	*	–	–	–
Dividends paid on shares	26	–	–	–	(5,659)	(5,659)
Total transactions with owners		–	–	–	(5,659)	(5,659)
At 31 December 2022		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

* Represent amount less than RM1,000.

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
(Loss)/Profit before tax	(6,131)	16,561	1,476	1,744
Adjustments for:				
Bad debts written off	–	3	–	*
Depreciation for property, plant and equipment and right-of-use assets	20,148	29,102	7,743	16,975
Dividend income	(131)	(97)	(4,602)	(1,068)
Fair value gain on other investments	(33)	(17)	(34)	(6)
Finance costs	527	411	33	36
Gain on disposal of property, plant and equipment	(10)	(300)	–	(284)
Gain on lease modification	(120)	–	–	–
Insurance compensation	–	(11,906)	–	(692)
Interest income	(3,829)	(2,109)	(1,545)	(1,079)
Impairment loss on:				
- investment in subsidiaries	–	–	4,000	–
- trade receivables	43	–	43	–
Inventories written off	4,122	398	448	–
Net unrealised foreign exchange (gain)/loss	(149)	(361)	(73)	103
Property, plant and equipment written off	22	1,197	–	*
Share of result of associate, net of tax	(56)	(20)	–	–
Operating profit before changes in working capital	14,403	32,862	7,489	15,729
Changes in working capital:				
Biological asset	(34)	(95)	–	–
Inventories	7,229	18,228	(664)	1,972
Trade and other receivables	1,121	(6,413)	3,356	(3,305)
Trade and other payables	(6,582)	(20,501)	(43)	(15,442)
Net cash generated from/ (used in) operations	16,137	24,081	10,138	(1,046)
Income tax paid	(1,632)	(1,087)	(405)	(323)
Income tax refunded	1,284	1,595	–	–
Net cash generated from/ (used in) operating activities	15,789	24,589	9,733	(1,369)

Statements of Cash Flows
for the Financial Year Ended 31 December 2023
(Continued)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Change in fixed deposits		(38,500)	(5,000)	(32,000)	–
Dividend received		213	97	2,102	1,068
Proceeds from insurance claim		8,734	3,172	–	692
Interest received		3,829	2,109	1,545	1,079
Investment in associate		(490)	–	(490)	–
Net change in other investments		(454)	16,563	(454)	1,808
Proceeds from disposal of property, plant and equipment		10	518	–	284
Purchase of property, plant and equipment and right-of-use assets	(a)	(30,843)	(21,699)	(12,219)	(2,708)
Repayment from/(advances to) subsidiaries		–	–	528	(3,881)
Net cash used in investing activities		(57,501)	(4,240)	(40,988)	(1,658)
Cash flows from financing activities					
Dividend paid		(6,790)	(5,659)	(6,790)	(5,659)
Interest paid		(391)	(411)	(33)	(36)
Net repayment to subsidiary		–	–	(23)	(72)
Net repayment of hire purchase	(b)	(1,037)	(631)	(189)	(390)
Net repayment of lease liabilities	(b)	–	(23)	–	–
Drawdown/(Repayment) of term loan	(b)	11,022	(2,048)	1,171	–
Purchase of treasury shares		–	*	–	*
Net cash generated from/(used in) financing activities		2,804	(8,772)	(5,864)	(6,157)
Net change in cash and cash equivalents		(38,908)	11,577	(37,119)	(9,184)
Cash and cash equivalents at the beginning of the financial year		113,440	101,502	53,950	63,237
Effects of exchange rate changes on cash and cash equivalents		149	361	73	(103)
Cash and cash equivalents at the end of the financial year	14	74,681	113,440	16,904	53,950

Statements of Cash Flows
for the Financial Year Ended 31 December 2023
(Continued)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Purchase of property, plant and equipment and right-of-use assets	30,843	23,556	12,219	2,708
Financed by way of lease arrangements	–	(1,857)	–	–
Cash payments on purchase of property, plant and equipment and right-of-use assets	30,843	21,699	12,219	2,708

During the financial year, the Group had total cash outflows for leases of RM1,464,477 (2022: RM1,036,629).

(b) Reconciliation of liabilities arising from financing activities:

	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

	At 1 January 2022 RM'000	Cash flows RM'000	Non-cash acquisition RM'000	At 31 December 2022 RM'000
Group				
Term loans	5,433	(2,048)	–	3,385
Lease liabilities	3,465	(23)	–	3,442
Hire purchase payables	1,147	(631)	1,857	2,373
	10,045	(2,702)	1,857	9,200
Company				
Hire purchase payables	760	(390)	–	370

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 2 April 2024.

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 new MFRS and amendments to MFRSs

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

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements

MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

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

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in changes to the accounting policies of the Group and of the Company.

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

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

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)**2.3 Amendments to MFRSs that have been issued, but yet to be effective**

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

<u>Amendments to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
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 amendments to MFRSs when they become effective. A brief discussion on the above significant amendments to MFRSs that may be applicable to the Group and the Company are summarised 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 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 12 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.

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

Notes to the Financial Statements

(Continued)

2. BASIS OF PREPARATION (CONTINUED)**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.

2.6 Change in estimate of computation for depreciation of plant and machinery

During the financial year, the Directors had reassessed the useful lives of their plant and machineries and concluded that a useful life of 30 years reflects more accurately the consumption or use of these assets. As such, with effect from 1 January 2023, depreciation of plant and machinery has been computed based on the straight-line basis over their remaining useful lives of 30 years. The effect of the change in estimate of computation has been applied prospectively, commencing in the current financial year ended 31 December 2023. This change has resulted in a decrease in depreciation expense of RM9,214,392 for the current financial year. It is impracticable to estimate the effect of this change in estimate in future financial years.

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 3.5) 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 that do not meet the definition of investment property 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.

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.

Notes to the Financial Statements

(Continued)

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

(c) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.4, the Company reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised. The useful lives of certain plant and machineries had been revised from 20 years to 30 years.

The carrying amounts of the Company's property, plant and equipment are disclosed in Note 5 to the financial statements.

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Freehold Land RM'000	Buildings RM'000	Plant, Machinery 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)

Group 2022	Freehold Land RM'000	Buildings RM'000	Plant, Machineryes 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 2022	7,462	108,081	499,085	6,491	7,730	17	28,723	657,589
Additions	-	7,472	12,043	168	1,362	515	1,996	23,556
Disposals	-	-	(10,060)	(5)	(683)	-	-	(10,748)
Written off	-	(1,219)	(4,590)	-	-	-	-	(5,809)
At 31 December 2022	7,462	114,334	496,478	6,654	8,409	532	30,719	664,588
Accumulated depreciation								
At 1 January 2022	-	30,963	375,048	4,164	6,591	-	5,739	422,505
Depreciation charge for the financial year	-	3,651	23,676	415	573	-	787	29,102
Disposals	-	-	(9,843)	(4)	(683)	-	-	(10,530)
Written off	-	(445)	(4,167)	-	-	-	-	(4,612)
At 31 December 2022	-	34,169	384,714	4,575	6,481	-	6,526	436,465
Carrying amounts								
At 1 January 2022	7,462	77,118	124,037	2,327	1,139	17	22,984	235,084
At 31 December 2022	7,462	80,165	111,764	2,079	1,928	532	24,193	228,123

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2023	Freehold Land RM'000	Buildings RM'000	Plant, Machinery 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)

Company 2022	Freehold Land RM'000	Buildings RM'000	Plant, Machineryes 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 2022	6,034	35,612	369,859	1,105	4,295	17	4,061	420,983
Additions	-	29	2,160	4	-	515	-	2,708
Disposal	-	-	(8,377)	-	-	-	-	(8,377)
Written off	-	-	(9)	-	-	-	-	(9)
At 31 December 2022	6,034	35,641	363,633	1,109	4,295	532	4,061	415,305
Accumulated depreciation								
At 1 January 2022	-	12,740	288,270	933	3,648	-	794	306,385
Depreciation charge for the financial year	-	1,008	15,609	37	277	-	44	16,975
Disposal	-	-	(8,377)	-	-	-	-	(8,377)
Written off	-	-	(9)	-	-	-	-	(9)
At 31 December 2022	-	13,748	295,493	970	3,925	-	838	314,974
Carrying amounts								
At 1 January 2022	6,034	22,872	81,589	172	647	17	3,267	114,598
At 31 December 2022	6,034	21,893	68,140	139	370	532	3,223	100,331

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 RM76,958,665 and RM13,928,561 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	6,034	6,034	6,034	6,034
Buildings	81,733	70,069	18,703	19,586
	87,767	76,103	24,737	25,620

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Plant, machineries and equipments	866	1,028	147	229
Motor vehicles	1,318	1,887	223	407
	2,184	2,915	370	636

(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:

	Leasehold Land RM'000	Factory Building RM'000	Total RM'000
Group			
Carrying amount			
At 1 January 2022	19,675	3,309	22,984
Additions	1,996	–	1,996
Depreciation	(714)	(73)	(787)
At 31 December 2022	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

Notes to the Financial Statements

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

	Leasehold Land RM'000
Company	
Carrying amount	
At 1 January 2022	3,267
Depreciation	(44)
<hr/>	
At 31 December 2022	3,223
Depreciation	(44)
<hr/>	
At 31 December 2023	3,179

(i) Lease terms

The leasehold land generally has lease terms between 21 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	
	2023	2022
	RM'000	RM'000
At cost		
Unquoted shares	41,960	41,960
Loans that are part of net investment	22,320	22,020
<hr/>		
	64,280	63,980
Less: Accumulated impairment loss		
At 1 January	(1,521)	(1,521)
Additions	(4,000)	-
<hr/>		
At 31 December	(5,521)	(1,521)
<hr/>		
	58,759	62,459

Notes to the Financial Statements

(Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (a) 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
		2023 %	2022 %	
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.

- (b) 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.

- (c) The Company reviews the investment in subsidiaries measured at cost for impairment when there is an indication of impairment. If any such indication exists, the Company make an estimate of the asset's recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

- (d) During the financial year, an impairment loss of RM4,000,000 (2022: Nil) is provided in the profit and loss under other expenses, due to the continuous losses incurred by a subsidiary.

The recoverable amount of the investment in a subsidiary as at 31 December 2023 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.

Notes to the Financial Statements

(Continued)

7. INVESTMENT IN ASSOCIATES

	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000
Unquoted shares, at cost			
At 1 January	332	332	–
Additions	490	–	490
At 31 December	822	332	490
Share of results			
At 1 January	129	109	–
Addition	56	20	–
Less: Dividend income	(82)	–	–
At 31 December	103	129	–
	925	461	490

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
		2023 %	2022 %	
Satria Megajuta Sdn. Bhd. *	Malaysia	33	33	Operation of generation facilities that produce electric energy
Fortune Command Sdn. Bhd. *	Malaysia	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.*

On 28 December 2023, the Company acquired 490,000 ordinary shares in the share capital of Fortune Command Sdn. Bhd. ("Fortune"), representing 49% equity interest in Fortune for a purchase consideration of RM489,951.

The Group's share of the results of associates were based on the unaudited management accounts of the associates as at 31 December 2023. 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 2023.

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:

	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Total RM'000
Group 2023			
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/(loss) for the financial year	70	(14)	56
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	70	(14)	56

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)

	Satria Megajuta Sdn. Bhd. RM'000
Group	
2022	
Assets and liabilities	
Non-current assets	3,753
Current assets	996
Non-current liabilities	(2,971)
Current liabilities	(377)
Net assets	1,401
Results:	
Profit for the financial year	61
Reconciliation of net assets to carrying amount:	
Group's share of net assets	461
Group's share of results:	
Group's share of profit for the financial year	20
Group's share of other comprehensive income	-
Group's share of total comprehensive income	20

8. GOODWILL ON CONSOLIDATION

	Group	
	2023	2022
	RM'000	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	
	2023	2022
	RM'000	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-used.

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 RM207,103,462 and RM8,347,210 for the manufacturing and trading segment respectively. The expected revenue growth in the cash flow projection is 10% for the two segments respectively per annum for year 2024 to 2028.
- 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	(4,783)	(1,983)	1,277	4,077
Recognised in profit or loss (Note 24)	–	(2,800)	–	(2,800)
At 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	
	2023	2022
	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	
	2023	2022
	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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<i>Taxable temporary difference</i>				
Excess of carrying amount over corresponding tax written down value	(41,368)	(37,187)	(6,001)	(688)
Unabsorbed allowances on:				
- investment tax allowances	145,464	147,263	145,464	147,263
- reinvestment allowance	5,585	7,006	2,633	2,633
Unused tax losses	7,511	6,210	1,327	1,327
Unused capital allowance	12,082	10,457	-	-
	129,274	133,749	143,423	150,535
Potential deferred tax assets not recognised at 24% (2022: 24%)	31,026	32,100	34,422	36,128

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	577	–	–
2032	829	829	–	–
2033	1,300	–	–	–
	7,511	6,210	1,327	1,327

10. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Consumables and spare parts	15,367	14,276	15,367	14,276
Raw materials	36,501	47,578	6,143	6,649
Work-in-progress	5,063	5,716	–	17
Finished goods	35,915	36,627	25,468	25,820
	92,846	104,197	46,978	46,762

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Recognised in profit and loss:				
Inventories recognised as cost of sales	182,700	194,001	71,063	101,992
Inventories written off	4,122	398	448	–

Notes to the Financial Statements

(Continued)

11. BIOLOGICAL ASSET

The biological asset of the Group consists of gourmet fungi.

	2023 RM'000	Group 2022 RM'000
Gourmet fungi		
Carrying amounts		
King oyster mushroom		
At 1 January	709	614
Fair value changes	(182)	95
At 31 December	527	709
Grey oyster mushroom		
At 1 January	–	–
Fair value changes	216	–
At 31 December	216	–
	743	709

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:

	2023	Group 2022
Gourmet fungi		
King oyster mushroom		
Selling price per kg (RM/kg)	12 to 15	12 to 15
Yield per bag (gram)	199 to 244	240 to 255
Grey oyster mushroom		
Selling price per kg (RM/kg)	12 to 15	–
Yield per bag (gram)	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	
	2023 RM'000	2022 RM'000
Sensitivity analysis:		
King oyster mushroom		
Increase by 10%	104	136
Decrease by 10%	(104)	(136)
<hr/>		
Grey oyster mushroom		
Increase by 10%	33	-
Decrease by 10%	(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	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade					
Trade receivables		25,376	26,000	12,752	10,638
Amount owing by subsidiaries		-	-	8,192	9,161
<hr/>					
Less: Impairment loss		25,376 (43)	26,000 (86)	20,944 (43)	19,799 -
<hr/>					
Trade receivables, net	(a)	25,333	25,914	20,901	19,799
<hr/>					
Non-trade					
Other receivables		8,614	12,144	1,441	1,114
Refundable deposits		407	420	117	116
Amount owing by subsidiaries	(b)	-	-	2,700	59
<hr/>					
Other receivables, net		9,021	12,564	4,258	1,289
<hr/>					
Total trade and other receivables		34,354	38,478	25,159	21,088

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 (2022: 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
	2023	2022	2023
	RM'000	RM'000	RM'000
At 1 January	86	86	–
Charge for the financial year			
- Individually assessed	43	–	43
Written off	(86)	–	–
At 31 December	43	86	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 RM13,649,900 (2022: RM17,764,266) due from 3 (2022: 3) of its significant receivables.

(b) Amount owing by subsidiaries

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

13. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current:				
Financial assets at fair value through profit or loss ("FVPL")				
- Quoted investment in shares	2,162	1,689	1,718	1,254
- Unquoted securities in equity and income trust funds	957	943	491	467
	3,119	2,632	2,209	1,721

The other investments are funds invested mainly in the fixed income instruments, income trust and equity trust funds which 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.

Notes to the Financial Statements

(Continued)

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	99,515	93,577	39,062	36,225
Cash and bank balances	18,666	24,863	9,842	17,725
Cash and short-term deposits as presented in statements of financial position	118,181	118,440	48,904	53,950
Less: Fixed deposits with maturity more than 3 months	(43,500)	(5,000)	(32,000)	–
Cash and short-term deposits as presented in statements of cash flows	74,681	113,440	16,904	53,950

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	
	2023	2022
Interest rate (%) (per annum)	2.25 - 4.10	0.75 - 3.65
Average maturities (months)	1 to 7	1 to 6

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 '000 unit	2022 '000 unit	2023 RM'000	2022 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.

Notes to the Financial Statements

(Continued)

16. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amount	
	2023	2022	2023	2022
	'000 unit	'000 unit	RM'000	RM'000
At 1 January	1,881	1,880	1,614	1,614
Shares repurchased during the financial year	–	1	–	*
At 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 2023, the Company's treasury shares are held at a carrying amount of RM1,614,489 (2022: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.

18. LOANS AND BORROWINGS

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Current:					
Term loans	(a)	3,366	2,047	227	–
Lease liabilities	(b)	–	25	–	–
Hire purchase payables	(c)	930	1,040	98	200
		4,296	3,112	325	200
Non-current:					
Term loans	(a)	11,041	1,338	944	–
Lease liabilities	(b)	3,071	3,417	–	–
Hire purchase payables	(c)	406	1,333	83	170
		14,518	6,088	1,027	170
		18,814	9,200	1,352	370
Total loans and borrowings					
Term loans	(a)	14,407	3,385	1,171	–
Lease liabilities	(b)	3,071	3,442	–	–
Hire purchase payables	(c)	1,336	2,373	181	370
		18,814	9,200	1,352	370

Notes to the Financial Statements

(Continued)

18. LOANS AND BORROWINGS (CONTINUED)**(a) Term loans**

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

	2023	Group	2022
	%		%
Term loans	2.39 - 5.44		3.21 - 4.52

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;
- fixed charges over certain properties of a substantial corporate shareholder; and
- corporate guarantees by the Company given to the financial institutions for credit facilities granted to a subsidiary company.

(b) Lease liabilities

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

	2023	Group	2022
	RM'000		RM'000
Future minimum lease payments			
- not later than one year	–		180
- later than one year and not later than five years	720		900
- later than five years	6,720		6,900
Total minimum lease payments	7,440		7,980
Less: Future finance charges	(4,369)		(4,538)
Present value of minimum lease liabilities	3,071		3,442
Analysis of present value lease liabilities:			
Current			
- not later than one year	–		25
Non-current			
- later than one year and not later than five years	–		141
- later than five years	3,071		3,276
	3,071		3,442

The lease liabilities of the Group bear interest at rates of 4.55% (2022: 4.55%) per annum respectively.

Notes to the Financial Statements

(Continued)

18. LOANS AND BORROWINGS (CONTINUED)

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Future minimum hire purchase payments:				
- not later than one year	975	1,133	105	216
- later than one year and not later than five years	414	1,385	85	179
Total minimum hire purchase payments	1,389	2,518	190	395
Less: Future finance charges	(53)	(145)	(9)	(25)
Present value of minimum hire purchase liabilities	1,336	2,373	181	370
Analysis of present value hire purchase liabilities:				
Current				
- not later than one year	930	1,040	98	200
Non-current				
- later than one year and not later than five years	406	1,333	83	170
	1,336	2,373	181	370

Hire purchase payables of the Group and of the Company bears interest ranging from 2.11% to 3.50% and 2.15% to 2.52% (2022: 2.11% to 3.50% and 2.11% to 2.52%) respectively per annum.

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade					
Trade payables	(i)	31,238	33,439	18,664	18,681
Non-trade					
Other payables		14,742	15,035	4,681	3,313
Accrued operating expenses		15,161	19,249	3,422	4,816
Amount owing to subsidiaries	(ii)	-	-	6,129	6,152
		29,903	34,284	14,232	14,281
Total trade and other payables		61,141	67,723	32,896	32,962

Notes to the Financial Statements

(Continued)

19. TRADE AND OTHER PAYABLES (CONTINUED)

- (i) The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2022: 30 to 90 days).
- (ii) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract customers:				
Sale of goods	296,441	412,650	139,389	198,677
Timing of revenue recognition:				
At a point in time	296,441	412,650	139,389	198,677

(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.

21. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- term loans	288	170	-	-
- lease liabilities	136	157	-	-
- hire purchase	98	79	28	31
- others	5	5	5	5
	527	411	33	36

Notes to the Financial Statements

(Continued)

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	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:					
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		203	183	95	85
Other services					
- Baker Tilly Monteiro Heng PLT		7	7	7	7
Bad debts written off		-	3	-	*
Depreciation for:					
- Property, plant and equipment and right-of-use assets		20,148	29,102	7,743	16,975
Expenses relating to short-term leases		428	382	357	350
Impairment loss on:					
- investment in subsidiaries		-	-	4,000	-
- trade receivables		43	-	43	-
Inventories written off		4,122	398	448	-
Net realised foreign exchange loss		11	1,121	689	1,324
Property, plant and equipment written off		22	1,197	-	*
Employee benefits expense	23	79,305	88,369	24,163	23,943
After crediting:					
Dividend income		(131)	(97)	(4,602)	(1,068)
Fair value gain on other investment		(33)	(17)	(34)	(6)
Gain on disposal of property, plant and equipment		(10)	(300)	-	(284)
Gain on lease modification		(120)	-	-	-
Insurance claim compensation		-	(11,906)	-	(692)
Interest income		(3,829)	(2,109)	(1,545)	(1,079)
Net unrealised foreign exchange gain		(149)	(361)	(73)	103

* 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 (2022: RM28,000).

Notes to the Financial Statements

(Continued)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, wages and bonuses	68,619	74,435	20,115	19,501
Defined contribution plan	4,889	4,824	2,250	2,211
Other staff related expenses	5,797	9,110	1,798	2,231
	79,305	88,369	24,163	23,943

Included in employee benefits expenses are:

Directors of the Company

- Directors' allowances	113	144	113	144
- Directors' fees	977	921	977	921
- Directors' emoluments:				
- salaries and bonus	2,394	2,201	2,394	2,201
- defined contribution plan	552	515	552	515
- other benefits	16	28	16	28
	4,052	3,809	4,052	3,809

Directors of the subsidiaries

- Directors' emoluments:				
- salaries and bonus	2,134	3,052	-	-
- defined contribution plan	511	668	-	-
- other benefits	-	1,397	-	-
	2,645	5,117	-	-

24. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statements of comprehensive income				
Income tax				
- Current income tax charge	(977)	(4,380)	(402)	(291)
- Adjustment in respect of prior years	3,350	(48)	46	17
	2,373	(4,428)	(356)	(274)
Deferred tax (Note 9)				
- Origination and reversal of temporary differences	-	(2,800)	-	(2,800)
	-	(2,800)	-	(2,800)
Income tax expense recognised in profit or loss	2,373	(7,228)	(356)	(3,074)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit before tax	(6,131)	16,561	1,476	1,744
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	1,471	(3,975)	(354)	(419)
Tax effects arising from:				
- non-deductible expenses	(3,589)	(5,628)	(2,860)	(3,229)
- non-taxable income	53	309	1,106	403
- utilisation of previously unrecognised tax losses and capital allowances	1,074	2,109	1,706	154
- share of results of associate	14	5	-	-
- adjustment in respect of prior years income tax of prior years	3,350	(48)	46	17
Income tax expense	2,373	(7,228)	(356)	(3,074)

25. (LOSS)/EARNINGS PER SHARE**(a) Basic (loss)/earnings per ordinary share**

Basic (loss)/earnings per share are based on the (loss)/profit 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	
	2023 RM'000	2022 RM'000
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	(3,758)	9,333
Weighted average number of ordinary shares for diluted earnings per share	567,746	567,746
Basic (loss)/earnings per ordinary share (sen)	(0.66)	1.64

(b) Diluted (loss)/earnings per ordinary share

The diluted (loss)/earnings of the Group is equivalent to the (loss)/earnings basic per ordinary shares of the Group as the Company has no dilutive potential ordinary shares.

Notes to the Financial Statements

(Continued)

26. DIVIDENDS

	Company	
	2023	2022
	RM'000	RM'000
Recognised during the financial year:		
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	–
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 29 July 2022	–	5,659
	6,790	5,659

At the forthcoming Annual General Meeting, a single tier final dividend of 1.00 sen (2022: 1.20 sen) per ordinary share of, approximately RM5.68 million (2022: RM6.79 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 2023, 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 2024.

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	
	2023	2022
	RM'000	RM'000
Dividend income from subsidiaries		
- BocoWood Sdn. Bhd.	-	1,000
- HeveaPac Sdn. Bhd.	4,500	-
Sales to subsidiaries		
- HeveaPac Sdn. Bhd.	27,774	39,218
Purchase from a subsidiary		
- HeveaPac Sdn. Bhd.	(9)	(122)
Contract manufacturing income		
- HeveaPac Sdn. Bhd.	122	156
Rental expense		
- HeveaWood Industries Sdn. Bhd.	(180)	(180)

(c) Compensation of key management personnel

The remuneration of key management personnel, which includes the directors' remuneration, is disclosed as follows:

	Group and Company	
	2023	2022
	RM'000	RM'000
Short term employees benefits payable to key management personnel:		
- salaries and bonus	4,292	3,565
- defined contribution plans	1,067	813
- other benefits	17	28
	5,376	4,406

28. CAPITAL COMMITMENT

The outstanding commitment in respect of capital expenditure incurred on property, plant and equipment of the Group are as follows:

	Group	
	2023	2022
	RM'000	RM'000
In respect of capital expenditure:		
- approved and contracted for	5,913	20,930

Notes to the Financial Statements

(Continued)

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.

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.

Notes to the Financial Statements
(Continued)

29. SEGMENT INFORMATION (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

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (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							
2022							
REVENUE							
External revenue	159,458	249,795	3,397	-	-		412,650
Inter-segment revenue	39,219	6,620	-	-	(45,839)	A	-
Total revenue	198,677	256,415	3,397	-	(45,839)		412,650
RESULTS							
Segment results	1,780	17,220	(1,446)	(22)	(580)	B	16,952
Finance costs	(36)	(218)	(157)	-	-		(411)
Share of result associate, net of tax	-	-	-	-	20		20
Segment (loss)/profit	1,744	17,002	(1,603)	(22)	(560)		16,561
Income tax expense	(3,074)	(4,154)	-	-	-		(7,228)
(Loss)/Profit after tax	(1,330)	12,848	(1,603)	(22)	(560)		9,333
Non-controlling interests	-	-	-	-	-		-
(Loss)/Profit attributable to owners of the Company	(1,330)	12,848	(1,603)	(22)	(560)		9,333
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segment assets #	292,617	264,663	17,425	5,980	(75,221)	C	505,464
Unallocated corporate assets							3,323
Total assets							508,787
OTHER INFORMATION							
Capital expenditure	2,708	20,693	155	-	-		23,556
Depreciation and amortisation	16,974	11,338	790	-	-		29,102
Non-cash items other than depreciation and amortisation	(879)	(10,100)	(7)	-	-	D	(10,986)

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**

	2023	2022
	RM'000	RM'000
Dividend income	(4,583)	(1,000)
Unrealised (profits)/loss on inventories	(60)	420
Impairment loss on investment in subsidiaries	4,000	–
	<hr/>	<hr/>
	(643)	(580)

C Reconciliation of assets

	2023	2022
	RM'000	RM'000
Investment in subsidiaries	(58,759)	(62,459)
Inter-segment assets	(14,119)	(12,762)
	<hr/>	<hr/>
	(72,878)	(75,221)

D Non-cash items consist of:

	2023	2022
	RM'000	RM'000
Bad debts written off	–	3
Fair value gain on other investments	(33)	(17)
Gain on disposal of property, plant and equipment	(10)	(300)
Gain on lease modification	(120)	–
Impairment losses on trade receivables	43	–
Insurance claim compensation	–	(11,906)
Inventories written off	4,122	398
Net unrealised foreign exchange gain	(149)	(361)
Property, plant and equipment written off	22	1,197
	<hr/>	<hr/>
	3,875	(10,986)

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 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	–
	<hr/> 296,441	<hr/> 242,280
31 December 2022		
Japan	250,195	–
China	35,978	–
Philippines	26,989	–
Korea	21,545	–
Malaysia	23,950	231,530
India	7,851	–
United States of America	3,389	–
France	1,739	–
Hong Kong	12,094	–
Australia	5,043	–
United Arab Emirates	5,386	–
Singapore	6,836	–
Others	11,655	–
	<hr/> 412,650	<hr/> 231,530

* Excluded deferred tax assets.

Major customers

Two major customers with revenue equal to or more than 10% of Group's revenue, amounted to approximately RM144,366,344 (2022: RM182,467,402) 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) Fair value through profit or loss ("FVPL")
(ii) Amortised cost ("AC")

	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	–
	<hr/> 155,654	<hr/> 152,535	<hr/> 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	–
	<hr/> 76,272	<hr/> 74,063	<hr/> 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	–
	<hr/> 76,884	<hr/> 76,884	<hr/> –
Company			
Trade and other payables	32,896	32,896	–
Term loans	1,171	1,171	–
Hire purchase payables	181	181	–
	<hr/> 34,248	<hr/> 34,248	<hr/> –

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 2022			
Financial assets			
Group			
Trade and other receivables	38,478	38,478	–
Other investments	2,632	–	2,632
Cash and short-term deposits	118,440	118,440	–
	<hr/> 159,550	<hr/> 156,918	<hr/> 2,632
Company			
Trade and other receivables	21,088	21,088	–
Other investments	1,721	–	1,721
Cash and short-term deposits	53,950	53,950	–
	<hr/> 76,759	<hr/> 75,038	<hr/> 1,721
Financial liabilities			
Group			
Trade and other payables	67,723	67,723	–
Term loans	3,385	3,385	–
Hire purchase payables	2,373	2,373	–
	<hr/> 73,481	<hr/> 73,481	<hr/> –
Company			
Trade and other payables	32,962	32,962	–
Hire purchase payables	370	370	–
	<hr/> 33,332	<hr/> 33,332	<hr/> –

(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.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (Continued)****(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's and the Company's exposure to credit risk arises primarily from trade and other receivables. 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.

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 information on credit risk concentration is disclosed in Note 12 to the financial statements.

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 2023				
Gross carrying amount	7,807	16,687	882	25,376
Impairment losses	-	-	(43)	(43)
<hr/>				
At 31 December 2022				
Gross carrying amount	7,497	16,987	1,516	26,000
Impairment losses	-	-	(86)	(86)
<hr/>				

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 information about the credit risk exposure on the Group's and the Company's trade receivables are as follows: (Continued)

	Current RM'000	1-30 days past due RM'000	> 30 days past due RM'000	Total RM'000
Company				
At 31 December 2023				
Gross carrying amount	7,021	5,137	594	12,752
Impairment losses	–	–	(43)	(43)
<hr/>				
At 31 December 2022				
Gross carrying amount	6,460	3,127	1,051	10,638

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Australia	450	410	8	227
China	7,665	7,015	7,665	7,015
Europe	–	–	–	–
India	399	1,048	331	1,048
Japan	11,195	13,412	2,023	975
Korea	487	652	487	652
Malaysia	2,496	2,181	1,170	317
United Arab Emirates	535	232	421	231
United State of America	1,072	1	–	–
Others	1,034	963	604	173
	25,333	25,914	12,709	10,638

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (Continued)****(i) Credit risk (Continued)****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.

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:

	2023 RM'000	Group 2022 RM'000
Corporate guarantee given to:		
- Bank for banking facilities granted to subsidiaries	13,239	3,385
- Bank for borrowings granted to an associate	928	1,037
	14,167	4,422

The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM14,167,827 (2022: RM4,422,529) 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.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(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.

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							
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)
2022							
Trade and other receivables	4,223	-	-	-	19,657	10	-
Cash and short-term deposits	19	1	-	433	7,626	-	-
Trade and other payables	(372)	-	(273)	(257)	(5,187)	(89)	-
	3,870	1	(273)	176	22,096	(79)	-
Company							
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	-
2022							
Trade and other receivables		4,223	-	-	-	6,239	10
Cash and short-term deposits		18	1	*	433	886	-
Trade and other payables		-	-	(258)	(257)	(945)	(89)
		4,241	1	(258)	176	6,180	(79)

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	
	2023 Increase/ (Decrease) RM'000	2022 Increase/ (Decrease) RM'000	2023 Increase/ (Decrease) RM'000	2022 Increase/ (Decrease) RM'000
Effects on profit or loss and equity				
Chinese Yuan:				
- strengthened by 10%	618	294	618	322
- weakened by 10%	(618)	(294)	(618)	(322)
Euro Dollar:				
- strengthened by 10%	372	(21)	7	(20)
- weakened by 10%	(372)	21	(7)	20
Japanese Yen:				
- strengthened by 10%	1	13	1	13
- weakened by 10%	(1)	(13)	(1)	(13)
United States Dollar:				
- strengthened by 10%	2,099	1,657	371	470
- weakened by 10%	(2,099)	(1,657)	(371)	(470)
Swiss France:				
- strengthened by 10%	-	(6)	-	(6)
- weakened by 10%	-	6	-	6
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:

	Carrying amount RM'000	On demand or within 1 year RM'000	Contractual cash flows		Total RM'000
			Between 1 and 5 years RM'000	After 5 years RM'000	
Group					
Financial liabilities					
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
2022					
Trade and other payables	67,723	67,723	–	–	67,723
Term loans	3,385	2,157	1,361	–	3,518
Lease liabilities	3,442	180	900	6,900	7,980
Hire purchase payables	2,373	1,133	1,385	–	2,518
	76,923	71,193	3,646	6,900	81,739

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)

	Carrying amount RM'000	On demand or within 1 year RM'000	Contractual cash flows		Total RM'000
			Between 1 and 5 years RM'000	After 5 years RM'000	
Company					
Financial liabilities					
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
2022					
Trade and other payables	32,962	32,962	–	–	32,962
Hire purchase payables	370	216	179	–	395
Financial guarantee contracts	–	4,422	–	–	4,422
	33,332	37,600	179	–	37,779

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Fixed rate instruments</i>				
Financial asset				
Short-term deposits placed with licensed banks	99,515	93,577	39,062	36,225
<hr/>				
<i>Floating rate instruments</i>				
Financial liability				
Loans and borrowings	14,407	3,385	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			
	2023		2022	
	Increase 1% RM'000	Decrease 1% RM'000	Increase 1% RM'000	Decrease 1% RM'000
Group				
Variable rate instruments	(109)	109	(26)	26
Company				
Variable rate instruments	(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 2023, 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 (31.12.2022: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM'000	Fair value of financial instrument not carried at fair value			Total RM'000
		Fair Value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group					
2023					
Financial liability					
Term loans	11,041	–	–	11,041	11,041
Hire purchase payables	406	–	–	406	406
<hr/>					
2022					
Term loans	1,338	–	–	1,338	1,338
Hire purchase payables	1,333	–	–	1,333	1,333
<hr/>					
Company					
2023					
Financial liability					
Term loans	944	–	–	944	944
Hire purchase payables	83	–	–	83	83
<hr/>					
2022					
Hire purchase payables	170	–	–	170	170
<hr/>					

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 2023 and 31 December 2022.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total loan and borrowings	18,814	9,200	1,352	370
Equity attributable to owners of the Company	415,256	425,804	254,933	260,603
Debt-to-equity ratio (times)	0.05	0.02	–	–

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 85 to 140 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 2023 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: 2 April 2024

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 85 to 140 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 2 April 2024.

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 2023 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 85 to 140.

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 2023, 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 2023, the carrying amount of inventories held by the Group and the Company amounted to RM92,846,077 and RM46,977,831 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 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 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 forecast 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.

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

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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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. 02966/11/2024 J
Chartered Accountant

Kuala Lumpur

Date: 2 April 2024

LIST OF PROPERTIES

Registered Owner	Location	Description/ existing use	Tenure of Land	Land Area	Net Book Value as at 31st December 2023 (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	7,251
	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	17,107
	19A-10-2, Level 10, UOA Centre, No 19 Jalan Pinang 50450 Kuala Lumpur	Office	Freehold	173 sq.m	1,725
	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	459
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	10,877
	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	15,419
	PT 403, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Warehouse Hostel	Leasehold (Expires on 21-3-2045)	21,044sq.m	4,473
	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	28,216
	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	1,867

ANALYSIS OF SHAREHOLDINGS

as at 1 April 2024

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	42	0.524	1,080	*0.000
100 – 1,000	1,177	14.674	699,155	0.124
1,001 – 10,000	3,496	43.585	19,846,057	3.507
10,001 – 100,000	2,741	34.173	93,969,896	16.606
100,001 – 28,293,233 (less than 5% of issued holdings)	563	7.019	305,927,418	54.064
28,293,234 (5% of issued holdings) and above	2	0.025	145,421,075	25.699
Total	8,021	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.	17,271,652	3.052	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	186,347,691	32.931	#
6. Yoong Li Yen	1,672,532	0.296	184,852,341	32.667	****
7. Yoong Tein Seng @ Yong Kian Seng	433,500	0.077	196,870,837	34.791	***
8. Dato' Loo Swee Chew	4,292,000	0.758	121,159,890	21.411	❖
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., Firam Holdings Sdn. Bhd. and Firam Engineering Bhd. (shareholdings held through Firam 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 Firam Holdings Sdn. Bhd., HeveaWood Industries Sdn. Bhd. and Firam Engineering Bhd (shareholdings held through Firam 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 Act and by virtue of his family relationship with Loo Chin Meng, his son; 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	186,347,691 ⁽¹⁾	32.931
3.	Yoong Li Yen	1,672,532	0.296	184,852,341 ⁽²⁾	32.667
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	4,292,000 ⁽⁴⁾	0.758
9.	Yoong Tein Seng @ Yong Kian Seng (Alternate Director to Yoong Hau Chun)	433,500	0.077	196,870,837 ⁽⁵⁾	34.791

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 family relationship with Dato' Loo Swee Chew, his father.
- ⁽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.	17,271,652	3.052
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.	Sundra Moorthi A/L V.M. Krishnasamy	9,000,000	1.590
7.	Chong Kwee Hiong	8,164,700	1.443
8.	Lee Ka Yong	7,794,200	1.377
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	7,653,800	1.353
10.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chua Hock Gee	7,339,800	1.297

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.	Yoong Kee Sin	4,620,000	0.816
12.	Dato' Loo Swee Chew	4,292,000	0.758
13.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Yee Hui	4,200,000	0.742
14.	Gemas Ria Sdn. Bhd.	4,049,600	0.716
15.	Yoong Li Bing	4,000,000	0.707
16.	Yoong Li Xian	4,000,000	0.707
17.	Yoong Li Mian	3,906,128	0.690
18.	Loh Kok Wai	3,698,900	0.654
19.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sia Boon Huat	3,278,300	0.579
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.	Teh Bee Gaik	2,484,800	0.439
25.	Cheah Yaw Song	2,416,500	0.427
26.	Liau Chern Yee	2,282,628	0.403
27.	Salud Uy Policarpio	2,137,900	0.378
28.	Mak Chee Weng	2,000,000	0.353
29.	Teh Chia Teck	2,000,000	0.353
30.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ng Kok Seng (CEB)	1,857,700	0.328
		289,961,415	51.239

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting (“AGM”) of **HeveaBoard Berhad** will be conducted on a fully virtual basis through live streaming and online remote voting from the Broadcast Venue at PT 405, Kawasan Perindustrian Sg. Gadut, KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus on Friday, 28 June 2024 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 2023 together with the Reports of the Directors and Auditors thereon. | <i>[Please refer to Explanatory Note 5(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 2023. | <i>Ordinary Resolution 1</i> |
| 3. | To approve the payment of Directors’ fees payable up to an amount of RM977,094 per annum for the financial year ending 31 December 2024. | <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 Sundra Moorthi A/L V.M. Krishnasamy | <i>Ordinary Resolution 3</i> |
| | ii. Ms Yoong Li Yen | <i>Ordinary Resolution 4</i> |
| | iii. Mr Yoong Yan Pin | <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 Thirtieth (30th) AGM, a first and final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2023 will be payable on 30 July 2024 to holders of ordinary shares registered in the Record of Depositors at the close of business on 16 July 2024.

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 16 July 2024 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

WONG YOUN KIM (SSM Practising Certificate No. 201908000410) (MAICSA 7018778)
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 2024

Notes:

1. REMOTE PARTICIPATION AND VOTING

The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at www.heveaboard.com.my, for the remote participation and voting at the AGM using the Virtual Meeting Facilities.

2. 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.

Notice of Annual General Meeting (Continued)

Notes: (Continued)

2. PROXY (CONTINUED)

- (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 at the Registered Office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.

3. 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.

4. GENERAL MEETING RECORD OF DEPOSITORS

For the purposes of determining a member who shall be entitled to attend this Thirtieth (30th) 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 20 June 2024. 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.

5. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

- (i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2023.

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 2024. 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.

Notice of Annual General Meeting
(Continued)

Notes: (Continued)

5. 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

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 Sundra Moorthi A/L V.M. Krishnasamy, Ms Yoong Li Yen and Mr Yoong Yan Pin 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.

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 role of Mr Sundra Moorthi A/L V.M. Krishnasamy as an Independent Non-Executive Chairman is essential to lead the Board in achieving its business success. The Board values the contributions of Ms Yoong Li Yen as an Executive Director in upholding the sustainability of the Group in the challenging business environment. Whilst Mr Yoong Yan Pin as the Independent Non-Executive Director has provided check and balance on the Board, focusing on shareholders and stakeholders' interest, is 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 for 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 20 June 2023. As at 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 Thirtieth (30th) 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.

Notice of Annual General Meeting
(Continued)

Notes: (Continued)

5. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS (CONTINUED)

- (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 2024, which is available on the Company's corporate website at www.heveaboard.com.my, for further information.

6. STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individual who is standing for election as Director

No individual is seeking for election as Director at the Thirtieth (30th) AGM of the Company other than the following retiring Directors who are seeking for re-election:

- 1) Mr Sundra Moorthi A/L V.M. Krishnasamy
- 2) Ms Yoong Li Yen
- 3) Mr Yoong Yan Pin

The profiles of Mr Sundra Moorthi A/L V.M. Krishnasamy, Ms Yoong Li Yen and Mr Yoong Yan Pin 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.

PROXY FORM

HeveaBoard Berhad

[Registration No. 199301020774 (275512-A)]
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

I/We*NRIC/Passport/Company No.*
(full name in block letters)

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 Thirtieth (30th) Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting from the Broadcast Venue at PT 405, Kawasan Perindustrian Sg. Gadut, KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus on Friday, 28 June 2024 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolutions	FOR	AGAINST
Ordinary Resolutions		
1		
2		
3		
4		
5		
6		
7		
8		

* 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, 2024

For appointment of more than one (1) proxy, percentage (%) of shareholdings to be represented by the proxies.			
	Name of proxy	No. of shares held	%
Proxy 1			
Proxy 2			
TOTAL			100

Signature/Common Seal of Shareholder^

^ Manner of execution:

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

Notes:

- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur at least twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.
- 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.
- GENERAL MEETING RECORD OF DEPOSITORS**

For the purposes of determining a member who shall be entitled to attend this Thirtieth (30th) 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 20 June 2024. 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.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

HeveaBoard Berhad

[Registration No. 199301020774 (275512-A)]

Level 5, Tower 8, Avenue 5, Horizon 2

Bangsar South City

59200 Kuala Lumpur

Wilayah Persekutuan Kuala Lumpur, Malaysia

1st fold here

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