

HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

ANNUAL REPORT 2025



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CORPORATE MISSION

Earnings

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

Efficiency

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

Enhanced Growth

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



COVER RATIONALE

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

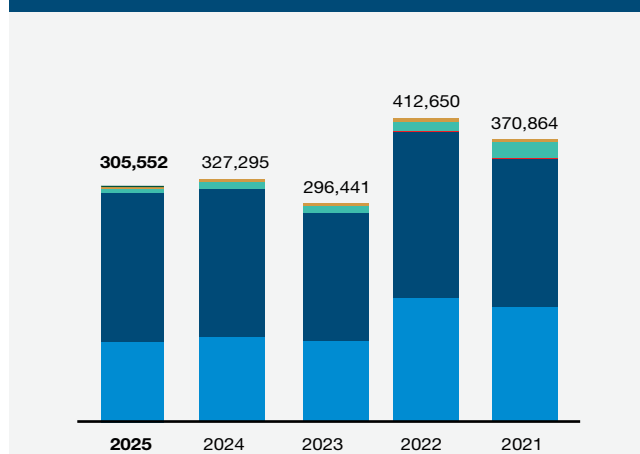
5-YEAR FINANCIAL HIGHLIGHTS

	2025	2024	2023	2022	2021
Turnover (RM'000)	305,552	327,295	296,441	412,650	370,864
(Loss)/Profit Before Tax (RM'000)	(39,526)	(4,696)	(6,131)	16,561	(565)
Tax (RM'000)	(800)	(420)	2,373	(7,228)	(598)
(Loss)/Profit After Tax (RM'000)	(40,326)	(5,116)	(3,758)	9,333	(1,163)
Share Capital (RM'000)	160,215	160,215	160,215	160,215	160,215
Net Assets (RM'000)	360,946	406,931	415,256	425,804	422,130
Net Assets Per Share (RM)*	0.64	0.72	0.73	0.75	0.74
Proposed Final Dividend (sen)	–	1.00	1.00	1.20	1.00
(Loss)/Net Earnings Per Share (sen)**	(7.08)	(0.89)	(0.66)	1.64	(0.21)

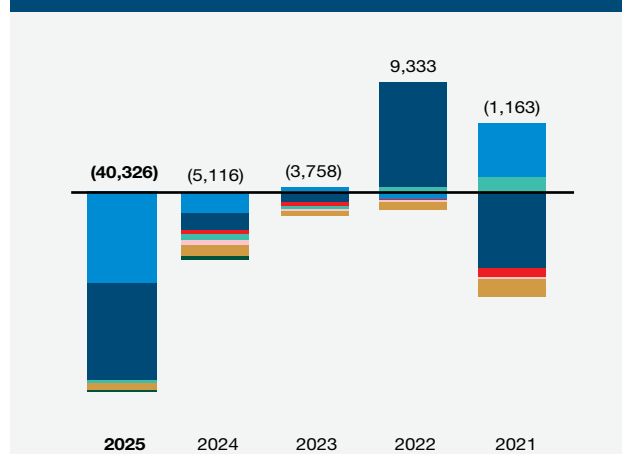
* The net assets per share of the Group is calculated based on the net assets value at the balance sheet date divided by the number of ordinary shares in issue at the balance sheet date.

** 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.

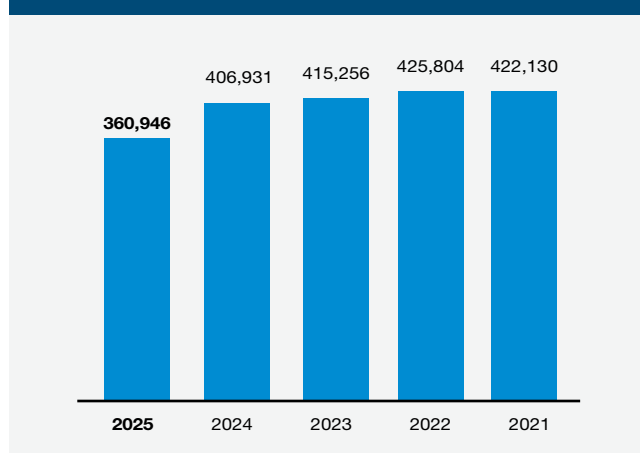
Turnover (RM'000)



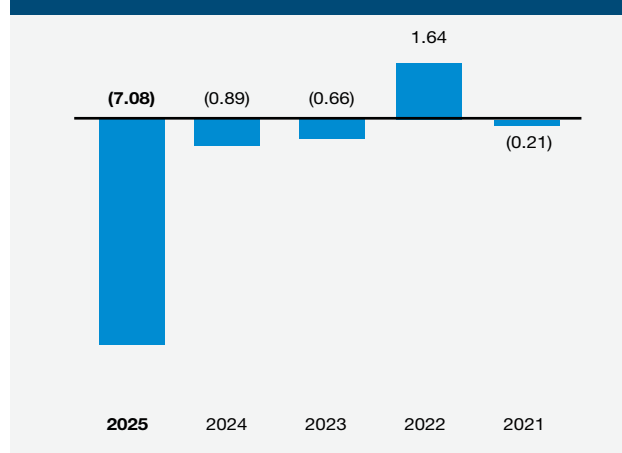
(Loss)/Profit After Tax (RM'000)



Net Assets (RM'000)



(Loss)/Net Earnings Per Share (sen)



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

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 2025 ("FYE 2025")*

FINANCIAL PERFORMANCE

2025 was a year of significant headwinds for **HeveaBoard**, as the Group operated in an increasingly challenging environment marked by global economic uncertainty, foreign exchange volatility, tariffs, rising costs, and ongoing supply chain disruptions. These pressures were further compounded by persistent weakness in market demand, which resulted in lower selling prices across our key business segments. In the particleboard sector, the Group also faced an acute shortage of rubber logs due to wet weather and supply chain disruptions triggered by knee-jerk reactions following the announcement of the United States' worldwide tariff, which adversely affected production output and sales volume. At the same time, rising labour-related costs, following the implementation of the new minimum wage in February 2025 and the introduction of Employees' Provident Fund (EPF) contributions for foreign workers in October 2025, placing additional pressure on margins, particularly within the ready-to-assemble ("RTA") segment.

Against this backdrop, the Group recorded revenue of RM305.6 million in FYE 2025 as compared to RM327.3 million in the preceding year, representing a decline of RM21.7 million or 6.6%. The main contribution to our top line continued to come from the RTA sector, contributing approximately 65.0% of the Group's total revenue. Meanwhile, our particleboard and fungi cultivation sectors contributed approximately 34.1% and 0.9% of the Group's total revenue, respectively.

However, the combination of weaker selling prices, unfavourable foreign exchange movements and higher production costs weighed heavily on the Group's profitability. For FYE 2025, the Group recorded a loss before tax ("LBT") of RM39.5 million, as compared to an LBT of RM4.7 million in the previous year, representing a widening of losses by RM34.8 million. The year-end results were further impacted by several adjustments, including the reversal of deferred tax assets, inventory write-downs and write-offs, the net reversal of deferred tax liabilities, and a goodwill impairment recognised in the fourth quarter. The Particleboard sector recorded revenue of RM130.8 million, a decline of RM15.4 million or 10.5% compared to the previous year despite a higher sales volume achieved. The sector's performance deteriorated further, recording an LBT of RM14.1 million, as compared to an LBT of RM2.8 million in FYE 2024. The weaker performance was primarily attributable

Management Discussion & Analysis (Continued)

to lower selling prices amid challenging market conditions, unfavourable foreign exchange movements, and production constraints arising from the shortage of rubber logs caused by the earlier mentioned wet weather and supply chain disruption. The full-year results were also affected by year-end adjustments, including the reversal of deferred tax assets and inventory-related adjustments.

The RTA sector posted revenue of RM203.3 million in FYE 2025, compared to RM209.7 million in the preceding year, representing a decrease of RM6.4 million or 3.1%. The sector recorded an LBT of RM20.3 million, compared to an LBT of RM2.4 million a year earlier. The decline in both revenue and profitability was mainly due to lower selling prices in a challenging market environment and unfavourable foreign exchange movements. In addition, production costs increased following the implementation of the new minimum wage in February 2025 and the introduction of EPF contributions for foreign workers in October 2025. The sector was also affected by the weak market conditions in Japan during the year, while year-end adjustments further impacted its financial performance.

The Fungi Cultivation sector's revenue declined by RM0.6 million or 17.0% to RM2.8 million, while its LBT narrowed marginally by RM81 thousand to RM1.5 million compared to the previous year. The slight reduction in losses was mainly attributable to management initiatives undertaken following the earlier upgrade of the production facility, which contributed to more consistent production output during the year. Efforts are ongoing to further optimise the utilisation of the production assets in HeveaGro to enhance returns on the investments made.

DIVIDEND

HeveaBoard has, from 2014 to 2024, paid a total dividend of RM178 million, with dividends declared yearly at varying levels since 2014. With the weak financial performance in FYE 2025 arising from global uncertainties and the challenges that the Group is currently circumnavigating through, the Board is of the view that it is prudent to conserve cash and prioritise funding for operations and modernisation CAPEX needs. As such, the Group will take a hiatus from dividend payouts during these uncertain times.

BUSINESS OPERATIONS & EFFICIENCIES

Against the backdrop of a difficult operating environment in FYE 2025, each of our business segments faced distinct challenges, while continuing to pursue measures aimed at strengthening resilience, improving efficiency and supporting long-term competitiveness. The management will remain focused on operational discipline, strategic differentiation and selective investments to position the Group stronger for the future.

HeveaBoard

In FYE 2025, the Particleboard sector operated under sustained pressure from weak market conditions, which led to lower selling prices and tighter margins throughout the year. The sector was also impacted by unfavourable foreign exchange movements, while operations in the second quarter were further constrained by an acute shortage of rubber logs caused by wet weather and supply chain disruption due to the knee-jerk effect following the announcement of United States's worldwide tariff, which restricted production output and sales volume. These challenges contributed to the weaker financial performance of the segment for the year.

In response, the Group continued to focus on maintaining high product quality, improving operational efficiency and strengthening the sector's market positioning through product differentiation. Particular emphasis was placed on expanding the visibility of higher-end, eco-friendly products featuring proprietary surface designs, in both domestic and international markets, as part of our strategy to better differentiate the **HeveaBoard** range amid intense competition. At the same time, management remained committed to disciplined cost management and continuous process improvement to strengthen the sector's resilience in a challenging market. **HeveaBoard** is proud to have implemented some of the world's first innovative measures to better manage our product quality to reduce rejections, thereby reducing costs and also carbon footprint. Further details are set out in the Sustainability Statement on pages 6 to 37.

While the sector's full-year results were further affected by year-end adjustments, including the reversal of deferred tax assets and inventory-related adjustments, the Group believes that our continued focus on operational discipline, product innovation and strategic market positioning will remain important in supporting sustainable long-term growth.

Management Discussion & Analysis (Continued)

HeveaPac

The RTA sector also faced a challenging year. Despite these challenges, management continued to advance strategic investments in automation and digitalisation to enhance competitiveness, improve responsiveness to customers and capture new market opportunities. On a positive note, the RTA sector managed to lure back some customers that were lost during repeated Covid-19 lockdown periods and have further widened our customer base. At the same time, the Group continued to broaden our product offerings and strengthen brand awareness as part of our longer-term efforts to reinforce HeveaPac's market position and improve operational resilience. These initiatives remain important in enabling the sector to adapt more effectively to changing customer requirements and a volatile business environment.

Moving forward, management will continue to prioritise automation-led efficiency gains, cost optimisation and stronger execution to support the sector's longer-term growth prospects.

HeveaGro

The Fungi Cultivation sector continued to show operational improvement in FYE 2025, following the earlier upgrade of the production facility. Throughout the year, the sector benefited from more consistent production output, which contributed to a reduction in losses compared to the preceding year. Management also continued to focus on expanding sales through local hypermarkets and other direct sales channels in order to strengthen market presence and improve commercial traction. While the sector remained relatively small and continued to be loss-making on a full-year basis, the gradual stabilisation in operations is encouraging. The marginal reduction in losses in the fourth quarter was attributed to management measures undertaken following the facility upgrade. In early 2026, the management entered into a tenancy agreement with a third party with strong biotechnology background for the rental of the plant and machinery for joint operation of the mushroom cultivation. This reflects a pragmatic approach to managing the sector's assets with greater efficiency while seeking to generate more stable returns, as the Group continues to evaluate the best path forward.

Overall, while each business segment faced its own operating challenges during the year, the Group remained focused on strengthening resilience through disciplined cost management, operational efficiency, product differentiation and targeted investments in automation and digitalisation. **HeveaBoard** believes these measures will better position the Group to navigate near-term market challenges while supporting sustainable long-term growth across our core businesses.

ENHANCING SUSTAINABILITY & ESG COMMITMENTS

Despite a challenging financial year, the Group remained committed to advancing **HeveaBoard's** sustainability agenda. The Group recognises that long-term value creation extends beyond financial performance and includes how responsibly our environmental, social and governance ("ESG") responsibilities are managed across the Group. In FYE 2025, the Group continued to embed ESG considerations more firmly into our operations, workforce practices and business decisions, while balancing business priorities with the interests of our employees, customers, communities and other stakeholders. During the year, **HeveaBoard** strengthened sustainability implementation at the operational level, including the establishment of a Sustainability Committee within the particleboard sector, chaired by the Group Managing Director and supported by cross-functional representatives. This has enhanced accountability and coordination in driving ESG initiatives across the Group.

On the social front, the Group remained focused on fostering a safe, inclusive and supportive workplace. In FYE 2025, a Policy Statement on Anti-Sexual Harassment and a Policy on Employment of Physically Challenged Persons (OKU were introduced), alongside improved workplace accessibility measures. The Group also introduced employee assistance schemes, including a car loan subsidy and study loan support, to further enhance employee welfare and development. In addition, the Group held a townhall session with over 400 employees at **HeveaBoard** to share vital and relevant developments within and surrounding the Group, reinforcing transparency and employee engagement.

From an environmental perspective, **HeveaBoard** continued to improve our products and operational practices in support of more sustainable manufacturing. This included increasing production and sales of our low-emission SE0 and HS series products, promoting paperless practices, and advancing resource efficiency initiatives in energy, water and waste management. **HeveaBoard** invested in an innovative world first vision robotic system in our particleboard production line to help reduce defective rates, and at the same time, due to reduced production rework, our carbon footprint will also be reduced. At the same time, the Group strengthened our responsible sourcing and certification framework through

Management Discussion & Analysis (Continued)

Forest Stewardship Council (FSC) Chain of Custody certification, while also achieving recognition under the SIRIM Best Practices Recognition Scheme in Innovation Management (SKP). Our RTA sector was also encouraged by the receipt of Nitori's Excellent Supplier Reward 2025.

While sustainability remains an ongoing journey, the progress made in FYE 2025 has strengthened our foundation for the future. The Group will continue to enhance governance, support our people and communities, improve operational efficiency and reduce our environmental impact in a practical and disciplined manner, as the Group works towards long-term resilience and sustainable growth.

FUTURE OUTLOOK & PROSPECT

Looking ahead, it is expected that the operating environment will remain challenging, shaped by global economic uncertainty, foreign exchange volatility, tariffs, rising costs and supply chain disruptions. These factors affected the Group's performance in FYE 2025 and may continue to weigh on demand, pricing and margins in the near term. In response, management will remain focused on cost discipline, operational efficiency, continuous improvement and prudent execution across the Group. The Group is also mindful of the heightened geopolitical uncertainty arising from the ongoing conflict in the Middle East, which may place further pressure on fuel, logistics and input costs across manufacturing and export-oriented industries, while also weighing on broader business sentiment.

Against this backdrop, the Group will continue to prioritise measures within our control, including disciplined cost management, operational efficiency and selective investments in automation and digitalisation to support productivity and competitiveness. At the same time, the Group will continue to strengthen brand presence, broaden our product offering and place greater emphasis on higher-value products to enhance market positioning. While near-term conditions are expected to remain challenging, the Group believes that the steps taken to strengthen operational discipline, improve efficiency and enhance product positioning will place it in a better position to navigate prevailing market conditions. The Group will continue to closely monitor developments in the global economy, foreign exchange markets and the geopolitical environment, and respond prudently as conditions evolve. Notwithstanding the current headwinds, the Board remains confident that, supported by the Group's strong balance sheet and healthy liquidity, the Group is well positioned to navigate these uncertainties and remains optimistic that the ongoing efforts will support the Group's longer-term resilience and growth.

SUSTAINABILITY STATEMENT

INTRODUCTION

Dear Shareholders,

In FYE 2025, **HeveaBoard Berhad** continued to strengthen its sustainability efforts by integrating environmental, social and governance (ESG) considerations more deliberately into our operations, workforce practices and business decision-making. We remain committed to creating long-term value responsibly, while balancing operational performance with the needs of our employees, customers, communities and other stakeholders.

During the year, we made meaningful progress in strengthening ESG implementation at the operational level. A key milestone was the formation of the Sustainability Steering Committee within the particleboard sector. This committee will play an important role in driving the implementation of ESG initiatives and developing new sustainability priorities going forward at company level.

We also advanced several people-focused initiatives in 2025. These included the introduction of a Policy Statement on Anti-Sexual Harassment, a Policy on Employment of Physically Challenged Persons (OKU), and enhanced workplace accessibility measures to better support OKU employees. In addition, we introduced employee assistance schemes, including a car loan subsidy and study loan support, to strengthen employee welfare and support personal development.

On the environmental front, we continued to improve our product and operational practices. The particleboard sector increased production of low-emission products, namely the SE0 and HS series, in compliance with JIS A 5908:2015, reflecting our commitment to meeting evolving market and environmental expectations. We also continued efforts to reduce paper usage and promote paperless practices across selected processes to improve efficiency and conserve resources.

FYE 2025 also marked notable achievements in certification and recognition. **HeveaBoard** strengthened its responsible sourcing and traceability practices through FSC Chain of Custody certification, and we also obtained recognition under the SIRIM Best Practices Recognition Scheme in Innovation Management (SKP). In addition, the RTA sector was honoured with Nitori's Excellent Supplier Reward 2025, which reflects the strength of our people, systems and commitment to consistent performance.

SCOPE AND BASIS OF SCOPE

The scope of the statement covers all HeveaBoard's business divisions, namely Particleboard, Ready-to-Assemble ("RTA") Furniture, and Fungi Cultivation and all reporting boundaries in Malaysia, covering all pillars of the Company's businesses and stakeholders. No geographical areas or business sectors have been excluded. This ensures a comprehensive overview of HeveaBoard's sustainability efforts across all pillars of the business and its stakeholder engagements. This Sustainability Report covers a 12-month reporting period from 1st January 2025 to 31st December 2025, 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.

Sustainability Statement (Continued)

FEEDBACK

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

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

Sustainability Committee



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

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

In FYE 2025, to further strengthen execution at the operational level, the particleboard sector established a company level Sustainability Steering Committee, responsible for implementing ESG initiatives at the site level, driving cross-functional coordination and developing new ESG initiatives to support continuous improvement. The committee is represented by key functions including HR, Finance, IT, Purchasing, Engineering, Production, QA, Marketing and EHS. The Sustainability Steering Committee also assigns focus areas across environmental, social and governance topics to strengthen accountability and ensure structured implementation and monitoring across relevant workstreams.

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

Sustainability Statement (Continued)

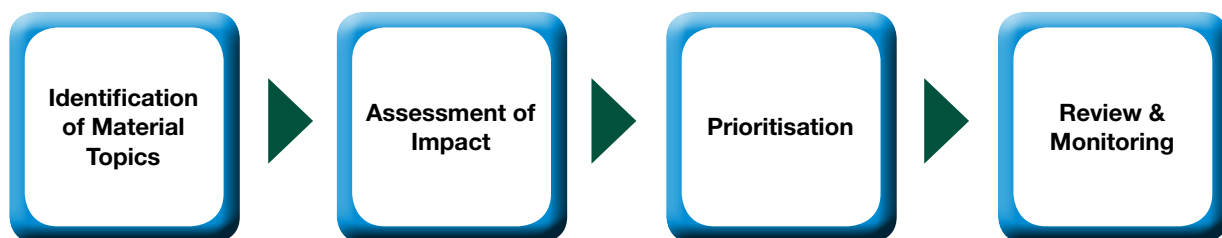
OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

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

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

Materiality Assessment Process:



1. **Identification of Material Topics**

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

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

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

2. **Assessment of Impact**

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

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

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

Sustainability Statement (Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

Stakeholder Engagement

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

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

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

Stakeholder	Engagement Methods	Priority Issues
Employees	- On-going education and training programs - Employee events - Internal e-announcements - Employee feedback/suggestion form - Annual Townhall meeting	- 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	- Annual Report - AGM - Analysis Meetings - Announcements on Bursa Malaysia Securities Berhad - Corporate Website	- Company development - Business strategy - Regulatory compliance - Financial performance
Financiers/banks	- Meetings and discussions - Announcements on Bursa Malaysia Securities Berhad - Corporate Website	Funding methods
Local authorities/ municipalities/ regulators/ government ministries	Meetings and discussions	- Strategic partnerships and agreements - Regulatory compliance - Briefings and trainings
Sub-contractors/ suppliers	Meetings and discussions	- Tenders - Safety and quality compliances
Media	- Interviews - Press release	Business development and performance
Customers	- Feedback channels - Meetings and discussions - Exhibitions and trade shows	- Customer satisfaction - Personalised solutions - Competitive pricing - Identify appropriate R&D to be carried out - Understand latest market trend and consumer behaviour - Compliance with new rules and regulations in different countries

Sustainability Statement (Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

3. *Prioritisation of Material Issues*

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

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

Environmental & Energy Management:

- ISO 14001:2015 (Environmental Management Systems)
- PEFC (Sustainable Forest and Energy Management)
- ISO 50001:2011 (Energy Management System)
- Singapore Green Label, Sirim Eco-Label Scheme, and MyHijau Certification for environmentally friendly products
- Product Carbon Footprint Certification - SIRIM QAS
- FSC Chain of Custody (FSC-STD-40-004 V3-1)

These certifications help mitigate environmental risks by guiding resource efficiency, carbon footprint reduction, and responsible forestry practices, ensuring that HeveaBoard meets global sustainability standards. The addition of FSC Chain of Custody certification in FYE 2025 further strengthens product traceability and responsible sourcing controls across certified wood-based materials.

Occupational Safety & Health:

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

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

Quality & Regulatory Compliance:

- ISO 9001:2015 (Quality Management Systems)
- Japanese Industrial Standard (JIS) A5908:2015
- KS (Korean Standard)
- CARB (California Air Resources Board) Certification (Emission Standards)
- SIRIM Best Practices Recognition Scheme in Innovation Management (SKP / Skim Pengiktirafan Amalan Terbaik)

These certifications strengthen HeveaBoard's focus on product excellence and regulatory compliance. They ensure that their manufacturing processes align with global quality benchmarks while addressing emissions and sustainability concerns. In FYE 2025, the particleboard sector received the SIRIM Best Practices Recognition Scheme in Innovation Management certification which recognises the Group's structured and systematic innovation management practices, supporting continuous improvement across operations.

Sustainability Statement (Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Material Matters & Assessment Process (Continued)

HeveaGro Food Safety & Consumer Responsibility:

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

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

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

4. Review and Continuous Monitoring

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

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

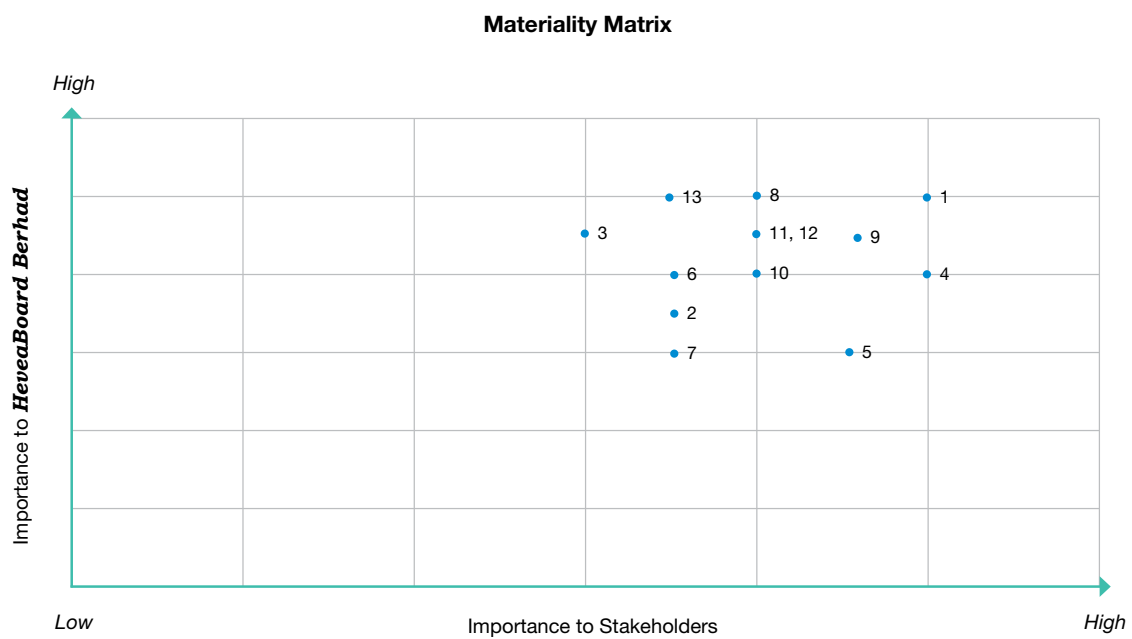
Through this ongoing review mechanism, HeveaBoard reinforces its commitment to long-term sustainability, operational excellence, and stakeholder trust while driving continuous improvement across its business operations.

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

Sustainability Statement (Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Materiality Matrix



Sustainability Statement (Continued)

OUR APPROACH TO SUSTAINABILITY (CONTINUED)

Materiality Matrix (Continued)

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Economic Performance

Why is this important?

HeveaBoard's economic performance underpins our ability to operate responsibly and create sustainable, long-term value for stakeholders. Maintaining financial resilience enables the Group to invest in operational reliability, product quality, innovation and people development, while continuing to contribute to local economies through employment, supplier partnerships and community participation.

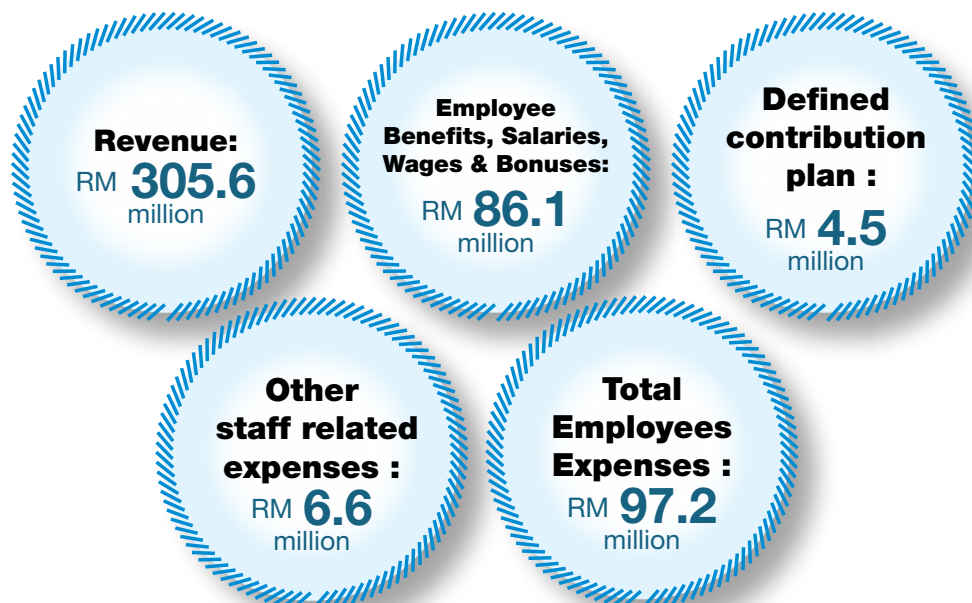
Our Approach

To sustain and strengthen our economic performance, HeveaBoard adopts a disciplined strategy centred on operational efficiency, prudent financial management and market responsiveness. We monitor market conditions and customer requirements closely to ensure our product offerings remain competitive, while prioritising productivity improvements and continuous process enhancements to optimise cost structures and resource utilisation.

Financial prudence remains a key focus, supported by careful capital allocation and balance sheet management to maintain healthy liquidity and resilience in the face of economic uncertainty. In parallel, we continue to invest in initiatives that strengthen our operational capabilities—through process improvements, targeted automation and structured management systems—where these investments enhance productivity, quality consistency and long-term competitiveness.

Risk management is integrated into our approach, with ongoing identification and mitigation of operational and financial risks that could impact business continuity and performance. We also place emphasis on maintaining strong relationships across our value chain by engaging suppliers and customers through consistent quality control, feedback mechanisms and service reliability. By reinforcing trust and performance excellence, we aim to strengthen customer satisfaction, preserve market confidence and support sustainable economic outcomes over the long term.

Our Performance



Notes: Please refer to the Annual Report pages 93 to 159 for detailed financial figures.

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Community Engagement

Why is this important?

HeveaBoard recognises that our operations are interlinked with the wellbeing of the communities in which we operate. Beyond creating jobs and supporting local economies, we believe responsible corporate citizenship requires us to contribute meaningfully to community resilience—particularly in areas related to food security, community welfare, and support for local institutions. Our community investments are intended to generate tangible, positive outcomes for beneficiaries while strengthening long-term trust with stakeholders in our surrounding communities.

Our Approach

As part of our commitment to community engagement, HeveaBoard actively supports local employment opportunities through walk-in interviews and external recruitment initiatives. These efforts provide a platform to identify and recruit talent while promoting sustainable economic participation within the communities surrounding our operations. In FYE 2025, the Particleboard sector interviewed 23 candidates through walk-in interviews and hired 6, while the RTA sector interviewed 648 candidates and hired 428 through walk-in interviews.

To expand employment outreach, the RTA sector also participated in several career fairs and recruitment programmes during the year, including MyFutureJobs (PERKESO) at UTC Ampangan, INTI Career Fair, MYFUTUREJOBS Graduate Career Day @ Politeknik Port Dickson, and Lindung Kerjaya – OKU MyFutureJobs 2025 (N9). Across these events, the RTA sector interviewed a total of 124 candidates and hired 15.

Beyond recruitment, HeveaBoard continues to support talent pipeline development through internship and industrial training placements. In FYE 2025, the Particleboard sector hosted 12 practical students across departments including Plant Operations, IT, Engineering (E&E), Project, Mechanical, Laboratory and Human Resources, while the RTA sector hosted 1 industrial trainee in the R&D department.

The economic environment and rising living costs continue to affect vulnerable communities, making food security support increasingly important. In 2025, HeveaBoard remained committed to fostering food security and supporting local institutional development through both product and financial contributions. Our fungi cultivation segment played a central role in this mission, donating a total of approximately 5,847 kg of mushrooms to a range of community beneficiaries. This included contributions to the Foodbank during the Ramadan period, as well as distributions to schools and temples in conjunction with Chinese New Year and charity programmes. We also channelled donations to local authorities and essential services, including the Fire and Rescue Department (Bomba), the Police, the Army at Kem MDT, and local clinics.

In addition to these food security efforts, we provided direct financial support totalling RM1,500.00 to institutions in the Gemas region, namely Kem Syed Sirajuddin, Sekolah Kebangsaan Gemas and Sekolah Kebangsaan Tuanku Abdul Rahman, to support their community programmes and institutional needs.

During the year, HeveaBoard collaborated with Forest Research Institute Malaysia (FRIM) to develop scientific studies and educational videos to raise public awareness on the risks associated with formaldehyde emissions. This initiative supports broader community education and reinforces the importance of responsible product standards and indoor air quality awareness.

Our Performance

Indicator	FYE 2023	FYE 2024	FYE 2025
Total amount invested in the community (MYR)	76,000	121,200	71,664
Total number of beneficiaries of the investment in communities	12 charitable organizations	13 charitable organizations	9 charitable organisations

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

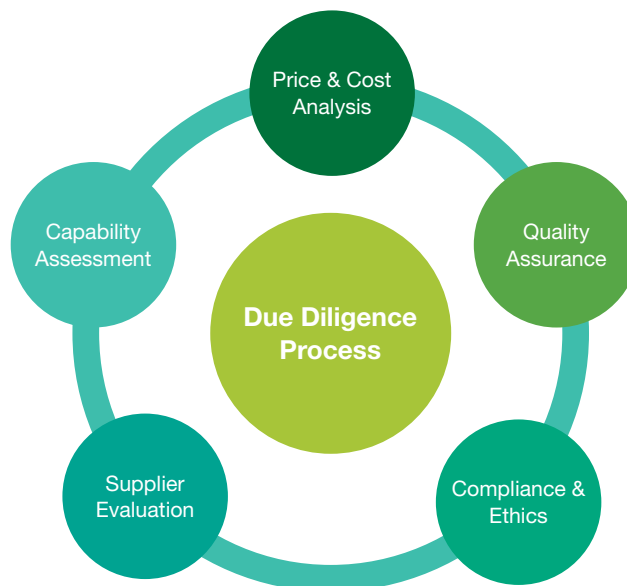
Supply Chain Management

Why is this important?

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

Our Approach

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



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

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Supply Chain Management (Continued)

Our Performance

Sector	FYE 2023		FYE 2024		FYE 2025	
	Local Suppliers	Imported	Local Suppliers	Imported	Local Suppliers	Imported
Particleboard	90.6%	9.4%	91.4%	8.6%	89.4%	10.6%
RTA	87.0%	13.0%	80.1%	19.9%	77.8%	22.2%
Fungi Cultivation	91.6%	8.4%	89.2%	10.8%	53.3%	46.7%
Group	89.7%	10.3%	84.9%	15.1%	83.1%	16.9%

Anti-Corruption

Why is this important?

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

Our Approach

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

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

To support implementation, HeveaBoard delivers anti-corruption awareness and training as part of employee onboarding and through periodic refreshers. Employees are also required to sign declarations of compliance to reinforce personal accountability in upholding applicable laws, regulations and internal policies.

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

Our Performance

Indicator	FYE 2023	FYE 2024	FYE 2025
Percentage of employees who have received training on anti-corruption	100%	100%	98.4%
Percentage of employees that have signed declaration of compliance	100%	100%	98.4%
Percentage of operations assessed for corruption-related risks	NIL	NIL	NIL
Confirmed incidents of corruption and action taken	NIL	NIL	NIL

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Data Privacy & Security

Why is this important?

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

Our Approach

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

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

Following the incidents recorded in FYE 2024, HeveaBoard continued to reinforce cybersecurity controls and employee awareness measures to reduce exposure to impersonation and fraud risks. In FYE 2025, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data as a result of this.

Our Performance

Indicator	FYE 2023	FYE 2024	FYE 2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	NIL	2	NIL

Employee Management

Why is this important?

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Employee Management (Continued)

Our Approach

HeveaBoard is committed to continuous learning and professional development to ensure employees across all segments are equipped with relevant technical and operational capabilities. Training is delivered through internal and external programmes aligned to business needs, compliance requirements and employee development. Internal sessions typically reinforce corporate policies, workplace ethics and operational requirements, while external programmes support functional upskilling and professional certification where relevant.

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

The Group offers various allowances and bonuses to incentivise performance, including attendance allowances, production output incentives, and skill-based rewards for employees who obtain specialised certifications. Retirement benefits are also provided for eligible employees as part of our long-term commitment to workforce security. In FYE2025, we further strengthened employee welfare by introducing employee assistance schemes, including a car loan subsidy and study loan support, to help employees manage financial commitments and support personal development.

Recognising the importance of workplace convenience, we have established an in-house clinic and installed an ATM within our RTA factory premises. Furthermore, to enhance employee accommodation, we have invested RM25 million in the construction of a new hostel for the RTA sector, which houses up to 1,600 workers. Meanwhile, our particleboard sector has acquired four double-story shop lots near the factory to accommodate up to 120 workers in compliance with the Employees' Housing, Accommodations, and Amenities Act 446. The hostel is currently in use after receiving all the relevant approvals from the local authorities.

Our Performance

Indicator	FYE 2023	FYE 2024	FYE 2025
Total hours of training	391 hours	4,081 hours	6,774 hours
Total hours of training by employee category:			
a. Management	N/A	567 hours	582 hours
b. Executive	N/A	1,061 hours	1,641 hours
c. Non-Executive	N/A	2,453 hours	4,551 hours
Number of employees that are contractors or temporary staff	133 pax	128 pax	19 pax
Total number of employee turnover	38 pax	491 pax	602 pax
Total number of employee turnover by employee category:			
a. Management	N/A	Management: 5 pax	Management: 4 pax
b. Executive	N/A	Executive: 12 pax	Executive: 13 pax
c. Non-Executive	N/A	Non-Executive: 481 pax	Non-Executive: 589 pax
Number of substantiated complaints concerning human rights violations and action taken, if any	NIL	NIL	NIL

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity

Why is this important?

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

Our Approach

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

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

In addition to gender diversity, we provide employment opportunities for individuals living with disabilities (OKU). In FYE 2025, we introduced a Policy on Employment of Physically Challenged Persons (OKU) to formalise our commitment to inclusive employment and to guide fair recruitment, workplace support and retention for OKU employees. To support accessibility and enable OKU employees to perform their roles safely and effectively, we also provide special facilities tailored to their needs, including a renovated guard house with toilet facilities, designated OKU parking within the company compound to reduce walking distance, and a ramp at the main office entrance to improve access. Currently, the Group employs 32 OKU staff members, and we will continue to strengthen our inclusive workplace practices to support equal opportunity and participation.

Furthermore, we actively support social reintegration programs, having participated in the hiring of 163 Supervised Persons in 2025 under an out-of-prison rehabilitation program. Our commitment extends beyond employment, as we offer skills training to help ex-convicts reintegrate into society. Once fully discharged, these individuals are encouraged to apply for permanent placement within our company, reinforcing our dedication to second-chance employment and social inclusion.

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

[Our Performance](#)

Board Diversity

By Gender

Indicator	FYE 2023		FYE 2024		FYE 2025	
	Number	%	Number	%	Number	%
Male	7	77.8	7	77.8	7	77.8
Female	2	22.2	2	22.2	2	22.2
Total	9	100.0	9	100.0	9	100.0

By Age Group

Indicator	FYE 2023		FYE 2024		FYE 2025	
	Number	%	Number	%	Number	%
41 - 50	3	33.3	3	33.3	3	33.3
51 - 60	2	22.2	2	22.2	1	11.1
>61	4	44.5	4	44.5	5	55.6
Total	9	100.0	9	100.0	9	100.0

Workforce Profile

Workforce by Gender

Indicator	FYE 2023		FYE 2024		FYE 2025	
	Number	%	Number	%	Number	%
Male	1,790	89.1	1,679	85.9	1,722	85.5
Female	219	10.9	276	14.1	293	14.5
Total	2,009	100.0	1,955	100.0	2,015	100.0

Workforce by Age Group

Indicator	FYE 2023		FYE 2024		FYE 2025	
	Number	%	Number	%	Number	%
<20	42	2.1	18	0.9	21	1.0
20 – 29	790	39.3	675	34.5	602	29.9
30 – 39	731	36.4	769	39.3	838	41.6
40 – 49	329	16.4	358	18.3	413	20.5
50 – 59	107	5.3	116	6.0	126	6.3
>60	10	0.5	19	1.0	15	0.7
Total	2,009	100.0	1,955	100.0	2,015	100.0

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

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

Workforce Breakdown by Employee Category:

Management by Gender

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
Male	37	72.5	36	72.0
Female	14	27.5	14	28.0
Total	51	100.0	50	100.0

Management by Age Group

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
30 – 39	8	15.7	5	10.0
40 – 49	21	41.2	27	54.0
50 – 59	12	23.5	9	18.0
>60	10	19.6	9	18.0
Total	51	100.00	50	100.0

Executive by Gender

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
Male	54	54.0	58	52.7
Female	46	46.0	52	47.3
Total	100	100.0	110	100.0

Executive by Age Group

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
20 – 29	14	14.0	17	15.5
30 – 39	35	35.0	35	31.8
40 – 49	33	33.0	39	35.4
50 – 59	17	17.0	18	16.4
>60	1	1.0	1	0.9
Total	100	100.0	110	100.0

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Diversity (Continued)

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

Non-Executive by Gender

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
Male	1,588	88.0	1,628	87.8
Female	216	12.0	227	12.2
Total	1,804	100.0	1,855	100.0

Non-Executive by Age Group

Indicator	FYE 2024		FYE 2025	
	Number	%	Number	%
<20	18	1.0	21	1.1
20 – 29	661	36.7	585	31.6
30 – 39	726	40.2	798	43.0
40 – 49	304	16.9	347	18.7
50 – 59	87	4.8	99	5.3
>60	8	0.4	5	0.3
Total	1,804	100.00	1,855	100.0

In 2025, there were no discrimination incidents reported and recorded within HeveaBoard, indicating that our initiatives and practices are effective in the working environment.

Health & Safety

[Why is this important?](#)

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Health & Safety (Continued)

Our Approach

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

In FYE 2025, the Group conducted 60 health and safety training sessions across core areas including workplace safety awareness, emergency preparedness, fire safety, first aid, hearing conservation, machinery and forklift safety, and EHS/IMS compliance.

The Group also provides accessible healthcare support through its in-house clinic in its RTA facilities, which recorded an average of 755 monthly patient visits in 2025. This facility ensures that employees have immediate access to medical care, reducing workplace health risks and promoting overall well-being.

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

In addition, health and safety awareness campaigns were carried out during the year. The particleboard sector organised a one-week health and safety campaign under its EHS Week Programme, featuring engagement sessions with external agencies including DOSH, DOE, PERKESO, Bomba, AADK, Majlis Daerah Tampin and the Police. The RTA sector also conducted a Hearing Conservation Awareness Campaign for high noise exposure areas.

Our Performance

Indicator	FYE 2023	FYE 2024	FYE 2025
Number of work-related injuries:			
First aid/Minor	25	37	11
Major	9	11	9
Fatality	NIL	NIL	NIL
Lost time incident rate	N/A	2.09	2.25
Number of employees trained on health and safety standards	333	1,087	2,472

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Energy Management

Why is this important?

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

Our Approach

ISO 14001 & ISO 50001-certified:

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

Renewable Power Generation:

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

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

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

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

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

*** using MGTC carbon calculator +MY energy commission = 0.774kg CO₂e/kWh

LED Lighting:

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

Motion Sensors:

We have installed motion sensors in sanitising chambers, car parks, and factory premises to minimise unnecessary electricity use.

Automation:

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

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Energy Management (Continued)

[Our Performance](#)

Indicator	FYE 2024	FYE 2025
Total Energy Consumption (MWh)	47,394	49,921
Total Energy Savings (MWh)		
• Solar Power Rooftop	3,716	3,675
• Absorption Chiller Usage	282	576
• LED Lighting	394	127
• Motion Sensors	0.02	-
• Total for the Group	4,392	4,378
Net Energy Usage (MWh)	43,002	45,543

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

Water Management

[Why is this important?](#)

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

[Our Approach](#)

Usage of Absorption Chillers:

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

Rainwater Harvesting:

At the RTA sector, 45 water tanks have been installed, with a combined capacity to collect up to 70,888 litres of rainwater. Rainwater harvesting continues to support non-potable uses such as general cleaning, container water leak testing and washing, particularly in toilets and for cleaning factory equipment. In FYE 2025, rainwater collection continued to provide an alternative water source to reduce reliance on treated water. The particleboard sector also recorded rainwater harvesting collection for operational use.

Underground Water Usage:

Due to high water table levels at the particleboard factory, underground wells were bored to manage water seepage issues and provide an alternative water source for cleaning activities. This initiative contributes to reduced dependence on treated water while addressing site-level seepage management. In FYE 2025, underground water usage continued to be recorded for the particleboard sector.

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Water Management (Continued)

[Our Performance](#)

Indicator	FYE 2024	FYE 2025
Total Water Consumption (MI)	102.05	92.51
Alternative Water Source (litres)		
• Rainwater Harvesting	600,000	764,000
• Underground Water Usage	3,468	43,900

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

Waste Management

[Why is this important?](#)

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

[Our Approach](#)

ISO 14001-Certified:

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

Certified Scheduled Waste Competent Person:

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

Recovery of Rubber Tree Bark:

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

Hollow Core Products for Waste Reduction:

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

Click Technology in Toolless Furniture:

Our RTA sector pioneered Click Technology, replacing metal hardware (screws, nails, dowels) with recycled plastic inserts, reducing material usage, enhancing durability, and lowering transportation weight, leading to reduced emissions. On average, each RTA set using Click Technology results in 100g of weight savings compared to traditional methods. In 2025, this resulted in total weight savings of 42,199kg.

Photo Rendering Software for Sample Reduction:

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Waste Management (Continued)

Spent Mushroom Substrate as Fertiliser:

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

Leak Detection System for Handling Equipment:

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

[Our Performance](#)

Indicator	FYE 2023	FYE 2024	FYE 2025
Total waste generated (Mt)	N/A	7,987	8,828
Total waste diverted from disposal (Mt)	N/A	6,966	7,982
Total waste directed to disposal (Mt)	44	1,021	846

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

Emissions

[Why is this important?](#)

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

[Our Approach](#)

ISO 14067 Certified - Product Carbon Footprint License:

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

State-of-the-Art Pollution Control System:

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

Production of Low Emission Products:

In 2025, the Group increased production of low emission products by 7% to reduce product-related emissions profile and support customer requirements. Our low-emission product categories—SE0 and HS series—comply with the formaldehyde emission requirements under JIS A 5908:2015, with specification limits of Mean ≤ 0.3 mg/L and Maximum ≤ 0.4 mg/L.

In-house Vision Robotic system:

Latex is a key contributor to defects in rubberwood-based particleboard, and the Group has addressed this through in-house innovation. In FYE 2025, HeveaBoard developed a state-of-the-art system integrating three SCARA robots and a high-definition vision system to detect and remove latex during the forming process, resulting in a 0.5% reduction in defects and an estimated 231.01 tCO₂e saving from reduced wood, glue and electricity required for rework.

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Emissions (Continued)

Solar Energy for greenhouse gas Emissions Reduction:

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

- Particleboard sector: Generated 1,453.36 MWh of solar power, reducing 1,124.90 tonnes of CO₂e in 2025.
- RTA sector: Generated 1,854.41 MWh of solar power, reducing 1,435.31 tonnes of CO₂e in 2025.
- Fungi Cultivation sector: Generated 367.55 MWh of solar power, reducing 284.48 tonnes of CO₂e in 2025.

Our Performance

Indicator	FYE 2024	FYE 2025
Scope 1 emissions (tCO ₂ e)	1,934	741,956
Scope 2 emissions (tCO ₂ e)	33,749	10,916,249
Scope 3 emissions(tCO ₂ e)	–	34,233
Total Emissions Reduction (tCO ₂ e)	2,876	43,586

Currently, Scope 3 emissions recorded by the Group includes selected materials and input. Moving forward, the Group will continue enhancing Scope 3 coverage across relevant value chain categories over time.

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

Materials

Why is this important?

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

Our Approach

Utilisation of Alternative Materials:

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

Use of Recyclable Packaging Materials:

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

Research & Development for Green Products:

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

Sustainability Statement (Continued)

MANAGEMENT APPROACH FOR MATERIAL MATTERS (CONTINUED)

Materials (Continued)

Automatic Packing Line Implementation:

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

[Our Performance](#)

Indicator	FYE 2024	FYE 2025
Total Renewable Materials Used (kg)	195,782,728	3,048,370
Total Non-Renewable Materials Used (kg)	6,055,604	92,003
Total weight or volume of materials that are used to produce and package products and services (kg)	201,838,332	3,140,373

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

ASSURANCE STATEMENT

To enhance the credibility of our disclosures, selected sections of this Sustainability Statement were subject to:

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

The Common Sustainability Matters and assurance scope covered are set out below:

Common Sustainability Matters	Common Indicators		Scope	Entities
Anti-Corruption	C1(a)	Percentage of employees who have received training on anti-corruption by employee category	Total No of Pax Trained	Particleboard, and RTA
	C1(b)	Percentage of operations assessed for corruption-related risks	Percentage of Operations Assessed for Corruption-related Risks	Particleboard, RTA and Fungi Cultivation
			Business Partner Compliance Verification Form	RTA
	C1(c)	Confirmed incidents of corruption and action taken	Confirmed Incidents of Corruption and Action Taken	Particleboard, RTA and Fungi Cultivation

Sustainability Statement (Continued)

ASSURANCE STATEMENT (CONTINUED)

Common Sustainability Matters	Common Indicators		Scope	Entities
Community	C2(b)	Total number of beneficiaries of the investment in communities	Number of Beneficiaries	Particleboard, RTA and Fungi Cultivation
Diversity	C3(a)	Percentage of employees by gender and age group, for each employee category	Percentage of Employees by Gender and Age Group	Particleboard, RTA and Fungi Cultivation
			Number of OKU Employees	Particleboard and RTA
			Number of Supervised Persons	RTA
	C3(b)	Percentage of directors by gender and age group	Percentage of Directors by Gender and Age Group	Particleboard, RTA and Fungi Cultivation
Energy Management	C4(a)	Total energy consumption	Total Energy Consumption	Particleboard, RTA and Fungi Cultivation
			Solar Panel Agreement	Particleboard, RTA and Fungi Cultivation
			Solar Rooftop Savings	Particleboard, RTA and Fungi Cultivation
			Other Savings	Particleboard
			First Aid	RTA
Health and Safety	C5(a)	Number of work-related fatalities	Minor	RTA
			Major	Particleboard and RTA
			Fatalities	Particleboard, RTA and Fungi Cultivation
	C5(b)	Lost time incident rate	Total Reported Case	Particleboard and RTA
	C5(c)	Number of employees trained on health and safety standards	No. of Employees	Particleboard, RTA and Fungi Cultivation

Sustainability Statement (Continued)

ASSURANCE STATEMENT (CONTINUED)

Common Sustainability Matters	Common Indicators		Scope	Entities
Labour Practices and Standards	C6(a)	Total hours of training by employee category	Total Hours of Training by Employee Category	Particleboard, RTA and Fungi Cultivation
	C6(b)	Percentage of employees that are contractors or temporary staff	Percentage of Contractors/Temporary Staff	Particleboard, RTA and Fungi Cultivation
	C6(c)	Total number of employee turnover by employee category	Employee Turnover	Particleboard, RTA and Fungi Cultivation
	C6(d)	Number of substantiated complaints concerning human rights violations	Complaints Concerning Human Rights Violations	Particleboard, RTA and Fungi Cultivation
Supply Chain Management	C7(a)	Proportion of spending on local suppliers	Total Spending on Local/Foreign	Particleboard, RTA and Fungi Cultivation
Data Privacy and Security	C8(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Particleboard, RTA and Fungi Cultivation
Water	C9(a)	Total volume of water used	Water Usage	Particleboard, RTA and Fungi Cultivation
			Alternative Water Source	Particleboard, RTA and Fungi Cultivation

Please refer to pages 33 to 37 of the Annual Report for the Independent Limited Assurance Statement provided by PKF Risk Management.

CONCLUSION

HeveaBoard's sustainability journey in FYE 2025 reflects our continued commitment to responsible growth, stronger governance and practical ESG implementation across the Group. During the year, we strengthened our foundations through enhanced policies, improved workplace support, broader inclusivity initiatives, and continued efforts to improve operational efficiency and environmental performance.

We also made meaningful progress in translating commitment into action, including the formation of the Sustainability Committee within the particleboard sector to strengthen cross-functional ESG execution, the introduction of employee-focused assistance schemes, and the advancement of inclusive workplace practices through the OKU employment policy and accessibility improvements. At the same time, our efforts in product improvement, responsible sourcing and certification continued to reinforce market confidence and long-term competitiveness.

While we recognise that sustainability is an ongoing journey, FYE 2025 has strengthened our readiness to move forward with greater structure, accountability and focus. HeveaBoard remains committed to continuous improvement in how we manage our environmental and social impacts, support our people and communities, and uphold sound governance practices.

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT

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



To the Board of Directors of HeveaBoard.

Independent Limited Assurance Report on the Common Sustainability Information Disclosed in the Sustainability Report 2025 for HeveaBoard Berhad

HeveaBoard Berhad ('HeveaBoard') has engaged PKF Risk Management Sdn Bhd ('PKF') to independently verify and provide assurance on selected sustainability information in the HeveaBoard Sustainability Statement 2025. The primary objective of this verification process is to provide assurance to HeveaBoard and its stakeholders regarding the accuracy and reliability of the information presented in the statement.

The verification by PKF Risk Management Sdn Bhd focuses on the sustainable performance information (the subject matter) that falls within the scope of assurance, as outlined in the HeveaBoard Sustainability Statement 2025.

The scope of work is limited to the common subject matter disclosed in the FY2025 Sustainability Report. It does not extend to data sets or information beyond the specified subject matter and related disclosures. In addition, the verification excludes information outside the FY2025 Sustainability Report, comparisons with historical data, and any forward-looking statements made by management.

Subject Matter

Our assurance engagement encompasses all of HeveaBoard's business divisions: Particle Board, Ready-to-Assemble (RTA) Furniture, and Fungi Cultivation. We conducted a limited assurance engagement on the selected common indicators listed in the table below, as disclosed in HeveaBoard's Sustainability Report FY2025.

Common Sustainability Matters	Common Indicators		Scope	Business Divisions
Anti-Corruption	C1(a)	Percentage of employees who have received training on anti-corruption by employee category	Total No of Pax Trained	Particleboard, and RTA
	C1(b)	Percentage of operations assessed for corruption-related risks	Percentage of Operations Assessed for Corruption-related Risks	Particleboard, RTA and Fungi Cultivation
			Business Partner Compliance Verification Form	RTA

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT



Common Sustainability Matters	Common Indicators		Scope	Business Divisions
	C1(c)	Confirmed incidents of corruption and action taken	Confirmed Incidents of Corruption and Action Taken	Particleboard, RTA and Fungi Cultivation
Community	C2(b)	Total number of beneficiaries of the investment in communities	Number of Beneficiaries	Particleboard, RTA and Fungi Cultivation
Diversity	C3(a)	Percentage of employees by gender and age group, for each employee category	Percentage of Employees by Gender and Age Group	Particleboard, RTA and Fungi Cultivation
			Number of OKU Employees	Particleboard and RTA
			Number of Supervised Persons	RTA
	C3(b)	Percentage of directors by gender and age group	Percentage of Directors by Gender and Age Group	Particleboard, RTA and Fungi Cultivation
Energy Management	C4(a)	Total energy consumption	Total Energy Consumption	Particleboard, RTA and Fungi Cultivation
			Solar Panel Agreement	Particleboard, RTA and Fungi Cultivation
			Solar Rooftop Savings	Particleboard, RTA and Fungi Cultivation
			Other Savings	Particleboard
Health and Safety	C5(a)	Number of work-related fatalities	First Aid	RTA
			Minor	RTA
			Major	Particleboard and RTA
			Fatalities	Particleboard, RTA and Fungi Cultivation

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT



Common Sustainability Matters	Common Indicators		Scope	Business Divisions
	C5(b)	Lost time incident rate	Total Reported Case	Particleboard and RTA
	C5(c)	Number of employees trained on health and safety standards	No. of Employees	Particleboard, RTA and Fungi Cultivation
Labour Practices and Standards	C6(a)	Total hours of training by employee category	Total Hours of Training by Employee Category	Particleboard, RTA and Fungi Cultivation
	C6(b)	Percentage of employees that are contractors or temporary staff	Percentage of Contractors/Temporary Staff	Particleboard, RTA and Fungi Cultivation
	C6(c)	Total number of employee turnover by employee category	Employee Turnover	Particleboard, RTA and Fungi Cultivation
	C6(d)	Number of substantiated complaints concerning human rights violations	Complaints Concerning Human Rights Violations	Particleboard, RTA and Fungi Cultivation
Supply Chain Management	C7(a)	Proportion of spending on local suppliers	Total Spending on Local/Foreign	Particleboard, RTA and Fungi Cultivation
Data Privacy and Security	C8(a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number of Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Particleboard, RTA and Fungi Cultivation
Water	C9(a)	Total volume of water used	Water Usage	Particleboard, RTA and Fungi Cultivation
			Alternative Water Source	Particleboard, RTA and Fungi Cultivation

Reporting Frameworks and Standards

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

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT



HeveaBoard Berhad's Responsibilities

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

Our Responsibilities

We conducted our assurance engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)") and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410") (collectively referred to as the "Standards") and in line with the terms of reference agreed with HeveaBoard Berhad on 11 February 2026. These Standards require that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement. The nature, timing, and extent of the procedures performed were based on our professional judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Based on our review, we believe the evidence obtained is sufficient and appropriate to form the basis for our limited assurance conclusion on the selected sustainability information presented in HeveaBoard's Sustainability Report 2025.

Our Independence and Quality Management

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

HeveaBoard Berhad's management retains full responsibility for the Sustainability Statement's preparation. PKF Risk Management Sdn Bhd affirms the independence of this verification, as our team had no participation in developing either the Sustainability Statement or the Integrated Annual Report 2025.

Our Approach

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

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

A limited assurance engagement consists of making enquiries, primarily of persons responsible for

Sustainability Statement (Continued)

INDEPENDENT LIMITED ASSURANCE REPORT



preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

Interviews & Process Understanding:

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

Evaluation of Methodology & Assumptions:

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

Compliance & Accuracy Review:

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

Data Analysis & Validation:

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

Presentation & Consistency Assessment:

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

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter stated above in our report as of 1 April 2026 for the year ended 31 December 2025, in order for it to be in accordance with the Criteria.

Restricted use

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


PKF RISK MANAGEMENT SDN BHD
1 APRIL 2026
Kuala Lumpur, Malaysia

Sustainability Performance Report

HeveaBoard Berhad
BMLR Transition PeriodDate & Time: 2026-04-22 16:12:04
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Community/Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	71,664	—	External (Limited)
Community/Society	Total number of beneficiaries of the investment in communities	Number	9 Charitable Organisations	—	External (Limited)
Supply Chain Management	Proportion of spending on local suppliers	%	83.1	—	External (Limited)
Anti-Corruption	Percentage of employees who have received training on anticorruption by employee category	%	98.4	—	External (Limited)
Anti-Corruption	Percentage of operations assessed for corruption-related risks	%	NIL	—	External (Limited)
Anti-Corruption	Confirmed incidents of corruption and action taken	Number	NIL	—	External (Limited)
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	NIL	—	External (Limited)
Labour Practices and Standards	Total hours of training (Management)	Hours	582	—	External (Limited)
Labour Practices and Standards	Total hours of training (Executive)	Hours	1,641	—	External (Limited)
Labour Practices and Standards	Total hours of training (Non-Executive)	Hours	4,551	—	External (Limited)
Labour Practices and Standards	Number of employees that are contractors or temporary staff	Number	19	—	External (Limited)
Labour Practices and Standards	Total number of employee turnover (Management)	Number	4	—	External (Limited)
Labour Practices and Standards	Total number of employee turnover (Executive)	Number	13	—	External (Limited)

Sustainability Performance Report (Continued)

Date & Time: 2026-04-22_16:12:04
FYE 31/12/2025

HeveaBoard Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices and Standards	Total number of employee turnover (Non-Executive)	Number	589	—	External (Limited)
Labour Practices and Standards	Number of substantiated complaints concerning human rights violations	Number	NIL	—	External (Limited)
Diversity	Percentage of employees (Management Male)	%	72.0	—	External (Limited)
Diversity	Percentage of employees (Management Female)	%	28.0	—	External (Limited)
Diversity	Percentage of employees (Executive Male)	%	52.7	—	External (Limited)
Diversity	Percentage of employees (Executive Female)	%	47.3	—	External (Limited)
Diversity	Percentage of employees (Non-Executive Male)	%	878	—	External (Limited)
Diversity	Percentage of employees (Non-Executive Female)	%	12.2	—	External (Limited)
Diversity	Percentage of employees (Management 30 - 39)	%	10.0	—	External (Limited)
Diversity	Percentage of employees (Management 40 - 49)	%	54.0	—	External (Limited)
Diversity	Percentage of employees (Management 50 - 59)	%	18.0	—	External (Limited)
Diversity	Percentage of employees (Management above 60)	%	18.0	—	External (Limited)
Diversity	Percentage of employees (Executive 20 - 29)	%	15.5	—	External (Limited)
Diversity	Percentage of employees (Executive 30 - 39)	%	31.8	—	External (Limited)

Sustainability Performance Report (Continued)

Date & Time: 2026-04-22_16:12:04
FYE 31/12/2025

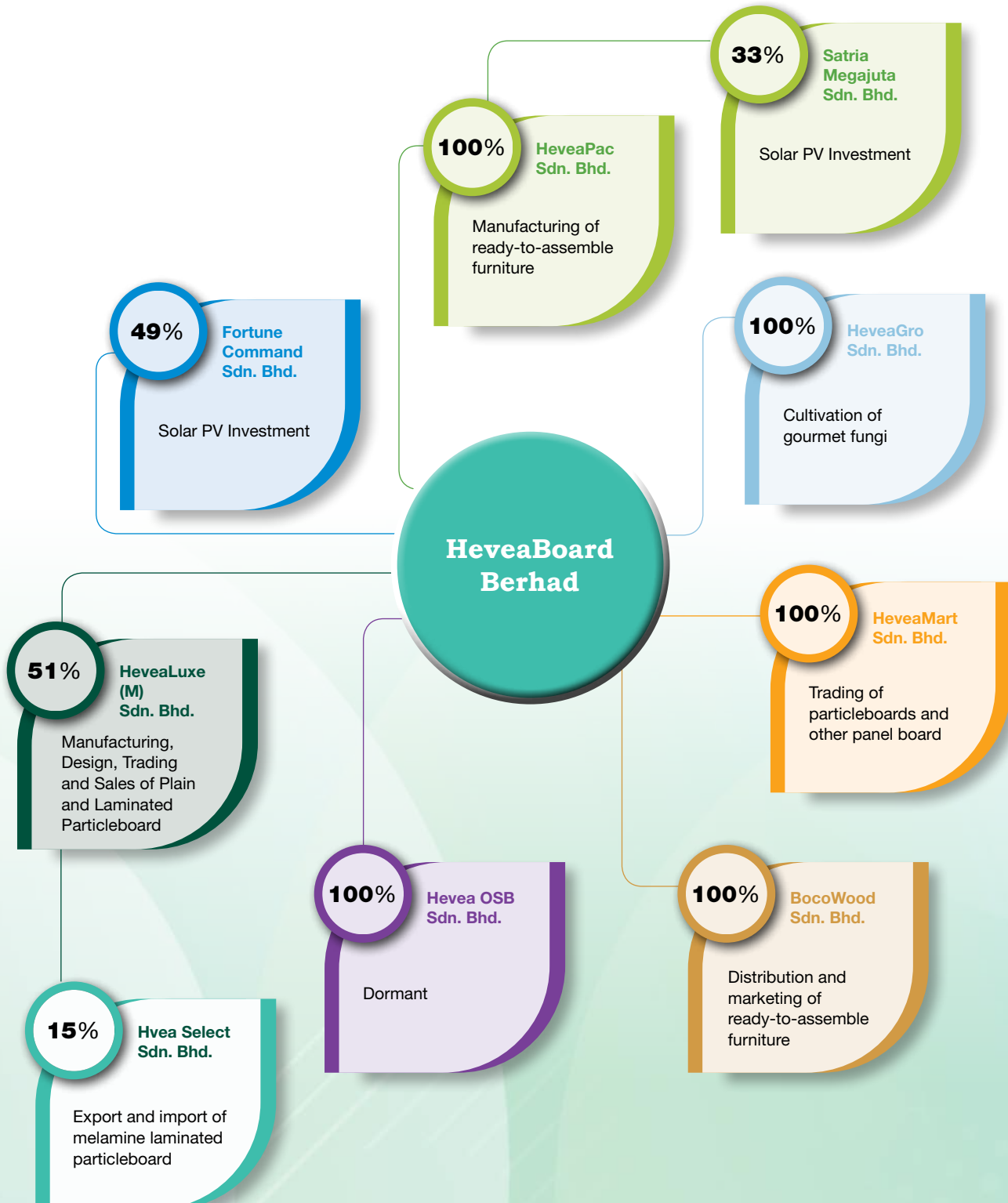
HeveaBoard Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of employees (Executive 40 - 49)	%	35.4	—	External (Limited)
Diversity	Percentage of employees (Executive 50 - 59)	%	16.4	—	External (Limited)
Diversity	Percentage of employees (Executive above 60)	%	0.9	—	External (Limited)
Diversity	Percentage of employees (Non-Executive under 20)	%	1.1	—	External (Limited)
Diversity	Percentage of employees (Non-Executive 20 - 29)	%	31.6	—	External (Limited)
Diversity	Percentage of employees (Non-Executive 30 - 39)	%	43.0	—	External (Limited)
Diversity	Percentage of employees (Non-Executive 40 - 49)	%	18.7	—	External (Limited)
Diversity	Percentage of employees (Non-Executive 50 - 59)	%	5.3	—	External (Limited)
Diversity	Percentage of employees (Non-Executive above 60)	%	0.3	—	External (Limited)
Diversity	Percentage of directors (Male)	%	778	—	External (Limited)
Diversity	Percentage of directors (Female)	%	22.2	—	External (Limited)
Diversity	Percentage of directors (41 - 50)	%	33.3	—	External (Limited)
Diversity	Percentage of directors (51 - 60)	%	111	—	External (Limited)
Diversity	Percentage of directors (above 61)	%	55.6	—	External (Limited)
Health and Safety	Number of work-related fatalities	Number	NIL	—	External (Limited)
Health and Safety	Lost time incident rate	Rate	2.25	—	External (Limited)

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Health and Safety	Number of employees trained on health and safety standards	Number	2,472	—	External (Limited)
Energy Management	Total energy consumption	MWh	49,921	—	External (Limited)
Water	Total volume of water used	MI	92.51	—	External (Limited)

Sustainability Performance Report (Continued)

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

AUDIT COMMITTEE

Chin Pik Yuen
Chairman

Yoong Yan Pin
Thye Heng Ong @ Teh Heng Ong

NOMINATION COMMITTEE

Thye Heng Ong @ Teh Heng Ong
Chairman

Yoong Yan Pin
Bailey Policarpio

REMUNERATION COMMITTEE

Sundra Moorthi A/L V.M. Krishnasamy
Chairman

Thye Heng Ong @ Teh Heng Ong
Bailey Policarpio

TENDER BOARD COMMITTEE

Thye Heng Ong @ Teh Heng Ong
Chairman

Chin Pik Yuen
Loo Chin Meng
Bailey Policarpio

INTEGRITY COMMITTEE

Yoong Hau Chun
Chairman

Sundra Moorthi A/L V.M. Krishnasamy
Yoong Li Yen

Thye Heng Ong @ Teh Heng Ong

Chin Pik Yuen

Yoong Li Mian

Ramesh Kissen

Bernard Lee
(Appointed on 01 December 2025)

COMPANY SECRETARY

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

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

PRINCIPAL OFFICE

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Jalan Tampin, 73400 Gemas
Negeri Sembilan Daruh Khusus
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Fax : 07-948 5192/3390

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KL Eco 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

PRINCIPAL BANKERS

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

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 82, Malaysian, Male

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

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

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

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

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

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

Profile of Directors (Continued)



YOONG HAU CHUN

Group Managing Director
Aged 50, Malaysian, Male

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

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

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

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

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

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

Profile of Directors (Continued)



YOONG LI YEN

Executive Director
Aged 49, Malaysian, Female

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

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

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

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

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

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

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

Profile of Directors (Continued)



BAILEY POLICARPIO

Non-Independent Non-Executive Director
Aged 55, Filipino, Male

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

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

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

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

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

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

Profile of Directors (Continued)



YOONG YAN PIN

Independent Non-Executive Director
Aged 90, Malaysian, Male

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

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

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

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

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

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

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

Profile of Directors (Continued)



THYE HENG ONG @ TEH HENG ONG

Independent Non-Executive Director
Aged 75, Malaysian, Male

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

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

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

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

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

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

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

Profile of Directors (Continued)



CHIN PIK YUEN

Independent Non-Executive Director
Aged 61, Malaysian, Female

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

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

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

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

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 48, Singaporean, Male

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

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

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

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

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

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

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

Profile of Directors (Continued)



YOONG TEIN SENG @ YONG KIAN SENG (TENSION YOONG)

Alternate Director to Yoong Hau Chun
Aged 79, 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 Tension Yoong has over 30 years of experience in sawmill and timber export business and is one of the founding members of **HeveaBoard**.

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

Mr Tension 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 Tension Yoong is also the father-in-law of Mr Bailey Policarpio who is a Non-Independent Non-Executive Director of **HeveaBoard**.

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

Notes to Directors' Profiles:

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

Directors' securities holdings:

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

Board Meeting attendance in 2025:

All the Directors attended all the five (5) Board meetings which were held during the financial year, except Mr. Yoong Yan Pin who was absent for one (1) Board meeting.

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 66, 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)

YOONG LI MIAN

General Manager – Corporate Services
Aged 48, 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)

RADHAKRISHNAN S/O KRISHNAN

Deputy General Manager – Plant Operation
Aged 50, Malaysian, Male

Date of appointment to present position:

1 February 2024

Qualification

- Electronic Engineering Diploma – UTM

Working experience

- 29 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 37, 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

Profile of Key Senior Management (Continued)

BERNARD LEE

Senior Manager – Accounting and Finance, HeveaBoard
Aged 36, Malaysian, Male

Date of appointment to present position:

21 July 2025

Qualification

- Bachelor's Degree in Accounting from Multimedia University
- Chartered Accountant, Malaysian Institute of Accountants

Working experience

- Over 10 years of statutory audit experience cover property development, construction, manufacturing, hospitality and etc, from small medium enterprises to public listed companies.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of **HeveaBoard Berhad** (“**HeveaBoard**” or “the Company”) is committed to upholding the highest standards of corporate governance and business integrity in directing and managing the affairs of the Company. This commitment aims to promote business prosperity and corporate accountability, with the ultimate objective of delivering long-term values to shareholders while considering the interest of other stakeholders.

The Board continuously reviews the Group’s and the Company’s corporate governance practices to ensure continuous application of the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance (“MCCG”) while aligning them with 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 Board has applied most of the practices of the MCCG 2021, taking into account size, the operating environment of the Company, and the complexity and the nature of the risks and challenges faced by the Group and the Company during the financial year.

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

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

This statement is presented in compliance with paragraph 15.25(1) of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements, and it is to be read together with the Corporate Governance Report 2025 (“CG Report”) of the Company which discloses the details of the Company’s application of each practice set out in the MCCG 2021. The CG Report is available on **HeveaBoard**’s website at www.heveaboard.com.my and the Company’s announcement on Bursa Securities’ website.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board assumes the overall governance responsibilities for leading, controlling and overseeing the performance of the Group and the Company, ensuring business prosperity and the creation of sustainable long-term value for shareholders and other 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-managed. 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 to confirm that the Group remains 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 to achieve its objectives. 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 initiatives and efforts, they are also work in partnership with Management in orienting the Group around sustainability. Sustainability remains as the Board's key focus area in driving the long-term success and resilience 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 outlined below, to enhance corporate efficiency and effectiveness. Notwithstanding such delegation, the ultimate responsibility for the final decision on all matters remains 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. Most of the Board members have 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 2025 (between 1/1/2025 and 31/12/2025)				
	Board meeting	AC meeting	NC meeting	RC meeting	Integrity Committee meeting
Mr Sundra Moorthi A/L V.M. Krishnasamy	5/5	–	–	–	1/1
Mr Yoong Hau Chun (Alternate Director, Mr Yoong Tein Seng @ Yong Kian Seng)	5/5	–	–	–	1/1
Ms Yoong Li Yen	5/5	–	–	–	1/1
Mr Bailey Policarpio	5/5	–	–	–	–
Mr Yoong Yan Pin	4/5	4/5	–	–	–
Mr Thye Heng Ong @ Teh Heng Ong	5/5	5/5	–	–	1/1
Ms Chin Pik Yuen	5/5	5/5	–	–	–
Mr Loo Chin Meng	5/5	–	–	–	–

Corporate Governance Overview Statement (Continued)

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

1. Board Responsibilities (Continued)

Director	No. of Meetings Attended/No. of Meetings Held between 1/1/2026 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	–	–	1/1	–
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	–	1/1	1/1	–
Mr Yoong Yan Pin	1/2	1/2	–	–	–
Mr Thye Heng Ong @ Teh Heng Ong	2/2	2/2	1/1	1/1	–
Ms Chin Pik Yuen	2/2	2/2	–	–	–
Mr Loo Chin Meng	2/2	–	–	–	–

In promoting good corporate governance culture and business conduct and code of ethics within the Group, the Board remains mindful of setting the right tone at the top through its own conduct and actions.

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. This promotes compliance and facilitate early detection and timely remedial solution. The Group has maintained a formal Whistleblowing Policy since August 2015 to support this initiative.

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

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

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

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

Corporate Governance Overview Statement (Continued)

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

1. Board Responsibilities (Continued)

The Board had reviewed the Group and the Company's 2025 corporate governance practices based on MCCG 2021, and is satisfied that the corporate governance practices of the Group and the Company continue to be in line with most of the practices of the MCCG 2021, except Practice 1.4 as the Board still requires Mr Sundra Moorthi A/L V.M. Krishnasamy who is the Board Chairman to lead and guide the Remuneration Committee; Practice 5.9 on 30% of woman directors; Practice 5.10 on policies on gender diversity for the Board and Senior Management; and Practice 8.2 on disclosure on name basis the top five (5) senior management's remuneration in the band of RM50,000.

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

Although the gender diversity policy has not been formalised, the Board continues with its efforts and implement various measures to achieve adequate gender diversity at both the Board and Management levels. Currently, there are two (2) female Directors on the Board, representing 22% of the Board members, whilst the Key Senior Management consists of one (1) female personnel. There is no gender discrimination on the Board and workplace.

Moving forward, the future priorities of the Board include ensuring Board effectiveness and continue with its effort to enhance its gender diversity. Besides that, while driving business prosperity, the Board will keep an eye on the market development in corporate governance, improve the Group's 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 other responsibilities, advise the Board on corporate disclosure, ensure compliance with the Board procedures, applicable governance practices, company laws, securities regulations and Listing Requirements are complied with, and assist the Board in applying the MCCG 2021 Practices to meet the Board's needs and stakeholders' expectations.

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

2. Board Composition

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

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

Corporate Governance Overview Statement (Continued)

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

2. Board Composition (Continued)

Activities of the Nomination Committee

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

i. Review of Board Composition and New Appointment

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

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

Although the Gender Diversity Policy for the Board and Senior Management has not been formalised in writing, the Nomination Committee and the Board acknowledge the benefits of boardroom diversity and gender equality for a good mix of Board composition. The Board has achieved 22% of woman Director on Board. Currently, the Board comprises two (2) woman Director, namely Ms Yoong Li Yen, who is an Executive Director of the Group, and Ms Chin Pik Yuen who is an Independent Non-Executive Director. Moving forward, the priority will be given to female candidates in recruitment exercise for Board and senior management position. Meanwhile, the effort in grooming up female talents within the Group to hold a position on the Board or senior management will be one of the priorities in the succession planning process.

During the financial year end review, there were no new appointments of Directors recommended.

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 26 February 2026, the Nomination Committee concluded that the Board had discharged its fiduciary duties and leadership functions effectively in managing the various challenges faced by the Group and the Company during the financial year. The Independent Directors have continuously fulfilled the independence criteria as set out in Practice 13 of the Main Market Listing Requirements. The Board Committees, i.e., Audit Committee, Nomination Committee, Remuneration Committee, Tender Board Committee and Integrity Committee had discharged their duties effectively and efficiently. Each of the Directors had sufficiently contributed his/her skills, experience, business and industry knowledge and time in discharging his/her duties and responsibilities.

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.

Ms Yoong Li Yen, Mr Thye Heng Ong @ Teh Heng Ong and Ms Chin Pik Yuen shall retire by rotation and stand for re-election at the forthcoming AGM.

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

iv. Directors' Continuous Professional Development

In ensuring Directors' continuous professional development, the NC reviewed the training and development needs of each of the Directors based on the results of the annual assessments. The NC acknowledged that all the Board members are corporate persons who had already have sufficient management skills and vast experience. The Board and Management attended the risk management workshop and ESG briefing during the year. The Board was requested to attend the MAP Part II in relation to sustainability before 1 August 2025. All the Board members have attended MAP Part II in relation to sustainability.

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 - MAP Part II in relation to sustainability - MCIL T Forum 2025
Ms Yoong Li Yen	- Risk Management Workshop - MAP Part II in relation to sustainability - MCIL T Forum 2025
Mr Bailey Policarpio	- Risk Management Workshop - MAP Part II in relation to sustainability

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 Yoong Yan Pin	▪ Risk Management Workshop ▪ MAP Part II in relation to sustainability
Mr Thye Heng Ong @ Teh Heng Ong	▪ Risk Management Workshop ▪ Audit Oversight Board's Conversation with Audit Committee
Ms Chin Pik Yuen	▪ Risk Management Workshop ▪ Fraud Awareness Training ▪ Introduction to Anti-Money Laundering (AML)/ Countering Financing of Terrorism (CFT), Sanctions ▪ Updates to Personal Data Protection Act (PDPA) ▪ Navigating the National Sustainability Reporting Framework (NSRF) ▪ Governance Program ▪ 2026 Budget / Tax Proposals ▪ Double Materiality Assessment Training ▪ Artificial Intelligence Compliance and Regulation & Deepfake Demo Session ▪ Ensuring Control, Accountability and Oversight for AI
Mr Loo Chin Meng	▪ 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 to achieve this goal.

Activities of the Remuneration Committee

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

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

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

Corporate Governance Overview Statement (Continued)

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

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

During the financial year, the activities of the Remuneration Committee included the annual review of the remuneration packages of the Directors and Senior Management before recommending the 2026's remuneration packages to the Board for its approval for implementation. During the review, the Remuneration Committee received performance reports from the Managing Director on the Group and the Company's performance and his proposals on remuneration. The Remuneration Committee ensured that the remuneration packages to be recommended to the Board were in line with the performance and contribution of the Directors and its Senior Management taking into consideration the Group and the Company's performance. None of the individuals or the Chairman participated in any discussion and decision relating to their own remuneration. The Board approved the 2026's remuneration packages of the Directors and Senior Management, except the Directors' Fees which will be put forth to the shareholders for approval at the forthcoming AGM of the Company pursuant to Sections 230(1) and 340(1)(c) of the Companies Act 2016.

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

The remunerations received or receivable by the Non-Executive Directors, Group Managing Director and Executive Director in respect of the financial year ended 31 December 2025 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)	118	nil	118
2.	Bailey Policarpio (Non-Independent Non-Executive Director)	91	nil	91
3.	Mr Yoong Yan Pin (Independent Non-Executive Director)	92	nil	92
4.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	94	nil	94
5.	Ms Chin Pik Yuen (Independent Non-Executive Director)	100	nil	100
6.	Mr Loo Chin Meng (Non-Independent Non-Executive Director)	97	nil	97

Corporate Governance Overview Statement (Continued)

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

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

COMPANY (Continued)

Group Managing Director and Executive Director

No.	Name	Salary RM'000	Bonus RM'000	EPF RM'000	Retirement Benefit RM'000	Benefits in-kind RM'000	Other Allowance RM'000	Total RM'000
1.	Yoong Hau Chun (Group Managing Director)	1,201	–	144	100	16	nil	1,461
2.	Yoong Li Yen (Executive Director)	1,046	–	135	93	nil	78	1,352

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)	118	nil	118
2.	Bailey Policarpio (Non-Independent Non-Executive Director)	91	nil	91
3.	Mr Yoong Yan Pin (Independent Non-Executive Director)	92	nil	92
4.	Mr Thye Heng Ong @ Teh Heng Ong (Independent Non-Executive Director)	94	nil	94
5.	Ms Chin Pik Yuen (Independent Non-Executive Director)	100	nil	100
6.	Mr Loo Chin Meng	97	nil	97

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	–	144	100	16	nil	1,461
2.	Yoong Li Yen (Executive Director)	1,046	–	135	93	nil	78	1,352

Corporate Governance Overview Statement (Continued)

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

3. Remuneration (Continued)

Activities of the Remuneration Committee (Continued)

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

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

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

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

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

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

Corporate Governance Overview Statement (Continued)

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

1. Audit Committee (Continued)

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

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

2. Risk Management and Internal Control Framework

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

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

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

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

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

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

Corporate Governance Overview Statement (Continued)

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Engagement with Stakeholders

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

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

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

2. Conduct of General Meeting

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

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

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

Until 2024, all AGMs were conducted on a fully virtual basis via an online meeting platform, allowing remote participation and online remote voting, with all the Directors attending the AGM. Despite the AGM being held in a fully virtual meeting environment, the Chairman play an effective role in ensuring that engagement between the Board, Senior Management and shareholders was managed smoothly and meaningfully.

In 2025, the AGM was held on a fully physical basis, in line with the mandate of the Securities Commission Malaysia, which permits public listed companies to hold their AGMs either on a hybrid or physical basis effective from 1 March 2025. The physical format enabled two-way, face-to-face communication between the Board, Management, and shareholders. The Board and Management ensured that all questions raised by shareholders were duly addressed, and the Chairman facilitated the meeting to ensure orderly conduct and effective participation throughout.

This statement is made in accordance with the approval of the Board of Directors on 25 March 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintaining a robust system of internal control within **HeveaBoard Berhad** (“the Group”) and is pleased to present the Statement on Risk Management and Internal Control (“Statement”). This Statement outlines the nature and scope of the Group’s risk management and internal control framework of the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2025.

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

ROLES AND RESPONSIBILITY

(A) Board of Directors

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

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

(B) Audit Committee

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

(C) Nomination Committee and Remuneration Committee

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

Statement on Risk Management and Internal Control (Continued)

RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing significant risks are 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 operational 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 effectively manage the risks. Key issues discussed in EXCO meetings are recorded in minutes, summarised and presented in the quarterly Board meetings for all Board members to review and understand the issues impacting the Group.

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

The Risk Assessment process is as follow:



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

Key Risk Focus	Key Mitigation Plan
Impact of Foreign Exchange Fluctuation ("FOREX")	I. Forex Market Monitoring – Foreign exchange movements are closely monitored through structured daily updates and regular communication with banking partners. II. Maintaining Multi – Currency bank account & Natural Hedging Measures – Transactions are conducted in favourable currencies where feasible. Foreign currency accounts are maintained to minimise the need for conversion when exchange rates are unfavourable, allowing the Group to manage the timing of conversions and reduce exposure to currency fluctuations.

Statement on Risk Management and Internal Control (Continued)

RISK MANAGEMENT (CONTINUED)

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

Key Risk Focus	Key Mitigation Plan
Impact of Foreign Exchange Fluctuation ("FOREX") (Continued)	III. Risk – Adjusted Pricing Practices – Currency fluctuation risks are incorporated into quotations where movements exceed predetermined thresholds, with pricing adjustments made where appropriate. IV. Strategic Procurement Planning – Advance procurement planning in foreign currency is undertaken, where appropriate, to mitigate potential cost increases arising from currency movements. V. Hedging Policy Compliance – Established hedging policies are adhered to and reviewed periodically in line with market developments.
U.S. Tariffs & Trade Tensions	I. Export Market Diversification – Export markets are diversified to reduce reliance on regions affected by trade tensions. II. Trade Policy Monitoring – International trade developments are monitored to assess indirect impacts on demand. III. Currency & Pricing Flexibility Measures – Multi-currency pricing and hedging practices are applied to manage volatility. IV. Value-Added Product Strategy – Higher-value product offerings are developed to maintain competitiveness. V. Customer Relationship Stability – Long-term relationships with customers are maintained to stabilise demand.
Volatile Supply of Raw Materials & Production Costs	I. Production & Procurement Planning – Material requirements are forecasted through coordination between sales, production, and purchasing activities. II. Supplier Diversification & Contractual Arrangements – Long-term supplier relationships and diversified sourcing strategies are maintained to reduce dependency risks. III. Inventory & Alternative Material Strategies – Adequate stock levels are maintained, and alternative materials are explored to ensure supply continuity. IV. Market Intelligence Monitoring – Industry developments and supplier trends are continuously monitored to anticipate disruptions. V. Process Innovation & Yield Improvement – R&D initiatives are implemented to enhance material efficiency and control production costs. VI. Long-Term Supply Sustainability Measures – Opportunities to secure long-term raw material sources are explored to ensure continuity.
Implementation of Minimum Wages & EPF for Foreign Workers	I. Automation & Digitalisation Initiatives – Automation and smart manufacturing technologies are implemented to reduce reliance on manual labour. II. Workforce Planning & Skills Development – Recruitment of skilled workers and continuous staff training programmes are carried out to improve productivity. III. Cost Optimisation through Process Improvements – Process improvements and R&D initiatives are undertaken to enhance efficiency. IV. Compliance with Labour Regulations – Compliance with wage and contribution requirements under Malaysian labour regulations and bodies such as Employees Provident Fund (EPF) is maintained.

Statement on Risk Management and Internal Control (Continued)

INTERNAL CONTROLS

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

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

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

HeveaGro Sdn. Bhd., a fully owned subsidiary was also certified with Food Safety Management System ISO 22000:2018.

In addition to the above, the fundamental controls and measures that have been put in place in the Group are: -

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

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

THE REVIEW MECHANISM

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

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

Statement on Risk Management and Internal Control (Continued)

THE REVIEW MECHANISM (CONTINUED)

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

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

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

BOARD ASSURANCE AND LIMITATION

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

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

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

Statement on Risk Management and Internal Control (Continued)

OTHER INTERNAL CONTROL ELEMENTS

a. Policies and Procedures and Compliance Review

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

b. Information and Communication

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

c. Audit Committee

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

d. Whistleblowing Policy

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

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

The Board has formalised a Whistleblowing Policy as part of its commitment to the highest standards of integrity, openness, and accountability in its business and operations. The policy provides a confidential and secure channel for reporting suspected unethical or illegal practices, ensuring that whistleblowers are protected from discrimination, retaliation, or harassment.

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

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

Statement on Risk Management and Internal Control (Continued)

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

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide (“AAPG”) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2025, and reported to the Board that nothing has come to attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

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

CONCLUSION

For the financial period ended 31 December 2025 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 **25 March 2026**.

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 2025, 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 2025.

2. LIST OF PROPERTIES

The properties held by the Group and the Company during the financial year ended 31 December 2025 are stated in the section of List of Properties of this Annual Report.

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

The details of the related party transactions and recurrent related party transactions of a revenue or trading nature during the financial year ended 31 December 2025 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 2025.

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

(a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 (RM)	2024 (RM)
Revenue		305,551,560	327,294,913
Other income		6,342,248	9,759,873
Interest/Finance income		2,719,988	3,816,200
Share of profit of associates		115,784	105,983
Total		314,729,580	340,976,969
Total Assets		444,224,677	489,145,204

Additional Compliance Information (Continued)

6. DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONTINUED)

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income		2,719,988	3,816,200
Total		2,719,988	3,816,200

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Cash		0	0
Conventional Account/Instruments			
Cash and bank balances (exclude cash in hand)		9,299,767	20,416,176
Deposits with licensed bank		62,208,504	79,779,932
Investment in cash funds		6,023,000	5,857,637
Total Cash		77,531,271	106,053,745

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Financing		0	0
Conventional Borrowing			
Current	Remarks	Group	
		2025 (RM)	2024 (RM)
Bank borrowings		1,965,552	1,899,969
Hire purchase payables		45,994	439,705
Non-Current			
Bank borrowings		12,480,997	13,946,018
Hire purchase payables		113,074	19,275
Total Debt		14,605,617	16,304,967

AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2025.

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 it.

COMPOSITION OF MEMBERS

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

The members of the Audit Committee are as follows:

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

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

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

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

AUTHORITY

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

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

Audit Committee Report (Continued)

KEY RESPONSIBILITIES OF THE AUDIT COMMITTEE

Audit Committee should assume four (4) fundamental responsibilities:

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

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

MEETING

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

During the financial year ended 31 December 2025, the Audit Committee held five (5) Audit Committee meetings, and two (2) Audit Committee meetings were held during the period from 1 January 2026 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 2025	1/1/2026 and up to the date of approving this report
Ms Chin Pik Yuen (Chairman)	5/5	2/2
Mr Yoong Yan Pin (Member)	4/5	1/2
Mr Thye Heng Ong @ Teh Heng Ong (Member)	5/5	2/2

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

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

Audit Committee Report (Continued)

MEETING (CONTINUED)

Each Audit Committee meeting is scheduled in advance and conducted with proper meeting proceedings. Meeting notices are 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 encouraging a paperless environment, the hard copy of the meeting materials will only be made available upon request.

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

During the financial year ended 31 December 2025 and subsequent to the year-end, at each quarterly meeting, the Chief Financial Officer was invited to present the quarterly financial results and related party transactions as well as conflict of interest situation that may arise within the Group and the Company, and at the same time to provide clarification on issues and queries which may be raised by the Audit Committee. The Internal Auditors were invited to present their internal audit plan and to report the outcome of their internal audit, including the follow-up audit and annual update of the Enterprise Risk Management Report ("ERM Report"). The ERM Report covers the prevailing key risk profiles of the Group and the Company and the relevant control measures in place. The Executive Directors and Management, when necessary, would be invited to brief and provide further clarifications to the Audit Committee on issues arising from the internal audit, external audit, and other pertinent matters to facilitate a better understanding of the subject matter. The External Auditors were invited to present their Audit Plan, Audit Committee Memorandum and draft Audited Financial Statements according to the audit timeline.

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

During the financial year ended 31 December 2025 and during the period from 1 January 2026 to the date of approving this Report, the agendas of the Audit Committee meetings included the following:

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following:

1. Financial Reporting

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

a. Review of quarterly financial results

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

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

The unaudited quarterly financial results for the four (4) quarters of the Company and the Group for the financial year ended 31 December 2025 were reviewed at the four (4) Audit Committee quarterly meetings held on 23 May 2025, 27 August 2025, 17 November 2025 and 26 February 2026.

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

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

b. Annual Audited Financial Statements

▪ Audit Plan 2025

On 17 November 2025, 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 2025. The Audit Plan outlined, amongst others, the policies and procedures concerning auditors' independence, consideration of fraud in audit, related party transaction disclosures and procedures, audit timeline and audit activities, risk assessment and audit approach, overall accounting development, provision of non-audit services and proposed audit fees.

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

1. Financial Reporting (Continued)

b. Annual Audited Financial Statements (Continued)

▪ Audit Plan 2025 (Continued)

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

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

▪ Audit Committee Memorandum

Based on the audit timeline, the External Auditors presented their Audit Committee Memorandum to the Audit Committee on 26 February 2026, subsequent to the financial year ended 31 December 2025.

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. Impairment review on plant, machineries and equipment
 - ii. Impairment review on investment in a subsidiary
 - iii. Inventory valuation
 - iv. Going concern consideration – Group
- ❖ Potential Key Audit Matters and the justification identified by the External Auditors.
- ❖ Internal control weaknesses noted by the External Auditors and Management's comments.
- ❖ The Audit Committee also took note of the accounting standard developments, its requirements and impact on the Group and Company's financial statements.

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 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 it 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 25 March 2026, a specific meeting was held to review the draft Audited Financial Statements for the financial year ended 31 December 2025.

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

2. External Auditors

An effective oversight of the performance of the External Auditors is one of the core responsibilities of the Audit Committee as the External Auditors play a vital role in the financial reporting process. The Audit Committee is directly responsible for monitoring the ongoing effectiveness and independence of the External Auditors and recommending to the Board 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 2025, the Engagement Partners and its staff engaged in the audit of the Group's financial statements neither hold any direct or indirect financial interest in the Group nor are connected with the Group which would impair their independence, and they have complied with the requirements for independence as stipulated in the International Standards on Auditing ("ISA") 260.

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

2. External Auditors (Continued)

b. Audit and Non-Audit Fees

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

The details of the audit and non-audit fees paid/payable to the External Auditors and a firm or corporation affiliated to the External Auditors in relation to the financial year ended 31 December 2025 are set out below:

	Group RM	Company RM
Total Audit Fees	215,250	101,000
Total Non-Audit Fees	28,600	28,600

On 25 March 2026, 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 2025.

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.

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.

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

2. External Auditors (Continued)

c. Re-appointment of External Auditors (Continued)

Following the completion of the 2025 financial year audit, the Audit Committee was satisfied with the quality of the audit, effectiveness and independence of Messrs. Baker Tilly Monteiro Heng PLT as External Auditors of the Group and the Company. The Audit Committee continues to consider Messrs. Baker Tilly Monteiro Heng PLT to be suitable in their role as External Auditors of the Group.

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

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

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

3. Internal Audit

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

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

Internal Audit Report

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

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

3. Internal Audit (Continued)

Internal Audit Report (Continued)

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

Date of AC Meeting	Internal Audit ("IA") Reports and matters reviewed
26 February 2025	Report for the Gap Analysis Report on Adequate Procedures of Section 17 (A) of MACC Amendment Act 2018. Two-Way Mapping: 2017 IPPF Mandatory Elements vs. 2024 Global Internal Audit Standards
23 May 2025	Internal Audit Report on Production and Quality Control Management of HeveaPac Sdn Bhd ("HeveaPac") Sustainability Reporting Assurance Report
27 August 2025	Annual Update of Enterprise Risk Management.
17 November 2025	Internal Audit Plan (FY 2026) Follow Up Audit Report: - Gap Analysis Report on Adequate Procedures of Section 17 (A) of MACC Amendment Act 2018; and - Production and Quality Control Management of HeveaPac.
26 February 2026	Production and Quality Control Management of HeveaBoard Berhad.

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 2025 for inclusion in the 2025 Annual Report. The External Auditors had also reviewed the SORMIC based on their audit during the financial year and provided with limited assurance that nothing has come to their attention that causes them to believe the SORMIC is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of risk management and internal control of the Group.

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

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

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

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

The Audit Committee must ensure that:

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

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

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

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

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

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

i. Review of RRPT

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

Audit Committee Report (Continued)

SUMMARY OF ACTIVITIES (CONTINUED)

The activities of the Audit Committee in respect of the financial year ended 31 December 2025, and during the period from 1 January 2026 to the date of approving this Report comprised the following: (Continued)

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

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

ii. Review of COI situations

In February 2025 and February 2026, the Audit Committee reviewed the annual COI declaration made by the Company's Directors and the Key Senior Management.

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

The Audit Committee acknowledged that other than as disclosed above, there is a regular supply of parts and relevant services by companies related to Mr Yoong Hau Chun.

There were no new COI situations reported since the last COI declaration which was made in February 2025.

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

- a. The Audit Committee has performed a quarterly review of the report and updates from Management of the recurrent related party transaction in relation to the abovementioned rental of lands from HeveaWood.
- b. The value of the regular supply of parts and relevant services by companies related to Mr Yoong Hau Chun is not significant.
- c. The one-off non-routine service was carried out on an arm's length basis.

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 2025, the entire Internal Audit Function of the Group and the Company was outsourced to an independent internal audit consulting firm. The Board and Audit Committee are responsible for the effectiveness of the Internal Audit Function although all the Internal Audit Function is outsourced.

Audit Committee Report (Continued)

INTERNAL AUDIT FUNCTION (CONTINUED)

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

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

Internal Audit Plan

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

Activities of the Internal Audit Function

The activities of the Internal Audit Function for the financial year ended 31 December 2025 includes the following:

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

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

The total cost incurred for the Group's Internal Audit Function for the financial year ended 31 December 2025 was approximately RM97,000.

This report is made in accordance with the Board of Directors' approval on 25 March 2026.

FINANCIAL **STATEMENTS**

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing of particleboards and investment holding. The principal activities of its subsidiaries include manufacturing and trading of ready-to-assemble furniture, distribution and marketing of ready-to-assemble furniture, manufacturing, design, trading and sales of plain and laminated particleboards, and cultivation and trading of gourmet fungi.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(40,326)	(15,452)
Attributable to:		
Owners of the Company	(40,214)	(15,452)
Non-controlling interests	(112)	–
	(40,326)	(15,452)

DIVIDENDS

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

	RM'000
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 25 July 2025	5,659

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

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.

Directors' Report (Continued)

BAD AND DOUBTFUL DEBTS

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report (Continued)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM215,250 and RM101,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

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

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

As at 31 December 2025, the Company held 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 this report are:

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

* Directors of the Company and certain subsidiaries.

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

Peh Ju Chai
Ding, Xuedong

DIRECTORS' INTERESTS

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

Interests in the Company

	Number of ordinary shares		
	At 1 January 2025	Bought Sold	At 31 December 2025
Direct interests:			
Yoong Hau Chun	1,503,850	–	1,503,850
Bailey Policarpio	126,664	–	126,664
Yoong Li Yen	1,672,532	–	1,672,532
Yoong Tein Seng @ Yong Kian Seng (Alternate director to Yoong Hau Chun)	433,500	3,170,300 (365,200)	3,238,600
Loo Chin Meng	370,000	–	370,000
Yoong Yan Pin	250,000	–	250,000
Sundra Moorthi A/L V. M. Krishnasamy	9,000,000	–	9,000,000
Thye Heng Ong @ Teh Heng Ong	200,000	–	200,000

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)

			Number of ordinary shares		
			At 1 January 2025		At 31 December 2025
			Bought	Sold	
Indirect interests:					
Yoong Hau Chun	(1)	187,347,691	5,240,700	(365,200)	192,223,191
Bailey Policarpio	(2)	1,672,532	—	—	1,672,532
Yoong Li Yen	(3)	185,852,341	3,370,300	(365,200)	188,857,441
Yoong Tein Seng @ Yong Kian Seng (Alternate director to Yoong Hau Chun)	(4)	197,870,837	200,000	—	198,070,837
Loo Chin Meng	(5)	125,081,890	—	—	125,081,890

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

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

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

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

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

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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Company were as follows:

	Company RM'000
Directors of the Company	
- salaries, fees, allowances and bonus	3,277
- defined contribution plan	476
- other benefits	16
	3,769

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

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

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
HeveaPac Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of ready-to-assemble furniture
HeveaMart Sdn. Bhd.	Malaysia	100	100	Trading of particleboards and other panel boards
BocoWood Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of ready-to-assemble furniture
HeveaGro Sdn. Bhd.	Malaysia	100	100	Cultivation and trading of gourmet fungi
Hevea OSB Sdn. Bhd.	Malaysia	100	100	Dormant
HeveaLuxe (M) Sdn. Bhd.	Malaysia	51	51	Manufacturing, design, trading and sales of plain and laminated particleboards

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

Directors' Report (Continued)

AUDITORS

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

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

.....
YOONG HAU CHUN

Director

.....
YOONG LI YEN

Director

Date: 25 March 2026

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	246,674	249,024	104,363	107,051
Investment in subsidiaries	6	–	–	58,258	58,158
Investment in associates	7	1,299	974	490	490
Goodwill on consolidation	8	–	2,946	–	–
Deferred tax assets	9	–	1,277	–	1,277
Other investments	13	–	*	–	–
Total non-current assets		247,973	254,221	163,111	166,976
Current assets					
Inventories	10	90,186	88,710	45,566	44,624
Biological asset	11	–	228	–	–
Trade and other receivables	12	23,055	31,906	22,033	26,113
Prepayments		3,259	3,252	504	445
Tax recoverable		2,220	4,774	128	225
Other investments	13	6,023	5,858	4,005	3,840
Cash and short-term deposits	14	71,509	100,196	19,638	33,478
Total current assets		196,252	234,924	91,874	108,725
TOTAL ASSETS		444,225	489,145	254,985	275,701

Statements of Financial Position (Continued)

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	160,215	160,215	160,215	160,215
Treasury shares	16	(1,614)	(1,614)	(1,614)	(1,614)
Retained earnings	17	200,066	245,939	66,579	87,690
		358,667	404,540	225,180	246,291
Non-controlling interest		2,279	2,391	–	–
TOTAL EQUITY		360,946	406,931	225,180	246,291
Non-current liabilities					
Loans and borrowings	18	15,929	17,179	449	720
Deferred tax liabilities	9	4,751	6,060	–	–
Total non-current liabilities		20,680	23,239	449	720
Current liabilities					
Trade and other payables	19	60,548	56,635	29,094	28,392
Loans and borrowings	18	2,040	2,340	262	298
Tax payable		11	–	–	–
Total current liabilities		62,599	58,975	29,356	28,690
TOTAL LIABILITIES		83,279	82,214	29,805	29,410
TOTAL EQUITY AND LIABILITIES		444,225	489,145	254,985	275,701

* Represent amount less than RM1,000.

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	20	305,552	327,295	130,002	146,129
Cost of sales		(318,634)	(311,185)	(132,268)	(136,073)
Gross (loss)/profit		(13,082)	16,110	(2,266)	10,056
Other income		6,325	9,760	3,234	7,010
Distribution expenses		(2,212)	(2,891)	(1,512)	(1,612)
Administrative expenses		(25,912)	(25,804)	(13,043)	(13,684)
Reversal of impairment losses/ (Impairment losses) on financial assets		17	(17)	–	–
Other expenses		(3,973)	(1,082)	(288)	(4,421)
Operating loss		(38,837)	(3,924)	(13,875)	(2,651)
Finance costs	21	(805)	(878)	(27)	(41)
Share of result of associate, net of tax		116	106	–	–
Loss before tax	22	(39,526)	(4,696)	(13,902)	(2,692)
Income tax expense	24	(800)	(420)	(1,550)	(291)
Loss for the financial year		(40,326)	(5,116)	(15,452)	(2,983)
Other comprehensive income		–	–	–	–
Total comprehensive loss for the financial year		(40,326)	(5,116)	(15,452)	(2,983)
Loss attributable to:					
Owners of the Company		(40,214)	(5,057)	(15,452)	(2,983)
Non-controlling interest		(112)	(59)	–	–
		(40,326)	(5,116)	(15,452)	(2,983)
Total comprehensive loss attributable to:					
Owners of the Company		(40,214)	(5,057)	(15,452)	(2,983)
Non-controlling interest		(112)	(59)	–	–
		(40,326)	(5,116)	(15,452)	(2,983)
Loss per share attributable to owners of the Company (sen)					
- Basic earnings per share	25(a)	(7.08)	(0.89)		
- Diluted earnings per share	25(b)	(7.08)	(0.89)		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2025

Attributable to owners of the Company					
Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Non-controlling interest RM'000	Total equity RM'000
Group					
At 1 January 2024	160,215	(1,614)	256,655	–	415,256
Total comprehensive loss for the financial year	–	–	(5,057)	(59)	(5,116)
Transactions with owners:					
Dividends paid on shares	26	–	(5,659)	–	(5,659)
Shares subscribed by non-controlling interest of a subsidiary			–	2,450	2,450
Total transaction with owners		–	(5,659)	2,450	(3,209)
At 31 December 2024	160,215	(1,614)	245,939	2,391	406,931
Total comprehensive loss for the financial year	–	–	(40,214)	(112)	(40,326)
Transaction with owners:					
Dividends paid on shares	26	–	(5,659)	–	(5,659)
Total transaction with owners		–	(5,659)	–	(5,659)
At 31 December 2025	160,215	(1,614)	200,066	2,279	360,946

Statements of Changes in Equity

(Continued)

		<i>Attributable to owners of the Company</i>			
	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2024		160,215	(1,614)	96,332	254,933
Total comprehensive loss for the financial year		–	–	(2,983)	(2,983)
Transaction with owners:					
Dividends paid on shares	26	–	–	(5,659)	(5,659)
Total transaction with owners		–	–	(5,659)	(5,659)
At 31 December 2024		160,215	(1,614)	87,690	246,291
Total comprehensive loss for the financial year		–	–	(15,452)	(15,452)
Transaction with owners:					
Dividends paid on shares	26	–	–	(5,659)	(5,659)
Total transaction with owners		–	–	(5,659)	(5,659)
At 31 December 2025		160,215	(1,614)	66,579	225,180

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from operating activities					
Loss before tax		(39,526)	(4,696)	(13,902)	(2,692)
Adjustments for:					
Bad debts written off	1		*	–	–
Depreciation for property, plant and equipment and right-of-use assets		21,320	20,928	8,803	8,447
Dividend income		(176)	(142)	(170)	(2,137)
Fair value gain on other investments		(135)	(331)	(135)	(257)
Finance costs		805	878	27	41
Gain on disposal of property, plant and equipment		(42)	(11)	(20)	(31)
Interest income		(2,720)	(3,816)	(809)	(1,319)
Impairment loss on:					
- goodwill		2,946	–	–	–
- investment in subsidiaries		–	–	–	4,000
- trade receivables		–	17	–	–
Inventories written off		3,772	1,074	1,705	242
Net unrealised foreign exchange loss/(gain)		1,749	935	(511)	(257)
Property, plant and equipment written off		71	34	–	–
Reversal of impairment loss on trade receivables		(17)	–	–	–
Share of result of associate, net of tax		(116)	(106)	–	–
Operating (loss)/profit before changes in working capital		(12,068)	14,764	(5,012)	6,037
Changes in working capital:					
Biological asset		228	515	–	–
Inventories		(5,248)	3,062	(2,647)	2,112
Trade and other receivables		8,740	3,533	2,359	(679)
Trade and other payables		3,913	(4,506)	(463)	(4,479)
Net cash (used in)/generated from operations		(4,435)	17,368	(5,763)	2,991
Income tax paid		(711)	(940)	(346)	(427)
Income tax refunded		2,444	513	170	–
Net cash (used in)/ from operating activities		(2,702)	16,941	(5,939)	2,564

Statements of Cash Flows (Continued)

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from investing activities					
Change in fixed deposits		21,260	4,408	8,592	12,708
Dividend received		266	199	170	112
Interest received		2,720	3,816	809	1,319
Investment in subsidiary		—	—	(100)	(2,550)
Investment in associate		(299)	—	—	—
Net change in other investments		(30)	(2,408)	(30)	(1,374)
Proceeds from disposal of property, plant and equipment		46	77	20	43
Purchase of property, plant and equipment and right-of-use assets	(a)	(19,045)	(31,643)	(6,115)	(10,703)
Repayment from subsidiaries		—	—	1,542	2,439
Subscription of shares by non-controlling interest in a subsidiary		—	2,450	—	—
Net cash from/(used in) investing activities		4,918	(23,101)	4,888	1,994
Cash flows from financing activities					
Dividend paid		(5,659)	(5,659)	(5,659)	(5,659)
Interest paid		(656)	(735)	(27)	(41)
Repayment/(Advances) to a subsidiary		—	—	1,165	(849)
Repayment/(Advances) to an associate		117	(647)	117	(647)
Repayment/(Advances) to a related company		3	(3)	3	(3)
Repayment of hire purchase	(b)	(300)	(877)	(63)	(99)
(Repayment)/Drawdown of term loan	(b)	(1,399)	1,439	(244)	(235)
Net cash used in financing activities		(7,894)	(6,482)	(4,708)	(7,533)
Net decrease in cash and cash equivalents		(5,678)	(12,642)	(5,759)	(2,975)
Cash and cash equivalents at the beginning of the financial year		61,104	74,681	14,186	16,904
Effects of exchange rate changes on cash and cash equivalents		(1,749)	(935)	511	257
Cash and cash equivalents at the end of the financial year	14	53,677	61,104	8,938	14,186

* Represent amount less than RM1,000.

Statements of Cash Flows

(Continued)

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Purchase of property, plant and equipment and right-of-use assets	19,045	31,643	6,115	10,703
Financed by way of lease arrangements	(153)	–	–	–
Cash payments on purchase of property, plant and equipment and right-of-use assets	18,892	31,643	6,115	10,703

During the financial year, the Group and the Company had total cash outflows for leases of RM929,467 and RM477,782 (2024: RM1,649,396 and RM793,847) respectively.

(b) Reconciliation of liabilities arising from financing activities:

	At 1 January 2025 RM'000	Cash flows RM'000	Non-cash RM'000	At 31 December 2025 RM'000
Group				
Term loans	15,846	(1,399)	–	14,447
Lease liabilities	3,214	–	149	3,363
Hire purchase payables	459	(300)	–	159
	19,519	(1,699)	149	17,969
Company				
Term loans	936	(244)	–	692
Hire purchase payables	82	(63)	–	19
	1,018	(307)	–	711
	At 1 January 2024 RM'000	Cash flows RM'000	Non-cash RM'000	At 31 December 2024 RM'000
Group				
Term loans	14,407	1,439	–	15,846
Lease liabilities	3,071	–	143	3,214
Hire purchase payables	1,336	(877)	–	459
	18,814	562	143	19,519
Company				
Term loans	1,171	(235)	–	936
Hire purchase payables	181	(99)	–	82
	1,352	(334)	–	1,018

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 7, Mercu 3, No. 3, Jalan Bangsar, KL Eco 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 activities during the financial year.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments to MFRS

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

Amendments to MFRS

MFRS 121 The Effects of Changes in Foreign Exchange Rates

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

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

These amendments provide guidance on the spot exchange rate to use when a currency is not exchangeable into another currency and the disclosures entities need to provide to enable users of financial statements to understand the impact on the entities’ financial performance, financial position and cash flows as a result of a currency being not exchangeable into another currency.

Notes to the Financial Statements (Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

MFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

Notes to the Financial Statements (Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

Amendments to MFRS 7 introduces new disclosure requirements relating to:

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

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

Amendments to MFRS 121 clarifies how entities should translate financial statements from a non-hyperinflationary currency into a hyperinflationary presentation currency.

- When an entity's functional currency is the currency of a non-hyperinflationary economy but its presentation currency is the currency of a hyperinflationary economy, the results and financial position of the entity shall be translated into the presentation currency by translating all amounts (ie assets, liabilities, equity items, income and expenses, including comparatives) at the closing rate at the date of the most recent statement of financial position.
- When an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and the entity translates the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy, the entity shall restate the comparative amounts of that foreign operation included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures for the previous reporting period in accordance with paragraph 34 of MFRS 129 *Financial Reporting in Hyperinflationary Economies*.

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

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

Notes to the Financial Statements (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of consolidation

(a) Subsidiaries and business combination

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

(b) Non-controlling interests

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

(c) Associates

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

3.2 Separate financial statements

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

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

3.3 Financial instruments

Financial assets - subsequent measurement and 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)

3.4 Property, plant and equipment

Property, plant and equipment (other than freehold land and right-of-use assets) 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

3.5 Leases

(a) Lessee accounting

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

Short-term leases and leases of low value assets

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

Right-of-use assets

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

Lease liabilities

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

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

Notes to the Financial Statements (Continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 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.

3.7 Revenue

Financing components

The Group and the Company have applied the practical expedient to not 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 is also involved in cultivation and trading of mushroom. Revenue from sale of goods are recognised at a point in time when control of goods is transferred to the customer, generally on the delivery of goods.

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

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)

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: (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.

Notes to the Financial Statements (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

Group 2025	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 2025	7,462	140,465	522,164	8,683	8,136	2,805	30,297	720,012
Additions	-	4,746	9,630	1,976	207	2,486	-	19,045
Disposals	-	-	(1,131)	(9)	(149)	-	-	(1,289)
Written off	-	(71)	-	-	-	-	-	(71)
Reclassification	-	1,444	(625)	-	-	(819)	-	-
At 31 December 2025	7,462	146,584	530,038	10,650	8,194	4,472	30,297	737,697
Accumulated depreciation								
At 1 January 2025	-	41,057	409,175	5,326	7,275	-	8,155	470,988
Depreciation charge for the financial year	-	3,723	15,856	545	364	-	832	21,320
Disposals	-	-	(1,130)	(6)	(149)	-	-	(1,285)
Reclassification	-	302	(302)	-	-	-	-	-
At 31 December 2025	-	45,082	423,599	5,865	7,490	-	8,987	491,023
Carrying amounts								
At 1 January 2025	7,462	99,408	112,989	3,357	861	2,805	22,142	249,024
At 31 December 2025	7,462	101,502	106,439	4,785	704	4,472	21,310	246,674

Notes to the Financial Statements
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Notes to the Financial Statements (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company 2025	Freehold Land RM'000	Buildings RM'000	Plant, Machineries and Equipment RM'000	Furniture, Fittings and Renovation RM'000	Motor Vehicles RM'000	Capital Work-In- Progress RM'000	Right-Of- Use Assets RM'000	Total RM'000
Cost								
At 1 January 2025	6,034	40,447	377,871	2,643	4,171	2,805	4,061	438,032
Additions	-	39	2,471	1,430	-	2,175	-	6,115
Disposals	-	-	-	-	(113)	-	-	(113)
Reclassification	-	1,444	(625)	-	-	(819)	-	-
At 31 December 2025	6,034	41,930	379,717	4,073	4,058	4,161	4,061	444,034
Accumulated depreciation								
At 1 January 2025	-	15,996	308,883	1,060	4,116	-	926	330,981
Depreciation charge for the financial year	-	1,420	7,119	176	44	-	44	8,803
Disposals	-	-	-	-	(113)	-	-	(113)
Reclassification	-	302	(302)	-	-	-	-	-
At 31 December 2025	-	17,718	315,700	1,236	4,047	-	970	339,671
Carrying amounts								
At 1 January 2025	6,034	24,451	68,988	1,583	55	2,805	3,135	107,051
At 31 December 2025	6,034	24,212	64,017	2,837	11	4,161	3,091	104,363

Notes to the Financial Statements
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Notes to the Financial Statements (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Buildings in relation to the leasehold land

The buildings in the Group and the Company with carrying amount of RM83,913,514 (2024: RM82,131,068) and RM14,081,698 (2024: RM14,600,021) respectively are buildings situated on the leasehold land classified as right-of-use assets.

(b) Assets pledged as security

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

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Freehold land	6,034	6,034	6,034	6,034
Buildings	87,142	85,750	17,309	18,219
	93,176	91,784	23,343	24,253

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	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Plant, machineries and equipments	–	685	–	–
Motor vehicles	167	814	13	76
	167	1,499	13	76

(c) Right-of-use assets

The Group and the Company lease several assets including leasehold land and buildings.

Information about leases for which the Group and the Company are lessee are presented below:

	Leasehold Land	Factory Building	Total
	RM'000	RM'000	RM'000
Group			
Carrying amount			
At 1 January 2024	20,190	2,784	22,974
Depreciation	(767)	(65)	(832)
At 31 December 2024	19,423	2,719	22,142
Depreciation	(767)	(65)	(832)
At 31 December 2025	18,656	2,654	21,310

Notes to the Financial Statements (Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Information about leases for which the Group and the Company are lessee are presented below: (Continued)

Company	Leasehold Land RM'000
Carrying amount	
At 1 January 2024	3,179
Depreciation	(44)
At 31 December 2024	3,135
Depreciation	(44)
At 31 December 2025	3,091

(i) Lease terms

The leasehold land generally has lease terms between 19 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	
	2025 RM'000	2024 RM'000
At cost		
Unquoted shares		
- ordinary shares	44,510	44,510
- redeemable non-cumulative convertible preference shares ("RNCCPS")	23,269	–
Loans that are part of net investment	–	23,169
	67,779	67,679
Less: Accumulated impairment loss		
At 1 January	(9,521)	(5,521)
Additions	–	(4,000)
	(9,521)	(9,521)
At 31 December	58,258	58,158

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

Notes to the Financial Statements (Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

In the previous financial year, 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.

The details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
HeveaPac Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of ready-to-assemble furniture
HeveaMart Sdn. Bhd.	Malaysia	100	100	Trading of particleboards and other panel boards
BocoWood Sdn. Bhd.	Malaysia	100	100	Distribution and marketing of ready-to-assemble furniture
HeveaGro Sdn. Bhd.	Malaysia	100	100	Cultivation and trading of gourmet fungi
Hevea OSB Sdn. Bhd.	Malaysia	100	100	Dormant
HeveaLuxe (M) Sdn. Bhd.	Malaysia	51	51	Manufacturing, design, trading and sales of plain and laminated particleboards

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

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

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

(b) In the previous financial year, an impairment loss of RM4,000,000 is provided in the profit and loss under other expenses.

The recoverable amount of the investment in a subsidiary as at 31 December 2025 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 12.44% (2024: 8%) on a pre-tax basis.

Notes to the Financial Statements

(Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Non-controlling interest in subsidiary

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

Group	HeveaLuxe (M) Sdn. Bhd.	
	2025 RM'000	2024 RM'000
Non-controlling interest percentage of ownership interest (%)	49%	49%
Carrying amount of non-controlling interest	2,279	2,391
Loss allocated to non-controlling interest in current financial year	(112)	(59)

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

	HeveaLuxe (M) Sdn. Bhd. RM'000
Summarised statements of financial position	
As at 31 December 2025	
Current assets	1,863
Non-current assets	4,066
Current liabilities	(1,189)
Non-current liabilities	(89)
Net assets	4,651
Summarised statements of comprehensive income	
Financial year ended 31 December 2025	
Total comprehensive loss	228
Summarised cash flow information	
Financial year ended 31 December 2025	
Cash flows from operating activities	724
Cash flows used in investing activities	(3,790)
Cash flows used in financing activities	(41)
As at 31 December 2024	
Current assets	4,935
Non-current assets	139
Current liabilities	(194)
Net assets	4,880

Notes to the Financial Statements (Continued)

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of material non-controlling interest (Continued)

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

Summarised statements of comprehensive income Financial year ended 31 December 2024

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

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

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost				
At 1 January	822	822	490	490
Additions	299	–	–	–
At 31 December	1,121	822	490	490
Share of results				
At 1 January	152	103	–	–
Addition	116	106	–	–
Less: Dividend income	(90)	(57)	–	–
At 31 December	178	152	–	–
	1,299	974	490	490

Notes to the Financial Statements (Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
Satria Megajuta Sdn. Bhd. *	Malaysia	33	33	Operation of generation facilities that produce electric energy
Fortune Command Sdn. Bhd. *	Malaysia	49	49	Operation of generation facilities that produce electric energy
Hvea Select Sdn. Bhd. *	Malaysia	7.65	–	Export and import of melamine laminated particle board

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

The Group holds less than 20% equity interest in Hvea Select Sdn Bhd which are classified as associates as the Group is able to exercise significant influence through representation on the board and participation in policy-making processes.

The Group's share of the results of associates were based on the unaudited management accounts of the associates as at 31 December 2025. 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 2025.

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences made by the Group when using equity method including fair value adjustments and differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

Group 2025	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Hvea Select Sdn. Bhd. RM'000	Total RM'000
Assets and liabilities:				
Current assets	338	175	1,988	2,501
Non-current assets	3,270	2,112	556	5,938
Current liabilities	(20)	(1,165)	(430)	(1,615)
Non-current liabilities	(2,134)	(56)	–	(2,190)
Net assets	1,454	1,066	2,114	4,634
Reconciliation of net assets to carrying amount:				
Group's share in %	33%	49%	7.65%	
Group's share of net assets	480	522	162	1,164
Fair value adjustments	(3)	(8)	146	135
Carrying amount	477	514	308	1,299

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 made by the Group when using equity method including fair value adjustments and differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates: (Continued)

Group	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Hvea Select Sdn. Bhd. RM'000	Total RM'000
2025				
Results:				
Profit for the financial year	188	94	101	383
Group's share of results:				
Group's share of profit for the financial year	62	46	8	116
Group's share of other comprehensive income	–	–	–	–
Group's share of total comprehensive income	62	46	8	116
Included in the total comprehensive income:				
Dividend received from the associates	(24)	(66)	–	(90)
Group	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Total RM'000	
2024				
Assets and liabilities:				
Current assets	582	252	834	
Non-current assets	3,426	2,204	5,630	
Current liabilities	(487)	(1,405)	(1,892)	
Non-current liabilities	(2,158)	(26)	(2,184)	
Net assets	1,363	1,025	2,388	
Reconciliation of net assets to carrying amount:				
Group's share in %	33%	49%		
Group's share of net assets	450	502	952	
Fair value adjustments	31	(9)	22	
Carrying amount	481	493	974	
Results:				
Profit for the financial year	198	83	281	

Notes to the Financial Statements (Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

	Satria Megajuta Sdn. Bhd. RM'000	Fortune Command Sdn. Bhd. RM'000	Total RM'000
Group 2024			
Group's share of results:			
Group's share of profit for the financial year	65	41	106
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	65	41	106
Included in the total comprehensive income:			
Dividend received from the associates	(24)	(33)	(57)

8. GOODWILL ON CONSOLIDATION

	Group 2025 RM'000	2024 RM'000
At cost		
At 1 January	2,946	2,946
Impairment loss	(2,946)	–
At 31 December	–	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 2025 RM'000	2024 RM'000
Ready-to-assemble products segment:		
Manufacturing segment	–	2,666
Trading segment	–	280
	–	2,946

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 10% to 12% (2024: 13% to 15%) was used in determining the value-in-used.

Notes to the Financial Statements (Continued)

8. GOODWILL ON CONSOLIDATION (CONTINUED)

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 RM190,000,000 and RM6,500,000 (2024: RM 234,947,951 and RM6,963,919) for the manufacturing and trading segment respectively. The expected revenue growth in the cash flow projection is 5% (2024: 15%) for the two segments respectively per annum for year 2026 to 2030 (2024: 2025 to 2029).
- The budgeted gross margin is based on the estimated selling prices, fixed and variable costs, adjusted for market conditions and economic conditions and internal resource efficiency. The budgeted gross margins used are 2% and 25% (2024: 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.

As at 31 December 2025, the Group estimated that the recoverable amount of the CGUs was lower than their carrying amounts and impairment loss of RM2,945,751 was recognised. The impairment loss was fully allocated to goodwill and is recorded in statement of comprehensive income of the Group.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Presented after appropriate offsetting as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deferred tax assets	–	1,277	–	1,277
Deferred tax liabilities	(4,751)	(6,060)	–	–
	(4,751)	(4,783)	–	1,277
	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	(4,783)	(4,783)	1,277	1,277
Recognised in profit or loss (Note 24)	32	–	(1,277)	–
At 31 December	(4,751)	(4,783)	–	1,277

Notes to the Financial Statements

(Continued)

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

Deferred tax relate to the following:

	Group	
	2025 RM'000	2024 RM'000
Deferred tax liabilities		
Property, plant and equipment	(4,751)	(6,060)
	Group and Company	
	2025 RM'000	2024 RM'000
Deferred tax assets		
Investment tax allowance	–	1,277

Unrecognised deferred tax assets

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Taxable temporary difference				
Excess of carrying amount over corresponding tax written down value	(44,165)	(41,178)	(6,673)	(4,029)
Unabsorbed allowances on:				
- investment tax allowances	145,255	145,255	145,255	145,255
- reinvestment allowance	12,277	12,277	2,633	2,633
Unused tax losses	27,549	9,359	13,226	1,327
Unused capital allowance	32,659	17,277	5,343	–
	173,575	142,990	159,784	145,186
Potential deferred tax assets not recognised at 24% (2024: 24%)	41,658	34,318	38,348	34,845

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	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Year of assessment				
2028	2,389	2,389	1,327	1,327
2029	1,348	1,348	–	–
2030	1,067	1,067	–	–
2031	578	578	–	–
2032	830	830	–	–
2033	1,351	1,351	–	–
2034	1,796	1,796	–	–
2035	18,190	–	11,899	–
	27,549	9,359	13,226	1,327

Notes to the Financial Statements (Continued)

10. INVENTORIES

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
At cost				
Consumables and spare parts	17,988	17,820	14,654	14,695
Raw materials	33,935	33,210	7,429	5,665
Work-in-progress	5,961	5,143	17	17
Finished goods	32,302	32,537	23,466	24,247
	90,186	88,710	45,566	44,624
Recognised in profit and loss:				
Inventories recognised as cost of sales	194,342	192,600	75,153	75,080
Inventories written off	3,772	1,074	1,705	242

11. BIOLOGICAL ASSET

The biological asset of the Group consists of gourmet fungi.

	Group	
	2025	2024
	RM'000	RM'000
Gourmet fungi		
Carrying amounts		
King oyster mushroom		
At 1 January	228	527
Fair value changes	(228)	(299)
At 31 December	–	228
Grey oyster mushroom		
At 1 January	–	216
Fair value changes	–	(216)
At 31 December	–	–
	–	228

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.

Notes to the Financial Statements (Continued)

11. BIOLOGICAL ASSET (CONTINUED)

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

	2025	Group 2024
Gourmet fungi		
King oyster mushroom		
Selling price per kg (RM/kg)	–	12 to 16
Yield per bag (gram)	–	210 to 228
Grey oyster mushroom		
Selling price per kg (RM/kg)	–	12 to 15
Yield per bag (gram)	–	103 to 113

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

	2025 RM'000	Group 2024 RM'000
Sensitivity analysis:		
King oyster mushroom		
Increase by 10%	–	56
Decrease by 10%	–	(56)
Grey oyster mushroom		
Increase by 10%	–	20
Decrease by 10%	–	(20)

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

	Note	Group 2025 RM'000	2024 RM'000	Company 2025 RM'000	2024 RM'000
Current					
Trade					
Trade receivables		19,211	26,405	7,658	11,362
Amount owing by subsidiaries		–	–	11,066	8,032
Amount owing by an associate		193	–	–	–
		19,404	26,405	18,724	19,394
Less: Impairment loss		–	(17)	–	–
Trade receivables, net	(a)	19,404	26,388	18,724	19,394

Notes to the Financial Statements (Continued)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Non-trade					
Other receivables		2,699	4,409	1,781	3,536
Refundable deposits		422	459	119	112
Amount owing by subsidiaries	(b)	–	–	879	2,421
Amount owing by a related company	(b)	–	3	–	3
Amount owing by an associate	(c)	530	647	530	647
Other receivables, net		3,651	5,518	3,309	6,719
Total trade and other receivables		23,055	31,906	22,033	26,113

(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 90 days (2024: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	17	43	–	43
Charge for the financial year				
- Individually assessed	–	17	–	–
Written off	–	(43)	–	(43)
Reversal of impairment losses	(17)	–	–	–
At 31 December	–	17	–	–

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 RM9,312,403 (2024: RM15,844,581) due from 3 (2024: 3) of its significant receivables.

(b) Amount owing by subsidiaries and related company

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

(c) Amount owing by an associate

Amount owing by an associate is unsecured, subject to interest at 5.50% (2024: 3.10%) and repayable on demand and are expected to be settled in cash.

Notes to the Financial Statements (Continued)

13. OTHER INVESTMENTS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Financial assets designated at fair value through other comprehensive income ("DFVOCI")				
- Unquoted equity securities	—	*	—	—
Current:				
Financial assets at fair value through profit or loss ("FVPL")				
- Quoted investment in shares	2,511	2,351	1,987	1,839
- Unquoted securities in equity and income trust funds	3,512	3,507	2,018	2,001
	6,023	5,858	4,005	3,840

* Represent amount less than RM1,000.

Non-current

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

Current

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

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

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	62,209	79,780	13,274	23,853
Cash and bank balances	9,300	20,416	6,364	9,625
Cash and short-term deposits as presented in statements of financial position	71,509	100,196	19,638	33,478
Less: Fixed deposits with maturity more than 3 months	(17,832)	(39,092)	(10,700)	(19,292)
Cash and short-term deposits as presented in statements of cash flows	53,677	61,104	8,938	14,186

Notes to the Financial Statements (Continued)

14. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

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	
	2025	2024
Interest rate (%) (per annum)	1.90 - 4.30	2.10 - 5.30
Average maturities (months)	1 to 9	1 to 7

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2025 '000 unit	2024 '000 unit	2025 RM'000	2024 RM'000
Issued and fully paid up (no par value):				
At 1 January/31 December	567,746	567,746	160,215	160,215

The holder of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

16. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amounts	
	2025 '000 unit	2024 '000 unit	2025 RM'000	2024 RM'000
At 1 January/31 December	1,881	1,881	1,614	1,614

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

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

At 31 December 2025, the Company's treasury shares are held at a carrying amount of RM1,614,489 (2024: RM1,614,489).

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

17. RETAINED EARNINGS

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

Notes to the Financial Statements (Continued)

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current:					
Term loans	(a)	12,481	13,946	449	701
Lease liabilities	(b)	3,335	3,214	–	–
Hire purchase payables	(c)	113	19	–	19
		15,929	17,179	449	720
Current:					
Term loans	(a)	1,966	1,900	243	235
Lease liabilities	(b)	28	–	–	–
Hire purchase payables	(c)	46	440	19	63
		2,040	2,340	262	298
		17,969	19,519	711	1,018
Total loans and borrowings					
Term loans	(a)	14,447	15,846	692	936
Lease liabilities	(b)	3,363	3,214	–	–
Hire purchase payables	(c)	159	459	19	82
		17,969	19,519	711	1,018

(a) Term loans

The term loans bear interest rates ranging at 3.75% to 4.56% (2024: 2.59% to 4.49%) per annum.

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; and
- Corporate guarantees by the Company given to the financial institutions for credit facilities granted to a subsidiary company.

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2025 RM'000	2024 RM'000
Minimum lease payments:		
Not later than one year	180	–
Later than one year and not later than 5 years	720	720
Later than 5 years	6,540	6,720
	7,440	7,440
Less: Future finance charges	(4,077)	(4,226)
Present value of minimum lease liabilities	3,363	3,214

Notes to the Financial Statements (Continued)

18. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities (Continued)

Future minimum lease payments together with the present value of net minimum lease payments are as follows: (Continued)

	Group	
	2025 RM'000	2024 RM'000
Present value of minimum lease liabilities:		
Not later than one year	28	–
Later than one year and not later than 5 years	162	–
Later than 5 years	3,173	3,214
	3,363	3,214
Less: Amount due within 12 months	(28)	–
Amount due after 12 months	3,335	3,214

The lease liabilities bear interest rates ranging at 4.55% (2024: 4.55%) per annum.

(c) Hire purchase payables

Future minimum hire purchase payments together with the present value of net minimum hire purchase payments are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Minimum hire purchase payments:				
Not later than one year	52	442	19	65
Later than one year and not later than 5 years	122	20	–	20
	174	462	19	85
Less: Future finance charges	(15)	(3)	*	(3)
Present value of minimum hire purchase liabilities	159	459	19	82
Present value of minimum lease liabilities:				
Not later than one year	46	440	19	63
Later than one year and not later than 5 years	113	19	–	19
	159	459	19	82
Less: Amount due within 12 months	(46)	(440)	(19)	(63)
Amount due after 12 months	113	19	–	19

* Represent amount less than RM1,000.

Hire purchase payables of the Group and of the Company bear interest ranging from 2.11% to 2.75% and 2.15% to 2.19% (2024: 2.11% to 3.50% and 2.15% to 2.52%) respectively per annum.

Notes to the Financial Statements (Continued)

19. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current					
Trade					
Trade payables	(a)	30,927	27,555	15,173	15,345
Non-trade					
Other payables		13,822	13,631	3,174	3,490
Accrued operating expenses		15,799	15,449	3,478	3,453
Amount owing to subsidiaries	(b)	—	—	7,269	6,104
		29,621	29,080	13,921	13,047
Total trade and other payables		60,548	56,635	29,094	28,392

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2024: 30 to 90 days) terms.

(b) The amount owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

20. REVENUE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contract customers:				
Sale of goods	305,552	327,295	130,002	146,129
Timing of revenue recognition:				
At a point in time	305,552	327,295	130,002	146,129

(a) Disaggregation of revenue

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

The information on disaggregation of revenue into primary geographical markets is disclosed in Note 29 to the financial statements.

Notes to the Financial Statements (Continued)

21. FINANCE COSTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expenses on:				
- term loans	620	661	20	30
- lease liabilities	149	143	–	–
- hire purchase	31	69	2	6
- others	5	5	5	5
	805	878	27	41

22. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		215	209	101	98
Other services					
- Baker Tilly Monteiro Heng PLT		7	7	7	7
- Member firms of Baker Tilly International		22	10	22	10
Bad debts written off		1	*	–	–
Depreciation for:					
- Property, plant and equipment and right-of-use assets		21,320	20,928	8,803	8,447
Expenses relating to short-term leases		476	772	414	695
Impairment loss on:					
- goodwill		2,946	–	–	–
- investment in subsidiaries		–	–	–	4,000
- trade receivables		–	17	–	–
Inventories written off		3,772	1,074	1,705	242
Net realised foreign exchange loss		691	–	623	620
Net unrealised foreign exchange loss		1,749	935	–	–
Property, plant and equipment written off		71	34	–	–
Employee benefits expense	23	97,173	88,644	23,726	24,571
Dividend income		(176)	(142)	(170)	(2,137)
Fair value gain on other investment		(135)	(331)	(135)	(257)
Gain on disposal of property, plant and equipment		(42)	(11)	(20)	(31)
Interest income		(2,720)	(3,816)	(809)	(1,319)
Net realised foreign exchange gain		(181)	(137)	–	–
Net unrealised foreign exchange gain		–	–	(511)	(257)
Reversal of impairment loss on trade receivables		(17)	–	–	–

* 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 (2024: RM15,500).

Notes to the Financial Statements

(Continued)

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	86,051	77,831	19,956	20,629
Defined contribution plan	4,512	4,285	2,110	2,245
Other staff related expenses	6,610	6,528	1,660	1,697
	97,173	88,644	23,726	24,571

Included in employee benefits expenses are:

Directors of the Company

- Directors' allowances	125	111	125	111
- Directors' fees	905	905	905	905
- Directors' emoluments:				
- salaries and bonus	2,247	2,354	2,247	2,354
- defined contribution plan	476	462	476	462
- other benefits	16	16	16	16
	3,769	3,848	3,769	3,848

Directors of the subsidiaries

- Directors' emoluments:				
- salaries and bonus	2,246	2,541	-	-
- defined contribution plan	546	422	-	-
	2,792	2,963	-	-

24. INCOME TAX EXPENSE

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income				
Income tax				
- Current income tax charge	(644)	(520)	(199)	(337)
- Adjustment in respect of prior years	(188)	100	(74)	46
	(832)	(420)	(273)	(291)
Deferred tax (Note 9)				
- Origination and reversal of temporary differences	(2,039)	-	(1,277)	-
- Adjustment in respect of prior years	2,071	-	-	-
	32	-	(1,277)	-
Income tax expense recognised in profit or loss	(800)	(420)	(1,550)	(291)

Notes to the Financial Statements (Continued)

24. INCOME TAX EXPENSE (CONTINUED)

Income tax is calculated at the Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Loss before tax	(39,526)	(4,696)	(13,902)	(2,692)
Tax at Malaysian statutory income tax rate of 24% (2024: 24%)	9,486	1,127	3,336	646
Tax effects arising from:				
- non-deductible expenses	(5,088)	(2,532)	(1,541)	(2,328)
- non-taxable income	231	(180)	232	548
- utilisation of previously unrecognised tax losses and capital allowances	–	1,039	–	797
- deferred tax not recognised on tax losses and temporary differences	(7,340)	–	(3,503)	–
- share of results of associate	28	26	–	–
- adjustment in respect of current income tax of prior years	(188)	100	(74)	46
- adjustment in respect of deferred tax of prior years	2,071	–	–	–
Income tax expense	(800)	(420)	(1,550)	(291)

25. LOSS PER SHARE

(a) Basic loss per ordinary share

Basic loss per share is based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2025	2024
Loss for the financial year attributable to owners of the Company (RM'000)	(40,214)	(5,057)
Weighted average number of ordinary shares for basic loss per share ('000 units)	567,746	567,746
Basic loss per ordinary share (sen)	(7.08)	(0.89)

(b) Diluted loss per ordinary share

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

Notes to the Financial Statements

(Continued)

26. DIVIDENDS

	Company	
	2025	2024
	RM'000	RM'000
Recognised during the financial year:		
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 25 July 2025	5,659	–
Single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 December 2023, paid on 30 July 2024	–	5,659
	5,659	5,659

27. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

- (i) subsidiaries;
- (ii) associates;
- (iii) the key management personnel of the Group and the 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..

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Contract manufacturing income from subsidiary				
- HeveaPac Sdn. Bhd.	–	–	146	124
Dividend income from subsidiary				
- HeveaPac Sdn. Bhd.	–	–	–	2,000
Dividend income from associate				
- Fortune Command Sdn. Bhd.	24	24	24	24
- Satria Megajuta Sdn. Bhd.	66	33	–	–

Notes to the Financial Statements (Continued)

27. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions (Continued)

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:
(Continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income from associate				
- Fortune Command Sdn. Bhd.	34	31	34	31
Management fee income from subsidiary				
- HeveaLuxe (M) Sdn. Bhd.	–	–	18	–
Purchase from subsidiary				
- HeveaLuxe (M) Sdn. Bhd.	–	–	(13)	–
Rental income from subsidiary				
- HeveaLuxe (M) Sdn. Bhd.	–	–	45	–
Rental expense to related party				
- HeveaWood Industries Sdn. Bhd.	(180)	(180)	(180)	(180)
Sales to subsidiaries				
- HeveaPac Sdn. Bhd.	–	–	26,013	27,694
- HeveaLuxe (M) Sdn. Bhd.	–	–	508	–
Sales to associate				
- Hvea Select Sdn. Bhd.	307	–	–	–

(c) Compensation of key management personnel

The remuneration of key management personnel is disclosed as follows:

	Group	
	2025 RM'000	2024 RM'000
Short term employees benefits payable to key management personnel:		
- salaries and bonus	3,288	4,603
- defined contribution plans	711	615
- other benefits	5	4
	4,004	5,222

Notes to the Financial Statements (Continued)

28. CAPITAL COMMITMENT

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

	Group	
	2025 RM'000	2024 RM'000
In respect of capital expenditure:		
- approved and contracted for	9,369	9,375

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
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 (excluding investment in associates) of a segment, as included in the internal reports that are reviewed by the Board of directors/respective Executive Committee.

Notes to the Financial Statements

(Continued)

29. SEGMENT INFORMATION (CONTINUED)

Segment liabilities

Segment liabilities are not included in the internal reports that are reviewed by the Board of directors/respective Executive Committee, hence no disclosures are made on segment liabilities.

	Particle-boards RM'000	Ready-to-assemble products RM'000	Cultivation and trading of gourmet fungi RM'000	Others RM'000	Eliminations RM'000		Total RM'000
Group							
2025							
REVENUE							
External revenue	104,261	198,461	2,830	–	–		305,552
Inter-segment revenue	26,508	4,798	–	–	(31,306)	A	–
Total revenue	130,769	203,259	2,830	–	(31,306)		305,552
RESULTS							
Segment results	(14,077)	(19,678)	(1,346)	(24)	(3,712)	B	(38,837)
Finance costs	(31)	(629)	(149)	–	4		(805)
Share of result associate, net of tax	–	–	–	–	116		116
Segment loss	(14,108)	(20,307)	(1,495)	(24)	(3,592)		(39,526)
Income tax (benefit)/expense	(1,571)	771	–	–	–		(800)
Loss after tax	(15,679)	(19,536)	(1,495)	(24)	(3,592)		(40,326)
Non-controlling interest	–	–	–	–	112		112
Loss attributable to owners of the Company	(15,679)	(19,536)	(1,495)	(24)	(3,480)		(40,214)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segment assets #	259,996	237,643	14,160	5,908	(77,001)	C	440,706
Investment in associates	790	331	–	–	178		1,299
Unallocated corporate assets							2,220
Total assets							444,225
OTHER INFORMATION							
Capital expenditure	9,904	9,386	53	–	(298)		19,045
Depreciation and amortisation	8,965	11,798	599	–	(42)		21,320
Non-cash items other than depreciation and amortisation	1,192	4,224	(17)	–	–	D	5,399

Notes to the Financial Statements (Continued)

29. SEGMENT INFORMATION (CONTINUED)

Segment liabilities (Continued)

	Particle-boards RM'000	Ready-to-assemble products RM'000	Cultivation and trading of gourmet fungi RM'000	Others RM'000	Eliminations RM'000		Total RM'000
Group 2024							
REVENUE							
External revenue	118,435	205,450	3,410	–	–		327,295
Inter-segment revenue	27,694	4,209	–	–	(31,903)	A	–
Total revenue	146,129	209,659	3,410	–	(31,903)		327,295
RESULTS							
Segment results	(2,770)	(1,748)	(1,433)	(25)	2,052	B	(3,924)
Finance costs	(41)	(694)	(143)	–	–		(878)
Share of result associate, net of tax	–	–	–	–	106		106
Segment loss	(2,811)	(2,442)	(1,576)	(25)	2,158		(4,696)
Income tax expense	(291)	(129)	–	–	–		(420)
Loss after tax	(3,102)	(2,571)	(1,576)	(25)	2,158		(5,116)
Non-controlling interests	–	–	–	–	59		59
Loss attributable to owners of the Company	(3,102)	(2,571)	(1,576)	(25)	2,217		(5,057)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION							
Segment assets #	278,783	253,787	15,337	5,932	(71,719)	C	482,120
Investment in associates	490	331	–	–	153		974
Unallocated corporate assets							6,051
Total assets							489,145
OTHER INFORMATION							
Capital expenditure	10,847	20,677	119	–	–		31,643
Depreciation and amortisation	8,450	11,870	608	–	–		20,928
Non-cash items other than depreciation and amortisation	(169)	1,843	44	–	–	D	1,718

Segment assets comprise total current and non-current assets, less investment in associates, tax recoverable and deferred tax assets.

* Represent amount less than RM1,000.

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

	2025 RM'000	2024 RM'000
Dividend income	(91)	(2,058)
Unrealised loss on inventories	372	110
Impairment loss on goodwill	(2,946)	–
Impairment loss on investment in subsidiaries	–	4,000
Inventories written off	(1,045)	–
Rental income	(2)	–
	(3,712)	2,052

C Reconciliation of assets

	2025 RM'000	2024 RM'000
Investment in subsidiaries	(58,258)	(58,158)
Inter-segment assets	(18,743)	(13,561)
	(77,001)	(71,719)

D Non-cash items consist of:

	2025 RM'000	2024 RM'000
Bad debts written off	1	*
Fair value gain on other investments	(135)	(331)
Gain on disposal of property, plant and equipment	(42)	(11)
Impairment loss on financial assets	–	17
- Impairment losses on trade receivables	–	–
- Reversal of impairment losses on trade receivables	(17)	–
Inventories written off	3,772	1,074
Net unrealised foreign exchange loss	1,749	935
Property, plant and equipment written off	71	34
	5,399	1,718

* Represent amount less than RM1,000.

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 2025		
Japan	192,998	—
China	31,152	—
Philippines	435	—
Korea	22,155	—
Malaysia	14,518	247,973
India	80	—
United States of America	1,580	—
France	2,173	—
Hong Kong	9,914	—
Australia	6,181	—
United Arab Emirates	9,435	—
Singapore	3,721	—
Others	11,210	—
	305,552	247,973
31 December 2024		
Japan	214,568	—
China	30,219	—
Philippines	162	—
Korea	15,321	—
Malaysia	14,910	252,944
India	1,130	—
United States of America	2,684	—
France	2,371	—
Hong Kong	12,703	—
Australia	5,844	—
United Arab Emirates	11,555	—
Singapore	5,264	—
Others	10,564	—
	327,295	252,944

* Excluded deferred tax assets.

Major customers

Two major customers with revenue equal to or more than 10% of Group's revenue, amounted to approximately RM122,569,702 (2024: RM158,678,142) arising from particleboards and ready-to-assemble furniture segments.

Notes to the Financial Statements

(Continued)

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

- (i) Amortised cost ("AC")
- (ii) Fair value through profit or loss ("FVPL")
- (iii) Designated fair value through other comprehensive income ("DFVOCI")

	Carrying amount RM'000	AC RM'000	FVPL RM'000
At 31 December 2025			
Financial assets			
Group			
Trade and other receivables	23,055	23,055	–
Other investments	6,023	–	6,023
Cash and short-term deposits	71,509	71,509	–
	100,587	94,564	6,023
Company			
Trade and other receivables	22,033	22,033	–
Other investments	4,005	–	4,005
Cash and short-term deposits	19,638	19,638	–
	45,676	41,671	4,005
Financial liabilities			
Group			
Trade and other payables	60,548	60,548	–
Term loans	14,447	14,447	–
Hire purchase payables	159	159	–
	75,154	75,154	–
Company			
Trade and other payables	29,094	29,094	–
Term loans	692	692	–
Hire purchase payables	19	19	–
	29,805	29,805	–

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	DFVOCI RM'000
At 31 December 2024				
Financial assets				
Group				
Trade and other receivables	31,906	31,906	–	–
Other investments	5,858	–	5,858	*
Cash and short-term deposits	100,196	100,196	–	–
	137,960	132,102	5,858	–
Company				
Trade and other receivables	26,113	26,113	–	–
Other investments	3,840	–	3,840	–
Cash and short-term deposits	33,478	33,478	–	–
	63,431	59,591	3,840	–
Financial liabilities				
Group				
Trade and other payables	56,635	56,635	–	–
Term loans	15,846	15,846	–	–
Hire purchase payables	459	459	–	–
	72,940	72,940	–	–
Company				
Trade and other payables	28,392	28,392	–	–
Term loans	936	936	–	–
Hire purchase payables	82	82	–	–
	29,410	29,410	–	–

* Represent amount less than RM1,000.

(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 and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At the end of the reporting period, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

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.

Notes to the Financial Statements (Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables (Continued)

Credit risk concentration profile

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected losses provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

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

	Current RM'000	1-30 days past due RM'000	> 30 days past due RM'000	Total RM'000
Group				
At 31 December 2025				
Gross carrying amount	5,529	13,343	339	19,211
At 31 December 2024				
Gross carrying amount	6,800	18,742	863	26,405
Impairment losses	–	–	(17)	(17)
Company				
At 31 December 2025				
Gross carrying amount	3,885	3,510	263	7,658
At 31 December 2024				
Gross carrying amount	5,488	5,352	522	11,362

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

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Australia	246	173	–	78
China	4,126	6,388	4,126	5,796
Europe	276	–	–	–
India	59	–	–	–
Japan	10,284	14,208	1,514	3,590
Korea	573	197	573	197
Malaysia	1,835	2,510	729	906
United Arab Emirates	1,096	1,161	290	129
United State of America	80	185	–	–
Others	636	1,566	426	666
	19,211	26,388	7,658	11,362

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:

	Group	
	2025 RM'000	2024 RM'000
Corporate guarantee given to:		
- Bank for banking facilities granted to subsidiaries	13,755	14,910
- Bank for borrowings granted to an associate	594	740
	14,349	15,650

The Company monitors the results of the subsidiaries and associate and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM14,348,950 (2024: RM15,649,853) 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							
2025							
Trade and other receivables	5,455	–	219	–	13,748	–	–
Cash and short-term deposits	2,803	1	120	17	34,336	13	1
Trade and other payables	(878)	–	(423)	–	(4,855)	(10)	–
	7,380	1	(84)	17	43,229	3	1
2024							
Trade and other receivables	5,995	–	515	–	18,040	–	–
Cash and short-term deposits	2,881	1	1,356	7	34,646	59	6
Trade and other payables	(489)	–	(158)	–	(4,131)	(6)	–
	8,387	1	1,713	7	48,555	53	6
Company							
2025							
Trade and other receivables	4,265	–	215	–	3,284	–	–
Cash and short-term deposits	2,802	1	119	17	1,780	13	1
Trade and other payables	(657)	–	(269)	–	(170)	(10)	–
	6,410	1	65	17	4,894	3	1
2024							
Trade and other receivables	5,796	–	215	–	4,407	–	–
Cash and short-term deposits	2,880	1	1,356	7	2,804	59	6
Trade and other payables	(488)	–	(75)	–	(520)	(6)	–
	8,188	1	1,496	7	6,691	53	6

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	
	2025	2024	2025	2024
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000	RM'000	RM'000
Effects on profit or loss and equity				
Chinese Yuan:				
- strengthened by 10%	561	637	487	622
- weakened by 10%	(561)	(637)	(487)	(622)
Euro Dollar:				
- strengthened by 10%	(6)	130	5	114
- weakened by 10%	6	(130)	(5)	(114)
Japanese Yen:				
- strengthened by 10%	1	1	1	1
- weakened by 10%	(1)	(1)	(1)	(1)
United States Dollar:				
- strengthened by 10%	3,285	3,690	372	509
- weakened by 10%	(3,285)	(3,690)	(372)	(509)
Swiss France:				
- strengthened by 10%	–	4	–	4
- weakened by 10%	–	(4)	–	(4)

(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.

Notes to the Financial Statements (Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Liquidity risk (Continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		←----- Contractual cash flows -----→			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	After 5 years RM'000	Total RM'000
Group					
Financial liabilities					
2025					
Trade and other payables	60,548	60,548	–	–	60,548
Term loans	14,447	2,556	13,722	–	16,278
Lease liabilities	3,363	180	720	6,540	7,440
Hire purchase payables	159	52	122	–	174
	78,517	63,336	14,564	6,540	84,440
2024					
Trade and other payables	56,635	56,635	–	–	56,635
Term loans	15,846	2,556	15,677	–	18,233
Lease liabilities	3,214	–	720	6,720	7,440
Hire purchase payables	459	442	20	–	462
	76,154	59,633	16,417	6,720	82,770
Company					
Financial liabilities					
2025					
Trade and other payables	29,094	29,094	–	–	29,094
Term loans	692	264	470	–	734
Hire purchase payables	19	19	–	–	19
Financial guarantee contracts	–	14,349	–	–	14,349
	29,805	43,726	470	–	44,196
2024					
Trade and other payables	28,392	28,392	–	–	28,392
Term loans	936	264	734	–	998
Hire purchase payables	82	65	20	–	85
Financial guarantee contracts	–	15,650	–	–	15,650
	29,410	44,371	754	–	45,125

Notes to the Financial Statements (Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(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.

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	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
<i>Fixed rate instruments</i>				
Financial asset				
Short-term deposits placed with licensed banks	62,209	79,780	13,274	23,853
<i>Floating rate instruments</i>				
Financial liability				
Loans and borrowings	14,447	15,846	692	936

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.

Notes to the Financial Statements (Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Interest rate risk (Continued)

Sensitivity analysis for interest rate risk (Continued)

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			
	2025		2024	
	Increase 1% RM'000	Decrease 1% RM'000	Increase 1% RM'000	Decrease 1% RM'000
Group				
Variable rate instruments	(110)	110	(120)	120
Company				
Variable rate instruments	(5)	5	(7)	7

(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 2025, 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 (31.12.2024: 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			
		Fair Value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Group					
Financial liabilities					
2025					
Term loans	12,481	—	—	12,481	12,481
Hire purchase payables	113	—	—	113	113
2024					
Term loans	13,946	—	—	13,946	13,946
Hire purchase payables	19	—	—	19	19

Notes to the Financial Statements (Continued)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (Continued)

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

	Carrying amount RM'000	Fair value of financial instrument not carried at fair value			
		Fair Value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company					
Financial liabilities					
2025					
Term loans	449	–	–	449	449
2024					
Term loans	701	–	–	701	701
Hire purchase payables	19	–	–	19	19

Level 3

Fair value of financial instruments not carried at fair value

The fair value of borrowings are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

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 2025 and 31 December 2024.

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.

Notes to the Financial Statements (Continued)

31. CAPITAL MANAGEMENT (CONTINUED)

The debt-to-equity ratio of the Group and the Company as at the end of the reporting period was as follows:

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Total loan and borrowings	17,969	19,519	711	1,018
Total equity	360,946	406,931	225,180	246,291
Debt-to-equity ratio (times)	0.05	0.05	–	–

There were no significant changes in the Group's and the Company's approach to capital management during the financial year.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **YOONG HAU CHUN** and **YOONG LI YEN**, being two of the directors of HEVEABOARD BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 101 to 159 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 2025 and of their financial performance and cash flows for the financial year then ended.

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

.....
YOONG HAU CHUN

Director

.....
YOONG LI YEN

Director

Date: 25 March 2026

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **LEE XIE MING**, 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 101 to 159 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
LEE XIE MING

(MIA Membership No.: 52042)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on date 25 March 2026.

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 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 101 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and cash flows for the financial year then ended in accordance with 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 2025, the carrying amount of inventories held by the Group and the Company amounted to RM90,185,844 and RM45,565,644 respectively. We focused on this area because the computation and cost allocation process involve multiple inputs and significant judgement by directors who are required to estimate the cost of finished goods and work-in-progress which comprise of the cost of raw materials, direct labour, other direct costs and the appropriate allocation of overheads based on normal operating capacity. The valuation of these inventories at the lower of cost and net realisable value by the Group and the Company are an area of significant estimate made by the directors.

Our response:

Our audit procedures included, among others:

- obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories;
- understanding the computation of inventory costing which includes costs of raw materials, direct labour, other direct costs and other incidental costs incurred in bringing the inventories to their present location and condition;
- observing year end physical inventory count to observe physical existence and condition of the finished goods and understanding the design and implementation of controls during the count; and
- checking subsequent sales and evaluating directors' assessment on estimated the net realisable values on selected inventory items.

Independent Auditors' Report (Continued)

Key Audit Matters (Continued)

Company

Investment in a subsidiary (Note 4(b) and 6 to the financial statements)

The Company has a significant balance of investment in a subsidiary, namely HeveaGro Sdn. Bhd.. At the end of the financial year, the directors are required to determine if there are any indications of impairment in the investment in the subsidiary. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to understand the performance of the business;
- comparing the directors' key assumptions in cash flow forecasts which include the directors' assessment and consideration of the current economic and business environment in relation to key assumptions;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report (Continued)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2026 J
Chartered Accountant

Kuala Lumpur

Date: 25 March 2026

LIST OF PROPERTIES

Registered Owner	Location	Description/ existing use	Tenure of Land	Land Area	Net Book Value as at 31st December 2025 (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	6,895
	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	17,172
	19A-10-2, Level 10, UOA Centre, No 19 Jalan Pinang 50450 Kuala Lumpur	Office	Freehold	173 sq.m	1,645
	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	438
	No 111, 112, 113 & 114 Jalan DS 1/5 Dataran Satria 1 73400 Gemas Negeri Sembilan Darul Khusus	Shoplot Hostel	Freehold	604 sq.m	1,985
	PT 2584, 2585, 2586 & 2587 Mukim of Gemas Daerah Tampin Negeri Sembilan Darul Khusus	Staff Quarters	Leasehold (Expires on 21-2-2090)	1,104 sq.m	329
Hevea OSB	Lot 1943, Batu Tiga Jalan Tampin, 73400 Gemas Negeri Sembilan Darul Khusus	Vacant Land	Freehold	20,234 sq.m	1,429
HeveaPac	PT 414, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan	Factory Buildings and Office Blocks	Leasehold (Expires on 22-1-2047)	39,659 sq.m	9,987
	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	14,035

List of Properties (Continued)

Registered Owner	Location	Description/ existing use	Tenure of Land	Land Area	Net Book Value as at 31st December 2025 (RM'000)
HeveaPac (Continued)	PT 403, Kawasan Perindustrian Sg. Gadut KM 11, Jalan Tampin, 71450 Seremban, Negeri Sembilan Darul Khusus	Warehouse Hostel	Leasehold (Expires on 21-3-2045)	21,044 sq.m	4,082
	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	25,998
	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	1,686

ANALYSIS OF SHAREHOLDINGS

as at 1 April 2026

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	0.600	1,106	*0.000
100 – 1,000	1,114	15.917	637,806	0.113
1,001 – 10,000	2,983	42.620	16,807,019	2.970
10,001 – 100,000	2,356	33.662	82,745,857	14.623
100,001 – 28,293,233 (less than 5% of issued holdings)	502	7.172	320,251,818	56.595
28,293,234 (5% of issued holdings) and above	2	0.029	145,421,075	25.699
Total	6,999	100.000	565,864,681	100.000

* Negligible

C. SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name	Direct		Indirect		
	No. of Shares	%	No. of Shares	%	
1. HeveaWood Industries Sdn. Bhd.	116,740,290	20.630	4,049,600	0.716	@
2. Firama Holdings Sdn. Bhd.	30,294,785	5.354	135,221,890	23.897	*
3. Tenson Holdings Sdn. Bhd.	18,471,652	3.264	165,516,675	29.250	**
4. Mah Fah Victor Group Sdn. Bhd.	–	–	165,516,675	29.250	**
5. Yoong Hau Chun	1,503,850	0.266	192,352,791	33.993	#
6. Yoong Li Yen	1,672,532	0.296	188,857,441	33.375	****
7. Yoong Tein Seng @ Yong Kian Seng	3,238,600	0.572	198,070,837	35.003	***
8. Loo Chin Meng	370,000	0.065	125,081,890	22.105	❖

@ Deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

* Deemed interested by virtue of its substantial shareholdings in both HeveaWood Industries Sdn. Bhd. and Firama Engineering Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act"); and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

Analysis of Shareholdings (Continued)

C. SUBSTANTIAL SHAREHOLDERS (CONTINUED)

(as per Register of Substantial Shareholders)

- ** Deemed interested by virtue of its substantial shareholdings in HeveaWood Industries Sdn. Bhd., Firlama Holdings Sdn. Bhd. and Firlama Engineering Bhd. (shareholdings held through Firlama Holdings Sdn. Bhd.) pursuant to Section 8 of the Act; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- # Deemed interested by virtue of Section 8 of the Act [shareholdings held through Tenson Holdings Sdn. Bhd., a substantial shareholder of Firlama Holdings Sdn. Bhd., HeveaWood Industries Sdn. Bhd. and Firlama Engineering Bhd (shareholdings held through Firlama Holdings Sdn. Bhd.)]; and by virtue of his family relationship with Tan Ya Ling, his spouse, Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- **** Deemed interested by virtue of her family relationship with Bailey Policarpio, her spouse, Yoong Tein Seng @ Yong Kian Seng, her father and Yoong Hau Chun, her brother; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- *** Deemed interested by virtue of his family relationship with Yoong Hau Chun, his son, Yoong Li Yen, Yoong Li Mian, Yoong Li Bing and Yoong Li Xian, his daughters; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ❖ Deemed interested by virtue of his substantial shareholdings in HeveaWood Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and by virtue of his family relationship with Dato' Loo Swee Chew, his father; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ~ Deemed interested by virtue of his substantial shareholdings in HeveaWood Industries Sdn. Bhd. pursuant to Section 8 of the Act and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

D. DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
1. Sundra Moorthi A/L V.M. Krishnasamy	9,000,000	1.590	—	—
2. Yoong Hau Chun	1,503,850	0.266	192,352,791 ⁽¹⁾	33.993
3. Yoong Li Yen	1,672,532	0.296	188,857,441 ⁽²⁾	33.375
4. Bailey Policarpio	126,664	0.022	1,672,532 ⁽³⁾	0.296
5. Yoong Yan Pin	250,000	0.044	—	—
6. Thye Heng Ong @ Teh Heng Ong	200,000	0.035	—	—
7. Chin Pik Yuen	—	—	—	—
8. Loo Chin Meng	370,000	0.065	125,081,890 ⁽⁴⁾	22.105
9. Yoong Tein Seng @ Yong Kian Seng (Alternate Director to Yoong Hau Chun)	3,238,600	0.572	198,070,837 ⁽⁵⁾	35.003

Analysis of Shareholdings (Continued)

D. DIRECTORS' SHAREHOLDINGS (CONT'D)

(as per Register of Directors' Shareholdings)

- ⁽¹⁾ Deemed interested by virtue of Section 8 of the Act [shareholdings held through Tenson Holdings Sdn. Bhd., a substantial shareholder of Firama Holdings Sdn. Bhd., HeveaWood Industries Sdn. Bhd. and Firama Engineering Bhd (shareholdings held through Firama Holdings Sdn. Bhd.)]; and by virtue of his family relationship with Tan Ya Ling, his spouse, Yoong Tein Seng @ Yong Kian Seng, his father and Yoong Li Yen, his sister; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ⁽²⁾ Deemed interested by virtue of her family relationship with Bailey Policarpio, her spouse, Yoong Tein Seng @ Yong Kian Seng, her father and Yoong Hau Chun, her brother; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ⁽³⁾ Deemed interested by virtue of his family relationship with Yoong Li Yen, his spouse.
- ⁽⁴⁾ Deemed interested by virtue of his substantial shareholdings in HeveaWood Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016, and by virtue of his family relationship with Dato' Loo Swee Chew, his father; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.
- ⁽⁵⁾ Deemed interested by virtue of his family relationship with Yoong Hau Chun, his son, Yoong Li Yen, Yoong Li Mian, Yoong Li Bing and Yoong Li Xian, his daughters; and deemed interested by virtue of HeveaWood Industries Sdn. Bhd. being entitled to control the exercise of 100 per cent of the votes attached to the voting shares in Gemas Ria Sdn. Bhd.

E. LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares Held	%
1.	HeveaWood Industries Sdn. Bhd.	116,440,290	20.577
2.	Firama Holdings Sdn. Bhd.	28,980,785	5.122
3.	Tenson Holdings Sdn. Bhd.	18,471,652	3.264
4.	Firama Engineering Berhad	14,450,000	2.554
5.	Loh Kok Wai	12,089,200	2.136
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yap Kiew @ Yap Chin Fook (M07)	10,569,200	1.868
7.	Sundra Moorthi A/L V.M. Krishnasamy	9,000,000	1.590
8.	Chong Kwee Hiong	8,699,000	1.537
9.	Lee Ka Yong	7,794,200	1.377
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	7,398,400	1.307

Analysis of Shareholdings (Continued)

E. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

(without aggregating the securities from different securities accounts belonging to the same depositor)

	Name	No. of Shares Held	%
11.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Wong Yee Hui	6,200,000	1.096
12.	Maybank Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sia Boon Huat	4,753,100	0.840
13.	Yoong Kee Sin	4,620,000	0.816
14.	Tok Heng Hwa	4,380,000	0.774
15.	Loo Swee Chew	4,292,000	0.758
16.	Gemas Ria Sdn Bhd	4,049,600	0.716
17.	Yoong Li Bing	4,000,000	0.707
18.	Yoong Li Xian	4,000,000	0.707
19.	Yoong Li Mian	3,906,128	0.690
20.	CIMB Group Nominees (Asing) Sdn. Bhd. - Exempt AN for DBS Bank Ltd (SFS)	3,629,300	0.641
21.	Tan Ya Ling	3,453,332	0.610
22.	Yong Kian Seng @ Yoong Tein Seng	3,238,600	0.572
23.	Cheah Yaw Song	3,031,100	0.536
24.	Teh Bee Gaik	2,960,800	0.523
25.	Liau Choon Hwa & Sons Sdn Bhd	2,921,332	0.516
26.	Liau Keen Yee	2,871,100	0.507
27.	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
28.	Chua Kwee Nam	2,540,000	0.449
29.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chua Hock Gee	2,476,000	0.438
30.	Salud Uy Policarpio	2,337,900	0.413
		306,423,019	54.148

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second (32nd) Annual General Meeting ("AGM") of **HeveaBoard Berhad** will be held at Lot 1942, HeveaWood Industrial Park, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan Darul Khusus on Friday, 19 June 2026 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 2025 together with the Reports of the Directors and Auditors thereon. | <i>[Please refer to Explanatory Note 4(i)]</i> |
| 2. | To approve the payment of Directors' fees payable up to an amount of RM905,421.00 per annum for the financial year ending 31 December 2026. | <i>Ordinary Resolution 1</i> |
| 3. | 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. | Ms Yoong Li Yen | <i>Ordinary Resolution 2</i> |
| ii. | Mr Thye Heng Ong @ Teh Heng Ong | <i>Ordinary Resolution 3</i> |
| iii. | Ms Chin Pik Yuen | <i>Ordinary Resolution 4</i> |
| 4. | 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 5</i> |

Special Business

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

- | | | |
|----|---|------------------------------|
| 5. | Renewal of Authority for Directors to Issue Shares | <i>Ordinary Resolution 6</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)

6. **Proposed Renewal of Authority for Purchase of Own Shares by the Company ("Proposed Renewal of Authority")**

Ordinary Resolution 7

"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

- 7. 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)

BY ORDER OF THE BOARD

LIM LI HEONG (SSM Practising Certificate No. 202008001981) (MAICSA 7054716)
WONG MEE KIAT (SSM Practising Certificate No. 202008001958) (MAICSA 7058813)
Company Secretaries

Kuala Lumpur
30 April 2026

Notes:

1. PROXY

- (i) A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his/her proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- (ii) The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iii) A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him/her. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.
- (iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (v) The instrument appointing a proxy must be deposited with the Company's Share Registrar at Bina Management (M) Sdn. Bhd., Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.

2. POLL VOTING

The Company has put all the Resolutions as set out in the Notice of AGM to be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. GENERAL MEETING RECORD OF DEPOSITORS

For the purposes of determining a member who shall be entitled to attend this Thirty-Second (32nd) 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 11 June 2026. 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.

Notice of Annual General Meeting (Continued)

Notes: (Continued)

4. EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

- (i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025.

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 – 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 2026. 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.

- (iii) Ordinary Resolutions 2, 3 and 4 – 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, Ms Yoong Li Yen, Mr Thye Heng Ong @ Teh Heng Ong and Ms Chin Pik Yuen 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 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 Thye Heng Ong @ Teh Heng Ong and Ms Chin Pik Yuen, both of them are Independent Non-Executive Directors, have 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.

Notice of Annual General Meeting (Continued)

Notes: (Continued)

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

(iv) Ordinary Resolution 6 – Renewal of Authority for Directors to Issue Shares

The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the total number of issued shares of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings ("General Mandate"). The purpose of this General Mandate sought will provide flexibility to the Company for any possible fund-raising activities but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This is the renewal of the general mandate obtained from the shareholders at the last AGM held on 24 June 2025. As of the date of the Notice of Meeting, no new shares have been issued pursuant to the general mandate granted at the last AGM of the Company and this general mandate will lapse at the conclusion of this Thirty-Second (32nd) 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.

(v) Ordinary Resolution 7 - Proposed Renewal of Authority for Purchase of Own Shares by the Company

The proposed Ordinary Resolution 7, 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 2026, which is available on the Company's corporate website at www.heveaboard.com.my, for further information.

5. STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of individual who is standing for election as Director

No individual is seeking election as Director at the Thirty-Second (32nd) AGM of the Company other than the following retiring Directors who are seeking re-election:

- 1) Ms Yoong Li Yen
- 2) Mr Thye Heng Ong @ Teh Heng Ong
- 3) Ms Chin Pik Yuen

The profiles of the above Directors and their interest in the securities of the Company are set out in the section of Profile of Directors and Analysis of Shareholdings of the Annual Report.

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PROXY FORM

HeveaBoard Berhad

[Registration No. 199301020774 (275512-A)]

(Incorporated in Malaysia)

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 Thirty-Second (32nd) Annual General Meeting of the Company to be held at Lot 1942, HeveaWood Industrial Park, Batu 3, Jalan Tampin, 73400 Gemas, Negeri Sembilan Darul Khusus on Friday, 19 June 2026 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolutions		FOR	AGAINST
Ordinary Resolutions			
1	To approve the payment of Directors' fees payable up to an amount of RM905,421.00 per annum for the financial year ending 31 December 2026.		
2	Re-election of Ms Yoong Li Yen as Director.		
3	Re-election of Mr Thye Heng Ong @ Teh Heng Ong as Director.		
4	Re-election of Ms Chin Pik Yuen as Director.		
5	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors.		
6	Renewal of Authority for Directors to Issue Shares.		
7	Proposed Renewal of Authority for Purchase of Own Shares by the Company		

* 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, 2026.

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 with the Company's Share Registrar at Bina Management (M) Sdn. Bhd., Lot 10 The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or any adjournment thereof.
- 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 Thirty-Second (32nd) 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 11 June 2026. 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

The Share Registrar of
HeveaBoard Berhad
[Registration No. 199301020774 (275512-A)]
BINA MANAGEMENT (M) SDN. BHD.
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

Registered Office

Level 7, Mercu 3, No. 3, Jalan Bangsar, KI Eco City,
59200 Kuala Lumpur, Wilayah Persekutuan

T : 603-2280 6388

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