MIECO CHIPBOARD BERHAD

(Registration No. 197201001235 [12849-K])

ANNUAL REPORT 2023

CONTENTS

GROUP CORPORATE STRUCTURE

AS AT 8 APRIL 2024

MIECO

MIECO CHIPBOARD BERHAD
(Registration No. 197201001235 [12849-K])

(Listed on the Main Market of Bursa Malaysia Securities Berhad)

- 100% MIECO CHEMICALS SDN BHD
- 100% MIECO MANUFACTURING SDN BHD
- 100% MIECO MARKETING SDN BHD
- 100% MIECO INTERNATIONAL (H.K.) LIMITED
- 100% MIECO WOOD RESOURCES SDN BHD
- 100% MIECO REFORESTATION SDN BHD
- 100% ASPIRE BENCHMARK SDN BHD
- 100% GREAT PLATFORM SDN BHD
  - 100% PARTICLEBOARD MALAYSIA SDN BHD
- 100% TUDOR CAPITAL SDN BHD
- 100% SENG YIP FURNITURE SDN BHD

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Dr. Roslan Bin A. Ghaffar
Independent Non-Executive Chairman

Dato' Sri Ng Ah Chai
Group Managing Director

Mr. Ng Wei Ping, Keith
Executive Director

Mr. Cheam Tow Yong
Independent Non-Executive Director

Mr. Kajendra A/L Pathmanathan
Independent Non-Executive Director

Madam Tan Poh Cheok
Independent Non-Executive Director

AUDIT COMMITTEE

Mr. Cheam Tow Yong *(Chairman)*
Mr. Kajendra A/L Pathmanathan
Madam Tan Poh Cheok

NOMINATION & REMUNERATION COMMITTEE

Mr. Kajendra A/L Pathmanathan *(Chairman)*
Mr. Cheam Tow Yong
Madam Tan Poh Cheok

REGISTERED OFFICE

No. 1, Block C, Jalan Indah 2/6
Taman Indah, Batu 11
43200 Cheras, Selangor Darul Ehsan
Tel : 603 - 9075 9991
Fax : 603 - 9080 7991
Email : cosec@mieco.com.my

PRINCIPAL PLACE OF BUSINESS

No. 1, Block C, Jalan Indah 2/6
Taman Indah, Batu 11
43200 Cheras, Selangor Darul Ehsan
Tel : 603 - 9075 9991
Fax : 603 - 9080 7991

Lot 3, Kawasan Perindustrian
Kechau Tui, 27100 Padang Tengku
Pahang Darul Makmur
Tel : 609 - 327 2000
Fax : 609 - 327 2020

SECRETARY

Ng Geok Lian
LS No. 0007155
(SSM PC No. 201908002080)

REGISTRAR

Metra Management Sdn Bhd
35th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 603 - 2698 3232
Fax : 603 - 2698 0313
Email : metrasrd@mweh.com.my

AUDITORS

Messrs UHY *(AF1411)*
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Berhad
Affin Islamic Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK CODE

MIECO 5001

WEBSITE

www.mieco.com.my

DIRECTORS' PROFILE

DATUK DR. ROSLAN BIN A. GHAFFAR

Independent Non-Executive Chairman

Datuk Dr. Roslan Bin A. Ghaffar, aged 71, male, a Malaysian, was appointed to the Board on 18 February 2019 as an Independent Non-Executive Chairman of Mieco Chipboard Berhad.

Datuk Dr. Roslan has over 30 years of experience in the areas of economics, finance and investment. He holds a Bachelor of Science degree from Louisiana State University, Baton Rouge, USA, and obtained a Ph.D. at the University of Kentucky, Lexington, USA. He has done over 30 years of public service and has extensive experience in overseeing corporate organizations.

Datuk Dr. Roslan was awarded the Kesatria Mangku Negara in 1998 and Johan Setia Mahkota in 2002 for his service to the government, particularly the Employees Provident Fund. In 2018 he was also conferred the Darjah Pangkuan Seri Melaka (DPSM). Apart from receiving the academic degrees he also attended various executive training programs which has included the Harvard Premier Management Program in 2006.

In 1974, Datuk Dr Roslan started work at Lembaga Pertubuhan Peladang Malaysia as an assistant credit officer upon completion of his Diploma studies at University Putra Malaysia (UPM). In 1975, he pursued further studies at Louisiana State University, Baton Rouge where he graduated with a Bachelor of Science degree. He subsequently continued post graduate studies at the University of Kentucky, Lexington, USA and completed his PhD in 1983. He resumed his services to Lembaga Pertubuhan Peladang in the same year.

In 1984, Datuk Dr. Roslan joined University Putra Malaysia as a lecturer in economics and was promoted to Associate Professor of Economics in 1991. For six years from 1985 to 1991, he also served as head of the Economics Department of University Putra Malaysia. In the 1992-1993 academic year, Datuk Dr. Roslan while on sabbatical leave from UPM, was with the University of Kentucky, Lexington, USA, as Visiting Professor. On various occasions while at the University Putra Malaysia, he had also served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department.

In 1994, Datuk Dr. Roslan joined to the Employees Provident Fund and was given the responsibility to develop the economic and investment research capability of the Fund. With the given responsibility, he held the position of Director of Investment and Economic Research of the Malaysian EPF. He was promoted to the position of Senior Director in 1996 and in 2001 held the position of Deputy Chief Executive Officer of the Fund with the expanded responsibility of formulating and implementing investment strategies to meet the Fund's investment objectives until his retirement in 2007. The EPF had over RM 300 billion investment asset under management in 2007.

Datuk Dr. Roslan is currently the Chairman of Box-Pak (Malaysia) Berhad, and a director of Leader Steel Holdings Berhad, companies which are listed on Bursa Securities Malaysia Berhad. He is also the director of MRCB-Quill Management Sdn Bhd, the Manager of public listed Sentral Reit (previously known as MRCB-Quill Reit).

Datuk Dr. Roslan does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

Datuk Dr. Roslan attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2023.

DATO' SRI NG AH CHAI

Group Managing Director

Dato' Sri Ng Ah Chai, aged 61, male, a Malaysian, was appointed to the Board on 15 November 2016 as the Group Managing Director of Mieco Chipboard Berhad.

Dato' Sri Ng has over 30 years of experience in timber and furniture industries. His involvement in the timber trade started in 1985 with a sawmilling business. In 1991, he expanded his business into tropical wood furniture manufacturing for the local market. He ceased his sawmilling business in 1993 and co-founded Seng Yip Furniture Sdn Bhd. Under Dato' Sri Ng's leadership, coupled with his extensive background and experience in timber and furniture business, Seng Yip Furniture Sdn Bhd has expanded from a kiln drying and timber processing business into manufacturer of furniture components and semi-furnished parts in 1995. In 1998, he further ventured into finished wood furniture business.

For over twenty two (22) years since 2001, Dato' Sri Ng was attached to SYF Resources Berhad (later known as M & A Equity Holdings Berhad) where he last held the position of Managing Director. He was the Key Senior Management team member who helped build and grow the business of SYF Resources Berhad.

Dato' Sri Ng is the father of Mr Ng Wei Ping, Keith, the Executive Director of the Company. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements.

He has no conviction for any offences within the past five (5) years and there was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

Dato' Sri Ng attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2023.

MR. NG WEI PING, KEITH
Executive Director

Mr. Ng Wei Ping, Keith, aged 34, male, a Malaysian, was appointed to the Board on 13 October 2017 as Executive Director of Mieco Chipboard Berhad. His involvement with the Company commenced in January 2017 when he took on the role of General Manager overseeing business operations and investments.

Keith graduated with a Bachelor of Commerce in Economics & Finance from University of Melbourne, Australia. He is also a Chartered Financial Analyst charterholder.

Keith joined SYF Resources Berhad ("SYF") (later known as M & A Equity Holdings Berhad) as Executive Director in 2017, where he was in charge of corporate development and investment. He has contributed to the growth of SYF and was instrumental in spearheading SYF's successful diversification into property development until his departure in June 2023.

He is currently also a Director of several local private limited companies involved in property development.

He is the son of Dato' Sri Ng Ah Chai, the Group Managing Director and the major shareholder of the Company. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements.

He has no conviction for any offences within the past five (5) years and there was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

Mr. Keith attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2023.

MR. CHEAM TOW YONG

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration Committees

Mr. Cheam Tow Yong, aged 68, male, a Malaysian, was appointed to the Board on 15 November 2016 as an Independent Non-Executive Director of Mieco Chipboard Berhad.

Mr. Cheam is a chartered accountant with New Zealand Society of Accountants and is a Registered Accountant of Malaysian Institute of Accountants. Mr. Cheam received a Bachelor of Commerce degree from University of Otago, New Zealand in 1978 and Diploma of International Management Study from Sweden Institute of Management in 1995.

Mr. Cheam served as financial professional, as accountant, accounting manager and financial controller to a number of local and multinational companies from 1979 to 1993. He served as Managing Director of Thomson Electronic Parts Sdn Bhd, a subsidiary of Thomson CSF of France from 1993 to 1999. He served for Tomisho Berhad (later known as M & A Equity Holdings Berhad) first as Chief Operating Officer, then as Chief Executive Officer from 1999 to 2003. From 2004 to 2007, he served as Corporate Director of PJI Holdings Berhad (now known as YFG Berhad). From 2007 to 2011, he served as Finance Director of a local company which involved in oil and gas EPC contracting business.

Mr. Cheam had also previously served as independent director of Oil Corp Berhad and Kinsteel Berhad.

Mr. Cheam is now a director of a local private company.

Mr. Cheam does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

Mr. Cheam attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2023.

MR. KAJENDRA A/L PATHMANATHAN

Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee
Member of Audit Committees

Mr. Kajendra A/L Pathmanathan, aged 50, male, a Malaysian, is the Independent Non-Executive Director of the Company since 20 August 2019 from his position as Non-Independent Non-Executive Director. He was first appointed to the Board of the Company on 25 February 2016. Mr. Kajendra was the former Executive Director of the Company and was re-designated as Non-Independent Non-Executive Director on 30 December 2016.

Mr. Kajendra holds a Bachelor of Commerce degree and a Bachelor of Law degree, both from The University of Melbourne. He is a member of the Institute of Chartered Accountants, Australia and New Zealand and also a member of Malaysian Institute of Accountants. He started his career with Ernst & Young, Kuala Lumpur in 1999 in the Corporate Recovery & Insolvency department and moved to Ernst & Young, London in 2008. While with Ernst & Young, he has had a very broad range of experience on a wide variety of clients across various industries in Asia and Europe. He has extensive experience in leading strategic independent business reviews and in advising stakeholders on significant restructuring of public and private companies.

For over 8 years since 2013, Mr. Kajendra was attached to BRDB Developments Sdn Bhd where he last held the position of Executive Director. He then undertook a 1 year contract engagement with Rex Industries Berhad before joining Wellous Group in May 2023 and where he presently holds the position of Chief Financial Officer of the Group.

Mr. Kajendra does not have any family relationship with the Directors and/or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five (5) years. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

Mr. Kajendra attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2023.

MADAM TAN POH CHEOK

Independent Non-Executive Director
Member of Audit, Nomination and Remuneration Committees

Madam Tan Poh Cheok, aged 61, a Malaysian, was appointed to the Board on 28 July 2023 as independent Non-Executive Director of Mieco Chipboard Berhad.

Madam Tan Poh Cheok joined the Royal Malaysia Police Force (the Force) in 1981 and has over 41 years of working experience in the Force. She was the Deputy Head of Commercial Crime Investigation Department Kuala Lumpur with the rank of Superintendent Police (SUPT), a position she last held before retiring from the Force in December 2022.

During her tenure as a professional police officer, she gained immense experience in fields of prosecution, investigation, special operations, administration and personnel management in fields of commercial crime, narcotics crime and criminal investigations.

Madam Tan Poh Cheok possesses a Bachelor of Laws degree from the International Islamic University Malaysia, and she has provided legal advice to various heads of department on investigation of commercial crime.

Madam Tan does not have any family relationship with the Directors and/or major shareholders of the Company. She has no conflict of interest with the Company and she has no conviction for any offences within the past five (5) years. There was also no public sanction or penalty imposed by any regulatory body against her during the financial year ended 31 December 2023.

Madam Tan attended all two (2) Board Meetings of the Company held during the financial year ended 31 December 2023.

KEY SENIOR MANAGEMENTS' PROFILE

DATO' SRI NG AH CHAI
Malaysian, aged 61, male
Group Managing Director

Please refer to the Board of Directors' Profile for Dato' Sri Ng Ah Chai's profile.

MR. NG WEI PING, KEITH
Malaysian, aged 34, male
Executive Director

Please refer to the Board of Directors' Profile for Mr. Ng Wei Ping, Keith's profile.

MR. LIM KOK SEONG

Mr. Lim Kok Seong, aged 50, male, a Malaysian, joined Mieco Manufacturing Sdn Bhd in January 2020. He is presently the Head of Production of Mieco Manufacturing Sdn Bhd. He has more than 28 years of working experience in the wood-based manufacturing industry. He is responsible for overseeing the overall production operations.

Prior to this, he was the Senior Production Manager in Tomisho Sdn Bhd, a wholly owned subsidiary of SYF Resources Berhad (later known as M & A Equity Holdings Berhad). His primary responsibilities were on the whole production operation as well as setting-up of company's production operations line.

Mr. Lim does not hold any directorship in any public companies. Mr. Lim does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

KEY SENIOR MANAGEMENTS' PROFILE
(CONT'D)

MS. NG SHER WIN

Ms. Ng Sher Win, aged 30, female, a Malaysian, is the General Manager of MIECO. She graduated from University of Melbourne with a First Class Degree in Bachelor of Commerce, major in Accounting and Finance. She attained her Certified Practising Accountant Australia, CPA Australia in 2020.

She joined MIECO in 2018 as an Assistant Manager in business development involved in business process improvements and was subsequently promoted as General Manager in 2022.

Ms. Ng is the daughter of Dato' Sri Ng Ah Chai, the Group Managing Director and major shareholder of the Company. She is also the sister of Mr. Ng Wei Ping, Keith, the Executive Director of the Company. She has no conviction for any offences within the past five years and there was also no public sanction or penalty imposed by any regulatory body against her during the financial year ended 31 December 2023.

MR. LEE OON KAR

Mr. Lee Oon Kar, aged 53, male, a Malaysian, graduated with a Bachelor's Degree in Accountancy from Universiti Utara Malaysia in 1996 and has been a member of the Malaysian Institute of Accountants since 1999.

Upon graduation, he joined Deloitte Kassim Chan and left as audit senior in November 1999. In December 1999, he joined SP Hetero Technologies Sdn Bhd as an Accountant. He joined Seng Yip Furniture Sdn Bhd in July 2001 as an Accountant. Subsequently, upon the completion of the acquisition of Seng Yip Furniture Sdn Bhd by Mieco Chipboard Berhad, he joined MIECO Group as Financial Controller in July 2023.

Mr. Lee does not hold any directorship in any public companies. Mr. Lee does not have any family relationship with the Directors and/ or major shareholders of the Company. He has no conflict of interest with the Company and he has no conviction for any offences within the past five years. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2023.

GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

I am pleased to present to you the annual report and audited financial statements for Mieco Chipboard Berhad ("MIECO" or "the Group") for the financial year ended 31 December 2023 ("FY2023").

BUSINESS OVERVIEW

The core business of the Group is manufacturing and distribution of particle boards or sometimes known as chipboards, with primary focus on plainboards, melamine faced boards ("MFC") and medium density fibreboards ("MDF"). MIECO has a total annual production capacity of over 600,000m3 per annum and multiple manufacturing plants across locations in Pahang and Negeri Sembilan. During the year, MIECO expanded its operations with the acquisition of Seng Yip Furniture Sdn Bhd ("SYFSB") which is mainly involved in rubberwood timber procurement and processing.

MIECO's chipboards conform to international quality standards such as the European Community's BS EN 312 standard that is applicable for both moisture-resistant and non-moisture resistant boards with E1 and E2 formaldehyde emission levels. MIECO is certified for ISO 9001:2015 Quality Management System accreditation by AJA EQS Certification. MIECO have also secured a significant number of Ecolabels which meet US EPA, European and Japanese Industrial's standards.

MIECO is the major supplier of its range of boards to meet domestic market, the demand which comes from the furniture industry, renovation & fit-out construction industry and intermediaries who laminate chipboards for end users.

The acquisition of SYFSB brings synergistic value as its capability in timber procurement and processing contributes towards the raw material requirements of MIECO's production facilities. At the same time, the product range of chipboards, MFC and MDF are now complemented with solid rubberwood products.

2023 has been another difficult year for the Group. The wood-based manufacturing industry continued to face weakening demand with the economies in the export market showing no signs of recovery and resulting in suppressed consumer spending. Geopolitical tensions worsened with the outbreak of conflict in the Middle East causing international trade and supply disruption.

On the local front, cost of timber raw materials continued to rise while electricity costs were at a premium.

Under these extenuating circumstances, the Group's net loss widened to RM65.1 million for the current financial year from RM33.7 million last year.

COMMITMENT TO CORPORATE GOVERNANCE AND SUSTAINABILITY

The Group is determined to integrate environmental, social and governance (ESG) aspects into our operations to ensure long-term sustainability of the Group.

Each year, the Group has taken positive steps by reinforcing its zero-tolerance approach towards any form of corrupt practices within the organisation and throughout its ecosystem. Our policies have cascaded throughout our supply chain to encourage commitment towards upholding corporate integrity and good business practices.

The Board is committed to ensure alignment with the spirit and practices of the Malaysian Code of Corporate Governance ("MCCG 2021"). We have also stepped up and continued with our community efforts to reach out to and engage with communities in which we operate. While efforts are ongoing, our sustainability progress in FY2023 is outlined in the Sustainability Statement on pages 17 to 57.

REVIEW OF FINANCIAL PERFORMANCE

During the financial year under review, Group revenue rose 9%, from RM328.3 million in FY2022 to RM358.9 million, due to the inclusion of results from the newly acquired subsidiary.

Despite the higher revenue, the Group recorded a net loss of RM65.1 million in FY2023, compared to loss of RM33.7 million posted in FY2022. The increased losses mainly resulted from higher impairment losses of RM38.9 million recognised on property, plant and equipment coupled with higher operating costs and lower average selling price. On the positive side, the acquisition of the new subsidiary gave rise to a bargain purchase gain of RM22.4 million.

The impairment losses of RM38.9 million was an one-off non-cash item solely on Gebeng's plant and machineries, which was due to our rationalisation plan to relocate and consolidate Gebeng Plant to the Kuala Lipis Plant so as to reduce fixed operating costs.

The Group's total assets increased by RM25.9 million or 4% from RM636.5 million in FY2022 to RM662.4 million in FY2023, mainly due to the acquisition of the new subsidiary. However, total equity decreased to RM326.5 million as at 31 December 2023 from RM391.6 million as at 31 December 2022 mainly as a result of the loss reported during the financial year.

Bank borrowings and lease liabilities of RM225.6 million as at end of the FY2023 increased by RM58.0 million from RM167.6 million a year ago, resulting in a higher gearing ratio of 0.69 from 0.42 previously. The increase was mainly due to the drawdown of new term loans for the Group's working capital and reduction in shareholders' equity. The Group maintains a prudent and manageable level of gearing ratio that complies with debt covenants and fulfil the operation requirements.

As for the Group's cash flows, cash and cash equivalents decreased from RM56.8 million to RM3.6 million as at 31 December 2023. The changes are analysed as follows:

a) Net cash used in operating activities of RM29.7 million against loss before tax of RM62.6 million after adjusting for, amongst others, the followings major items:

- Impairment losses on property, plant and equipment of RM38.9 million;
- Depreciation of property, plant and equipment and right-of use assets totalling RM30.7 million;
- Bargain purchase gain on acquisition of SYFSB of RM22.4 million;
- Finance costs of RM13.3 million; and
- Net decrease in working capital of RM12.0 million.

b) Net cash used in investing activities of RM58.7 million, mainly arising from net cash outflow arising from acquisition of SYFSB of RM44.5 million, purchase of property, plant and equipment and addition in biological assets of RM6.6 million and RM6.4 million respectively.

c) Net cash from financing activities of RM35.2 million, mainly contributed by drawdown of term loans of RM44.9 million, net off against increase in fixed deposits pledged to licensed banks of RM3.4 million and net repayment of bank borrowings and lease liabilities amounting to RM6.3 million.

At the end of the financial year, the Group's net assets per share dropped to 33 sen from 39 sen previously.

REVIEW OF OPERATIONS

Operationally, 2023 has been a difficult year with external conditions affecting market demand and average selling prices. Lower demand resulted in reduced production output thereby causing disproportionately higher fixed cost and lower margins. On the production floor, there were significant increases in the costs of timber raw materials and electricity which directly affected the bottom line.

The cost of timber raw materials continued to rise with supply being affected by weather conditions as well as competing demand from biomass energy requirements.

Glue prices have stabilised and come off their highs in the preceding years with supply conditions being more consistent.

Cost of wages went up during the financial year, especially the overtime compensation under the amended First Schedule of Employment Act 1955, whereby employees earning RM4,000 per month and below are entitled to all benefits under the Employment Act 1955, which came into effect on 1 January 2023.

On the product front, we have doubled up our MIECO High-pressure Laminates ("MIECO HPL") collection to more than 100 unique HPL choices, which are used as core materials for home renovations and office furniture. This product offers functional and aesthetic improvement to our existing product range. In addition, we have also launched more than 2 dozens of new MFC colour designs in 2023 to support our strategy of always offering customers a breadth of choices and finishes.

In the second half of the financial year, the Group completed the rationalisation of Gebeng Plant and Kuala Lipis Plant by relocating and consolidating both operations at the Kuala Lipis Plant. This exercise would reduce fixed overhead costs and improve production efficiency with all operations centralised in one location. Subsequently, the Gebeng's property had been put in the market for disposal.

Towards the end of 2023, there were some signs of improvement in the orders and selling prices from our marketing department. Going into 2024, we would be redoubling our marketing efforts to capitalise on any recovery in the market.

CORPORATE DEVELOPMENT

As at the date of this report, there are no corporate proposals announced and pending completion.

BUSINESS STRATEGY

The synergistic benefits of the acquisition of SYFSB and consolidation of our Pahang plants which were completed during 2023 are expected to be fully crystalised in 2024. This would improve the Group's production efficiency, reduce operating costs and improve liquidity upon disposal of the Gebeng's property.

With external conditions largely beyond our control, the Group will continue to seek further improvements and rationalisation of our operations and production facilities to meet the challenges ahead.

Our focus for 2024 will also be on timber material procurement as we seek avenues to minimise the single largest component of our cost structure.

INDUSTRY PROSPECTS AND OUTLOOK

The global economy is expected to grow at a sustained pace in 2024. Tight monetary policy and withdrawal of fiscal support will weigh on growth. But this will be offset by a rebound in international trade, resilient labour market and falling inflation. The global trade rebound is driven by global technology upcycle, and full recovery in tourism activity. Global inflation will moderate further, as falling commodity prices and loosening labour market translate to lower core inflation. After benefiting from reopening recovery in 2023, China's growth is expected to soften in 2024, given continued drag from the property market downturn.

Downside risks stem mainly from an escalation of geopolitical tensions, higher-than-anticipated inflation outturns, and heightened volatility in global financial markets. However, upside risk to global growth could arise from stronger-than-expected domestic demand, especially in advanced economies, and stronger fiscal policy support in China.

For 2024, growth of the Malaysian economy is expected to trend higher, lifted by the recovery in exports and resilient domestic expenditure. Household spending will be supported by continued growth in employment and wages. Tourist arrivals and spending are expected to improve further. Moreover, investment activity would be supported by continued progress of multi-year projects in both the private and public sectors, and the implementation of catalytic initiatives under national master plans. Budget 2024 measures will also provide additional support to economic activity.

The growth outlook remains subject to downside risks from weaker-than-expected external demand and declines in commodity production. Meanwhile, upside risks to domestic growth emanate from greater spill over from the tech upcycle, stronger-than-expected tourism activity and faster implementation of both existing and new projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2023, Bank Negara Malaysia)

The global economic outlook remains cautious, mainly due to slow growth in major economies, escalating geopolitical tensions, tightening in financial market conditions and rising costs. The Group will continue to focus on cost control, explore new markets, and develop new products to sustain its operations.

RISK MANAGEMENT

Global developments since the outbreak of Covid have demonstrated the unpredictability and volatility of the operating environment and have taught us the need to be pro-active in identifying potential risks before they actually arise and to plan for mitigating strategies and actions.

The local wood-based manufacturing industry is highly dependent on the export market and will consequently be sensitive to disruptive events in the global economy that may affect the economic prospects of the countries in which we and our buyers export to. Any such downturn in these countries would materially and adversely affect the demand for our products. In this respect, we need to avoid over-exposure to any single country or region.

As in other manufacturing concerns, the availability of raw materials in a timely and consistent manner and at a cost-effective price is crucial. With the acquisition of SYFSB, we have taken a step forward to safeguard this area.

Inflation filtering down to all levels of the economy will result in higher costs of production. Changes to these costs have to be closely monitored and alternative sources or substitutes quickly sought.

For our exports, proceeds are mainly denominated in United States ("US") Dollar. Hence, any fluctuation in the US Dollar will have a direct impact on our sales proceeds. In order to hedge against these fluctuations, the Group will enter into forward foreign exchange contracts when necessary.

As regards human resources, most of our production operations are automated and less labour intensive with minimal risk in meeting our workforce requirements. We also have activities in place to promote the development of our workforce and for their well-being.

With respect to financial risk, we aim to keep our gearing level at an acceptable level and effectively utilise our working capital. At the same time, we engage our bankers in our business strategies for their continued support in our financing needs.

DIVIDEND

The Directors do not recommend the payment of any dividend for the financial year ended 2023.

APPRECIATION

On behalf of the Board, I would like to express our heartfelt thanks and gratitude to Dato' Abdul Rashid Bin Mat Amin, our former Independent Non-Executive Director for his dedication and contribution to the Group.

At the same time, I would like to welcome our new Independent Non-Executive Director, Madam Tan Poh Cheok who was appointed to the Board on 28 July 2023 and look forward to her participation and contribution to the Board.

On behalf of the Board, I would also like to thank the MIECO team for their dedication and commitment to see us through these trying times. I am also thankful to our shareholders, business partners, customers and financiers for their continued support to our business and brand. To my fellow Board members, I would like to express my appreciation for their valued advice and contribution throughout the year.

Thank you all.

Dato' Sri Ng Ah Chai
Group Managing Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Mieco Chipboard Berhad (“MIECO” or “the Group”) are pleased to present our annual Sustainability Statement (“Statement”) which provide an overview of the Group’s sustainability performance during the financial year from 1 January 2023 to 31 December 2023 ("FY2023“), unless stated otherwise. This year we explored the Environmental, Social and Governance (“ESG”) impacts of our activities and initiatives, showcasing our commitment to responsible business practices, and actively reviewed our material issues to chart a course for embedding sustainability across all operations.

MIECO believe there is a symphony to be played between modern technology and the timeless wisdom of nature. Our theme, “**Modern Technology Working with Nature**” captures this essence perfectly. It is a declaration of our unwavering commitment to a sustainable future, a future we cultivate through dynamic innovation and dedication to crafting value in every facet of our business. With each advancement in materials and technology, we see not just new possibilities for our wood-based products and services, but also a renewed responsibility to achieve total quality and excellence. This statement emphasises our unwavering dedication to integrating sustainability into everything we do.

SCOPE AND BASIS OF SCOPE

MIECO Statement FY2023 covers the Group’s sustainability performance and the progress of our business operations in Malaysia. The content of this report reflects our identified material sustainability agenda.

REPORTING FRAMEWORKS AND STANDARDS

This statement has been developed according to Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), concerning Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition), FTSE4Good Bursa Malaysia Index (“FTSE4Good”), United Nations Sustainability Development Goals (“UNSDGs”), Global Reporting Initiative (“GRI”) Standards, Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations, Sustainability Accounting Standards Board (“SASB”) Standards and the International Sustainability Standards Boards (“ISSB”) Standards.

The Board of Directors has identified key sustainability risks and opportunities, called Material Sustainability Matters, that significantly impact the Group’s operations and management. Focusing on the Group’s manufacturing activities, this statement underscores our commitment to sustainable and responsible business practices, acknowledging the ESG considerations we face.

DETERMINATION OF DATA / CONTENT FOR INCLUSION AND ASSURANCE

MIECO’s Statement FY2023 is aligned with the GRI Standards. To ensure the accuracy, balance, clarity, comparability, reliability, and timeliness of data and disclosures, MIECO sources data internally and has it verified by the respective business units or information owners. MIECO seek external assurance for its sustainability reporting and financial data has been audited by external auditors. MIECO applied the GRI principle of materiality in selecting topics and disclosures for inclusion in the sustainability statement FY2023. The materiality assessment process and materiality are provided in the Material Matters section of the Statement FY2023.

The external assurance provider NBS Smart Focus Group ("Smart Focus") has reviewed our data for this report. Hence, we will improve our data collection and management system.

FEEDBACK

We welcome and encourage our stakeholders to provide feedback relating to this Statement and the issues covered to our team at cosec@mieco.com.my.

ABOUT MIECO

VISION

- We emphasise dynamic innovation and creating value in all our products and services.
- We pledge to strive for total quality and excellence in a wood-based company in Malaysia and beyond.

MISSION

- MIECO strives to achieve the highest possible quality and excellence in whatever it undertakes.

CORE VALUES

Dynamic Innovation	Creating Values & Quality	A Global Player	Teamwork & People Development

MIECO was incorporated in 1972, and listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE) since 1998. MIECO's journey began with a vision to redefine the possibilities of engineered wood products. Over the years, our unwavering dedication to craftsmanship and innovation has propelled us to the forefront of the industry. With over 50 years of incorporation, today, MIECO has factories located in Selangor, Negeri Sembilan and Pahang, specialising in a diverse range of engineered wood products, including Particleboard, Medium-Density Fibreboard (MDF), High-Pressure Laminate (HPL), Melamine Faced Chipboard (MFC), and Sawn Timber. These products serve as the foundation for countless construction and interior design projects, offering a perfect blend of form and function.

MIECO commissioned its first production line in 1976, making it the pioneer in particleboard manufacturing in Malaysia using rubber wood, and tropical wood waste and had the single largest particleboard line in the Asia-Pacific region when it started operations located at its plant in Kechau Tui in March 2005. Since its inception, MIECO has continuously developed and expanded into value-added products such as MIECO Decorative MFC, MIECO HPL and MDF.

With a growing commitment to environmental responsibility towards sustainability, MIECO's particleboards conform to international quality standards such as the European Community's BS EN 312 standard, applicable for both moisture-resistant and non moisture resistant boards with E1 and E2 formaldehyde emission levels and have commercialised the production of the Super E0 particleboard referred to as the F-4 Star grade in Japan, designed with very low formaldehyde emission. MIECO is also recognised for its attainment in PEFC Certification, MyHijau, and MPCA. MIECO's sustainability efforts from responsible forestry practices, sourcing from renewable wood resources, and eco-conscious manufacturing processes have underscored our dedication to a greener future has been recognised and awarded for the Malaysian Timber Board Industry (MTIB) Green and Innovative Products of Wood and Timber Industries by the Minister of Commodities. MIECO was further granted the right to use the Singapore Green Label in accordance with SEC Green Label Category 41: Panel Boards meeting the stringent requirements and compliance certification certified by Singapore Environmental Council (SEC).

On top of environmental compliances, MIECO also places priority on ensuring quality and assurance and became the first company in Malaysia wood-panel industry to receive the prestigious BS EN ISO 14001:1996 Environmental Management System and eventually upgraded to ISO 14001:2015 towards meeting the upgraded version. In line with this, MIECO also successfully attained the certification for the Occupational Health and Safety Management System 18001:1999 in March 2005 and subsequently got certified for the migration from Occupational Safety and Health Administration ("OSHA") to ISO 45001:2018 version thus implementing and satisfying this integration management system.

Our vision extends beyond the business; it's about shaping environments and lifestyles. We aspire to empower architects, designers, and builders to create spaces that are not only beautiful but sustainable, functional, and enduring.

MIECO welcomes you to explore our world of engineered wood products, innovation, and sustainability. We invite you to join us on a journey where quality meets sustainability, and where your vision becomes a reality.

HIGHLIGHTS AND ACHIEVEMENTS – CERTIFICATIONS AND AWARDS

ANUGERAH INDUSTRI PERKAYUAN BAGI KATEGORI ANUGERAH HIJAU DAN INOVASI (MTIB) 2023

PRODUCT CERTIFICATION OF FORMALDEHYDE EMISSION FROM WOOD BASED PANEL (MTIB-CB-PS-02:2021)
PC/FEPB/009/2912/2023

MALAYSIAN PHYTOSANITARY CERTIFICATION SCHEME ("MPCA")
SR:0257/MYC 117 21

JIS A 5908:2022
JQMY18001

CALIFORNIA AIR RESOURCES BOARD OF PHASE II ("CARB II")
CERTIFICATE OF CONFORMITY OF TPC-6/ CARB-ATCM/M084-PB011

SINGAPORE GREEN LABEL CERTIFICATION
PLAINBOARD (PB) UF 041-134-4227

MYHIJAU PRODUCT CERTIFICATION
MYHP00131/15

THE PROGRAMME FOR THE ENDORSEMENT OF PEFC
SGS-MTCS/COC-0042

2018 INTEGRATED MANAGEMENT SYSTEM
ISO 45001:2018

QUALITY MANAGEMENT SYSTEMS
ISO 9001:2015

ENVIRONMENTAL MANAGEMENT SYSTEMS
ISO 14001:2015

OUR CORE BUSINESS

At MIECO, a heavy emphasis is placed on the Corporate Mission statement and its Quality Policy. MIECO strives to achieve the highest possible quality and excellence in whatever it undertakes. Besides investing in modern technology, MIECO places a strong emphasis on human resource development. Factory personnel are constantly sent for training, and marketing staff also participate and visit international exhibitions and trade fairs to keep up with the latest industry trends. Staff are recruited from both Malaysian universities as well as overseas graduates.

MIECO develops innovative products with exemplary services. It is fully committed to continuous process improvement and research and development. MIECO has established Vision, Direction, and Corporate Values, which are in line with the whole concept of its Corporate Brand.

WHERE WE OPERATE

Country	Malaysia	Others
Revenue	89% (Malaysia)	11% (Within the Asia Continent)
Employees	33% (Malaysian)	67% (Foreigner)
Key Location	Kuala Lipis, Pahang	

REVIEW OF OPERATIONS

The Group's review of operations is elaborated in the "Management Discussion and Analysis" section set out in this Annual Report.

OUR APPROACH TO DRIVING SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, united we achieve, integrity, humility and building relationships, supported by policies and procedures at the Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of MIECO's steps to strengthen our approach to sustainability.

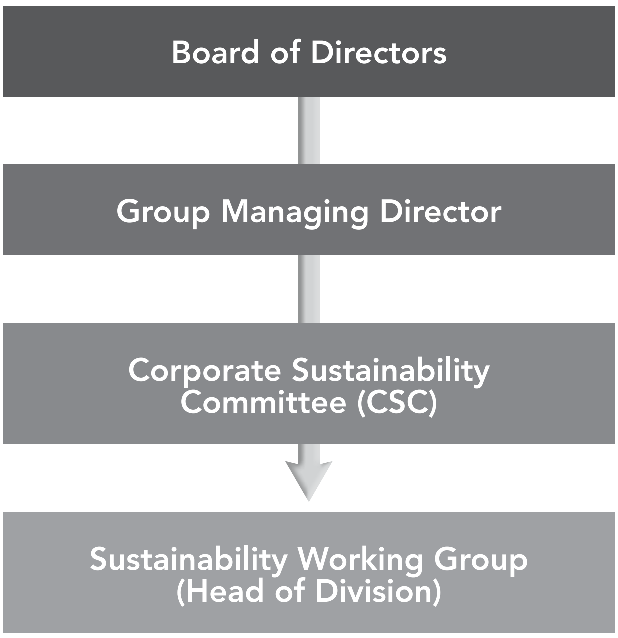
SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is integrated into our corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements, as reflected in their respective terms of reference. The Board of Directors is ultimately responsible for the Group's strategic direction on sustainability while being supported by the respective Board Committees by virtue of delegation.

While the Board sets the direction for the Group's sustainability performance, they have empowered the Audit Committee to closely monitor the risk management and internal control systems, including risks related to sustainability. We ensure sustainability is seamlessly integrated within our risk management framework.

Recognising the importance of transparency and accountability, we have a dedicated Corporate Sustainability Committee ("CSC") (formerly known as Sustainability Management Team") which supported by working groups across the organisation, oversees the development, implementation, and effective management of all sustainability initiatives. The Group Managing Director regularly updates the Board on key ESG risks and opportunities, ensuring everyone stays informed and engaged.

The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending periodic courses and conferences. The Board is also cognisant of ensuring that the required competencies in relation to sustainability is periodically assessed to strengthen board leadership and oversight of sustainability matters.



RESPONSIBILITIES OF CORPORATE SUSTAINABILITY COMMITTEE

CSC	RESPONSIBILITIES
Board of Directors	• Leads sustainability efforts for the Group, including developing strategy and targets, assessing materiality, and managing climate risks and opportunities. Promotes sustainability integration across the Group and its businesses, fostering a strong sustainability culture.
Group Managing Director	• Approves key sustainability plans, including strategies, targets, policies, and the materiality assessment. • Oversees the integration of sustainability and climate considerations into the Group's Risk Management framework. • Manages and monitors critical sustainability issues, encompassing climate-related risks and opportunities. • Tracks progress towards sustainability goals and identifies areas for improvement. • Advises the Board on sustainable strategies and monitors their implementation.
Corporate Sustainability Committee	• Crafts sustainability strategies and policies, seeking Board approval. • Drives consistent implementation across all business segments and locations. • Assesses overall sustainability risks and opportunities, prioritising climate-related aspects. • Evaluates and refines the materiality assessment process and outcomes. • Reviews and provides feedback on the sustainability statement before Board approval. • Oversees engagement with stakeholders, ensuring their concerns are incorporated into sustainability initiatives. • Recommends material sustainability matters, policies, goals, and targets for Board approval. • Monitors the implementation of sustainability policies and initiatives.
Sustainability Working Group	• Links the gap between strategy and execution, ensuring local practices align with the overall sustainability agenda and targets. Assists the CSC in implementing and monitoring sustainability initiatives and performance.

OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

Seventeen (17) Sustainable Development Goals (SDGs) were set by the United Nations General Assembly in 2015 to counter major global issues such as urbanization, climate change, resource scarcity, demographic and social change and global economic condition by the year 2030 entails contributions from governments, civil society and businesses. All the countries and stakeholders, acting in collaboration, will strive to implement this plan. The 2030 Agenda for Sustainable Development shapes the journey and sustainable enhancement in Malaysia. Aligning to the aspiration of our government, we will enhance our strategies and efforts to adopt these goals progressively as part of our sustainability journey. Aligning ourselves to the aspirations of the Malaysian Government, we have adopted these goals as part of our sustainability journey.

SUSTAINABILITY STRATEGY

1) As a Public Listed Company

- As a public listed company, we are pro-active of the sustainability matters in our Economic value creation for the shareholder and stakeholder;
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on board;
- We have regular dialogues with key company stakeholders on sustainability challenges, including employees, investors, suppliers and consumers;
- We are in progress to have balanced reporting on sustainability strategies, goals and accomplishments;
- We are in progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

2) As a product provider

- We provide quality products to all of the clients as they are part of our valued stakeholders.

STRATEGIES AND DIRECTIONS

Navigating challenges with unwavering responsibility, MIECO stays the course of prudent growth, always mindful of potential risks. Responsible financing is at the heart of our operations, driving both our infrastructure upgrades and a sustainable supply chain. We believe in doing business the right way, for a brighter future, both for MIECO and the world around us.

OUR MATERIALITY ASSESSMENT PROCESS

1) **Objective and Scope**

MIECO undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting.

2) **Identification of Relevant Sustainability Matters**

We started by identifying sustainability issues important to MIECO and our stakeholders. This involved examining our operating environment, industry trends, and various sustainability resources. Our commitment is to continuous improvement, we will adapt and evolve to ensure we remain a responsible and sustainable business.

Looking ahead, we are constantly improving how we identify and manage sustainability matters. We plan to:

- Review current and future risks and opportunities in our markets, ensuring we stay ahead of the curve.
- Actively gather and address stakeholder's perspectives and needs.
- As we update material matters, we will adapt our strategies to address them holistically and effectively. This might involve new policies, initiatives, action plans, performance indicators, and data collection methods.

3) **Stakeholder Engagement**

MIECO thrive on diverse perspectives. We have a broad range of stakeholder groups that affect or are affected by the Group and our activities. They were identified based on their different levels of influence over and dependence on our business.

As a Group, we prioritise constructive communication with all our key stakeholder groups through formal and informal interactions. These interactions help us to identify key sustainability issues, and gain insights into future opportunities and risks, allowing us to stay ahead of the curve, respond effectively to stakeholder needs, build trust and foster collaboration. Our business and functional units actively engage with their respective stakeholders on chosen platforms. They bring all raised issues to the CSC, ensuring everyone remains informed and involved. Regularly engaging stakeholders is crucial for our business development, relationships, and commitment to sustainability.

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

Stakeholder Group	Engagement Focus, Objectives & Engagement Approach	Frequency/ Review	Our Initiative
Employees	**Engagement Focus & Objectives** • To provide a safe and healthy workplace with good welfare and equal employment opportunities. • To retain top performers and attract new talent. **Engagement Approach** • Employee induction training • Safety briefings • Refresher briefings • Learning and developmental programmes • Performance appraisals	**As needed** • Internal communications • Corporate announcements • Workshop and training • Employee engagement events **Annually** • Employee feedback survey • Employee appraisals	• Conducting training programmes and company events to enhance our employees' skills and knowledge and to foster bonding amongst employees and the Group. • Improve awareness of sustainable practices.
Customers	**Engagement Focus & Objectives** To enhance customer loyalty and to build long-term sustainable relationships with customers. **Engagement Approach** Customer feedback mechanism	**Immediately** • Customer support channels **Yearly** • Customer Satisfaction Survey	Regular communication with our customers to ensure constant engagement and understanding.
Suppliers/ Contractors & Business Partners	**Engagement Focus & Objectives** Works across its value chain to minimise risks, maximise future opportunities and ensure sustainable economic growth. **Engagement Approach** • Relationship management	**As needed** • Meetings	Regular communication with our suppliers & business partners to ensure constant engagement and understanding.

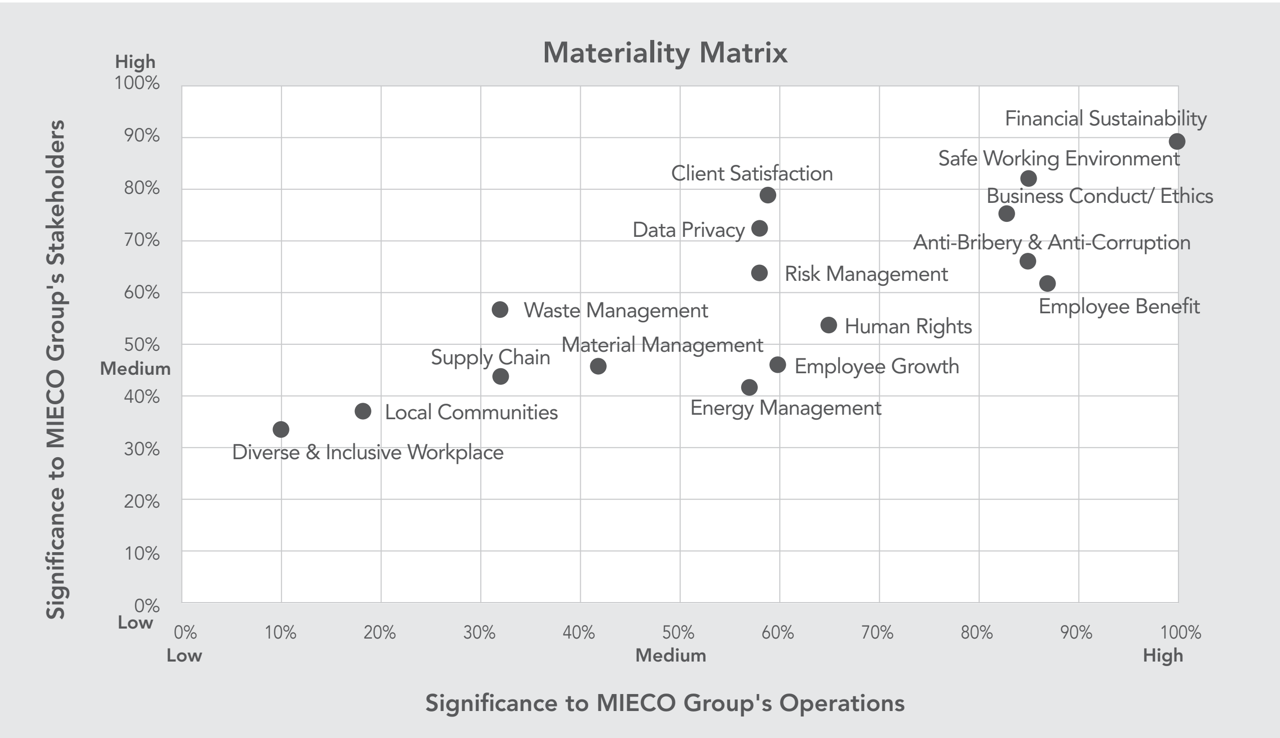
Our key stakeholders are outlined in the below table, along with the forms of engagement and key topics of interest that we seek to address. (Cont'd)

Stakeholder Group	Engagement Focus, Objectives & Engagement Approach	Frequency/ Review	Our Initiative
Shareholders / Investors	**Engagement Focus & Objectives** • To provide reliable and up-to-date disclosures on MIECO's material information. • To maximise the shareholders' relationship with MIECO. **Engagement Approach** • Analyst briefings • Annual General Meetings • Financial statements	**As needed** • Statutory Announcement • One-on-one and group meetings • Investor briefings **Quarterly** • Financial reports and announcements **Annually** • General Meetings • Annual reports	• Timely provision of the Group's performance updates. • Ensure material corporate information are made available to the shareholders/investors.
Government and Regulatory Authorities	**Engagement Focus & Objectives** To comply with all relevant rules and regulations. **Engagement Approach** Meetings and consultations	**As needed** • Scheduled/ ad-hoc meetings **Regularly** • Participation in government and regulatory events	• Enforcement of policies and procedures to uphold sound and robust corporate governance and compliance. • Audit and certification of our products and continual implementation of standard requirements.
Community	**Engagement Focus & Objectives** To be a responsible corporate citizen by continuing to focus on giving back to the community and enhancing community relationships. **Engagement Approach** Corporate Social Responsible ("CSR") events	**As needed** • Strategic and ad-hoc meetings/ visits **Yearly** • CSR events	Providing aid in the form of donations to surrounding communities.
Media	**Engagement Focus & Objectives** To raise awareness of MIECO's products, etc. **Engagement Approach** • Media releases • Press conferences	**Ad hoc basis** • Media releases and interview • Media briefings and press kit	Provide insight into our sustainable business progress and performance.

MATERIAL MATTERS

As an organisation, we are cognisant of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. We conducted a materiality assessment in FY2022, which incorporated the feedback of internal stakeholders to determine the relative importance of 16 out of 21 material topics identified. The resulting material matrix has been reviewed by the Management during the preparation of the Sustainability Statement FY2023 and retained for presentation in this report, as all our existing material matters are aligned with MIECO's strategic priorities and stakeholder expectations. While we conduct our material assessment every three years, we review the relevance of these topics annually, ensuring we constantly adapt to evolving needs and challenges.

The resulting matrix (see below) guides our focus to the areas with the highest impact on both our company and our stakeholders.



Due to the current economic conditions, "Financial Sustainability" remained the top priority for the Group. Good corporate governance and a safe and healthy working environment remain the top 5 important sustainability issues to the Group. Moving forward, MIECO aims to be more inclusive and systematic by integrating external stakeholders into our stakeholder engagement process.

As we monitor, manage and report on a wide variety of issues, the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material matter. Understanding our key priorities allows us to set our time, resources and investment to the best use.

MATERIAL MATTERS

(Environment- E, Social- S, Governance- G)

To identify potential material topics, we reviewed GRI aspects, benchmarked against key corporate peers, and analysed past reports, which incorporated feedback from customers, community representatives, and employees. We also inventoried the aspects and topics most important to external stakeholders, customers, and their supply chain vendors, based on requests, surveys, and ongoing engagement during the reporting period.

The materiality matters are based on the priority of the organisation.

Material Matters	Why Material and How to Manage	Initiative & Achievement
Anti-Corruption (G)	**Why Material** Mieco Chipboard Berhad and its subsidiaries ("the Group") are committed to conducting business dealings with integrity. **Managing Materiality** Anti-Bribery and Anti-Corruption Policy All the recruits would need to complete training on this Anti-Bribery and Anti-Corruption Policy. **Risk** Poor corporate governance practices may tarnish our reputation and image. **Opportunities** Effective corporate governance practices enhance our reputation as a trustworthy company amongst stakeholders.	**Initiative – Annually** To conduct awareness programmes for all Employees to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics. Reminders on Anti-Bribery and Anti-Corruption ("ABAC") through training and briefing **Achievement** Zero cases of bribery & corruption
Corporate Governance and Compliance (G)	**Why Material** The Board/Management recognises the importance of good corporate governance towards long term sustainability of the Group. To avoid waste, fraud, abuse, discrimination, and other practices that disrupt operations and put the Group at risk. **Managing Materiality** Always strive to adopt the principles and recommendations promoted by the latest Malaysian Code on Corporate Governance ("MCCG") and to ensure compliance with all applicable SOPs, rules and regulation, and constantly work with key government agencies and regulators in upholding regulatory practices and applicable health and safety standards, while promoting societal well-being.	**Initiative – Regularly** Regular reporting and meetings. Always strive to adopt the principles and recommendations promoted by the latest MCCG. Always ensure the compliance with laws and regulations are met to mitigate against systemic risks. Visit to and inspections at operating Plants. **Achievement** Zero non-compliances

Material Matters	Why Material and How to Manage	Initiative & Achievement
Corporate Governance and Compliance (G) (cont'd)	**Risk** Any event – such as breaches in regulation, or lack of effective corporate governance (CG) practices – that undermines integrity or stability will influence stakeholder confidence and possibly participation, in the market. **Opportunities** • Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth. • Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia.	
Market Condition (G)	**Why Material** Demand for particleboard and related products is generally seasonal and is also highly dependent on the export market and will consequently be sensitive to disruptive events in the global economy that may affect the economic prospects of the countries to which we and our buyers export. **Managing Materiality** Try to avoid over-exposure to any single country or region. Close market surveillance and intelligence to monitor and detect early changes in market conditions and respond appropriately. **Risk** A lesser chance to secure contracts will impact the Company's business and performance. **Opportunities** • Innovative products and eco-friendly systems could be offered to the clients to improve our core value. • Regional partnerships and collaborations. • To continuously enhance the product quality.	**Initiative – Regularly** Regular communication with our customers to ensure constant engagement and understanding. Focus on quality control and assurance. Implement and maintain a robust Quality Management System ("QMS") such as ISO 9001 • Regularly conduct risk assessments • Quality control and testing • Training and skill development **Achievement** Maintaining 11% of revenue generate from within the Asia Continent

Material Matters	Why Material and How to Manage	Initiative & Achievement
Health and Safety (S)	**Why Material** Investment in employees' health and safety is the best prevention towards any negative impacts arising from risks to the health & and safety of the Group employees & and low productivity. **Managing Materiality** Continue to focus on providing a safe and healthy workplace for our employees by enhancing the safety process within the Group operations, and providing necessary technical and educational support in occupational safety and health. **Risk** Accidents and injuries in the workplace lead to productivity loss and legal repercussions such as penalties and reputational damage. **Opportunities** Strong safety culture with a conducive working environment improves employee's well-being and productivity and maintains our reputation.	**Initiative – Quarterly** Conduct training programmes and company events to enhance our employees' skills and knowledge and to foster bonding amongst employees and the Group. Quarterly meeting to identify potential hazards, develop safety policies and procedures, and implement safety improvement initiatives. Sharing lesson learned from the accident reporting during the meeting. **Achievement** Zero fatality reported in FY2023
Business Ethics/ Code of Ethics (G)	**Why Material** Ensure to the greatest possible extent that the Group's business is conducted in a consistently legal and ethical manner. **Managing Materiality** The Group has taken positive steps by reinforcing its zero-tolerance approach towards any form of corrupt practices within our organisation and throughout its ecosystem. The existing policies in place have cascaded throughout the Group supply chain to encourage commitment towards upholding corporate integrity and good business practices.	**Initiative – Regularly** Enforcement of policies and procedures to uphold sound and robust corporate governance. **Achievement** Zero cases reported under Whistleblowing Policy and Grievance Procedures

Material Matters	Why Material and How to Manage	Initiative & Achievement
Customer Satisfaction (S)	**Why Material** High customer satisfaction leads to greater customer retention, higher lifetime value, and a stronger brand reputation. **Managing Materiality** Launched new products and always offering customers a breadth of product choices and finishes.	**Initiative – Regularly** Regular communication with our customers to ensure constant engagement and understanding. **Achievement** Retained 80% of the existing customers.
Quality (S)	**Why Material** Quality Management plays a crucial role in a company's growth and performance. It would strengthen the Group's brand, raising the Group to the level of our competitors and indirectly would also lead to a stronger market position. **Managing Materiality** We have established a Policy which is mandatory for meeting the Quality Management System Standard. The Policy is commitment to total customer satisfaction both in quality of products and services.	**Initiative – As Needed** We have maintained a framework for establishing Quality objectives. Identify areas for continually improving the effectiveness of our QMS. Organise periodic reviews of our QMS and SOPs for continuing suitability. **Achievement** Since certified the Quality Management, we have complied and revised the significant changes in the Standard. We have diligently established the new clauses of "Risk Table, Quality Objectives and Performance Evaluation. It is apparent that the Management system adequacy is in place in terms of SOPs for operational activities and processes and providing relevant documents to interested parties. And comply with international standards and customer satisfaction.

Material Matters	Why Material and How to Manage	Initiative & Achievement
Local Environment Impact (E)	**Why Material** To reduce environmental impact during the manufacturing process. **Managing Materiality** Focus the efforts on research, development and product design, which would offer better mechanical performance, to ensure the Group is always in compliance with the relevant laws and regulations in protecting the environment.	**Initiative – Regularly** Fulfilling customers' demand for safe and quality products. **Achievement** Zero cases of non-compliances and penalties imposed.
Green Awareness and Education (E)	**Why Material** To reduce the Group's carbon footprint and waste generation. **Managing Materiality** Continue to monitor the operational carbon footprint and continue to undertake various measures to reduce the impact of our operational activities on the environment with proper management of waste in terms of handling, packaging, labelling, storage and disposal.	**Initiative – Daily** Encouragement of green initiatives within our office and factory to preserve the environment. Application to certify the stringent Singapore Green Label Scheme ("SGL") under Guideline Category 41 compliance certification. **Achievement** Application of SGL submitted in the month of October'23. Approval was received for Qualified for Application in the same month. Attained certification of compliance in 2nd week of January 2024.
Supply Chain Management (G)	**Why Material** Sustainable supply chain management is crucial for a responsible future. **Managing Materiality** From time to time, the process of identifying, analysing and assessing will be conducted on any risks and opportunities that could affect and improve the flow of the supply chain. Consequently, preventive action plans or reactive action plans for the risks identified would be drawn up. The Group also has a Chain of Custody ("CoC"), as required under the Programme for the Endorsement of Forest Certification ("PEFC") Standards (PEFC ST 2003:2020).	**Initiative – Regularly** Regular suppliers' engagement (meetings/visits). **Achievement** Maintain 80% of local suppliers

Material Matters	Why Material and How to Manage	Initiative & Achievement
Diversity (S)	**Why Material** A diverse workforce would lead to building a strong and united organisation. **Managing Materiality** MIECO have implemented the relevant measures including the establishment of an Employee Handbook that clearly outlines the appropriate steps to be taken against discriminating actions.	**Initiative – Regularly** Improve awareness of Non-discrimination and gender diversity. **Achievement** Increase participation of women in leadership roles at the management level. 29% of leadership roles were held by women at the management level in FY2023. Open our recruitment for newcomers to both sexes and all races. 27 persons newly joined MIECO in the Lipis plant itself.
Local Engagement Plans & Programs (S)	**Why Material** Be a socially responsible company to build a strong and enriching community. **Managing Materiality** The CSR programmes are spearheaded by the Human Resources Department. However, some programmes were also conducted in collaboration with the members of the Club, Timber Employees Union Peninsular Malaysia ("TEUPM"), BAKES (Badan Kebajikan Pekerja-Pekerja Islam MIECO) and representatives from various departments.	**Initiative – Annually or as needed** Providing aid in the form of donations to surrounding communities. **Achievement** Sponsored / Donated to 7 events
Training and Development (S)	**Why Material** To build up human capital, to ensure a strong succession plan, and the continuous growth and success of our employees. **Managing Materiality** Structured identification of training needs by superiors. Induction programmes for new employees On-the-job training	**Initiative – Regularly** Conduct training programmes and company events to enhance our employees' skill and knowledge. Occupational health and safety enhancement. **Achievement** Induction Programmes was organised on their reporting day while On-the-job training was also organised by the respective department during their probation period. Spent a total of 1,753 hours on training, be it formal or in house training.

Material Matters	Why Material and How to Manage	Initiative & Achievement
Work-life Balance (S)	**Why Material** Employees form one of the most crucial capitals of MIECO Group. Health and safety, skills and capability, welfare and the professional growth of all employees are fundamental to MIECO's performance and key to nurturing a high-performing, loyal and competitive workforce. **Managing Materiality** MIECO has established Kelab Sukan Sosial MIECO ("the Club"), which took part in CSR programmes, as well as other activities for our employees.	**Initiative – Quarterly & Annually** Employee wellness activities. **Achievement** KSSM helps in organising Sambutan Hari Raya in 2023 at Gebeng Plant during the 'Raya' month. The club also organised a Fishing Competition among the club members on 8 October 2023 and Futsal Tournament on 24 December 2023 for Lipis plant workers. No complaints concerning human rights violations were reported in FY2023.
Energy Management (E)	**Why Material** In line with the Government's aspiration on the nation's energy efficiency by pursuing energy efficiency measures in order to alleviate our environmental impact. **Managing Materiality** Established an Efficient Electrical Energy Management ("EEEM") Policy that outlines the following commitments: • Minimise energy wastage to improve cost-effectiveness, working conditions and productivity; • Effective communication of energy efficiency objectives to all employees; • Compliance with applicable acts and regulations; • Continuous improvement of management practices; and • Use of new technology.	**Initiative – As Needed** In line with the Government's aspiration Mieco just applied for an Energy Audit Conditional Grant from governmental bodies -SEDA collaboration with Suruhanjaya Tenaga (ST) and Kementerian Peralihan Tenaga dan Transformasi Air (PETRA). Initiated the monitoring of consumption data, using FYE 2023 as the baseline year to guide our energy management strategies. **Achievement** The application has been submitted with supporting documents and data. We are in the stage of entering into a conditional agreement. We have engaged a registered consultant as a requirement for this grant. It is seen here an impact of cost saving towards energy efficiency and continual legal compliance and energy efficiency.
Water Management (E)	**Why Material** The risk of not having a stable supply of good-quality water would adversely affect the growth and sustainability of the Group's business.	**Initiative** Constant reminder and Educate staff about water saving

Material Matters	Why Material and How to Manage	Initiative & Achievement
Water Management (E) (cont'd)	**Managing Materiality** We have implemented the following programmes to reduce the Group's water consumption: • Water treatment, recycling and reuse at Glue Kitchen • Using sensors for water spray dryer • Periodic checks on water consumption • Systematically identifying and repairing leaky water pipes • Educating employees on the importance of water conservation	**Achievement** Reduced water consumption in FY2023.
Waste Management (E)	**Why Material** This maximises workspace efficiency as the principles prescribe measures to reduce resource consumption, identify and eliminate waste, and create a clean and organised working environment. **Managing Materiality** Applies the Japanese 5S principles (sort, set in order, shine, standardise, and sustain) when separating the waste for reuse and recycling in our workplace. Also, to ensure the safe disposal of sludge and any other prescribed hazardous material, wastewater according to the requirements of the Department of Environment.	**Initiative** Minimising wastage at our offices and manufacturing plants through ongoing initiatives that reduce, reuse or recycle production waste in alignment with our implementation of the 5S principles. **Achievement** Maintaining the disposal of sludge and any other prescribed hazardous material, wastewater according to the requirements of the Department of Environment.

4) Prioritisation of the Sustainability Process

MIECO has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process of conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including ongoing sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.

Where applicable, we also took into account feedback from other stakeholder groups, gathered through various channels and ongoing engagements while conducting its business operation.

5) Process Review

The materiality process is undertaken as a key component of the MIECO journey towards identifying material sustainability matters. The Corporate Sustainability Committee has reviewed and approved the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

SUSTAINABILITY FRAMEWORK

MIECO's sustainability framework has been refined to align with our business strategy and is guided by the Group's vision and mission. Through our framework, we aspire to meet the needs of our stakeholders, reduce our environmental impact as well as contribute positively to the local communities where we operate. It outlines our focus areas which are: Operational Excellence, Responsible Supply Chain, Empowering Our People and the Community, and Caring for the Environment. We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters. Accordingly, we have set targets to enable us to accelerate and monitor our sustainability performance. By linking these targets to a performance scorecard, we can track our progress and ensure that we are making continuous improvements towards these targets.

OUR VISION:

- We emphasise dynamic innovation and creating value in all our products and services.
- We pledge to strive for total quality and excellence in a wood-based company in Malaysia and beyond.

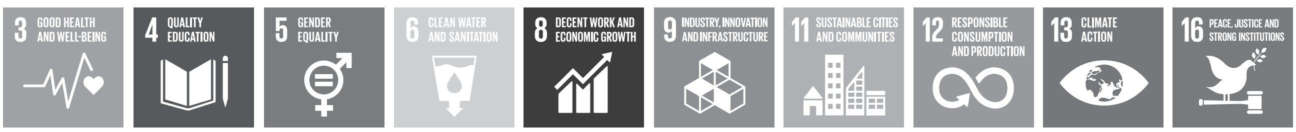
OUR MISSION:

MIECO strives to achieve the highest possible quality and excellence in whatever it undertakes.

OUR FOCUS AREAS

Operational Excellence	Responsible Supply Chain	Empowering Our People and the Community	Caring for the Environment
Creating value for our stakeholders while upholding transparency and accountability	Ensuring ethical, social and environmental standards are met throughout our supply chain	Fostering an inclusive and diverse culture, promoting employee wellness, and supporting local community	Reducing carbon footprint and minimising environmental impacts of our operations
Economic Performance	Human Rights		Climate Change
Anti-Corruption	Supply Chain Management	Health & Safety	Waste Management
Data Privacy & Security		Employee Management	Water Management
Customer Satisfaction		Diversity, Equity & Inclusion	
		Community/ Society Investment	

In alignment to:



MANAGEMENT APPROACH FOR MATERIAL MATTERS

This section aims to provide insights into the Group's sustainability commitments and practices across the three key areas of environmental, social and governance undertaken by our key business divisions.

ENVIRONMENTAL

This section dives into the heart of our commitment to sustainability. We believe that investing in a healthy planet, empowered communities, and responsible governance isn't just ethical, it's the engine driving shared prosperity and enduring business growth. Our key divisions stand united in tackling environmental challenges, particularly reducing greenhouse gas emissions. We understand that climate change demands collective action, and we stand alongside governments, businesses, and individuals as we pave the way for a sustainable future together.

MIECO aims to play an active and significant role in reducing our carbon footprint and waste generation.

Our Strategy to Achieve the Goal

- Focus the efforts on research, development and product design, which would offer better mechanical performance and reduce environmental impact during the manufacturing process.
- Continue to monitor the operational carbon footprint and continue to undertake various measures to reduce the impact of our operational activities on the environment with proper management of waste in terms of handling, packaging, labelling, storage and disposal.

Performance 2023	Target 2024
Applied for an Energy Audit Conditional Grant from governmental bodies – SEDA collaboration with Suruhanjaya Tenaga ("ST") and Kementerian Peralihan Tenaga dan Transformasi Air ("PETRA"). MIECO are now in the stage of entering into a conditional agreement.	To obtain the approval for the Energy Audit Conditional Grant.
Submitted the application to certify the stringent Singapore Green Label Scheme ("SGL") under Guideline Category 41 compliance certification. Achieved certification of compliance in 2nd week of January 2024.	Maintaining the certification status.

In terms of environmental sustainability, MIECO's operations are always in compliance with the relevant laws and regulations for protecting the environment. MIECO maintains the ISO 14001:2015 Environmental Management Systems, the ISO 9001:2015 Quality Management Systems, the ISO 45001:2018 Integrated Management System, the Programme for the Endorsement of PEFC, and MyHijau product certification. MIECO also strive to produce environmentally friendly products. The Group's melamine laminated products are certified under the Singapore Green Label Certification developed by the Singapore Environment Council.

Since the year 2011, MIECO has successfully achieved both the California Air Resources Board of Phase II ("CARB II"), a Formaldehyde Emission Standard in the United States and JIS A 5908, a Japanese Industrial Standard which ensures that our particleboard is aligned with the market requirements. In addition, MIECO also attained the certificate of Conformity of US EPA/TSCA/ since year 2017. These are part of our efforts to be more environmentally sensitive. Apart from that, MIECO has also acquired the Malaysian Phytosanitary Certification Scheme ("MPCA") which indicates that consignment plant products meet specified phytosanitary import requirements and are in conformity with the certified statement scheme.

Internally, MIECO has an Environmental, Health and Safety ("EHS") Policy, which covers the necessary considerations for the environment and our employees. This policy serves to remind MIECO's employees of the importance of conserving natural assets and minimising any adverse impact on the environment.

MIECO has also established a list of key environmental objectives and target programs that outline our commitment to the environment. These objectives include the following:

- Reduce environmental footprint
- Prevent pollution
- Improve employees' and contractors' awareness of environmental management

We have developed various programmes to address crucial environmental concerns, such as soil pollution, chemical management, air, water and waste management.

CLIMATE CHANGE - RELATED UNSDGs 11, 12, & 13

1) Carbon Emissions

MIECO is highly aware that GHG emissions have adverse effects on the environment and health. Carbon emissions especially, have a significant impact on global warming and the achievement of the 2 Degree Scenario. Our manufacturing plants and company vehicles are the primary source of carbon emissions. We aim to control our carbon footprint, in line with the overarching goal to protect and conserve the environment. Hence the measurement of our emissions will aid in the mitigation of our impact on the global environment. We are committed to combating climate change. We aim to reduce our absolute GHG emissions for Scope 1 and 2 by 2030.

A summary of the total fuel consumed by the Group for the past 3 years up to the latest FYE 2023 are set out below:

Direct Emission (Scope 1)	FY2021	FY2022	FY2023
Total fuel consumption from company-owned vehicles (in litres)	395,189	774,852	979,900
Total fuel consumption from plant operations (in litres)	521,276	527,188	1,856,084

2) Energy Management

MIECO is in line with the Government's aspiration for the nation's energy efficiency by pursuing energy efficiency measures in order to alleviate our environmental impact. The Group has taken steps to reduce energy consumption through the incorporation of a periodic service and maintenance protocol for our machines. This is to ensure that the machines are operating at an optimal level, to reduce inefficiencies during operation. Furthermore, we have procedures to ensure unused machines are switched off after having been idle for more than an hour, to reduce electricity consumption.

The Group has established an Efficient Electrical Energy Management ("EEEM") Policy that outlines the following commitments:
- Minimise energy wastage to improve cost-effectiveness, working conditions and productivity;
- Effective communication of energy efficiency objectives to all employees;
- Compliance with applicable acts and regulations;
- Continuous improvement of management practices; and
- Use of new technology.

Our energy consumption decreases in the year 2023. This progress demonstrates our commitment to sustainability and resource efficiency. The amount of electricity consumed for FY2021 to FY2023 are illustrated below:

Indirect Emission (Scope 2)	FY2021	FY2022	FY2023
Electricity Consumption (Megawatt)	99,018.89	80,852.42	76,996.64

Total GHG Emission generated by the Group

GHG Scope	GHG Emission FY2023
Scope 1: Direct Emission	2,835,984 (Litres)
Scope 2: Indirect Emission	76,996.64 (Megawatt)

LAND AND BIODIVERSITY

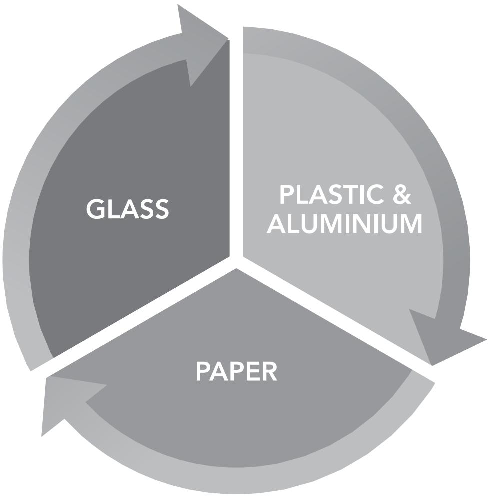
MIECO aims to reduce the impact of pollution on the surrounding ecosystem and biodiversity. This addresses environmental preservation issues and takes into consideration the concerns of various stakeholders. In order to mitigate the effects of chemicals and waste on air, water and soil, strict pollution prevention measures are taken. Proper and secure containers are used to manage liquid waste such as chemicals and oils. We also ensure that the chemical-handling area is away from drains to prevent accidental spillage at the source hence, minimising an adverse impact on rivers.

MIECO is aware that the main source of raw material for our products comes from nature. Careful planning and management to address the risk in the natural ecosystems would maximise the sustainability of the Group's business. Hence, in enforcing our commitment to the responsible consumption of natural resources, MIECO ensures that raw materials are procured in adherence to Sustainable Forestry Management ("SFM") processes by adhering to the PEFC.

WASTE MANAGEMENT - RELATED UNSDGs 12 & 13

MIECO has always been committed to waste minimisation and applies the Japanese 5S principles (sort, set in order, shine, standardise, and sustain) when separating the waste for reuse and recycling in our workplace. This maximises workspace efficiency as the principles prescribe measures to reduce resource consumption, identify and eliminate waste, and create a clean and organised working environment. In addition, we ensure the safe disposal of sludge and any other prescribed hazardous material, and wastewater according to the requirements of the Department of Environment.

The table below shows the types of items recycled/ reused/disposed of on-site.



WATER MANAGEMENT - RELATED UNSDGs 6 & 12

MIECO understands the importance of water conservation as the risk of not having a stable supply of good-quality water would adversely affect the growth and sustainability of the Group's business. Hence, MIECO has been taking initiatives to optimise water consumption. We have implemented the following programmes to reduce the Group's water consumption:

- Water treatment, recycling and reuse at Glue Kitchen
- Using sensors for water spray dryer
- Periodic checks on water consumption
- Systematically identifying and repairing leaky water pipes
- Educating employees on the importance of water conservation

A summary of the total water consumed by the Group for the past 3 years up to the latest FY2023 are set out below:

	FY2021	FY2022	FY2023
Water Consumption (Megalitres)	315.683	336.148	232.136

Environmental Non-Compliance

The Group has complied with the regulatory standards and guidelines in place through its adherence and actions towards cultivating its sustainability initiatives regarding its material matters.

SOCIAL

We believe thriving individuals make a thriving company, so we are constantly improving our processes to create a safe and supportive work environment. We understand that our success goes beyond financial metrics. We are committed to integrating social responsibility into our core operations, recognising its impact on our long-term sustainability and stakeholder value. This includes protecting and enhancing our brand reputation through meaningful social programs.

As the word gets out about a company's good works, it can help create a positive working environment and attract desirable employees with a strong commitment to corporate social responsibility programs. We actively invest in initiatives that benefit our employees, community, and environment. This includes promoting a safe and healthy workplace through dedicated programs and activities and fostering a positive and engaged workforce through meaningful events and initiatives. By prioritising people and purpose, we are building a company that is not just successful, but also sustainable and impactful.

MIECO aims to provide a structured career development path to all its employees with opportunities to grow within the Group and at the same time be a socially responsible company to build a strong and enriching community.

Our Strategy to Achieve the Goal

- Continue focus on providing a safe and healthy workplace for our employees by enhancing the safety process within our operations, and providing necessary technical and educational support in occupational safety and health. Investment in employees' health and safety is the best prevention towards any negative impacts arising from risks to the health and safety of our employees and low productivity

- Focus on talent development to build up human capital, to ensure a strong succession plan, and the continuous growth and success of our employees.

- Continue focus on giving back to the community through Corporate Social Responsibility ("CSR") programs to enhance community relationships.

The main risk identified from the social aspect is the reputational risk which would obstruct the Group from achieving its long-term strategy and success. Hence, the welfare of employees and our impact on the community is of utmost to MIECO. The Group aspires to be a responsible employer by providing a safe and inclusive environment for our employees. Our core values shape and influence the way we work. Themes that are vital to MIECO include occupational health and safety, employee training, employee rights and benefits, workforce diversity, and community engagement.

EMPLOYEE MANAGEMENT - RELATED UNSDGs 8

The Group values its human capital and will continuously invest in our employees for our success and growth. We are committed to attracting, developing, and retaining top talent by fostering a stimulating and empowering work environment. We also provide the knowledge, skills, and opportunities they need to thrive. This includes fostering a healthy work-life balance and ensuring everyone feels valued and respected. We heavily invest in development programs, ensuring our team stays competitive, adaptable, and future-proof. It's all about recognising that our employees are our most valuable asset, and investing in them drives both their growth and ours.

MIECO holds to the highest ethical standards, adhering to Malaysian Employment and Labour laws in all our human resources practises and promoting diversity and inclusion. We believe in creating a workplace where everyone feels welcome and empowered, regardless of gender, age, or ethnicity.

MIECO is committed to treating our employees fairly and rewarding excellence. Besides our compliance with the applicable laws and regulations, we also offer allowances, a comprehensive leave system, and medical as well as hospitalisation benefits. We encourage work-life balance among our employees. To facilitate a healthy lifestyle, we have established Kelab Sukan Sosial MIECO ("the Club"), which took part in CSR programmes, as well as other activities for our employees.

Talent Acquisition and Onboarding

Building a strong future begins with attracting and recruiting the best talent. We adhere to our Policy and Procedures to ensure we hire based on merit alone, focusing on skills, experience, and cultural fit. We believe in being fair and unbiased throughout the process to build a diverse and talented workforce and a strong employer brand that attracts top performers. This approach benefits us in multiple ways. A strong employer brand not only attracts top talent but also boosts customer loyalty and improves overall organisational performance.

Upskilling and Reskilling

Investing in our people is key to our success. We offer a comprehensive development program that includes on-the-job training, personalised coaching and mentoring, and formal learning opportunities. This blended approach ensures our employees stay skilled, resilient, and adaptable, ready to conquer new technologies and trends with confidence. We also offer a robust and personalised training and development program. To address skill gaps and help our employees achieve their career development goals, and regularly assess individual needs and review our existing programs to ensure they remain relevant and impactful.

No.	Type of Training/ Topic	Number of Participant
1.	Hearing Conservation Training	21 paxs
2.	Chemical Handling, Storage and Lifting	18 paxs
3.	Building Up a Future Towards Sustainable Risk Assessment & Safety Development	1 pax
4.	Aspect Impact and Risk HIRARC Training	20 paxs
5.	Radiation Safety Awareness Course	1 pax
6.	Measurement & Calibration System	6 paxs
7.	ISO 9001:2015 Internal Auditor Training	10 paxs
8.	Radiation Safety Awareness for Manager	1 pax
9.	Team Building Programme	40 paxs
10.	Program Pendidikan Pemburuhan	2 paxs
11.	Seminar Kesihatan Pekerjaan	1 pax
12.	Seminar on Environmental	1 pax
13.	CePEOEIA	1 pax
14.	Seminar Akta Kerja 1955	2 paxs
15.	Certified Energy Manager Course	1 pax
16.	Bengkel Pengurusan Buangan Terjadual	2 paxs

Performance Management and Compensation

MIECO thrive on high performance. We set clear goals and KPIs at the beginning of each year, ensuring everyone understands their role in achieving success. Our systematic performance review process includes self-assessment, open discussions, and feedback, followed by personalised coaching and support. We recognise and celebrate outstanding performance, both individual and teamwork through rewards like bonuses and promotions. We offer competitive salaries and benefits, regularly reviewed to match market trends and attract top talent. We foster a culture of learning, collaboration, and recognition.

Our Performance

As an organisation that relies heavily on human capital in our operations, we must manage capacity building comprehensively. To ensure consistent, high-quality output, MIECO provides the relevant training programmes to our employees. Moreover, our quality, environmental, operational safety and health ("QEOSH") management system outlines specific provisions for continuous learning and development. Our training initiatives are focused on the following:

- Structured identification of training needs by superiors
- Induction programmes for new employees
- On-the-job training

In FY2023, we spent 1,753 hours on training, investing RM71,647.60 in internal and external learning and development programmes.

Employee Training Hours

	FY2021	FY2022	FY2023
Male	1,734.5	3,712	1,281
Female	789.5	432	472

Employee Category	Total Training Hours		
	FY2021	FY2022	FY2023
Senior Management	39.5	100	21
Executive	861.5	796	433
Non-executive/ Technical Staff	1623	3,248	1,299
General workers	0	0	0

HEALTH AND SAFETY - RELATED UNSDGs 3 & 8

Employee well-being is at the heart of everything we do. We create safe and healthy work environments that prioritise preventing injuries and illnesses. This proactive approach not only fosters happy and motivated employees but also translates to greater efficiency and higher output a win-win for everyone. To ensure the safety of our employees, MIECO subscribes to the highest standards in health and safety management. Accordingly, our occupational safety management systems were certified in line with ISO 45001:2018, thus ensuring best practices in the Group's operations.

We have established separate health and safety committees for each of our plants. Both senior management and employees are equally represented in these committees. These committees are primarily responsible for the development of standard operating procedures ("SOP") to guide our work processes. In addition, they undertake studies on potential hazards within the workplace and periodically review existing practices. We have also conducted health and safety training programmes, to ensure our employees are equipped with an appropriate understanding of the health and safety requirements of the workplace. Minimal incidents of injury were recorded at our plants. There were also no fatalities throughout the Group.

i. Health and Safety Training

In line with our commitment to a safe work environment, 61 participants engaged in comprehensive health and safety training programs in FY2023.

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	146	325	61
Number of representatives in the OSH Committee	57	42	62

Number of representatives in the OSH Committee	FY2021	FY2022	FY2023
Management	28	21	31
Employees	29	21	31

ii. Work-Related Injuries

	FY2021	FY2022	FY2023
Number of Fatalities	0	0	0
Number of Lost Time Injuries	15	13	9

DIVERSITY, EQUITY & INCLUSION - RELATED UNSDGs 5 & 8

MIECO believe everyone deserves to feel valued, respected and heard. We actively promote equal opportunities and non-discrimination through concrete initiatives, ensuring a diverse and inclusive employee at all levels. From actively encouraging applications from diverse candidates to fostering an inclusive work environment, we are committed to building a team that reflects the richness of the communities we serve.

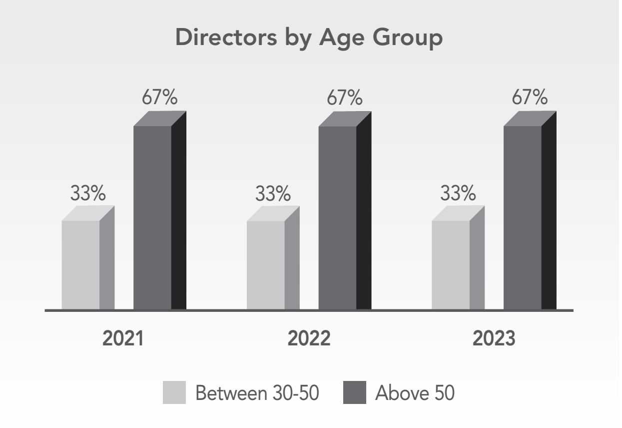
We are committed to fairness, respect, and opportunity for all. We ensure equal opportunity from the beginning, with consistent reviews of our recruitment process and adherence to our Policy and procedures. MIECO competitive wages are free from gender bias, and career advancement, recognition, and rewards are based solely on merit.

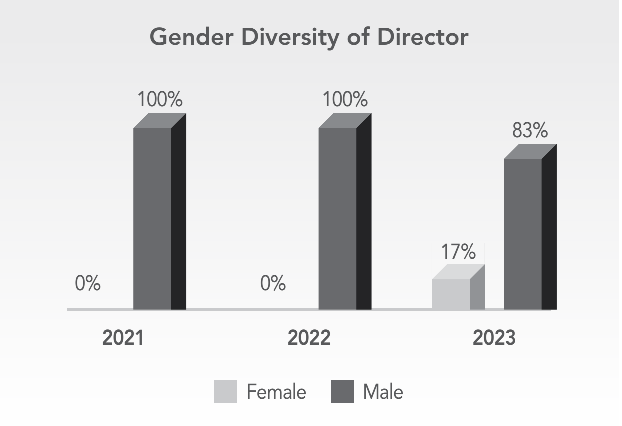
Our commitment is reinforced by our Code of Conduct and robust grievance mechanisms. These measures ensure a safe and inclusive workplace free from discrimination, where everyone feels respected and protected. These measures reflect our dedication to ensuring that every individual feel respected and protected from any form of harassment.

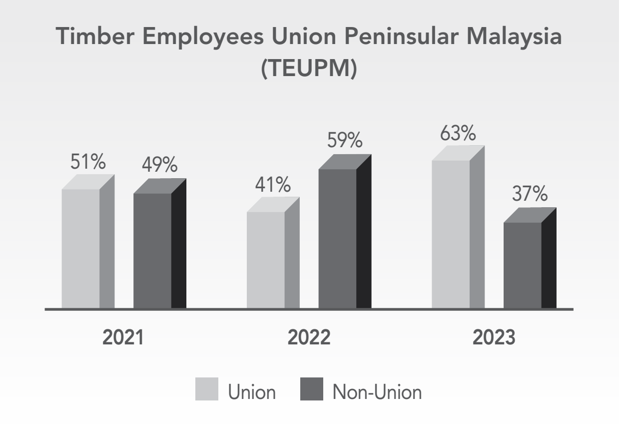
The advantages of having a diverse workforce, which leads to building a strong and united organisation are recognised by MIECO. The Group strives to create a workforce that consists of different genders, ages, ethnicities, religions, cultures and backgrounds. To denounce all forms of discrimination in our workplace, MIECO has implemented the relevant measures including the establishment of our Employee Handbook that clearly outlines the appropriate steps to be taken against discriminating actions. In 2023, there was no discriminatory conduct reported in MIECO.

MIECO's workforce consists of members of the Timber Employees Union Peninsular Malaysia ("TEUPM"). We are a strong proponent of the unionisation of labour, which we believe is of paramount importance as it ensures adequate worker representation while under our employment. The committee members of TEUPM engage with the Group's senior management periodically to identify material issues that affect employees' welfare. The number of employees who were members of the TEUPM is illustrated as per chart shown.

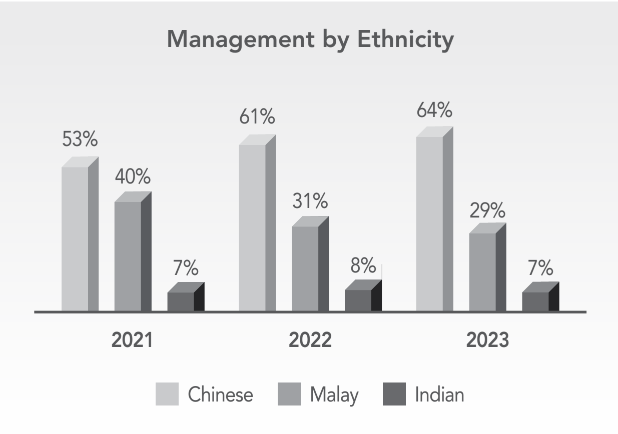
Percentage of Directors by Gender and Age Group

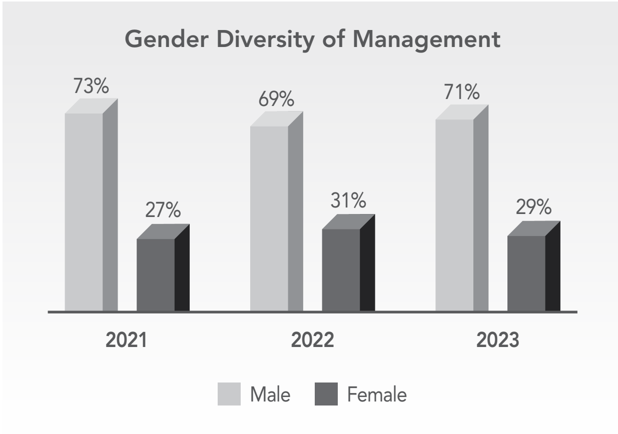


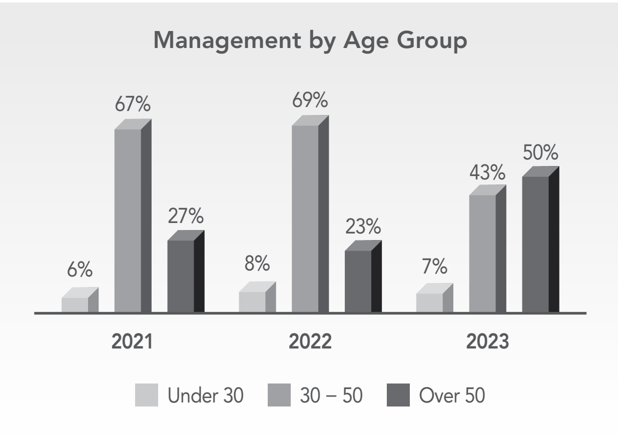


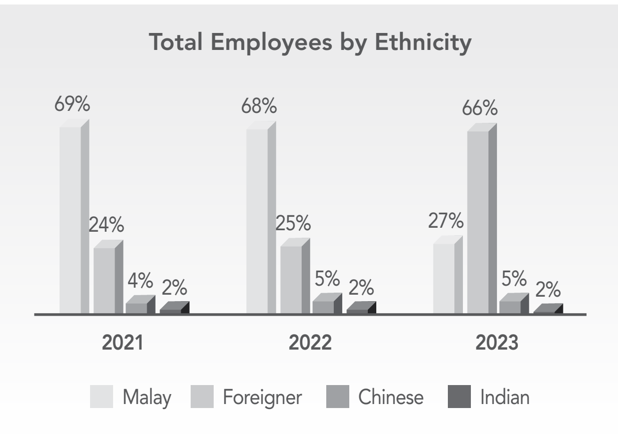


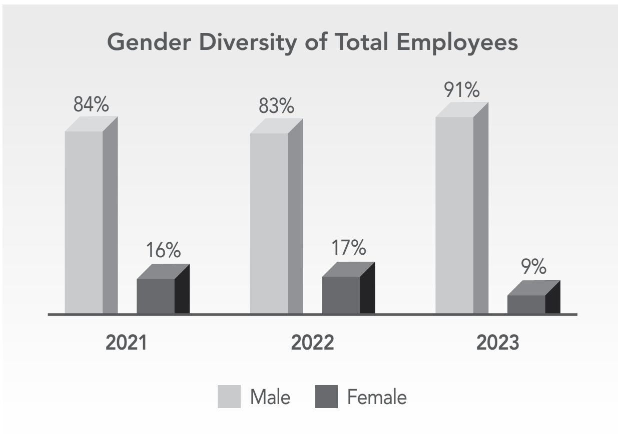
Percentage of Employees by Gender, Ethnicity and Age Group

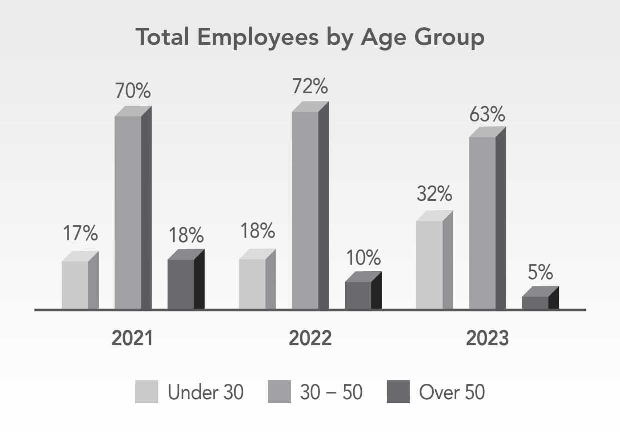


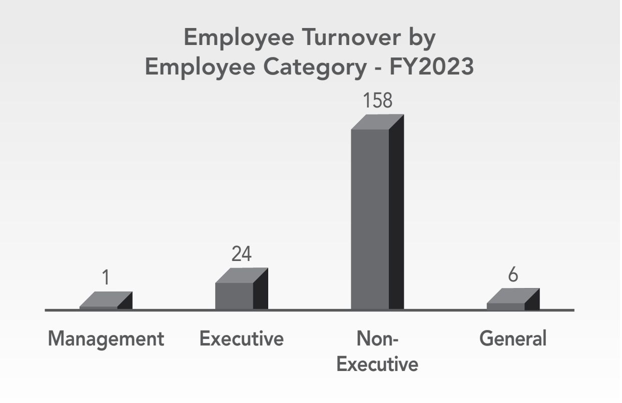












Age Group by Employee Category – FY2023	Management %	Executive %	Non-Executive %	General Workers %
Under 30	7	12	33	0
Between 30-50	43	56	64	100
Above 50	50	32	3	0

Gender Diversity by Employee Category – FY2023	Management %	Executive %	Non-Executive %	General Workers %
Male	71	58	94	0
Female	29	42	6	100

HUMAN RIGHTS - RELATED UNSDGs 8

MIECO is committed to protecting and respecting human rights across all our business operations. We believe that strong human rights practices coupled with fair and ethical treatment improve productivity and promote a healthy working culture. We support the principles outlined in the UN Global Compact and the Universal Declaration of Human Rights. Additionally, we strictly adhere to all applicable laws and regulations in our operating countries, including Malaysia's Employment Act 1955 and Trade Union Act 1959.

This commitment is reflected in our practices which are regularly reviewed by management to ensure it exceed regulatory requirements. In 2023, it was aligned with the Minimum Wages Order 2022, raising the minimum wage to RM1,500 per month. The code of Conduct also outlines our expectations for employees and external stakeholders regarding human rights in business dealings with MIECO. It prohibits unfair labour practices, child and forced labour, and promotes fair treatment, freedom of association, and a grievance mechanism. The Code of Conduct Policy is available on our website.

We have communicated to all our employees and workers about our grievance handling process and whistleblowing policy. We encourage employees to report any violations of labour practices, disputes, or inappropriate behaviour anonymously and confidentially. We guarantee whistleblower protection and investigate all reports seriously. Recognising the labour-intensive nature, MIECO pays particular attention to managing labour rights in this division. We adhere to the International Labour Organisation's Indicators of Forced Labour and ensure fair wages, decent living conditions, and proper training for all workers, including foreign employees.

We are committed to upholding human rights throughout our operations. We are continuously working towards the goal of achieving zero substantiated complaints regarding human rights violations, and we will intensify our efforts to achieve this objective.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violation	0	0	0

Community Investment and Engagement

MIECO is committed to being a responsible corporate citizen, actively invested in the prosperity and well-being of the communities where we operate. We support the community by reaching out to the community around us. During the financial year, the Group made monetary donations to various organisations. These contributions were in line with the Group's commitment to support and keep abreast with society's evolving needs.

Strong companies thrive alongside strong communities. As an organisation with its business deeply rooted in the community that it serves, MIECO has been consistently aware of its social obligations to the community and remains fully committed to this cause. We feel privileged to have been able to support communities in need and make a difference in their lives. During the year under the review, the Group has initiated several activities through contributions and donations to the organisation such as schools, and non-governmental organisations for cultural and welfare activities.

MIECO does not merely focus on doing business but also on giving back to the community in various ways. Our CSR programmes are spearheaded by the Human Resources Department. However, some programmes were also conducted in collaboration with the members of the Club, TEUPM, BAKES (Badan Kebajikan Pekerja-Pekerja Islam MIECO) and representatives from various departments. In 2023, our CSR programmes took up 332 man-hours.

Community Investment Performance Data

	FY2023
Total amount invested where the target beneficiaries are external to the company (RM)	5,500
Total number of beneficiaries of the investment in communities	7
Number of employees participated in community impact programmes	60
Total hours spent on community impact programmes	332

BLOOD DONATION PROGRAMMED IN COLLOBARATION WITH HOSPITAL KUALA LIPIS

DISTRIBUTE USED OIL FOR SCHOOL SPORTS DAY

CHEQUE DONATION

PROGRAM KECERIAAN & GOTONG ROYONG SEKOLAH 2023

KARNIVAL TANAH PERINGKAT DAERAH LIPIS 2023

CUSTOMER SATISFACTION - RELATED UNSDGs 8 & 9

The Group acknowledges that customer satisfaction and loyalty are key factors in achieving long-term success and maintaining our reputation as one of the leading developers and service providers in the market. With this in mind, we strive to enhance customer satisfaction by considering their feedback and ensuring that high-quality standards are met across all our products and services.

Customer satisfaction and engagement were identified as some of the most important material issues in the marketplace dimension across all our divisions. Knowing exactly what customers expect from us improves our bottom line and strengthens our brands and reputation in the long term. We conduct yearly customer satisfaction surveys. The feedback generated provides insights into customer expectations that enable us to develop and deliver better products and services.

The Group is unwavering in meeting its standards of excellence by ensuring the delivery of quality in project execution and meeting all customer deliverables as detailed in our contracts. We aspire towards the full realisation of ISO standards (ISO 9001 and ISO14001) throughout our operations and the application of established quality practices and policies. The Group is committed to improving compliance with product requirements and the effectiveness of its Quality Management System continuously.

The Group Procurement Department ensures diversification of the supply chain to mitigate the risk of disruption to our operations. The Group's operations maintain at least one primary and one secondary supplier for raw materials, consumables and spare parts, wherever possible.

The Company attained ISO 14001: 2004 (Environmental Management System) and successfully migrated to the 2015 version. This certification demonstrates that the Company has effective measures in place to improve resource efficiency, reduce waste and drive down operating costs.

Service Quality

Quality management is an essential factor in our business processes. Stringent checks and balances are put in place to guarantee the quality of our products and services. Our quality policies emphasise the need for human capital development. We have taken measures to ensure our employees have adequate on-the-job training ("OJT") to deliver products of the highest quality.

SUPPLY CHAIN MANAGEMENT - RELATED UNSDGs 8 & 9

Building a responsible and resilient future, brick by brick. We achieve this by integrating sustainability throughout our procurement journey, from identifying suppliers to managing contracts. Supporting local businesses and empowering communities is our commitment, which is we prioritise sourcing from regional vendors and creating opportunities for small and medium businesses ("SMEs"). It is not just strengthening our supply chain; it improves livelihoods and injects vitality into the communities we operate in.

MIECO believe that sustainable supply-chain management is crucial for a responsible future. From time to time, the process of identifying, analysing and assessing will be conducted on any risks and opportunities that could affect and improve the flow of the supply chain. Consequently, preventive action plans or reactive action plans for the risks identified would be drawn up. In making responsible sourcing decisions, MIECO has started to explore putting in place an appropriate approach to consider suppliers' environmental, social and governance ("ESG") credentials in the life cycle of the supply chain.

These steps taken would ensure the sustainability of the Group's supply chain by using appropriate measures to address the risk, secure supply and protect our brand, hence ultimately ensuring the Group's business sustainability. Standard procedures for our contractor sourcing, as well as our raw material and equipment procurement, were developed and used in the Group to ensure there is an efficient flow in the supply chain. A competent management of the supply chain will ensure that MIECO's impact on the broader environment remains positive.

The Group also has a Chain of Custody ("CoC"), as required under the Programme for the Endorsement of Forest Certification ("PEFC") Standards (PEFC ST 2002:2020). To promote the traceability of our products, we have taken steps to track the flow of raw materials within the production process. In addition, we have established an accountability structure relating to the CoC to ensure continued compliance with the PEFC standards.

In the emplacement of new suppliers, the Group has begun to incorporate sustainability-related criteria in assessing the suppliers' business practices such as workplace relations and occupational health and safety. For existing vendors and suppliers, the Group is in the process of sending out surveys to selected suppliers for them to share and affirm their commitment towards ESG.

We are cognisant that there is still much to improve on managing sustainability in the supply chain and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to ESG matters. Our procurement processes embed sustainability elements throughout, starting from the registration stage up to the annual supplier performance assessment. MIECO has formalised procurement operating procedures to support the procurement process in the Group emphasising on satisfactory quality of products and services with competitive pricing. The selection of subcontractors and suppliers is based on an appropriate synergy of technical, financial, pricing and quality of service criteria.

Suppliers' Assessment

Moving forward, the Group will ensure that all of our existing and new suppliers are assessed against our requirements.

GOVERNANCE

Our stakeholders, customers, investors, employees, and communities are partners in our journey towards a thriving future. We recognize that our strategies and development plans impact not only economic growth but also the environment and society as a whole. Our Board takes an active role in overseeing our sustainability efforts. We believe that effectively integrating ESG considerations into our corporate strategy, governance, and decision-making is crucial for creating durable and sustainable value for our stakeholders. This includes proactive measures to anticipate and address material ESG risks and opportunities, ensuring our business is resilient and adaptable in the face of global challenges.

We are committed to building trust and confidence with our stakeholders. We have a clear long-term sustainability strategy and plan, focusing on supporting the global transition towards a more sustainable future. We actively engage with our internal and external stakeholders, understanding their views and expectations on issues like health and safety, data privacy, and climate action. This input helps us shape our strategies and actions, ensuring they are relevant and impactful. Our Board sets the company's sustainability priorities and targets and monitors our progress against them. We communicate our performance transparently to stakeholders, both internally and externally. We also have a dedicated person within management responsible for driving our sustainability agenda, ensuring it's fully integrated into our operations.

We recognize that the landscape of sustainability is constantly evolving. The Board continuously develops its knowledge and expertise in this area, ensuring it has the capacity and competencies to effectively oversee our sustainability efforts. The economic landscape is constantly changing, and we are committed to adapting and thriving in this dynamic environment. We identify critical risks and take proactive steps to mitigate them, ensuring our business remains strong and competitive. By working together with our stakeholders and embracing sustainability as a core principle, we're confident in our ability to build a brighter future for everyone.

MIECO aims to generate long-term benefits for all our stakeholders in terms of business continuity and value creation.

Our Strategy to Achieve the Goal

- Focusing on growing profitability and strengthening the Group's financial position. The Group's income and earnings will be used to operate and grow the business before any other distribution are considered.
- Remain committed to upholding the highest standards of corporate governance throughout our business, and committed to gaining business on merit, capability and fairness which focus on Human Rights, Labour, Environment & Anti-corruption.
- Consistently monitoring supply chain risk factors inclusive of taking strategic steps to identify, assess, and mitigate risks within the end-to-end supply chain both internally and externally.

Managing financial sustainability, commitment to good business conduct and practices, and supply-chain management are important to ensure MIECO keeps delivering quality products and services enabling the sustainability of the Group's business.

ECONOMIC PERFORMANCE - RELATED UNSDGs 8

MIECO believes financial success and sustainability go hand-in-hand. A strong financial performance fuels our commitment to creating long-term value, not just for shareholders, but for all our stakeholders. This includes creating decent employment opportunities that empower local communities and drive economic development. By sharing the wealth, we generate, we invest in a more resilient future for everyone.

The primary focus for 2023 will be to integrate and rationalise the operations of the enlarged Group to realise the potential synergies envisaged. Efforts will be concentrated on timber material procurement to increase in-house consumption, consolidation of supply chains, coordinating of marketing strategies and distribution channels, cross-selling and development of product range, as well as rationalising and streamlining of production facilities.

This FY2023, the Group's revenue was higher by 9% to RM358.9 million. The increase was mainly attributed by the inclusion of revenue from a new subsidiary acquired during the year.

However, despite higher revenue, the Group still suffered a net loss of RM65.1 million for FY2023 as compared to net loss of RM33.7 million posted last year. The higher loss mainly due to higher impairment losses on property, plant and equipment recognised, coupled with higher operating cost and lower average selling price.

	FY2021 RM ("000)	FY2022 RM ("000)	FY2023 RM ("000)
Economic value generated (i.e., revenue and other income)	391,141	337,914	390,889
Economic value distributed:			
Operating costs	21,139	26,080	24,850
Employee wages and benefits	36,248	35,243	40,080
Payment to providers of capital (i.e., dividend and financing costs)	10,312	9,099	13,261
Payment to government (i.e., tax)	105	249	857
Community investment			
Economic value retained	146,682	114,993	49,894

Performance 2023	Target 2024
Revenue: RM358.9 million Net Loss: RM65.1 million Basic Loss Per Share: RM0.65	Focusing on growing profitability and strengthening the Group's financial position.

ANTI-CORRUPTION - RELATED UNSDGs 16

MIECO takes pride in adhering to high ethical standards and rigorous compliance practices throughout the Group. We believe that prioritising ethical conduct is not only essential for safeguarding our business and stakeholder interests but also fundamental in building trust and fostering ongoing confidence from those we serve.

MIECO is committed to conducting our business with integrity. We have developed our Anti-Bribery & Anti-Corruption (ABAC) Policy and as our clients and service providers, they must comply with the terms as contained in our policy.

The Board of Directors of MIECO and its subsidiaries has established and adopted this policy. This policy is established to set out the principles and provide guidance on dealing with improper solicitation, bribery and other corrupt activities that may arise in the executing or undertaking of professional duties, obligations and responsibilities.

We take a zero-tolerance approach to bribery and corruption, regardless of the amount involved and at whatever level of the organisation. Clients and service providers shall take all and any measures to prevent corrupt practices in their dealings with us. We are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's ABAC policy, and other accompanying policies and procedures. Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the policy. All suppliers will need to sign a declaration indicating their agreement to abide by the guidelines and policies set forth by MIECO in their business dealings.

We have established a dedicated whistleblowing channel under the Whistleblowing Policy, which allows employees and external stakeholders to report improprieties confidentially through email, telephone, or mail. The Group has made our ABAC policy and Whistleblowing Policy available on our corporate website and company intranet to ensure they are accessible to all stakeholders.

Corruption-related training

There was no training in relation to anti-corruption conducted for the employees of the Group in FY2023 due primarily to the restructuring and rationalisation of the operation of the enlarged Group. Nevertheless, moving forward the Group will ensure to conduct awareness programmes for the employees of the Group on yearly basis to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics.

As of 31 December 2023, we recorded zero incidents of corruption across our business operations.

	FY2021	FY2022	FY2023
Number of confirmed corruption incidents	0	0	0

CYBERSECURITY & DATA PROTECTION - RELATED UNSDGs 16

The surge of remote work, e-commerce, and automation has ignited a digital revolution, accelerating our reliance on technology and infrastructure. While this unlocks new possibilities, it also exposes data to heightened cybersecurity risks. We recognise our responsibility to safeguard our customers and their sensitive information. We actively manage the evolving threat landscape, implementing robust measures to prevent leaks, threats, and data loss.

Managing data and security is an integral part of our Risk Management framework. We conduct regular reviews to ensure that our data privacy and security controls and processes are operating effectively. We take reasonable measures to ensure we collect data by lawful means, and that we are transparent about how data is gathered, used, and secured. We have also obtained the necessary consent when handling our customers' data which is stored on our system and only authorised personnel are granted access. User access and activities are regularly reviewed to prevent unauthorised access or misuse of authority. Additionally, our data retention and destruction policy guide us in keeping data for as long as necessary and securely disposing of it when it is no longer needed.

As of 31 December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches in customer privacy or data loss	0	0	0

LOOKING AHEAD

Based on current assumptions and expectations, including goals, commitments, and initiatives related to sustainability. While we strive to achieve these aspirations, we cannot guarantee their exact outcomes or future impact. This Statement is accurate as of the provided date and will not be automatically updated for evolving circumstances. We remain committed to continuous improvement and achieving even greater progress in our sustainability journey.

As a purpose-driven organisation, sustainability is deeply embedded in our businesses. It shapes everything we do, from operating our business to interacting with all our stakeholders. This includes employees, customers, suppliers, communities, regulators, investors, etc. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the company to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.

The consideration of sustainability matters, the Group will continue to put in efforts to accomplish the ESG risks and opportunities relevant to its businesses, with a specific focus on Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging ESG risk or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational and financial risks, to enhance the long-term value creation of the Group. We will continue to navigate the challenging market conditions, MIECO's intent to continuously improve its engagement with internal and external stakeholders and in its overall sustainability performance. Going forward, we aim to improve the quality of our ESG data and the methods we use to gather data throughout our supply chains to get a more complete picture of our sustainability performance. This will allow us to make better decisions for the longevity.

This Statement has been approved by the Board on 27 March 2024.

MIECO COMPREHENSIVE DATA TABLE

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	0.00
Executive	Percentage	0.00
Non-Executive/Technical Staff	Percentage	0.00
General Workers	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.0
Bursa C5(c) Number of employees trained on health and safety standards	Number	61
Bursa (Labour practices and standards)		
Bursa C6(a) Total Hours of Training by Employee Category		
Management Hours	Hours	21
Executive	Hours	433
Non-Executive/Technical Staff	Hours	1,299
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	1
Executive	Number	24
Non-Executive/Technical Staff	Number	158
General Workers	Number	6
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	5,500.00
Bursa C2(b) Total number of beneficiaries of the investment in the communities	Number	7
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local supply	Percentage	80.00

Indicator	Measurement Unit	2023
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	7.00
Management Between 30-50	Percentage	43.00
Management Above 50	Percentage	50.00
Executive Under 30	Percentage	12.00
Executive Between 30-50	Percentage	56.00
Executive Above 50	Percentage	32.00
Non-Executive/Technical Staff Under 30	Percentage	33.00
Non-Executive/Technical Staff Between 30-50	Percentage	64.00
Non-Executive/Technical Staff Above 50	Percentage	3.00
General Workers Under 30	Percentage	0.00
General Workers Between 30-50	Percentage	100.00
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	71.00
Management Female	Percentage	29.00
Executive Male	Percentage	58.00
Executive Female	Percentage	42.00
Non-Executive/Technical Staff Male	Percentage	94.00
Non-Executive/Technical Staff Female	Percentage	6.00
General Workers Male	Percentage	0.00
General Workers Female	Percentage	100.00
Bursa C3(b) Percentage of Directors by Gender and Age Group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 30	Percentage	0.00
Between 30-50	Percentage	33.00
Above 50	Percentage	67.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	76,996.64
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	232.14

INDEPENDENT LIMITED ASSURANCE STATEMENT

To the Board of Directors of Mieco Chipboard Berhad ("MIECO")

The NBS Smart Focus Group ("Smart Focus") has been appointed by Mieco Chipboard Berhad **("MIECO")** to provide an independent limited assurance review, of their **Sustainability Statement ("SS")** for FYE 2023.

This review aims to increase the confidence of MIECO's stakeholders in the SS. We have assessed the accuracy, reliability, and objectivity of the information presented. The review will ensure the SS covers the most important sustainability issues for MIECO and its stakeholders.

Scope of the Engagement

Our review focused on assuring performance data and qualitative information in SS for the reporting period from 1 January 2023 to 31 December 2023. Within the constraints and exclusions outlined below, our review encompassed:

(a) Statements, information, and selected ESG performance indicators presented in the SS; and
(b) MIECO 's management approach to its significant issues and reporting Standards.

The selected information was compiled by the management in compliance with recognised best practice reporting frameworks such as the Global Reporting Initiative (GRI), Sustainable Development Goals (SDG), The International Standard on Assurance Engagements 3000 (ISAE 3000), AA1000 Assurance Standard and the Sustainability Accounting Standards Board (SASB), along with internal definitions established by MIECO for monitoring and evaluating progress against its ESG (Environment, Social, and Governance) performance indicators.

Exclusions and Limitations

Our review relied solely on the information provided by MIECO on the Goverance, Environment and social data's. This information may include data consolidated and reconciled by MIECO from various sources like markets, operations, suppliers, and other third parties.

It is important to note that the accuracy of the reported data ultimately depends on how well data is collected and monitored at the source (markets and sites). We did not assess these data collection and monitoring procedures during our limited assurance engagement.

Our review considered a selection of the selected information based on a risk assessment. Due to this sampling approach, there is a chance that some errors, omissions, or misstatements in the SS might not be identified. The SS includes various types of information, some of which we reviewed and others that fell outside our scope of work:

Financial data, including data used to calculate selected information, which is audited by an external financial auditor and relied upon for our scope of work. This includes statements related to Operation, sales, revenue, salaries, payments, and financial investments. Information outside the scope, contains information about activities that happened outside the timeframe or were irrelevant to our review. Company statements and opinions, include statements expressing the company's position, opinions, beliefs, goals, and plans. Additionally, it may contain anecdotes or testimonials from MIECO or third parties. These were not part of our review.

New targets and reporting criteria, appropriateness of new commitments, targets, and objectives set by MIECO, as well as their internal reporting definitions, were not evaluated in our review.

SUSTAINABILITY STATEMENT

Responsibilities of the Directors and Management

The MIECO Directors and management are responsible for the information detailed in the SS.

Our responsibility was to provide a limited assurance review, following established standards, to assess the accuracy, reliability, and objectivity of the information presented in the SS. Based on this review, we formed an independent conclusion.

Verification Opinion

Based on the Data and Information provided by MIECO and the processes and procedures conducted, there is no evidence that the Organisation's sustainability Statement:

- is materially incorrect;
- is not a fair representation of the data and information; and

It is our opinion that MIECO has established a system for the collection, aggregation, and analysis of quantitative data for the determination of its Environmental, and Safety data for the stated period and boundaries.

Thank you.

Shayatidul Binti Kemerja
Director of Sustainability
Smart Focus
27 March 2024

FINANCIAL HIGHLIGHTS

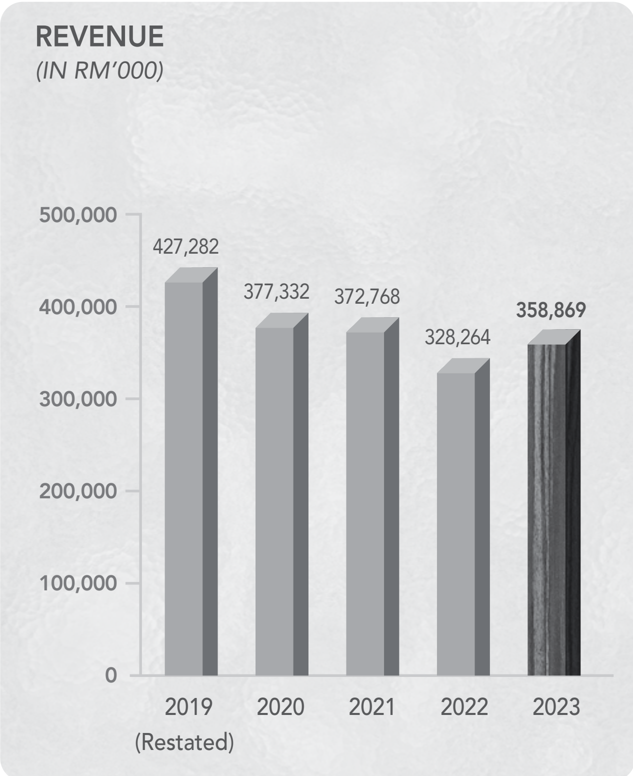
FINANCIAL STATISTICS 2019-2023

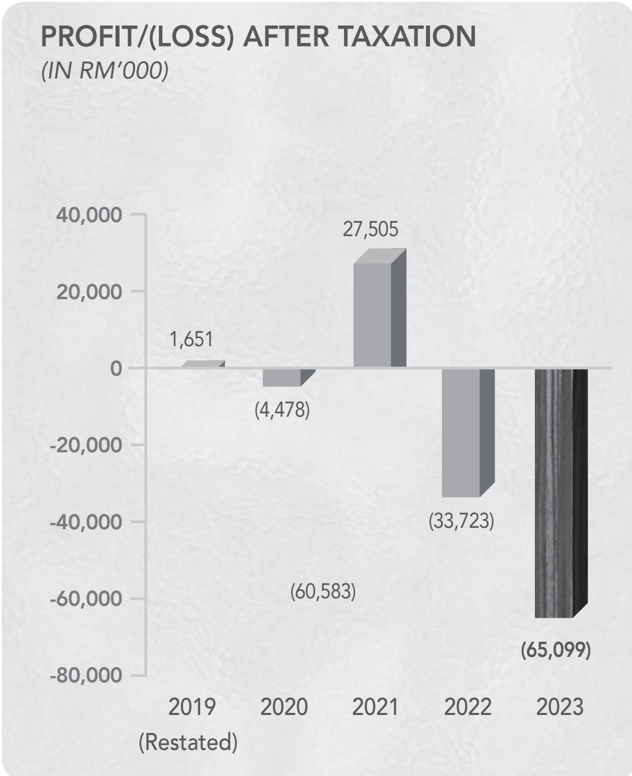
	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000 Restated#
ASSETS					
Non-current assets					
Property, plant and equipment	300,140	296,003	330,017	360,975	370,498
Right-of-use assets	113,790	149,516	141,019	140,786	152,212
Investment property	25,405	17,000	17,000	-	-
Intangible assets	1,919	-	-	-	-
Biological assets	11,325	-	-	-	-
Other financial assets	725	-	-	-	-
Deferred tax assets	4,986	7,034	9,873	5,147	5,433
	458,290	469,553	497,909	506,908	528,143
Current assets	161,679	166,931	237,805	139,656	160,720
Assets classified as held for sale	42,454	-	-	-	16,182
TOTAL ASSETS	662,423	636,484	735,714	646,564	705,045
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	276,666	276,666	276,666	215,866	215,866
Reserves	49,816	114,939	146,647	119,134	124,673
Total equity	326,482	391,605	423,313	335,000	340,539
Non-current liabilities	139,630	83,244	100,071	114,875	111,963
Current liabilities	196,311	161,635	212,330	196,689	252,543
Total liabilities	335,941	244,879	312,401	311,564	364,506
TOTAL EQUITY AND LIABILITIES	662,423	636,484	735,714	646,564	705,045
GROUP RESULTS					
Revenue	358,869	328,264	372,768	377,332	427,282
(Loss)/Profit before taxation	(62,634)	(30,480)	22,975	(3,905)	(513)
Tax credit/(expense)	(2,465)	(3,243)	4,530	(573)	2,164
(Loss)/Profit after taxation	(65,099)	(33,723)	27,505	(4,478)	1,651
SELECTED RATIOS					
Basic (loss)/earnings per share (sen)	(6.51)	(3.37)	3.26	(0.53)	0.20
Net assets per share (RM)	0.33	0.39	0.42	0.40	0.41

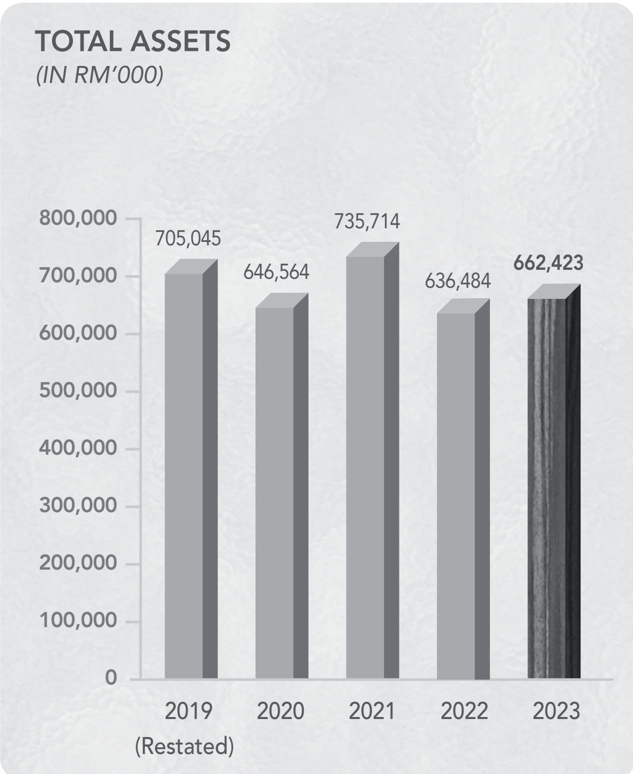
The 2019 figures have been restated to be consistent with the presentation in audited financial statements for the financial year ended 31 December 2020.

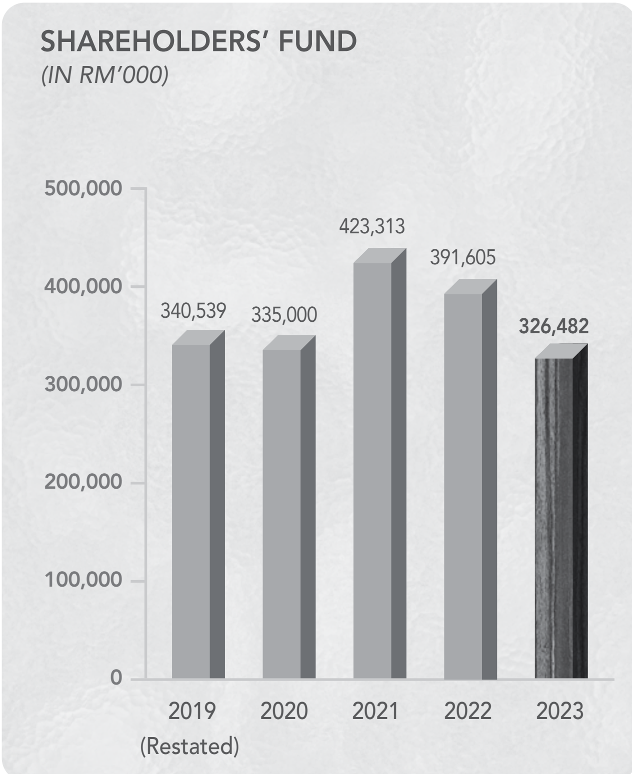
FINANCIAL HIGHLIGHTS

FINANCIAL STATISTICS 2019-2023 (CONT'D)

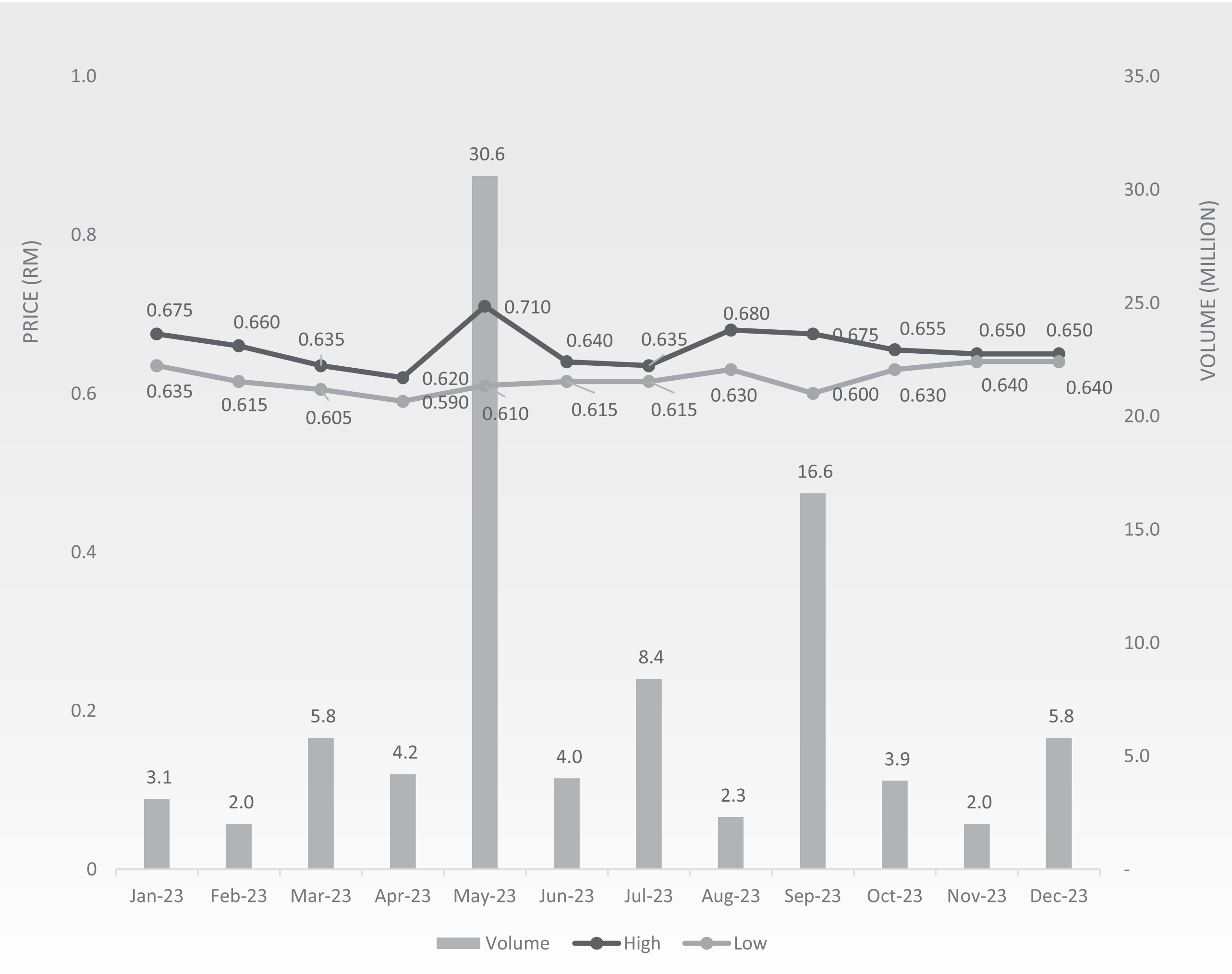








SHARE PERFORMANCE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of MIECO ("the Board") acknowledges the importance of corporate governance hence, is dedicated to maintain an appropriate and sound system of good corporate governance within the Group. MIECO's corporate governance practices are consistent with the principles and best practices recommended in the latest Malaysian Code on Corporate Governance 2021 (the "MCCG") and other applicable laws, regulations and guidelines with the fundamental objective of enhancing the financial performance of the Group and enhancing shareholders' value as well as the interests of stakeholders.

The Board is pleased to outline the below application of the principles and recommendations by the Group set out in the MCCG during the financial year under review. This statement is to be read together with the Corporate Governance Report of the Company which is available on the Company's website at www.mieco.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

Functions of the Board and Management

The Board is collectively responsible for the management and governance of the Group. The Board sets strategic objectives, formulates policies and oversees the investments and operations of the Group, taking sustainability into consideration.

The Board assumes the following principal roles and responsibilities:

- formulating the business direction and objectives of the Group;
- reviewing, adopting and approving the Group's strategic plans including sustainability strategies, priorities and targets, key operational initiatives, major investments and funding decisions;
- overseeing the conduct of business of the Group;
- reviewing the risk management process which includes sustainability risks and opportunities within the Group;
- reviewing and approving the Company's financial statements and ensuring the integrity of the Company's financial and non-financial reporting;
- assuming responsibility in succession planning within the Group; and
- reviewing and ensuring the adequacy and effectiveness of management information and internal control systems to ensure compliance with applicable standards, laws and regulations.

Certain functions of the Board have been delegated to the Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC") to assist in the execution of its duties and responsibilities. These committees operate under clearly defined terms of reference and have authority to review certain issues. The Chairman of the respective committees will report to the Board on the key issues deliberated and outcome of the committees' meetings.

Management is accountable for the execution of the formulated policies and achievement of the Group's corporate objectives. The demarcation complements and reinforces the supervisory role of the Board.

All the Directors hold not more than five directorships in public listed companies as they are expected to give sufficient time and attention to carry out their responsibilities. Under the Board Charter, a Director is required to notify the Chairman before accepting any new directorship in any other listed company and the notification shall explain the expectation and an indication of the time commitment that will be spent on the new appointment.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities.

Board meetings

The Board meets at least 5 times a year, with additional meetings for particular matters convened as and when necessary.

A total of 5 Board meetings were held during the financial year ended 31 December 2023. The attendance record of each Director is as follows:

Directors	Total Meetings Attended	Percentage of Attendance %
Datuk Dr. Roslan Bin A. Ghaffar *Independent Non-Executive Chairman*	5/5	100
Dato' Sri Ng Ah Chai *Group Managing Director*	5/5	100
Mr. Cheam Tow Yong *Independent Non-Executive Director*	5/5	100
Dato' Abdul Rashid Bin Mat Amin [a] *Independent Non-Executive Director*	3/3	100
Mr. Kajendra A/L Pathmanathan *Independent Non-Executive Director*	5/5	100
Mr. Ng Wei Ping *Executive Director*	5/5	100
Madam Tan Poh Cheok [b] *Independent Non-Executive Director*	2/2	100

[a] Resigned as Independent Non-Executive Director on 28 July 2023.
[b] Appointed as Independent Non-Executive Director on 28 July 2023.

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2023 as stipulated under Paragraph 15.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

Position of Chairman and Executive Directors

The Chairman leads the Board, ensuring the effective running of the Board while, the Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations of the Group as well as coordinating the development and implementation of business and corporate strategies.

The roles of Chairman and Executive Directors are held by different individuals. This division of roles between the Chairman and the Executive Directors is clearly defined in the Board Charter to ensure that there is an appropriate balance of responsibilities and accountability.

Qualified Company Secretary

The Board is supported by a licensed Company Secretary. The Company Secretary constantly advises the Board to ensure that the Group's policies and procedures are in compliance with the relevant legislation and regulations.

The Company Secretary coordinates and attends all Board and Board Committee meetings to ensure that all key issues are discussed and the decisions made are recorded accurately. The Company Secretary also works closely with the management to ensure timely flow of information to the Board.

On an ongoing basis, the Directors have separate and independent access to the Company Secretary.

The Company Secretary stays updated with the changes in the relevant legislation and regulations and constantly attends the necessary training and development programmes in order to carry out her duties effectively.

Board Meeting Materials and Access to Information

The Directors are given adequate notice of Board meetings. The Board papers together with the agenda are circulated via emails or physical copies at least 7 days prior to the scheduled board meetings for the Directors to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretary or independent advisers, before the Board Meetings, if necessary. This enables the Directors to duly discharge their duties and ensure that deliberations at the meeting are focused and constructive.

Senior management staff are invited to attend Board meetings to report on matters relating to their respective areas of responsibility and also to provide details or clarification on issues that may be raised by any Director.

Minutes of meetings are recorded by the Company Secretary and circulated to Directors to ensure the minutes exactly represent the discussions and decisions of the Board.

All Directors have full and unrestricted access to senior management for advice and information, and support services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may also seek independent professional advice in the furtherance of their duties at the Company's expense, if required and with reasonable fees.

Demarcation of Responsibilities and Business Conduct

The Board has adopted a Board Charter which sets out the principal roles and responsibilities of the Board and Board Committees and also the matters reserved for the Board.

The Board recognises the importance of having a good ethical corporate culture that promotes the values of transparency, integrity, accountability and social responsibility. The Board has adopted a Code of Conduct and Ethics for the Directors and employees that sets out the principles and standards of business ethics and conducts of the Group.

The Group has also put in place a Whistleblowing Policy which enables all stakeholders to seek guidance and express concerns on the reporting of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste and/or abuse involving resources of the Group.

In line with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Company has adopted an Anti-Bribery and Anti-Corruption Policy and Procedure.

The Board had also adopted the Directors' Fit and Proper Policy which is in line with the new rule of the MMLR to ensure a formal, rigorous and transparent process for the appointment and re-election of directors of the Group.

A copy of the Board Charter, Code of Conduct and Ethics, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy and Procedure, and Directors' Fit and Proper Policy are available on the Company's website at www.mieco.com.my.

The Board is mindful of the importance of business sustainability and, in developing the corporate strategy of the Group, its impact on the environmental, social and governance aspects is taken into consideration and sustainability risks and opportunities are addressed. The Sustainability Statement of the Group for the financial year ended 31 December 2023 are disclosed on pages 17 to 57 of this Annual Report.

PART II - BOARD COMPOSITION

Board Composition

As at the date of this statement, the Board has six members, comprising one Independent Non-Executive Chairman, one Group Managing Director, one Executive Director, and three Independent Non-Executive Directors, and none of them are active politicians. The Company is in compliance with the MMLR which stipulates that at least one third of the Board members must be independent and at least one woman director is on the Board.

The Board is aware that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years as recommended by the MCCG. The Board Charter includes the limitation of the Independent Non-Executive Director's tenure to nine (9) years. Upon completion of the nine (9) years, the Independent Non-Executive Director concerned may:

(i) Continue to serve on the Board if deemed appropriate and suitable by the Board, subject to him/her being re-designated as Non-Independent Director; or

(ii) Remain as an Independent Non-Executive Director if deemed appropriate and suitable by the Board, subject to the shareholders' approval via two-tier voting process. The Board must provide justification for the decision.

As of the date of this Annual Report, none of the Independent Non-Executive Directors have served a consecutive term of nine (9) years.

The Nominating Committee had been merged with Remuneration Committee, effective 28 July 2023, into a single Board Committee namely the Nomination and Remuneration Committee ("NRC").

The NRC, chaired by an Independent Non-Executive Director. The NRC assists the Board in ensuring that the Board comprises individuals with the necessary skills, knowledge and experience for the effective discharge of its responsibilities, and in matters relating to the remuneration of the Board and senior management.

The Company does not set a specific target on the composition of the Board and management in terms of gender, age or ethnicity as it adheres to the practice of non-discrimination of any form throughout the Company. The Company provides equal opportunity to candidates with merits and believes it is vital to recruit and retain the best available talent regardless of gender, ethnicity or age. The Board shall endeavour to achieve greater diversity as and when the opportunity arises. Notwithstanding the recommendation of the MCCG, the Board is presently of the view that there is no necessity to fix a specific gender diversity policy in view of the Company's commitment to ensuring that all Directors are appointed on merit and is in line with the standards as set out in Para 2.20A of the MMLR.

The composition of the Board represents a balanced mix of experienced professionals in the fields of business, finance and general management. Together, the Directors bring a wide range of expertise and skills necessary for the continued successful direction of the Group. A brief profile of each Director is set out on pages 4 to 9 of this Annual Report.

Nomination & Remuneration Committee ("NRC")

The Board has applied the best practices of the MCCG by setting up a NRC comprising exclusively three (3) Independent Non-Executive Directors.

The NRC consists of the following members:

- Mr. Kajendra A/L Pathmanathan *(Chairman / Independent Non-Executive Director)*
- Mr. Cheam Tow Yong *(Member / Independent Non-Executive Director)*
- Madam. Tan Poh Cheok *(Member / Independent Non-Executive Director)*

The NRC meets as and when deemed necessary. The terms of reference of the NRC can be viewed at the Company's website at www.mieco.com.my.

The NRC is primarily responsible for the following:

(a) To oversee and review the structure, size and composition of the Board in terms of required mix of skills, experience, knowledge, diversity, independence and core competencies;
(b) To consider, evaluate and recommend suitable candidates for appointment to the Board;
(c) To assess the performance and effectiveness of the Board, Board committees, and the contributions of each Director and Committee member towards the effectiveness of Board and Board committees respectively. The assessment includes assessment of independence for the Independent Directors.
(d) To review and recommend to the Board the remuneration packages/policy as well as fee and allowances for the Directors and Senior Management.

During the financial year under review, the activities carried out by the NRC are as follows:

- Reviewed and recommended the merger of Board Committees for Board's approval;
- Reviewed and recommended the adoption of the NRC's Terms of Reference;
- Reviewed and recommended the appointment of Mdm. Tan Poh Cheok as Independent Non-Executive Director;
- Reviewed the structure, size and composition of the Board in terms of the appropriate mix of skills, experience, knowledge, diversity, core competencies and board balance;
- Assessed the Board's performance and effectiveness as a whole;
- Assessed the Board Committees' performance and effectiveness as a whole;
- Assessed the performance of each individual Director and Board Committee member;
- Assessed the performance and independence of its Independent Directors;
- Reviewed the tenure and performance of each Director and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the forthcoming Annual General Meeting of the Company;
- Reviewed and recommended the adoption of the Succession Planning Policy for Board's approval;
- Reviewed and recommended the Non-Executive Directors' fees and benefits to the Board subject to approval by shareholders at the AGM;
- Reviewed and recommended the Directors and Senior Management Remuneration Policy for Board's approval; and
- Reviewed the remuneration packages of the Executive Directors, Non-Executive Directors and Senior Management of the Company.

The Board is aware that continuous training is important in keeping the Directors updated and informed on the changes and developments of the operating environment, latest sustainability issues related to the Company and the corporate regulatory framework.

All the Directors have attended and completed the Mandatory Accreditation Programme (MAP). In addition to that, the Directors are briefed and updated at the quarterly meetings by the External Auditors, Internal Auditors and/or the Company Secretary on relevant amendments to the MMLR, corporate governance practices and principles, risk management and internal control approaches, Malaysian Financial Reporting Standards as well as auditing requirements. The Directors also gained insights to the market development through constructive and active deliberations at the Board meetings.

The Directors, on their own efforts, continue to equip themselves with latest knowledge and updates on the business, social, and economic environment via trade fairs, industrial periodicals, professional journals and attending the followings:

- Personal Liabilities of Directors
- Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
- Resolving Boardroom and Shareholders Disputes
- Introduction to Environmental, Social & Governance (ESG) and Sustainable Finance
- AMLA and Reporting Institutions' Roles and Duties
- ESG And Sustainability Reporting

The Board via the NRC and with assistance of the Company Secretary, will continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

Board and Board Committees Assessment

The NRC has a formal assessment in place to assess the effectiveness of the Board and Board Committees as a whole, and the contribution of each individual Director and Board Committee member annually. The assessment of the Board is based on specific criteria covering areas such as board structure, board operations, board roles and responsibilities and board chairman's roles and responsibilities. Whereas the assessment criteria for the Board Committee are based on its quality and composition, skills and competencies and the meeting administration and proceeding. For individual Director and Board Committee members' assessment, criteria covering contribution to interaction, quality of input, understanding of role and the chairman's role are used.

From the evaluations conducted by the NRC for the financial year under review, the Board was satisfied with the performance and effectiveness of the Board as a whole, the Board Committees as well as the performance and contribution of each individual Director and Committee member. The Board was also of the view that the present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

Assessment of Independent Directors

In order to ensure there is adequate check and balance at the Board level, the presence of the Independent Directors helps in providing independent and constructive views, advice and opinions to the benefits of the investors, customers, and other stakeholders. They also represent the element of objectivity, impartiality and independent judgement of the Board.

An independence assessment is performed on the Independent Directors prior to their appointments and annually thereafter. In this respect, the NRC, on behalf of the Board assesses the performance and also independence of its Independent Directors based on the criteria set out in the MMLR. As at end of 2023, all the Independent Directors in office have reaffirmed their independence.

PART III - REMUNERATION

Remuneration Policies and Procedures

In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and Senior Management in order for the Company to benefit by attracting and retaining a high-quality team.

The NRC is responsible in formulating and reviewing the policy framework and making recommendation to the Board on the annual remuneration packages and benefits extended to the executive members of the Board, considering the performance of each individual as well as corporate performance. As for the Non-Executive Directors, the determination of their remuneration and benefits are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

Fees payable to Non-Executive Directors are deliberated and recommended by the NRC for the Board's endorsement before being presented for approval by shareholders at the Annual General Meeting ("AGM"). Directors who are also shareholders and controlling shareholders with a nominee or connected Director of the Company abstain from voting at the AGM to approve their own fees. Similarly, Executive Directors are not involved in deciding their own remuneration.

The Directors also have the benefit of Directors & Officers liability insurance in respect of any liabilities arising from their acts committed in their capacities as Directors and Officers of the Company. However, the said insurance policy does not indemnify a Director or Officer if he is proven to have acted fraudulently, or dishonestly, or in breach of his duty or trust.

Individual Directors' Remuneration on Named Basis

The details of Directors' remuneration for the FY2023, including a breakdown of each individual Director's remuneration such as fees, salaries and bonus, benefits-in-kind and other emoluments are disclosed under Practice Note 8.1 of the 2023 Corporate Governance Report.

Although the MCCG has stipulated that the Company should disclose on a named basis the top five (5) Senior Management's detailed remuneration including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000, the Board is of the opinion that the disclosure would not be in the best interest of the Group as it would affect the Group's efforts in talent retention and management within the competitive industry as well as for confidentiality reason.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE

Audit Committee

The AC is comprised solely of Independent Directors. The position of Chairman of the AC and Board are held by different individuals. The details of the composition and activities of the AC are set out in the Audit Committee Report of this Annual Report.

Independence of External Auditors

The AC is tasked to review the nomination and appointment of the external auditors by assessing their suitability, objectivity and independence. Based on the terms of reference of the AC, the AC ensures that there is a cooling-off period of at least three years if a former key audit partner is to be appointed as a member of the AC.

The Board maintains a transparent and professional relationship with the external auditors through the AC. The AC invites the external auditors to attend its meetings as and when required. From time to time, the external auditors have highlighted to the AC matters that require the AC's attention. The AC will meet twice a year with the external auditors without the presence of any executive Board member to enable exchange of views on issues requiring attention. The external auditors declare their independence annually to the AC as specified by the By-Laws issued by the Malaysian Institute of Accountants.

The AC conducts an annual assessment on the performance, suitability, objectivity and independence of the external auditors to safeguard the quality, reliability and integrity of audited financial statements and ensure the external auditors is eligible for re-appointment.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility in identifying threats and opportunities, including sustainability risks and opportunities and maintaining a sound system of internal control to mitigate the threats and take advantage of the opportunities in order to safeguard the investment of its shareholders, the Group's assets and ensuring sustainability of the Group's business. The key features of the Group's system of risk management are set out in the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit Function

The Board has established an independent internal audit function that reports directly to the AC. This internal audit function is outsourced to an independent professional firm which is independent of the activities and operations of the Group. Details of the Group's internal control system and framework are set out in the Statement on Risk Management and Internal Control and the AC Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I - COMMUNICATION WITH STAKEHOLDERS

Communication with Stakeholders

The Board recognises the need for and the importance of constant, clear and effective communication with shareholders and other stakeholders. The Group communicates with its shareholders and stakeholders regularly through timely release of financial results on a quarterly basis, Company's annual reports and other circulars to shareholders and where appropriate, ad hoc press statements which serve as the principal channel in keeping the shareholders and the investing public informed of the Group's major developments and overviews of financial performance and progress throughout the year.

The Group maintains a website at www.mieco.com.my where shareholders and stakeholders as well as members of public can access the latest information on the Company and on the business activities of the Group, and also raised their concerns if any. Alternately, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.

PART II - CONDUCT OF GENERAL MEETINGS

Shareholders' Participation at General Meeting

The AGM represents the principal forum for dialogue and interaction with all shareholders. MIECO has conducted its fourth fully virtual AGM on 29 May 2023. The conduct of the fully virtual 50th AGM is in compliance with the Constitution of the Company which allow General Meetings to be held using any technology or any other method that enables the shareholders to participate, speak and vote at the meeting. Shareholders are given the opportunity to participate in the question and answer session on the Group's strategies, operations and proposed resolutions in terms of both financial and non-financial. The Directors, senior management and the external auditors are available to respond to shareholders' queries during the AGM.

Shareholders who are unable to attend personally are allowed to appoint proxy/proxies to attend and vote on their behalf. Notice of the Annual General Meeting is circulated to the shareholders at least twenty-eight (28) days prior to the meeting. The Minutes of the 50th AGM held on 29 May 2023 are available on the corporate website at www.mieco.com.my and were published no later than thirty (30) business days after the AGM.

Poll Voting

The Board is mindful of the poll voting requirement under Paragraph 8.29A of the MMLR. Poll voting via Remote Participation and Voting ("RPV") facilities was utilised during the 50th AGM which was conducted on a virtual basis entirely through live streaming from the broadcast venue on 29 May 2023 for voting all the resolutions passed by the shareholders. The RPV facilities are only accessible by the registered shareholders and proxies, and their personal information are only accessible by the service provider of the RPV facilities, ensuring data privacy and security. The Board will continue to implement poll voting for all the resolutions to be passed in the forthcoming Annual General Meeting. The Company will appoint one (1) scrutineer, who is independent of the Group and the person undertaking the polling process, to validate the votes casted.

COMPLIANCE STATEMENT

The Board recognises the importance of good corporate governance towards long term sustainability of the Group. To this end, the Board always strive to adopt the principles and recommendations promoted by the MCCG. Save as disclosed within this Annual Report, the Group has, and will continue to apply the principles and recommendations as set out in the MCCG where practical and appropriate.

This statement was approved by the Board at its meeting held on 27 March 2024.

ADDITIONAL CORPORATE DISCLOSURE

Utilisation of Proceeds

During the financial year ended 31 December 2023 ("FY2023"), the Company did not raise funds via any corporate proposal.

Audit and Non-Audit Fees Paid

The total audit and non-audit fees incurred by the Company and the Group during the FY2023 are as follows:

	Company (RM)	Group (RM)
Audit Fees	55,000	265,000
Non-Audit Fees	5,000	5,000

Material Contracts

The Company has not entered into any material contract with any Directors or substantial shareholders of the Company nor any persons connected to a Directors or major shareholders of the Company.

Contracts Relating to Loans

During the FY2023, there were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors, Chief Executive and/or major shareholders.

Recurrent Related Party Transactions

Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in Note 34(b) of the Financial Statements herein.

AUDIT COMMITTEE REPORT

COMPOSITION OF AUDIT COMMITTEE

As at the date of this report, the Audit Committee (AC) comprises the following members:

Mr. Cheam Tow Yong *(Chairman/Independent Non-Executive Director)*
Mr. Kajendra A/L Pathmanathan *(Member/Independent Non-Executive Director)*
Madam Tan Poh Cheok *(Member/Independent Non-Executive Director)*

AUTHORITY AND DUTIES

The details of the terms of reference of the AC are available for reference at www.mieco.com.my.

MEETING ATTENDANCE

During the financial year ended 31 December 2023, five AC meetings were held. The Independent Non-Executive Director and Senior Management attended all the AC meetings by invitation to brief the AC on specific issues. Internal auditors attended two of the AC meeting to present their internal audit planning and internal audit report. The external auditors were present at three of the AC meetings where matters relating to the audit of the statutory financial statements were discussed. The AC held two private discussions with the external auditors without the presence of the executive management.

Details of attendance of the AC members are as follows:

Directors	Total Meetings Attended	Percentage of Attendance %
Mr. Cheam Tow Yong *Independent Non-Executive Director*	5/5	100
Mr. Kajendra A/L Pathmanathan *Independent Non-Executive Director*	5/5	100
Dato' Abdul Rashid Bin Mat Amin *Independent Non-Executive Director*	3/3*	100
Madam Tan Poh Cheok *Independent Non-Executive Director*	2/2**	100

Notes:
* Resigned on 28 July 2023.
** Appointed on 28 July 2023.

The AC Chairman has conveyed to the Board matters of significant concern raised by the external auditors and internal auditors. Confirmed minutes of AC meetings were also circulated to the Board for information.

With the amendments to Bursa Securities Main LR in relation to enhanced conflict of interest ("COI") disclosures, the scope of AC's review of COI situation has expanded to include those that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate or mitigate the COI. In this regard, upon the recommendation from the AC, the Board had in 29 August 2023 adopted the revised Term of Reference of AC.

SUMMARY OF ACTIVITIES

The AC has carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2023. The activities carried out by the AC included the following:

(a) reviewed the quarterly unaudited financial results of the Group before recommending them to the Board for approval and subsequent release of the results to Bursa Malaysia Securities Berhad;

(b) reviewed the audit plan with the external auditors, which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

(c) reviewed the annual audited financial statements of the Group with the external auditors before recommending to the Board for approval. The external auditors' report on the significant audit and accounting issues arising from their audit as well as the accompanying management responses/resolutions were also reviewed by the AC;

(d) considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for their re-appointment;

(e) met with the external auditors twice without the presence of any executive board members or management, to discuss issues arising from their audit including management cooperation in the audit process, financial reporting issues, operations and for sharing of information;

(f) reviewed and proposed the annual risk-based internal audit plan to ensure adequate scope and coverage of their activities and key risk areas are adequately identified and covered;

(g) reviewed internal audit report presented by internal auditors, especially with regard to the issues raised, audit recommendations and management's responses. Where necessary, the AC has directed action to be taken by management to rectify and improve the system of internal controls and procedures;

(h) reviewed the related party transactions entered into by the Group and any COI or potential COI situations that may arise within the Group, if any, on quarterly basis. There were no material related party transactions and COI situation during the financial year;

(i) prepared the Audit Committee Report for inclusion in the Company's Annual Report; and

(j) reviewed and recommended the Statement on Risk Management and Internal Control for the Board's approval.

INTERNAL AUDIT FUNCTION

The AC is supported by an internal audit (IA) function which is outsourced to an independent professional firm which is independent of the activities and operations of the Group. The IA function provides independent and objective review on the state of internal control and compliance with the Group's policies and procedures in accordance with the annual risk-based internal audit plan approved by the AC. The IA function assists the AC in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance process.

During the financial year ended 31 December 2023, the outsourced IA, namely Messrs LTTH PLT has carried out audit review on Management of Property, Plant and Equipment of the Group. Areas of audit included the overall adequacy and effectiveness of Management Property, Plant and Equipment process in MIECO. The resulting report of the audits undertaken, incorporating audit recommendations and management's responses were presented at the quarterly AC meeting for the AC's deliberation and issued to the management of the respective operating units concerned for appropriate remedial actions to be taken to improve the relevant systems and procedures within the agreed timelines. The senior management were present in the AC meeting to explain and clarify on the actions taken to rectify the audit issues highlighted.

There were no material losses incurred during the financial year as a result of weaknesses in the system of internal control and management continues to take appropriate measures to strengthen and enhance the adequacy and effectiveness of the control environment.

Total costs incurred for the IA function of the Group for the financial year ended 31 December 2023 amounted to RM14,500.00.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Mieco Chipboard Berhad ("the Board") is pleased to present the following Statement on Risk Management and Internal Control of the Group, pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), Malaysian Code on Corporate Governance and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility for maintaining an adequate and sound risk management and internal control system within the Group and for reviewing its adequacy and integrity of such system on a regular basis to safeguard shareholders' investment, the Group's assets and ensuring sustainability of the Group's business. However, in view of the inherent limitations in any such system, the risk management and internal control system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Hence, the risk management and internal control system can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

Whilst the Board maintains responsibility over risk and control issues, the management is responsible for implementing policies, procedures and guidelines on risk and control by identifying and evaluating the risks faced and design, operate and monitor a suitable system of internal control to manage these risks.

The effectiveness of the system of risk management and internal control may vary over time due to the changing circumstances and conditions of the Company and of the Group. Nevertheless, the Board recognises that the system of risk management and internal control should be continuously maintained, monitored and improved with appropriate actions taken to address identified control deficiencies and emerging risks.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of such risks are important to ensure the achievement of the Group's corporate objectives.

Regular meetings of the Board, Board committees and management represent the main platform by which the Group's performance and conduct are monitored. The senior management teams are empowered with the responsibility of managing their respective operations. Through regular operational meetings, the senior management teams identify, discuss and deal with operational, financial, sustainability and key management issues. Significant risks identified are escalated to the attention of the Board. The Board is responsible for setting the business directions and overseeing the conduct of the Group's operations. With the assistance of the internal audit ("IA") function, the Board, through the Audit Committee ("AC"), continuously reviews the adequacy, effectiveness and integrity of the risk management processes in place within the various operating businesses. The AC also reviews and deliberates on any matters relating to internal controls highlighted by the external auditors in the course of their statutory financial audit of the Group. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Group has adopted an ongoing risk management process for identifying, evaluating, monitoring and managing significant risks affecting the achievements of its business objectives.

The key elements of the Group's risk management and internal control system are set out below:

- The Board is supported with several established Board committees in the execution of its responsibilities, namely the AC and Nomination and Remuneration Committee. Each committee has a clearly defined terms of reference. These committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

- There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- The Group has clear and formally defined approving authority limits and authorisation procedures, which is the primary instrument that governs and manages the business decisions making process within the Group. It also ensures that a system of internal control and checks and balances are incorporated therein. The Authority Chart is periodically reviewed and updated to reflect changes in the business, operational and organisational environment.

- There are documented standard operating policies and procedures covering the critical and significant facets of the Group's business processes and they form an integral part of the internal control framework to safeguard shareholders' investment and the Group's assets against material loss. These areas include manufacturing, human resource, information technology, sales, financial and credit management as well as occupational safety, health and environment. These policies and procedures are reviewed and updated from time to time to meet the operational needs.

- Common Group policies are available on MIECO's intranet for easy access by staff. The intranet is used as an effective means of communication and knowledge sharing at all levels.

- Human resource policies and guidelines are established to provide support to the Group's vision. These policies provide guidance to employees on areas such as discipline, employee performance appraisals and other related matters. Ongoing training and development programmes are conducted to improve and enhance employees' competencies and skills.

- The Group continues to maintain MIECO Quality Management System, Environmental Management System and Occupational Health and Safety Management System certifications. Such quality management systems provide the Group with an improved control of key processes and a foundation for improving quality, customer service and customer satisfaction. The business operations of the Group are also governed by various regulations and laws applicable to the wood industry. Compliance audits are conducted by various independent bodies for the various certifications and licenses obtained from the local governmental authorities and international certification bodies.

- There are adequate insurance coverage and physical safeguards on major assets to ensure that the assets of the Group are sufficiently covered against any mishap that could result in a material loss. A yearly policy renewal exercise is undertaken by management to review the relevance and adequacy of the insurance coverage. There is also a Directors & Officers insurance coverage for the Directors and Officers of the Group.

- The Group operates an Enterprise Resource Planning system which enables transactions to be captured, compiled and reported in a timely and accurate manner. Information systems in the Group provide management with data, analyses, variations, exceptions and other inputs relevant to the Group's performance. Internal control requirements are also embedded in the Group's computerised systems as well.

- The Group has put in place a whistleblowing policy which allows, supports and encourages its employees and third parties to report and disclose any improper or illegal activities within the Group. It is the Group's commitment to investigate any suspected serious misconduct or any breach reported, as well as to protect those who come forward to report such activities.

- The Group has developed an Anti-Bribery and Anti-Corruption Policy and Procedure to provide guidance on how to act when subjected to potential acts of bribery and matters of corruption.

IDENTIFYING WEAKNESSES IN INTERNAL CONTROLS

During the financial year under review, the Board and the Management have continuously conducted reviews to identify any weaknesses that may arise in the internal control systems within the Group. No major weakness has been identified within the Group's operation and administration systems.

The monitoring, review and reporting arrangements in place to provide reasonable assurance that the structure of control and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others or the occurrence of unforeseen circumstances.

The Board recognises the need for the risk management and internal control system to be subject to periodic review in line with the growth and dynamics of the Group. To this end, the Board remains committed towards striving for continuous improvement to put in place appropriate action plans where necessary, to further enhance the risk management and internal control system of the Group.

INTERNAL AUDIT FUNCTION

The Group's IA function is carried out by an independent professional service firm. The principal duty and responsibility of IA is to examine and evaluate the adequacy and effectiveness of the Group's system of internal control, risk management process and compliance framework on behalf of the Board.

The outsourced IA function adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. The IA function provide the AC with the results of the internal audit reviews together with IA's recommendations for improvement, management's response and corrective actions taken or to be taken by management with regard to the weaknesses highlighted. Follow ups will be carried out by the IA function should there be unresolved findings and the status of actions taken by management will be reported to the AC. Based on the internal audit reviews carried out, none of the weaknesses noted by the IA function have resulted in any material losses, contingency or uncertainties that would require disclosure in this Annual Report.

During the financial year, the internal auditors have performed the internal audit according to the Internal Audit Plan approved by the AC. The areas reviewed by IA during the financial year ended 31 December 2023 was Management of Property, Plant and Equipment.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2023. Their limited assurance review was performed in accordance with 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.

AAPG 3 does not require the external auditors to consider whether this 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 systems of the Group including the assessment and opinion by the Directors and management thereon.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is it factually inaccurate.

CONCLUSION

The Board has received assurance from the Group Managing Director and the Executive Director, to the best of their knowledge and belief, that the Group's risk management and internal control system is operating adequately and satisfactorily, in all material aspects, based on the risk management and internal control system of the Group. The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of the issuance of this Statement on Risk Management and Internal Control is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, the Group's assets and ensuring sustainability of the Group's business.

This Statement on Risk Management and Internal Control was approved by the Board at its meeting held on 27 March 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

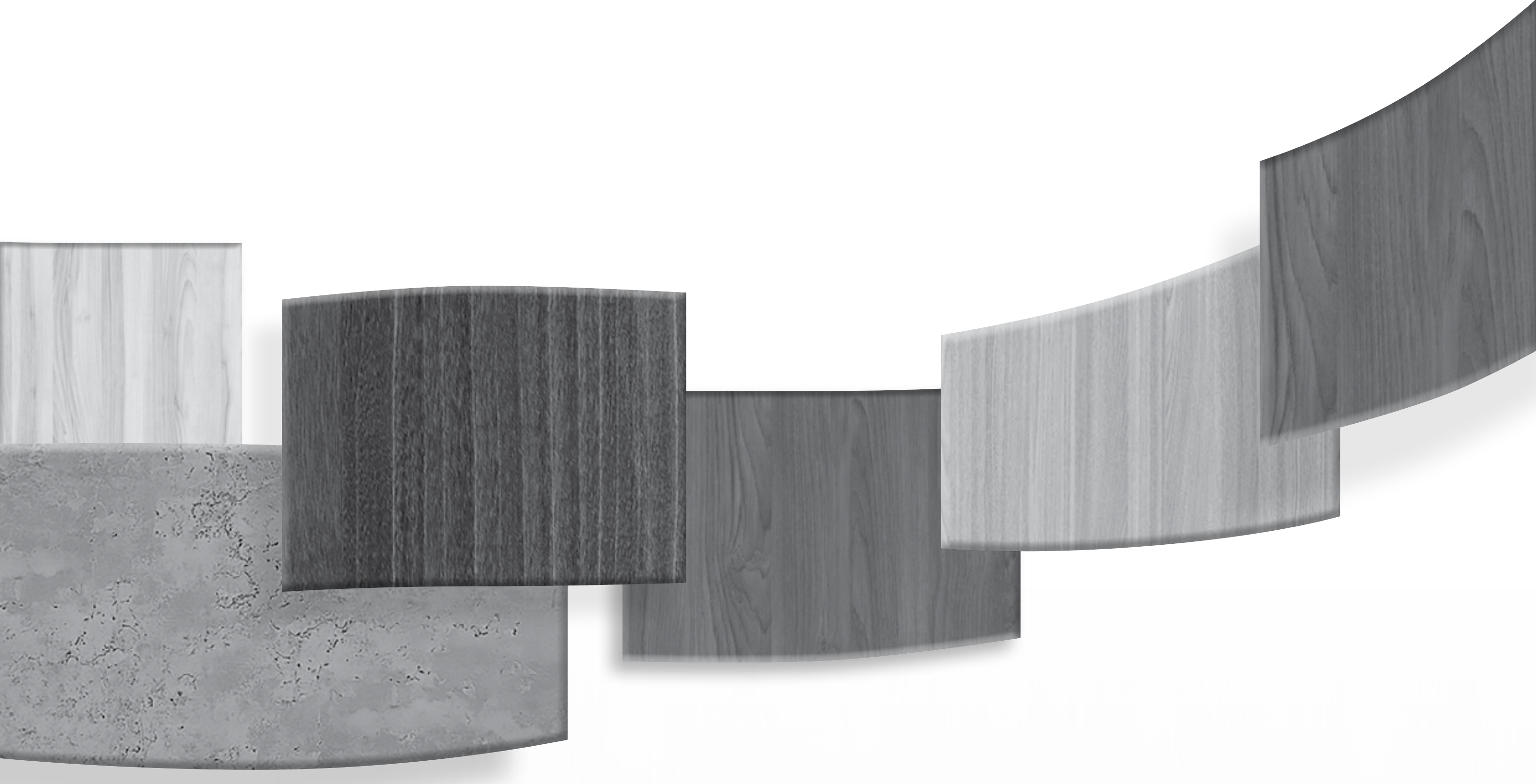
The Directors are required by the Companies Act 2016 (the "Act") to prepare financial statements for each financial year which have been made out in accordance with the requirements of the applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and the Company for the financial year.

In preparing the annual audited financial statements, the Directors have:

- adopted appropriate and relevant accounting policies which are consistently applied;
- made judgements and estimates that are reasonable and prudent; and
- prepared the audited financial statements on a going concern basis.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year attributable to owners of the parent	(65,099)	103

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the beginning of the current financial year until the date of this report are:

Dato' Sri Ng Ah Chai *
Cheam Tow Yong
Kajendra A/L Pathmanathan
Ng Wei Ping *
Datuk Dr. Roslan Bin A. Ghaffar
Madam Tan Poh Cheok (Appointed on 28.7.2023)
Dato' Abdul Rashid Bin Mat Amin (Resigned on 28.7.2023)

* *Director of the Company and its subsidiaries*

DIRECTORS (CONT'D)

The Directors who held office in subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

Ng Tien Ying
Lee Oon Kar

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company				
Direct Interests				
Dato' Sri Ng Ah Chai	626,922,319	2,880,000	-	629,802,319
Ng Wei Ping	11,500,000	500,000	-	12,000,000

By virtue of his interests in the shares of the Company, Dato' Sri Ng Ah Chai is also deemed interested in the shares of all the subsidiaries during the financial year to the extent the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) 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, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business and rental received or due and receivable by a Director as disclosed in Note 34(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
Executive Directors		
Salaries and other emoluments	3,360	3,222
Defined contribution plans	404	387
Employee defined benefit plans	3	2
	3,767	3,611
Non-executive Directors		
Fees	196	196
Allowances	34	34
	230	230
	3,997	3,841

The Directors' remuneration of the Group and of the Company does not include the estimated monetary value of benefit-in-kind amounting to RM28,000 and RM28,000 respectively.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM10,000,000 and RM20,680 respectively. No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) 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 satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

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

(i) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Group and of the Company; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) 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; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability 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 and of the Company to meet their obligations as and when they fall due;

(ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 9 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 38 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration for the financial year ended 31 December 2023 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audit	265	55
- Non-statutory audit	5	5
	270	60

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2024.

DATO' SRI NG AH CHAI **NG WEI PING**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2024.

DATO' SRI NG AH CHAI **NG WEI PING**

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ng Wei Ping, being the Director primarily responsible for the financial management of Mieco Chipboard Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 27 March 2024) **NG WEI PING**

Before me,
No. W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Mieco Chipboard Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 91 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key audit matters	*How our audit addressed the key audit matters*
1. **Impairment of property, plant and equipment and right-of-use assets** The Group recognised property, plant and equipment and right-of-use assets with carrying amount of RM300 million and RM114 million, which representing 65% and 25% respectively of total non-current assets of the Group as at 31 December 2023. On an annual basis, management is required to assess for indicators of impairment to determine if impairment assessment should be carried out. During the financial year, the Directors made an annual impairment assessment of the following plants: • Lipis Plant • Rompin Plant • Simpang Pertang Plant • Gerik Plant The Group determined value in use for Lipis Plant, Rompin Plant, Simpang Pertang Plant and Gerik Plant, which are actively being used for production using a discounted cash flow approach. Due to the significance of the amount and the subjectivity involved in estimating the value in use, we identified this as our area of audit focus as the impairment assessment involves in determining the recoverable amount using a discounted cash flow approach which is complex and highly judgemental.	We performed the following audit procedures, amongst others: - Obtained an understanding of the relevant internal controls over estimating the recoverable amount of the property, plant and equipment and right-of-use assets. - Discussed with management and obtained an understanding of impairment or potential reversal of previously recognised impairment loss assessment prepared by management. - Reviewed the cash flows projection with comparison to recent performance, trend analysis by reference to prior years' forecasts. - Assessed the reasonableness of the key assumptions used in the cash flows projection such as sales and production growth rate, selling price growth rate, cost of raw materials and discount rate. - Tested the sensitivity of the impairment calculations to changes in key assumptions used to evaluate the impact on recoverable amounts for active plants. - Evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flows projections as disclosed in Notes 4(b) and 5(e) to the financial statements.

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

- 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 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 disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

OTHER MATTERS

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

UHY
Firm Number: AF 1411
Chartered Accountants

YEOH AIK CHUAN
Approved Number: 02239/07/2024 J
Chartered Accountant

KUALA LUMPUR
27 March 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	300,140	296,003	19	20
Right-of-use assets	5	113,790	149,516	-	26
Investment properties	6	25,405	17,000	-	-
Intangible assets	7	1,919	-	-	-
Biological assets	8	11,325	-	-	-
Investment in subsidiaries	9	-	-	362,113	302,113
Other financial assets	10	725	-	-	-
Amount due from subsidiaries	11	-	-	87,413	97,733
Deferred tax assets	12	4,986	7,034	-	-
		458,290	469,553	449,545	399,892
CURRENT ASSETS					
Inventories	13	76,659	55,440	-	-
Trade receivables	14	50,881	28,846	-	-
Other receivables	15	14,706	14,770	208	152
Amount due from subsidiaries	11	-	-	5,793	7,250
Tax recoverable		748	4	306	4
Fixed deposits with licensed banks	16	13,320	9,755	171	218
Cash and bank balances		5,365	58,116	169	45,334
		161,679	166,931	6,647	52,958
Assets held for sale	17	42,454	-	-	-
		204,133	166,931	6,647	52,958
TOTAL ASSETS		662,423	636,484	456,192	452,850

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	276,666	276,666	276,666	276,666
Reserves	19	49,816	114,939	156,995	156,892
TOTAL EQUITY		326,482	391,605	433,661	433,558
NON-CURRENT LIABILITIES					
Other payables	20	20,800	-	20,800	-
Lease liabilities	21	9,968	9,130	-	29
Bank borrowings	22	99,864	65,230	-	-
Employee defined benefit plan	23	7,603	8,884	355	355
Deferred tax liabilities	12	1,395	-	-	-
		139,630	83,244	21,155	384
CURRENT LIABILITIES					
Trade payables	24	53,362	34,597	-	-
Other payables	20	27,155	33,584	465	18,863
Amount due to subsidiaries	11	-	-	911	44
Lease liabilities	21	3,654	2,779	-	1
Bank borrowings	22	112,140	90,424	-	-
Tax payable		-	251	-	-
		196,311	161,635	1,376	18,908
TOTAL LIABILITIES		335,941	244,879	22,531	19,292
TOTAL EQUITY AND LIABILITIES		662,423	636,484	456,192	452,850

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	25	358,869	328,264	2,820	5,283
Cost of sales		(415,412)	(333,532)	-	-
Gross (loss)/profit		(56,543)	(5,268)	2,820	5,283
Other income		32,020	9,650	3,049	2,753
Selling and distribution expenses		(3,326)	(2,849)	-	-
Administrative expenses		(21,524)	(23,231)	(5,730)	(5,676)
Net gain on impairment of financial instruments		-	317	-	-
Finance costs	26	(13,261)	(9,099)	(1)	(2)
(Loss)/Profit before tax	27	(62,634)	(30,480)	138	2,358
Taxation	28	(2,465)	(3,243)	(35)	-
(Loss)/Profit for the financial year		(65,099)	(33,723)	103	2,358

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain on employee defined benefit plan	23	-	2,034	-	185
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		(24)	(19)	-	-
Total other comprehensive (loss)/income for the financial year		(24)	2,015	-	185
Total comprehensive (loss)/income for the financial year		(65,123)	(31,708)	103	2,543
(Loss)/Profit for the financial year attributable to owners of the parent		(65,099)	(33,723)	103	2,358
Total comprehensive (loss)/income for the financial year attributable to owners of the parent		(65,123)	(31,708)	103	2,543
Loss per share	29				
Basic and diluted loss per share (sen)		(6.51)	(3.37)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Owners of the Parent			
	Non-Distributable		Distributable	
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Group				
At 1 January 2022	276,666	(35)	146,682	423,313
Loss for the financial year	-	-	(33,723)	(33,723)
Other comprehensive (loss)/income for the financial year	-	(19)	2,034	2,015
Total comprehensive loss for the financial year	-	(19)	(31,689)	(31,708)
At 31 December 2022	276,666	(54)	114,993	391,605
At 1 January 2023	276,666	(54)	114,993	391,605
Loss for the financial year	-	-	(65,099)	(65,099)
Other comprehensive loss for the financial year	-	(24)	-	(24)
Total comprehensive loss for the financial year	-	(24)	(65,099)	(65,123)
At 31 December 2023	276,666	(78)	49,894	326,482

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Company			
At 1 January 2022	276,666	154,349	431,015
Profit for the financial year	-	2,358	2,358
Other comprehensive income for the financial year	-	185	185
Total comprehensive income for the financial year	-	2,543	2,543
At 31 December 2022	276,666	156,892	433,558
At 1 January 2023	276,666	156,892	433,558
Profit for the financial year, representing other comprehensive income for the financial year	-	103	103
At 31 December 2023	276,666	156,995	433,661

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES				
(Loss)/Profit before tax	(62,634)	(30,480)	138	2,358
Adjustments for:				
Amortisation of intangible assets	32	-	-	-
Depreciation of:				
- Property, plant and equipment	25,374	25,982	11	14
- Right-of-use assets	5,308	3,823	1	1
Fair value (gain)/losses on:				
- Investment property	(170)	-	-	-
- Derivative financial instruments	-	8	-	-
- Biological assets	670	-	-	-
- Other financial asset	1	-	-	-
Finance costs	13,261	9,099	1	2
Impairment losses on:				
- Property, plant and equipment	38,928	11,728	-	-
- Right-of-use assets	-	3,403	-	-
Inventories written down to net realisable value	371	801	-	-
Loss/(Gain) on disposal of property, plant and equipment	21	(125)	-	-
Property, plant and equipment written off	2,534	333	-	-
Provision for employee defined benefit plan	934	1,853	49	78
Waiver of debts	-	-	14	9
Bargain purchase gain on acquisition of a subsidiary	(22,407)	-	-	-
Gain on termination of lease contract	(5)	-	(4)	-
Interest income	(700)	(979)	(3,045)	(2,753)
Reversal of inventories written down	(567)	-	-	-
Reversal of impairment losses on:				
- Property, plant and equipment	(2,533)	-	-	-
- Trade receivables	-	(317)	-	-
Unrealised gain on foreign exchange	(513)	(298)	-	-
Operating (loss)/profit before working capital changes carried down	(2,095)	24,831	(2,835)	(291)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES (CONT'D)				
Operating (loss)/profit before working capital changes brought down	(2,095)	24,831	(2,835)	(291)
Changes in working capital:				
Inventories	15,856	6,173	-	-
Trade receivables	(18,304)	39,460	-	-
Other receivables	2,892	1,365	(56)	1
Trade payables	11,878	(26,181)	-	-
Other payables	(24,356)	(3,701)	2,402	11,696
	(12,034)	17,116	2,346	11,697
Cash (used in)/generated from operations	(14,129)	41,947	(489)	11,406
Interest paid	(13,261)	(9,099)	(1)	(2)
Interest received	700	979	2,042	2,059
Tax paid	(857)	(249)	(337)	(1)
Tax refund	25	-	-	-
Employee defined benefit paid	(2,215)	(6,984)	(49)	(31)
Net cash (used in)/from operating activities	(29,737)	26,594	1,166	13,431
INVESTING ACTIVITIES				
Net changes in amount due from subsidiaries	-	-	2,766	(28,027)
Acquisition of a subsidiary	-	-	(50,000)	-
Purchase of property, plant and equipment	(6,645)	(4,119)	(10)	-
Purchase of right-of-use assets [Note 5(d)]	(391)	(678)	-	-
Purchase of biological assets	(6,403)	-	-	-
Purchase of other financial asset	(726)	-	-	-
Proceeds from disposal of property, plant and equipment	19	125	-	-
Net cash outflows arising from acqusition of a subsidiary [Note 9(c)]	(44,532)	-	-	-
Net cash used in investing activities	(58,678)	(4,672)	(47,244)	(28,027)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged with licensed banks	(3,395)	(162)	218	(3)
Net changes in amount due to subsidiaries	-	-	867	(895)
Net proceeds from/(repayment to) bankers' acceptance	7,644	(25,094)	-	-
Drawndown of term loans	44,886	-	-	-
Repayment in term loans	(10,830)	(16,481)	-	-
Payment of lease liabilities	(3,108)	(1,635)	(1)	(1)
Net cash from/(used in) financing activities	35,197	(43,372)	1,084	(899)
Net decrease in cash and cash equivalents	(53,218)	(21,450)	(44,994)	(15,495)
Effects of exchange translation differences on cash and cash equivalents	68	49	-	-
Cash and cash equivalents at the beginning of the financial year	56,772	78,173	45,334	60,829
Cash and cash equivalents at the end of the financial year	3,622	56,772	340	45,334
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with licensed banks	13,320	9,755	171	218
Cash and bank balances	5,365	58,116	169	45,334
Bank overdraft	(1,913)	(1,344)	-	-
	16,772	66,527	340	45,552
Less: Fixed deposits pledged with licensed banks	(13,150)	(9,755)	-	(218)
	3,622	56,772	340	45,334

Note to statements of cash flows

Cash flows for leases as a lessee

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in operating activities:					
Interest paid in relation to lease liabilities	26	1,020	274	1	2
Payment relating to short-term leases	27	203	-	-	-
Included in financing activities:					
Payment of lease liabilities		3,108	1,635	1	1
Total cash outflows for leases		4,331	1,909	2	3

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

1. CORPORATE INFORMATION

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 principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 9.

The registered office and principal place of business of the Company is located at No. 1, Block C, Jalan Indah 2/6, Taman Indah, Batu 11, 43200 Cheras, Selangor Darul Ehsan.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below:

<u>Amendments to MFRS 101 *Disclosure of Accounting Policies*</u>

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below: (Cont'd)

Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group and the Company have adopted Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The Group and the Company previously accounted for deferred tax on leases applying the "integrally linked" approach, resulting in a similar outcome to the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group and the Company have recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets instead to recognise deferred tax asset or liability on leases on a net basis which previously permitted under paragraph 74 of MFRS 112 *Income Taxes*. The key impact for the Group and the Company relate to disclosure of the deferred tax assets and liabilities recognised as disclosed Note 12.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Lease Back	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
mendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM in thousands except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

There are no significant areas of judgement in applying accounting policies that have significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Depreciation and useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Judgements are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and ROU assets may differ from the estimates applied and therefore, future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Impairment of property, plant and equipment and ROU assets

The Group assesses whether there is any indication that property, plant and equipment and ROU assets are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amounts are disclosed in Notes 4 and 5 respectively.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged independent valuation specialist to assess fair value as at 31 December 2023 for investment properties. Valuation was based on the comparison approach where the comparison approach entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

The key assumptions used to determine the fair value of the investment properties are disclosed in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances, unutilised investment tax allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which unused tax losses, unutilised capital allowances, unutilised investment tax allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 12.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less estimated cost to sell. Demand level and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 13.

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss is disclosed in Note 14.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Group's and the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to medical cost trends, which may vary significantly in future appraisals of the Group's and of the Company's defined benefit obligations. The defined benefit liability of the Group and of the Company at the reporting date is disclosed in Note 23.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2023, the Group and the Company have tax payable of Nil and Nil (2022: RM251,000 and Nil) and tax recoverable of RM748,000 and RM306,000 (2022: RM4,000 and RM4,000) respectively.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations from the acquisition date, which is the date on which the control is transferred to the Group. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group measures goodwill as the excess of the cost of an acquisition, as defined above, and the fair values of any previously held interest in the acquiree, over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full. Uniform accounting policies are applied to like transactions and events in similar circumstances.

(iii) Changes in ownership interests in subsidiaries without change of control

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's proportionate share of net assets before and after the change, and any fair value of consideration received or paid, is recognised directly in equity as transactions with shareholders.

(iv) Disposal of subsidiaries

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or at fair value through other comprehensive income depending on the level of influence retained.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operations is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

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

(i) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced component is derecognised. All other repair and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Capital work-in-progress consists of land and buildings and plant and machineries under construction and/or installation for intended use as production facilities. The amount is stated at cost until the property, plant and equipment are ready for their intended use.

(ii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Plant and machineries	3% - 33%
Furniture, fittings, office renovation and equipment	10% - 50%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Leases

As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or the cost of the ROU asset reflects that the Group and the Company will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option. The Group and the Company will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low value assets are those assets valued at less than RM20,000 each when purchased new.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(d) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise, including the corresponding tax effect.

Investment properties are valued by independent professional qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

(f) Intangible assets

Intangible assets acquired separately

Intangible assets comprises of assets usage rights and are stated at cost less any accumulated amortisation and accumulated impairment losses. The assets usage rights are amortised on a straight-line method over their lease term range from 47 to 48 years.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial assets

Recognition and initial measurement

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows: (Cont'd)

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through profit or loss

The Group acquired a keyman insurance contract. The insurance contract is initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including new asset obtained less any new liability assumed) is recognised in profit or loss.

(h) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities (Cont'd)

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liabilities designated as amortised cost comprise trade and other payables, lease liabilities and bank borrowings. The Company's financial liabilities designated as amortised cost comprise other payables, amount due to subsidiaries and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised, when appropriate, the cumulative amount of the income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(j) Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Biological assets

Biological assets consist of the eucalyptus tree plantation, include expenditure incurred on planting, fertilising and other associated cost incurred on upkeep of the eucalyptus to maturity. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. The fair value of the biological assets are valued by an independent professional qualified valuer, having appropriate recognised professional qualifications and recent experience in the category of the biological assets valued.

Biological assets are classified as non-current assets for eucalyptus tree plantation that are expected to be harvested on a date more than 12 months after the reporting date.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and spares and consumables comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a weighted average basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a weighted average basis.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets (Cont'd)

(ii) Financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade and other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

(o) Share capital

Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plan is an approved fund independent of the Group's and the Company's finances and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past service cost. The Group and the Company determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of reporting period.

The defined benefit obligation, calculated annually using the Projected Unit Credit Method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at reporting date of Government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to profit or loss in subsequent period.

Past-service costs are recognised immediately in profit or loss.

The Group and the Company recognise gains and losses on the settlement of a defined benefit plan when settlement occurs.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(b) Rendering of services

Management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

(s) Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowances, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(u) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Freehold buildings RM'000	Plant and machineries RM'000	Furniture, fittings, office renovation and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2023							
Group							
Cost							
At 1 January 2023	6,749	16,907	704,415	28,272	11,535	1,020	768,898
Acquisition of a subsidiary	28,145	32,249	41,154	3,868	4,323	-	109,739
Additions	-	-	3,712	47	34	2,852	6,645
Disposals	-	-	(274)	(44)	(50)	-	(368)
Written off	-	-	(15,907)	(204)	(493)	-	(16,604)
Transfer to investment property (Note 6)	-	-	-	-	-	(930)	(930)
Transfer to right-of-use assets (Note 5)	-	-	-	-	(448)	-	(448)
At 31 December 2023	34,894	49,156	733,100	31,939	14,901	2,942	866,932
Accumulated depreciation							
At 1 January 2023	-	1,684	416,099	20,494	10,401	-	448,678
Acquisition of a subsidiary	-	1,257	39,202	3,232	2,876	-	46,567
Charge for the financial year	-	822	22,635	1,571	346	-	25,374
Disposals	-	-	(274)	(43)	(11)	-	(328)
Written off	-	-	(13,373)	(204)	(493)	-	(14,070)
Transfer to right-of-use assets (Note 5)	-	-	-	-	(41)	-	(41)
At 31 December 2023	-	3,763	464,289	25,050	13,078	-	506,180
Accumulated impairment losses							
At 1 January 2023	-	-	24,217	-	-	-	24,217
Impairment losses recognised	-	-	38,439	134	355	-	38,928
Reversal of impairment losses	-	-	(2,533)	-	-	-	(2,533)
At 31 December 2023	-	-	60,123	134	355	-	60,612
Carrying amount							
At 31 December 2023	34,894	45,393	208,688	6,755	1,468	2,942	300,140

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Freehold buildings RM'000	Plant and machineries RM'000	Furniture, fittings, office renovation and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
2022							
Group							
Cost							
At 1 January 2022	6,749	16,084	701,461	28,015	12,070	2,993	767,372
Additions	-	-	2,913	193	-	1,013	4,119
Disposals	-	-	-	-	(275)	-	(275)
Written off	-	-	(1,933)	(35)	(260)	-	(2,228)
Transfer to right-of-use asset (Note 5)	-	-	-	-	-	(90)	(90)
Reclassification	-	823	1,974	99	-	(2,896)	-
At 31 December 2022	6,749	16,907	704,415	28,272	11,535	1,020	768,898
Accumulated depreciation							
At 1 January 2022	-	1,345	394,170	19,049	10,302	-	424,866
Charge for the financial year	-	339	23,529	1,480	634	-	25,982
Disposals	-	-	-	-	(275)	-	(275)
Written off	-	-	(1,600)	(35)	(260)	-	(1,895)
At 31 December 2022	-	1,684	416,099	20,494	10,401	-	448,678
Accumulated impairment losses							
At 1 January 2022	-	-	12,489	-	-	-	12,489
Impairment losses recognised	-	-	11,728	-	-	-	11,728
At 31 December 2022	-	-	24,217	-	-	-	24,217
Carrying amount							
At 31 December 2022	6,749	15,223	264,099	7,778	1,134	1,020	296,003

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Company	
	2023 RM'000	2022 RM'000
Furniture, fittings, office renovation and equipment		
Cost		
At 1 January	4,975	4,975
Additions	10	-
Written off	(200)	-
At 31 December	4,785	4,975
Accumulated depreciation		
At 1 January	4,955	4,941
Charge for the financial year	11	14
Written off	(200)	-
At 31 December	4,766	4,955
Carrying amount		
At 31 December	19	20

(a) The carrying amount of property, plant and equipment of the Group which have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 22(a) are as follows:

	Group	
	2023 RM'000	2022 RM'000
Freehold land	34,894	6,749
Freehold buildings	42,731	15,223
Plant and machineries	180,018	229,990
Furniture, fittings, office renovation and equipment	112	315
Motor vehicles	632	1,132
Capital work-in-progress	2,835	104
	261,222	253,513

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Impairment assessment for property, plant and equipment

At 31 December 2023, the Group has performed a review of the recoverable amount of the Group's plants. Based on management's assessment, the results are as follows:

Lipis Plant

The recoverable amount of Lipis Plant is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the use of Lipis Plant over its remaining useful life. The key assumptions used in determining the value in use are as follows:

- Pre-tax discount rate of 10.4%;
- Sale volume growth rate of 19.7% in FY2024 and increase 2.0% for the remaining useful life of Lipis Plant; and
- Selling price growth rate of 5.0% in FY2024 and increase 2.0% for the next four years and increase 1.5% for the remaining useful life of Lipis Plant.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of Lipis Plant.

Rompin Plant

The recoverable amount of Rompin Plant's plant and machineries is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from Rompin Plant's plant and machineries over its remaining useful life. The key assumptions used in determining the value in use are as follows:

- Pre-tax discount rate of 10.4%;
- Sale volume growth rate of 5.0% in FY2024 and increase 2.0% for the remaining useful life of Rompin Plant; and
- Selling price growth rate of 3.0% in FY2024 and increase 2.0% for the remaining useful life of Rompin Plant.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of Rompin Plant.

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Impairment assessment for property, plant and equipment (Cont'd)

Simpang Pertang Plant

The recoverable amount of Simpang Pertang Plant is higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from the use of Simpang Pertang Plant over its remaining useful life. The key assumptions used in determining the value in use are as follows:

- Pre-tax discount rate of 10.4%;
- Sale volume growth rate of 5.0% in FY2024 and increase 2.0% for the remaining useful life of Simpang Pertang Plant; and
- Selling price growth rate of 2.0% in FY2024 and increase 2.0% for the remaining useful life of Simpang Pertang Plant.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Sensitivity analysis

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of Simpang Pertang Plant.

Gerik Plant

The recoverable amount of Gerik Plant's plant and machineries are higher than its carrying amount and was based on its value in use. Value in use was determined by discounting the future cash flows to be generated from Gerik Plant's plant and machineries over its remaining useful life. The key assumptions used in determining the value in use are as follows:

- Pre-tax discount rate of 10.4%; and
- Growth rate of Nil for the remaining useful life of Gerik Plant's plant and machineries.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

5. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Leasehold buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Buildings RM'000	Equipment RM'000	Capital work-in-progress RM'000	Total RM'000
2023								
Group								
Cost								
At 1 January 2023	25,496	149,582	1,648	12,964	601	35	-	190,326
Acquisition of a subsidiary	2,940	3,994	-	769	1,875	-	-	9,578
Adjustment of MFRS 16 *	-	-	-	-	(928)	-	-	(928)
Additions	-	79	-	1,978	-	-	2,311	4,368
Expiration of lease contracts	-	-	-	-	(966)	-	-	(966)
Termination of lease contracts	-	-	-	-	-	(35)	-	(35)
Transfer to asset held for sale (Note 17)	(13,163)	(49,279)	-	-	-	-	-	(62,442)
Transfer from property, plant and equipment (Note 4)	-	-	-	448	-	-	-	448
At 31 December 2023	15,273	104,376	1,648	16,159	582	-	2,311	140,349
Accumulated depreciation								
At 1 January 2023	5,502	29,397	73	2,045	380	10	-	37,407
Acquisition of a subsidiary	-	59	-	128	1,410	-	-	1,597
Adjustment of MFRS 16 *	-	-	-	-	(507)	-	-	(507)
Charge for the financial year	287	1,671	110	3,110	129	1	-	5,308
Expiration of lease contracts	-	-	-	-	(966)	-	-	(966)
Termination of lease contracts	-	-	-	-	-	(11)	-	(11)
Transfer to asset held for sale (Note 17)	(4,323)	(14,566)	-	-	-	-	-	(18,889)
Transfer from property, plant and equipment (Note 4)	-	-	-	41	-	-	-	41
At 31 December 2023	1,466	16,561	183	5,324	446	-	-	23,980
Accumulated impairment losses								
At 1 January 2023	-	3,403	-	-	-	-	-	3,403
Acquisition of a subsidiary	-	275	-	-	-	-	-	275
Transfer to asset held for sale (Note 17)	-	(1,099)	-	-	-	-	-	(1,099)
At 31 December 2023	-	2,579	-	-	-	-	-	2,579
Carrying amount								
At 31 December 2023	13,807	85,236	1,465	10,835	136	-	2,311	113,790

* This represents intercompany elimination as at reporting date.

5. RIGHT-OF-USE ASSETS (CONT'D)

	Leasehold land RM'000	Leasehold buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Buildings RM'000	Equipment RM'000	Total RM'000
2022							
Group							
Cost							
At 1 January 2022	22,498	149,492	-	1,976	647	35	174,648
Additions	2,998	-	1,648	10,988	-	-	15,634
Termination of lease contracts	-	-	-	-	(46)	-	(46)
Transfer from property, plant and equipment (Note 4)	-	90	-	-	-	-	90
At 31 December 2022	25,496	149,582	1,648	12,964	601	35	190,326
Accumulated depreciation							
At 1 January 2022	5,229	27,573	-	479	340	8	33,629
Charge for the financial year	273	1,824	73	1,566	85	2	3,823
Termination of lease contracts	-	-	-	-	(45)	-	(45)
At 31 December 2022	5,502	29,397	73	2,045	380	10	37,407
Accumulated impairment losses							
At 1 January 2022	-	-	-	-	-	-	-
Impairment losses recognised	-	3,403	-	-	-	-	3,403
At 31 December 2022	-	3,403	-	-	-	-	3,403
Carrying amount							
At 31 December 2022	19,994	116,782	1,575	10,919	221	25	149,516

	Company	
	2023 RM'000	2022 RM'000
Equipment		
Cost		
At 1 January	34	34
Termination of lease contract	(34)	-
At 31 December	-	34
Accumulated depreciation		
At 1 January	8	7
Charge for the financial year	1	1
Termination of lease contract	(9)	-
At 31 December	-	8
Carrying amount		
At 31 December	-	26

5. RIGHT-OF-USE ASSETS (CONT'D)

(a) The carrying amount of right-of-use assets of the Group pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 22(a) are as follows:

	Group	
	2023 RM'000	2022 RM'000
Leasehold land	7,924	16,996
Leasehold buildings	81,617	116,782
	89,541	133,778

(b) The remaining lease terms of the leasehold land range from 25 to 98 years (2022: 26 to 99 years).

(c) The carrying amount of right-of-use assets of the Group held under lease liabilities are as follows:

	Group	
	2023 RM'000	2022 RM'000
Plant and machinery	1,465	1,575
Motor vehicles	10,835	10,919
	12,300	12,494

The leased assets are pledged as securities for the related lease liabilities as disclosed in Note 21.

(d) The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under leases financing, offset with deposits and cash payments are as follows:

	Group	
	2023 RM'000	2022 RM'000
Aggregate costs	4,368	15,634
Less: Leases financing	(3,977)	(11,958)
Offset with deposits	-	(2,998)
Cash payments	391	678

5. RIGHT-OF-USE ASSETS (CONT'D)

(e) Impairment assessment for right-of-use assets

At 31 December 2023, the Group has performed a review of the recoverable amount of the Group's plants. Based on management's assessment, the results are as follows:

<u>Lipis Plant</u>

The recoverable amount of Lipis Plant is higher than its carrying amount and was based on its value in use. The key assumptions used in determining the value in use and the sensitivity analysis of Lipis Plant is disclosed in Note 4(b).

<u>Gebeng Plant</u>

The recoverable amount of Gebeng Plant is higher than its carrying amount and was based on its value in use. The key assumptions used in determining the value in use and the sensitivity analysis of Gebeng Plant is disclosed in Note 4(b).

<u>Simpang Pertang Plant</u>

The fair value of the leasehold buildings is based on letter update of valuation issued by KGV International Property Consultants (M) Sdn. Bhd. dated 15 January 2024, using comparison approach.

6. INVESTMENT PROPERTIES

	Group	
	2023 RM'000	2022 RM'000
At fair value		
Freehold property		
At 1 January	17,000	17,000
Acquisition of a subsidiary	7,305	-
Transfer from property, plant and equipment (Note 4)	930	-
Change in fair value recognised in profit or loss	170	-
At 31 December	25,405	17,000

(a) The freehold investment properties of the Group with carrying amount of RM25,405,000 (2022: RM17,000,000) were revalued by an independent firm of professional valuer on 31 December 2023. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value is within level 2 of the fair value hierarchy. The fair value was determined based on the comparison approach that entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

There were no transfers between levels during current financial year.

The increase in fair value of RM170,000 has been recognised in the profit or loss during the financial year.

6. INVESTMENT PROPERTIES (CONT'D)

(b) The freehold investment properties of the Group with carrying amount of RM25,405,000 (2022: RM17,000,000) are pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 22(a).

(c) The following income and expenses are recognised in profit or loss in respect of the investment properties:

	Group	
	2023 RM'000	2022 RM'000
Rental income	3,673	3,209
Direct operating expenses	563	465

7. INTANGIBLE ASSETS

	Group	
	2023 RM'000	2022 RM'000
Asset usage rights		
Cost		
At 1 January	-	-
Acquisition of a subsidiary	2,000	-
At 31 December	2,000	-
Accumulated amortisation		
At 1 January	-	-
Acquisition of a subsidiary	49	-
Charge for the financial year	32	-
At 31 December	81	-
Carrying amount		
At 31 December	1,919	-

The Group acquired the rights to extract, clear, remove existing plants and replanting and harvesting in the Permanent Forest Reserve ("Hutan Simpanan Kekal"). These rights of extraction and replanting are amortised on straight-line basis over the lease term range from 47 to 48 years.

8. BIOLOGICAL ASSETS

	Group	
	2023 RM'000	2022 RM'000
At fair value		
At 1 January	-	-
Acquisition of a subsidiary	5,592	-
Additions	6,403	-
Change in fair value recognised in profit or loss	(670)	-
At 31 December	11,325	-

The biological assets consist of the eucalyptus tree plantation, include expenditure incurred on planting, fertilising and other associated costs incurred to upkeep of the eucalyptus to maturity. As at the reporting date, the eucalyptus tree plantation is not ready for any harvesting as the logs are only ready to be harvested once they reached 5 years old.

The biological assets of the Group with carrying amount of RM11,325,000 (2022: Nil) were revalued by an independent firm of professional valuer on 31 December 2023. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the category of the biological assets being valued. The fair value is within level 3 of the fair value hierarchy. The fair value was determined by comparable cost data as available to estimate the current replacement cost new of a similar modern substitute.

9. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
In Malaysia		
Unquoted shares, at cost	364,328	304,328
Less: Accumulated impairment losses	(2,215)	(2,215)
	362,113	302,113
Outside Malaysia		
Unquoted shares, at cost	50	50
Less: Accumulated impairment losses	(50)	(50)
	-	-
	362,113	302,113

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2023 %	2022 %	Principal activities
Direct holding:				
Mieco Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of chipboards and related products
Great Platform Sdn. Bhd. ("GPSB")	Malaysia	100	100	Manufacturing and trading of particle board and medium density fibre board
Seng Yip Furniture Sdn. Bhd. ("SYFSB")	Malaysia	100	-	Manufacturing and trading of moulded timber, furniture products and timber treatment processing
Mieco Marketing Sdn. Bhd.	Malaysia	100	100	Dormant
Mieco Chemicals Sdn. Bhd.	Malaysia	100	100	Dormant
Mieco Wood Resources Sdn. Bhd.	Malaysia	100	100	Dormant
Mieco International (HK) Limited*	Hong Kong	100	100	Dormant
Tudor Capital Sdn. Bhd.#	Malaysia	100	100	Dormant
Aspire Benchmark Sdn. Bhd.^	Malaysia	100	100	Dormant
Mieco Reforestation Sdn. Bhd.	Malaysia	100	100	Dormant
Indirect holding:				
Held through Great Platform Sdn. Bhd.				
Particleboard Malaysia Sdn. Bhd.	Malaysia	100	100	Dormant

* *Not audited by UHY. As the company is dormant, no statutory audit is required under Hong Kong Companies Ordinance.*
# *In the process of striking off during the financial year*
^ *In the process of Member's Voluntary Winding Up during the financial year*

As of 31 December 2023, the shares in GPSB with a carrying amount of RM7,064,000 (2022: RM7,064,000) have been pledged as security for outstanding of certain term loans as disclosed in Note 22(c).

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiary

The Company had on 6 October 2021, entered into conditional share sale agreement ("SSA") with SYF Resources Berhad ("SYF") for the acquisition of the entire equity interest in Seng Yip Furniture Sdn. Bhd. ("SYFSB"), a wholly-owned subsidiary of SYF, for a purchase consideration of RM50,000,000 to be satisfied entirely via cash.

On 14 March 2023, the Board announced that the purchase consideration has been received by SYF and consequently SYFSB became a wholly-owned subsidiary of the Company.

The following summaries the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable of assets acquired and liabilities assumed

	Group 2023 RM'000
Property, plant and equipment	63,172
Right-of-use assets	7,706
Investment properties	7,305
Intangible assets	1,951
Biological assets	5,592
Inventories	36,879
Trade receivables	3,726
Other receivables	2,577
Tax recoverable	141
Cash and bank balances	2,184
Fixed deposits	3,284
Trade payables	(6,908)
Other payables	(7,457)
Amount due to holding company	(28,115)
Amount due to a Director	(3,300)
Lease liabilities	(1,294)
Bank borrowings	(14,081)
Deferred tax liabilities	(955)
Total identifiable assets and liabilities	72,407

	Group 2023 RM'000
Fair value of consideration transferred	
Purchase consideration settled in cash	50,000
Total consideration transferred	50,000

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiary (Cont'd)

Net cash outflows arising from acquisition of a subsidiary

	Group 2023 RM'000
Purchase consideration settled in cash	50,000
Less: Cash and cash equivalents acquired	(5,468)
Net cash outflows	44,532

Bargain purchase gain arising from business combination

	Group 2023 RM'000
Fair value of consideration transferred	50,000
Fair value of identifiable assets acquired and liabilities assumed	(72,407)
Bargain purchase gain	(22,407)

Acquisition-related costs

The Group incurred acquisition-related costs of RM539,000 related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in the profit or loss.

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary has contributed RM79,527,000 and loss of RM7,479,000 to the Group's revenue and profit for the financial year and other comprehensive income respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the financial year would have been RM457,409,000 and loss of RM76,233,000 respectively.

(d) Additional investment in a subsidiary

On 31 August 2023, SYFSB, a wholly-owned subsidiary of the Company, increased its issued and paid up share capital from 20,000,000 to 30,000,000 ordinary shares by way of issuance of 10,000,000 new ordinary shares for a total consideration of RM10,000,000. The Company had subscribed for the entire increase in the issued and paid up share capital of SYFSB, by way of capitalisation of amount due from SYFSB.

10. OTHER FINANCIAL ASSET

	Group 2023 RM'000	Group 2022 RM'000
Keyman life insurance policy		
At 1 January	-	-
Addition	726	-
Change in fair value recognised in profit or loss	(1)	-
At 31 December	725	-

Other financial asset represents a keyman insurance policy (the "Policy") taken up to insure an executive director of the Group (the "Insured Person"). For any insured events happened to the Insured Person, the insured sum will be payable to the Group. The Policy can be withdrawn at any time with surrender charges if such withdrawal occurs before the maturity date of the Policy and a cash refund will be based on the cash surrender value of the Policy at the date of withdrawal.

As at 31 December 2023, the Directors of the Group expect that the Policy will be terminated at the maturity date and there will be no specific surrender charge in accordance with the terms of the Policy.

11. AMOUNT DUE FROM/(TO) SUBSIDIARIES

(a) Amount due from subsidiaries

	Note	Company 2023 RM'000	Company 2022 RM'000
Non-current			
Non-trade related			
Interest bearing	(i)	87,413	97,733
Current			
Non-trade related			
Non-interest bearing	(ii)	5,793	7,250
		93,206	104,983

(i) Included in the amount due from subsidiaries of the Company are RM87,413,000 (2022: RM97,733,000) which represent unsecured, interest bearing advances at effective interest rate of 3.05% (2022: 2.80%) per annum and repayable after twelve months.

(ii) This represents unsecured, non-interest bearing advances and repayable in 365 days (2022: 365 days).

(b) Amount due to subsidiaries

This represents unsecured, non-interest bearing advances and repayable on demand.

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2023 RM'000	Group 2022 RM'000
At 1 January	7,034	9,873
Acquisition of a subsidiary	(955)	-
Recognised in profit or loss (Note 28)	(2,488)	(2,839)
At 31 December	3,591	7,034

The net deferred tax assets and liabilities shown on the statements of financial position are as follows:

	Group 2023 RM'000	Group 2022 RM'000
Deferred tax assets	4,986	7,034
Deferred tax liabilities	(1,395)	-
	3,591	7,034

The components and movements of the deferred tax assets and liabilities of the Group are as follows:

	Provisions RM'000	Lease liabilities RM'000	Unutilised capital allowances RM'000	Unutilised investment tax allowances RM'000	Unutilised agricultural allowances RM'000	Unused tax losses RM'000	Total RM'000
Group							
Deferred tax assets							
At 1 January 2023	4,412	66	53,690	15,603	-	-	73,771
Acquisition of a subsidiary	-	116	242	116	600	9,712	10,786
Recognised in profit or loss	(520)	(121)	858	(13,075)	1,068	(552)	(12,342)
Under provision in prior year	-	-	2,140	2,458	-	-	4,598
At 31 December 2023 (before offsetting)	3,892	61	56,930	5,102	1,668	9,160	76,813
Less: Offsetting							(71,827)
At 31 December 2023 (after offsetting)							4,986
At 1 January 2022	6,188	88	47,493	25,022	-	-	78,791
Recognised in profit or loss	(1,777)	(22)	1,344	(7,039)	-	-	(7,494)
Under/(Over) provision in prior year	1	-	4,853	(2,380)	-	-	2,474
At 31 December 2022 (before offsetting)	4,412	66	53,690	15,603	-	-	73,771
Less: Offsetting							(66,737)
At 31 December 2022 (after offsetting)							7,034

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of the deferred tax assets and liabilities of the Group are as follows: (Cont'd)

	Provisions RM'000	Lease liabilities RM'000	Total RM'000
Company			
Deferred tax assets			
At 1 January 2023	-	6	6
Recognised in profit or loss	-	(6)	(6)
At 31 December 2023	-	-	-
At 1 January 2022	1	7	8
Recognised in profit or loss	(2)	(1)	(3)
Under provision in prior year	1	-	1
At 31 December 2022 (before offsetting)	-	6	6
Less: Offsetting			(6)
At 31 December 2022 (after offsetting)			-

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Fair value adjustment on investment property RM'000	Biological assets RM'000	Total RM'000
Group					
Deferred tax liabilities					
At 1 January 2023	(59)	(66,678)	-	-	(66,737)
Acquisition of a subsidiary	(111)	(11,044)	5	(591)	(11,741)
Recognised in profit or loss	116	10,683	14	(907)	9,906
Under provision in prior year	-	(4,650)	-	-	(4,650)
At 31 December 2023 (before offsetting)	(54)	(71,689)	19	(1,498)	(73,222)
Less: Offsetting					71,827
At 31 December 2023 (after offsetting)					(1,395)
At 1 January 2022	(80)	(68,838)	-	-	(68,918)
Recognised in profit or loss	21	4,634	-	-	4,655
Under provision in prior year	-	(2,474)	-	-	(2,474)
At 31 December 2022 (before offsetting)	(59)	(66,678)	-	-	(66,737)
Less: Offsetting					66,737
At 31 December 2022 (after offsetting)					-

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of the deferred tax assets and liabilities of the Group are as follows: (Cont'd)

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Total RM'000
Company			
Deferred tax liabilities			
At 1 January 2023	(6)	-	(6)
Recognised in profit or loss	6	-	6
At 31 December 2023	-	-	-
At 1 January 2022	(7)	(1)	(8)
Recognised in profit or loss	1	2	3
Under provision in prior year	-	(1)	(1)
At 31 December 2022 (before offsetting)	(6)	-	(6)
Less: Offsetting			6
At 31 December 2022 (after offsetting)			-

The deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Decelerated capital allowances	3	-	3	-
Provisions	460	437	460	437
Lease liabilities	-	3	-	3
Unutilised capital allowances	13,091	289	-	-
Unutilised investment tax allowances	411,921	357,443	-	-
Unused tax losses	43,132	23,643	-	528
	468,607	381,815	463	968

The deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen from subsidiaries that have recent history of losses.

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (ie: from year of assessment 2019 to 2028) under the current tax legislation.

The recognised and unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
2028	22,895	23,373	-	478
2029	31,612	220	-	-
2030	5,173	-	-	-
2032	-	50	-	50
2033	21,620	-	-	-
	81,300	23,643	-	528

13. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
Raw materials	21,883	8,673
Work-in-progress	12,357	1,453
Finished goods	23,237	22,796
Spares and consumables	18,808	20,657
Goods-in-transit	374	1,861
	76,659	55,440
Recognised in profit or loss		
Inventories recognised as cost of sales	221,201	197,852
Inventories written down to net realisable value	371	801
Reversal of inventories written down	(567)	-

14. TRADE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
Trade receivables		
- Related party	-	2
- Third parties	51,977	29,927
	51,977	29,929
Less: Accumulated impairment losses	(1,096)	(1,083)
	50,881	28,846

Related party represents a company in which a Director of the Company have substantial financial interests.

Trade receivables of the Group are non-interest bearing and are generally on 1 to 120 days (2022: 1 to 120 days) terms. Other credit terms are assessed and approved on a case by case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables of the Group amounting to RM1,900,000 (2022: RM2,900,000) is secured by bank guarantee made in favour of the Group.

Movements in the allowance for impairment losses on trade receivables are as follows:

	Lifetime allowance RM'000	Credit impaired RM'000	Loss allowance RM'000
Group			
At 1 January 2023	23	1,060	1,083
Acquisition of a subsidiary	13	-	13
At 31 December 2023	36	1,060	1,096
At 1 January 2022	320	1,112	1,432
Reversal of impairment losses	(297)	(20)	(317)
Written off	-	(32)	(32)
At 31 December 2022	23	1,060	1,083

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

14. TRADE RECEIVABLES (CONT'D)

The ageing analysis of trade receivables at the end of the reporting period is as follows:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2023			
Not past due	35,984	(25)	35,959
Past due			
Less than 30 days	11,281	(8)	11,273
31 to 60 days	2,006	(2)	2,004
61 to 90 days	595	-	595
More than 90 days	1,051	(1)	1,050
	14,933	(11)	14,922
Credit Impaired			
Individually impaired	1,060	(1,060)	-
	51,977	(1,096)	50,881
2022			
Not past due	22,144	(15)	22,129
Past due			
Less than 30 days	6,235	(8)	6,227
31 to 60 days	392	-	392
More than 90 days	98	-	98
	6,725	(8)	6,717
Credit Impaired			
Individually impaired	1,060	(1,060)	-
	29,929	(1,083)	28,846

Trade receivables that are not past due nor individually impaired are creditworthy debtors with good payment records with the Group.

As at 31 December 2023, gross trade receivables of RM14,933,000 (2022: RM6,725,000) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,060,000 (2022: RM1,060,000). These relate to a number of independent customers that are in financial difficulties and have defaulted on payments.

15. OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables				
- Related party	-	1,102	-	-
- Third parties	12,944	12,579	243	191
	12,944	13,681	243	191
Deposits	6,809	7,458	5	5
Prepayments	2,665	1,343	12	8
Goods and Services Tax receivable	3	3	2	2
	22,421	22,485	262	206
Less: Accumulated impairment losses				
- Other receivables	(7,706)	(7,706)	(54)	(54)
- Deposits	(9)	(9)	-	-
	(7,715)	(7,715)	(54)	(54)
	14,706	14,770	208	152

Related party represents a company in which a Director of the Company has substantial financial interest.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group and of the Company amounting to RM13,150,000 and Nil (2022: RM9,755,000 and RM218,000) were pledged to licensed banks as securities for the banking facilities granted to the Group as disclosed in Note 22(b).

The maturity of the fixed deposits of the Group and of the Company are 365 days and 365 days (2022: 365 days and 365 days) respectively.

The weighted average interest rates of the fixed deposits of the Group and of the Company are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Fixed deposits with licensed banks	2.49	2.25	2.45	1.55

17. ASSETS HELD FOR SALE

	Group 2023 RM'000	Group 2022 RM'000
Leasehold land and buildings	42,454	-

On 10 October 2023, Mieco Manufacturing Sdn. Bhd., a wholly-owned subsidiary of the Company, had appointed an auctioneer to dispose of leasehold land and buildings for a auction price of RM59,800,000.

The disposal is pending completion as at 31 December 2023 and thus, the leasehold land and buildings have been presented separately in the statements of financial position as assets held for sale.

Since the fair value less cost of disposal exceeded the net carrying amount, no impairment loss is recognised.

18. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2023 Units ('000)	2022 Units ('000)	2023 RM'000	2022 RM'000
Issued and fully paid ordinary shares				
At 1 January/31 December	1,000,000	1,000,000	276,666	276,666

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

19. RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable				
Foreign currency translation reserve	(78)	(54)	-	-
Distributable				
Retained earnings	49,894	114,993	156,995	156,892
	49,816	114,939	156,995	156,892

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. OTHER PAYABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Other payables	(i)	20,800	-	20,800	-
Current					
Other payables		17,339	25,644	19	18,327
Accruals		5,909	4,184	446	536
Deposits received		3,907	3,756	-	-
		27,155	33,584	465	18,863

(i) This represents unsecured, non-interest bearing advances and repayable after twelve months.

21. LEASE LIABILITIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	11,909	1,587	30	31
Acquisition of a subsidiary	1,294	-	-	-
Adjustment of MFRS 16 *	(421)	-	-	-
Additions	3,977	11,958	-	-
Accretion of interest	1,020	274	1	2
Payments	(4,128)	(1,909)	(2)	(3)
Termination of lease contracts	(29)	(1)	(29)	-
At 31 December	13,622	11,909	-	30
Presented as:				
Non-current	9,968	9,130	-	29
Current	3,654	2,779	-	1
	13,622	11,909	-	30

* This represents intercompany elimination as at reporting date.

21. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Minimum lease payments				
Within one year	4,369	3,255	-	3
Later than one year but not later than two years	4,275	3,253	-	3
Later than two years but not later than five years	6,496	7,323	-	9
Later than five years	-	35	-	36
	15,140	13,866	-	51
Less: Future finance charges	(1,518)	(1,957)	-	(21)
Present value of lease liabilities	13,622	11,909	-	30

The Group leases various leasehold land and buildings, motor vehicles, plant and machineries, buildings and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities of the Group and of the Company at the reporting date are 3.25% and Nil (2022: 3.38% and 6.76%) respectively.

22. BANK BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Secured		
Bank overdraft	1,913	1,344
Bankers' acceptance	83,019	64,596
Revolving credit	14,000	14,000
Term loans	113,072	75,714
	212,004	155,654
Non-current		
Term loans	99,864	65,230
Current		
Bank overdraft	1,913	1,344
Bankers' acceptance	83,019	64,596
Revolving credit	14,000	14,000
Term loans	13,208	10,484
	112,140	90,424
	212,004	155,654

22. BANK BORROWINGS (CONT'D)

The bank overdraft, bankers' acceptance, revolving credit and term loans are secured by the followings:

(a) legal charge over freehold land and buildings, leasehold land and buildings and plant and machinery of certain subsidiaries as disclosed in Notes 4(a), 5(a) and 6(b) respectively;

(b) fixed deposits of certain subsidiaries as disclosed in Note 16;

(c) legal charge over shares of a subsidiary, GPSB, as disclosed in Note 9(b);

(d) specific debenture over the new equipment financed by the bank to be installed on the freehold land and buildings of a subsidiary; and

(e) corporate guarantee by the Company.

Maturity of the bank borrowings of the Group are as follows:

	Group	
	2023 RM'000	2022 RM'000
Within one year	112,140	90,424
Between one and two years	17,853	9,639
Between two and five years	44,518	39,982
After five years	37,493	15,609
	212,004	155,654

The weighted average interest rates per annum of the bank borrowings of the Group at the reporting date are as follows:

	Group	
	2023 %	2022 %
Bank overdraft	8.14	8.06
Bankers' acceptance	5.55	5.17
Revolving credit	5.95	5.71
Term loans	7.08	6.89

23. EMPLOYEE DEFINED BENEFIT PLAN

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Present value of defined benefit obligations	7,603	8,884	355	355

The Group and the Company operate an unfunded retirement benefit for those employees who are eligible under the Group and the Company employment policy. The latest actuarial valuation of the plan was carried out on 13 February 2023.

The movement in the present value of defined benefit obligations of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	8,884	16,049	355	554
Recognised in profit or loss:				
- Current service costs	505	900	30	57
- Past service costs	-	-	-	-
- Loss on settlement	-	345	-	1
- Interest expenses	429	608	19	20
Business combination/divestitures/transfers	-	-	-	(61)
Remeasurement recognised in other comprehensive income:				
- Effect of changes in financial assumptions	-	(1,350)	-	(105)
- Effect of experience adjustment	-	(684)	-	(80)
Benefits paid by the plan	(2,215)	(6,984)	(49)	(31)
At 31 December	7,603	8,884	355	355

The principal actuarial assumptions at the end of the reporting period are:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Discount rate	5.30	5.30	5.30	5.30
Expected rate of salary increases	5.00	5.00	5.00	5.00

At 31 December 2023, the Group's and the Company's weighted average duration of the defined benefit obligation was 10 years and 13 years (2022: 10 years and 13 years) respectively.

23. EMPLOYEE DEFINED BENEFIT PLAN (CONT'D)

Sensitivity analysis

The effect of changes in the principal actuarial assumptions on the present value of unfunded obligations of the Group and of the Company are as follows:

	Group		Company	
	+1% RM'000	-1% RM'000	+1% RM'000	-1% RM'000
2023				
(Decrease)/Increase of present value of the unfunded obligations				
- Discount rate	(805)	933	(44)	53
- Expected salary	973	(853)	54	(47)
2022				
(Decrease)/Increase of present value of the unfunded obligations				
- Discount rate	(784)	912	(42)	50
- Expected salary	862	(757)	48	(41)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

24. TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Trade payables		
- Related party	-	321
- Third parties	53,362	34,276
	53,362	34,597

Related party represents a company in which a Director of the Company have substantial financial interest.

The normal trade credit term granted to the Group range from 1 to 90 days (2022: 1 to 90 days) depending on the terms of the contracts.

25. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
Sale of goods	358,869	328,264	-	-
Management fees from subsidiaries	-	-	2,820	5,283
Total revenue from contracts with customers	358,869	328,264	2,820	5,283
Timing of revenue recognition				
At a point in time	358,869	328,264	-	-
Over time	-	-	2,820	5,283
Total revenue from contracts with customers	358,869	328,264	2,820	5,283

Breakdown of Group's revenue from contracts with customers:

	Manufacturing and sales of wood based products	
	2023 RM'000	2022 RM'000
Geographical market		
Malaysia	322,510	305,917
Hong Kong and China	10,120	5,819
Others	26,239	16,528
	358,869	328,264

26. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
Bank overdraft	138	40	-	-
Bankers' acceptance	3,455	2,530	-	-
Foreign currency trade financing	978	82	-	-
Revolving credit	839	652	-	-
Term loans	6,831	5,262	-	-
Lease liabilities	1,020	274	1	2
Other payables	-	259	-	259
	13,261	9,099	1	261
Less: Recovery of interest from a subsidiary in respect of advances from a third party	-	-	-	(259)
	13,261	9,099	1	2

27. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amortisation of intangible assets	32	-	-	-
Auditors' remuneration				
- Statutory audit	265	216	55	55
- Other	5	5	5	5
Depreciation of:				
- Property, plant and equipment	25,374	25,982	11	14
- Right-of-use assets	5,308	3,823	1	1
Fair value (gain)/loss on:				
- Investment property	(170)	-	-	-
- Derivative financial instruments	-	8	-	-
- Biological assets	670	-	-	-
- Other financial asset	1	-	-	-
Impairment losses on:				
- Property, plant and equipment	38,928	11,728	-	-
- Right-of-use assets	-	3,403	-	-
Inventories written down to net realisable value	371	801	-	-
Leases expenses relating to short-term leases	203	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	21	(125)	-	-
Non-executive Directors' remuneration				
- Fees	196	188	196	188
- Allowances	34	34	34	34
Property, plant and equipment written off	2,534	333	-	-
Provision for employee defined benefit plan	934	1,853	49	78
Waiver of debts	-	-	14	9
Bargain purchase gain on acquisition of a subsidiary [Note 9(c)]	(22,407)	-	-	-
Gain from insurance claims	-	(312)	-	-
Gain on foreign exchange:				
- Realised	(776)	(2,796)	-	-
- Unrealised	(513)	(298)	-	-
Gain on termination of lease contract	(5)	-	(4)	-
Interest income from:				
- Licensed banks	(700)	(979)	(104)	(815)
- Subsidiaries	-	-	(2,941)	(1,938)
Rental income	(3,787)	(4,676)	-	-
Reversal of inventories written down	(567)	-	-	-
Reversal of impairment losses on:				
- Property, plant and equipment	(2,533)	-	-	-
- Trade receivables	-	(317)	-	-

28. TAXATION

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Tax expenses recognised in profit or loss				
Malaysian income tax				
Current tax provision	169	563	35	-
Over provision in prior years	(192)	(159)	-	-
	(23)	404	35	-
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	2,435	2,839	-	-
Under provision in prior year	53	-	-	-
	2,488	2,839	-	-
	2,465	3,243	35	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
(Loss)/Profit before tax	(62,634)	(30,480)	138	2,358
At Malaysian statutory tax rate of 24% (2022: 24%)	(15,032)	(7,315)	33	566
Income not subject to tax	(5,484)	(434)	-	-
Expenses not deductible for tax purposes	2,290	2,512	123	140
Deferred tax assets not recognised	20,830	8,639	(121)	(706)
Over provision of income tax in prior years	(192)	(159)	-	-
Under provision of deferred tax in prior year	53	-	-	-
Tax expenses for the financial year	2,465	3,243	35	-

28. TAXATION (CONT'D)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax saving arising from utilisation of tax losses not recognised in prior years	528	2,753	528	-

The Group and the Company have the following estimated unutilised capital allowances, unutilised investment tax allowances and unused tax losses available for carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unutilised capital allowances	250,302	232,914	-	-
Unutilised investment tax allowances	433,181	432,696	-	-
Unutilised agricultural allowances	6,951	-	-	-
Unused tax losses	81,300	23,643	-	528
	771,734	689,253	-	528

29. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023	2022
Loss attributable to the owners of the parent (RM'000)	(65,099)	(33,723)
Weighted average number of ordinary shares in issue (in thousand of shares)	1,000,000	1,000,000
Basic loss per ordinary share (sen)	(6.51)	(3.37)

(b) Diluted loss per share

The Group has no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

30. STAFF COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, wages and other emoluments	31,209	23,541	4,069	4,162
Defined contribution plans	2,096	2,634	495	506
Employee defined benefit plans	934	1,853	49	78
Social security contributions	356	379	13	14
Other benefits	5,485	6,836	164	203
	40,080	35,243	4,790	4,963

The staff costs of the Group and of the Company do not include the estimated monetary value of benefit-in-kind amounting to RM28,000 and RM28,000 (2022: RM28,000 and RM28,000) respectively.

Included in the staff costs above is aggregate amount of remuneration received/receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors of the Company				
Salaries and other emoluments	3,222	3,222	3,222	3,222
Defined contribution plans	387	387	387	387
Social security contributions	2	2	2	2
	3,611	3,611	3,611	3,611
Executive Directors of the subsidiaries				
Salaries and other emoluments	138	-	-	-
Defined contribution plans	17	-	-	-
Social security contributions	1	-	-	-
	156	-	-	-
Total remuneration of Executive Directors				
Company's Directors	3,611	3,611	3,611	3,611
Subsidiaries' Directors	156	-	-	-
	3,767	3,611	3,611	3,611

The Directors' remuneration of the Group and of the Company does not include the estimated monetary value of benefit-in-kind amounting to RM28,000 and RM28,000 (2022: RM28,000 and RM28,000) respectively.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 January RM'000	Financing cash flows (i) RM'000	New lease [Note 5(d)] RM'000	Acquisition of a subsidiary RM'000	Other changes (ii) RM'000	At 31 December RM'000
Group							
2023							
Lease liabilities	21	11,909	(3,108)	3,977	1,294	(450)	13,622
Bankers' acceptance	22	64,596	7,644	-	10,779	-	83,019
Revolving credit	22	14,000	-	-	-	-	14,000
Term loans	22	75,714	34,056	-	3,302	-	113,072
		166,219	38,592	3,977	15,375	(450)	223,713
2022							
Lease liabilities	21	1,587	(1,635)	11,958	-	(1)	11,909
Bankers' acceptance	22	89,690	(25,094)	-	-	-	64,596
Revolving credit	22	14,000	-	-	-	-	14,000
Term loans	22	92,195	(16,481)	-	-	-	75,714
		197,472	(43,210)	11,958	-	(1)	166,219

	Note	At 1 January RM'000	Financing cash flows (i) RM'000	Other changes (ii) RM'000	At 31 December RM'000
Company					
2023					
Amount due to subsidiaries	11	44	867	-	911
Lease liabilities	21	30	(1)	(29)	-
		74	866	(29)	911
2022					
Amount due to subsidiaries	11	939	(895)	-	44
Lease liabilities	21	31	(1)	-	30
		970	(896)	-	74

(i) The financing cash flows include the net amount of proceeds from/repayment of bankers' acceptance, revolving credit and term loans, payment of lease liabilities and net amount of advances from/repayment to subsidiaries in the statements of cash flows.

(ii) Other changes include termination of lease contracts and adjustment of MFRS 16.

32. FINANCIAL GUARANTEES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured				
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	-	-	212,004	155,654
Secured				
Banker's guarantee in favour of third parties	7,325	7,202	-	-

The Group has provided financial guarantee amounted to RM5,449,000 (2022: RM5,154,000) to Tenaga Nasional Berhad for the rental of certain electricity equipment and for the supply of electricity.

33. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	2,978	3,172
Share sale agreement for proposed acquisition of a subsidiary	-	50,000
	2,978	53,172

34. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions

Related party transactions have been entered into the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year:

	2023 RM'000	2022 RM'000
Group		
Transactions with companies in which certain Directors of the Company are also the Directors and/or shareholders that have substantial financial interests		
Sales	1,437	3,592
Rental received/receivable	114	1,443
Lease expenses paid/payable	96	96
Purchases	2,392	9,432
Commission paid/payable	-	2
Transaction with a Director of the Company		
Lease expenses paid/payable	142	-
Company		
Transactions with subsidiaries		
Interest back charged received/receivable	-	259
Interest on advances received/receivable	2,941	1,938
Management fee received/receivable	2,820	5,283
Waiver of debts	14	9

(c) Compensation of key management personnel

Information regarding compensation of key management personal are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees	196	188	196	188
Salaries and other emoluments	3,768	3,256	3,256	3,256
Defined contribution plans	448	387	387	387
Social security contributions	5	2	2	2
	4,417	3,833	3,841	3,833

The Directors' remuneration of the Group and of the Company does not include the estimated monetary value of benefit-in-kind amounting to RM28,000 and RM28,000 (2022: RM28,000 and RM28,000) respectively.

35. SEGMENT INFORMATION

The Group operates principally within one segment, that is, manufacturing and sales of wood based products. Other operation of the Group comprises investment holding which is not of sufficient size to be reported separately. This is consistent with the internally generated reports reviewed by Board of Directors to make strategic decisions.

Geographical segments

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

	Revenue		Total assets		Capital expenditure*	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Malaysia	322,510	305,917	662,423	636,484	11,013	19,753
Hong Kong and China	10,120	5,819	-	-	-	-
Others	26,239	16,528	-	-	-	-
	358,869	328,264	662,423	636,484	11,013	19,753

* Capital expenditure consist of addition of property, plant and equipment, right-of-use assets and investment properties.

Major customers

The Group has large and diversified customers base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue.

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets at FVTPL RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group				
2023				
Financial assets				
Other financial asset	725	-	-	725
Trade receivables	-	50,881	-	50,881
Other receivables*	-	12,038	-	12,038
Fixed deposits with licensed banks	-	13,320	-	13,320
Cash and bank balances	-	5,365	-	5,365
	725	81,604	-	82,329
Financial liabilities				
Trade payables	-	-	53,362	53,362
Other payables	-	-	47,955	47,955
Lease liabilities	-	-	13,622	13,622
Bank borrowings	-	-	212,004	212,004
	-	-	326,943	326,943

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group			
2022			
Financial assets			
Trade receivables	28,846	-	28,846
Other receivables*	13,424	-	13,424
Fixed deposits with licensed banks	9,755	-	9,755
Cash and bank balances	58,116	-	58,116
	110,141	-	110,141
Financial liabilities			
Trade payables	-	34,597	34,597
Other payables	-	33,584	33,584
Lease liabilities	-	11,909	11,909
Bank borrowings	-	155,654	155,654
	-	235,744	235,744

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company			
2023			
Financial assets			
Other receivables*	194	-	194
Amount due from subsidiaries	93,206	-	93,206
Fixed deposits with licensed banks	171	-	171
Cash and bank balances	169	-	169
	93,740	-	93,740
Financial liabilities			
Other payables	-	21,265	21,265
Amount due to subsidiaries	-	911	911
	-	22,176	22,176
2022			
Financial assets			
Other receivables*	142	-	142
Amount due from subsidiaries	104,983	-	104,983
Fixed deposits with licensed banks	218	-	218
Cash and bank balances	45,334	-	45,334
	150,677	-	150,677
Financial liabilities			
Other payables	-	18,863	18,863
Amount due to subsidiaries	-	44	44
Lease liabilities	-	30	30
	-	18,937	18,937

* Exclude prepayments and Goods and Services Tax receivable

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and receivables and deposits with banks. The Company's exposure to credit risk arises principally from deposits with banks, amount due from subsidiaries and financial guarantees given to licensed banks for banking facilities granted to certain subsidiaries. There are no significant changes as compared to prior year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group assesses whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

The Group's credit exposures are concentrated mainly on 2 (2022: 2) debtors, which accounted for 31% (2022: 38%) of total trade receivables balance at the end of the reporting period. There are no other customers which individually represents more than 10% of the total trade receivables balance. The Company has no significant concentration of credit risks except for advances to its subsidiaries where risks of default have been assessed to be low.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees

The Company provides unsecured financial guarantees to licensed banks for credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The Company's maximum exposure to credit risk is RM212,004,000 (2022: RM155,654,000), representing the outstanding credit facilities of the subsidiaries at the end of the reporting period. There was no indication that any subsidiary would default on repayment at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2023						
Non-derivative financial liabilities						
Trade payables	53,362	-	-	-	53,362	53,362
Other payables	27,155	20,800	-	-	47,955	47,955
Lease liabilities	4,369	4,275	6,496	-	15,140	13,622
Bank borrowings	119,691	24,322	56,538	43,146	243,697	212,004
Financial guarantees* (Note 32)	7,325	-	-	-	7,325	-
	211,902	49,397	63,034	43,146	367,479	326,943

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2022						
Non-derivative financial liabilities						
Trade payables	34,597	-	-	-	34,597	34,597
Other payables	33,584	-	-	-	33,584	33,584
Lease liabilities	3,255	3,253	7,323	35	13,866	11,909
Bank borrowings	95,245	13,871	47,303	17,281	173,700	155,654
Financial guarantees* (Note 32)	7,202	-	-	-	7,202	-
	173,883	17,124	54,626	17,316	262,949	235,744
Company						
2023						
Non-derivative financial liabilities						
Other payables	465	20,800	-	-	21,265	21,265
Amount due to subsidiaries	911	-	-	-	911	911
Financial guarantees* (Note 32)	212,004	-	-	-	212,004	-
	213,380	20,800	-	-	234,180	22,176
2022						
Non-derivative financial liabilities						
Other payables	18,863	-	-	-	18,863	18,863
Amount due to subsidiaries	44	-	-	-	44	44
Lease liabilities	3	3	9	36	51	30
Financial guarantees* (Note 32)	155,654	-	-	-	155,654	-
	174,564	3	9	36	174,612	18,937

* Based on the maximum amount that can be called for under the financial guarantee contracts.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

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

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Chinese Renminbi ("RMB"), Swiss Franc ("CHF") and Singapore Dollar ("SGD").

The Group's objective is to mitigate foreign exchange exposure to an acceptable level against pre-determined limits and impact to the statements of profit or loss and other comprehensive income. The Group monitors its foreign currency denominated assets and liabilities and uses hedging instrument such as forward contracts as well as maintaining funds in foreign currencies at appropriate levels to support operating cash flows requirement. The Group's policy requires all transactions for hedging foreign currency exchange risk exposure be executed within the parameters approved by the Board of Directors.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Denominated in					
	USD RM'000	EUR RM'000	RMB RM'000	CHF RM'000	SGD RM'000	Total RM'000
Group						
2023						
Monetary assets						
Trade receivables	916	-	29	-	-	945
Other receivables	6,612	951	19	-	11	7,593
Cash and bank balances	118	-	-	-	-	118
Monetary liabilities						
Trade payables	(5)	(1,081)	(1,478)	(487)	-	(3,051)
Other payables	(708)	-	-	-	(26)	(734)
	6,933	(130)	(1,430)	(487)	(15)	4,871

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows: (Cont'd)

	Denominated in				
	USD RM'000	EUR RM'000	RMB RM'000	CHF RM'000	Total RM'000
Group					
2022					
Monetary assets					
Trade receivables	820	-	180	-	1,000
Other receivables	6,150	2,822	8	-	8,980
Cash and bank balances	974	-	2	-	976
Monetary liabilities					
Trade payables	(35)	(3,070)	(114)	(17)	(3,236)
Other payables	(66)	-	-	-	(66)
	7,843	(248)	76	(17)	7,654

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency risk sensitivity

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD, EUR, RMB, CHF and SGD exchange rates against RM with all other variables held constant.

	Effects on loss before tax	
	2023 RM'000	2022 RM'000
Group		
Change in currency rate		
USD		
- Strengthened by 5% (2022: 5%)	347	392
- Weakened by 5% (2022: 5%)	(347)	(392)
EUR		
- Strengthened by 5% (2022: 5%)	(7)	(12)
- Weakened by 5% (2022: 5%)	7	12
RMB		
- Strengthened by 5% (2022: 5%)	(72)	4
- Weakened by 5% (2022: 5%)	72	(4)
CHF		
- Strengthened by 5% (2022: 5%)	(24)	(1)
- Weakened by 5% (2022: 5%)	24	1
SGD		
- Strengthened by 5% (2022: 5%)	(1)	-
- Weakened by 5% (2022: 5%)	1	-

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments:				
Financial asset				
Fixed deposits with licensed banks	13,320	9,755	171	218
Financial liabilities				
Lease liabilities	(13,622)	(11,909)	-	(30)
	(302)	(2,154)	171	188
Floating rate instruments:				
Financial asset				
Amount due from subsidiaries	-	-	87,413	97,733
Financial liabilities				
Bank overdraft	(1,913)	(1,344)	-	-
Bankers' acceptance	(83,019)	(64,596)	-	-
Revolving credit	(14,000)	(14,000)	-	-
Term loans	(113,072)	(75,714)	-	-
	(212,004)	(155,654)	-	-
	(212,004)	(155,654)	87,413	97,733

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have (increased)/decreased the Group's loss before tax by RM2,120,000 (2022: RM1,557,000) and (decreased)/increased the Company's profit before tax by RM874,000 (2022: RM977,000) respectively, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings and lower/higher interest income on floating rate loan and advances respectively. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate borrowings approximate their fair value as the borrowings will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value, together with their fair value and carrying amount shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group					
2023					
Financial asset					
Other financial asset	-	-	725	725	725

The fair value of the other financial asset represents keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance policy which is not an observable input The fair value of the keyman insurance was estimated by reference to the cash surrender value set out in the keyman insurance policy.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total equity. The Group and the Company include within net debt, lease liabilities and bank borrowings less cash and bank balances. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lease liabilities	13,622	11,909	-	30
Bankers' acceptance	83,019	64,596	-	-
Revolving credit	14,000	14,000	-	-
Term loans	113,072	75,714	-	-
	223,713	166,219	-	30
Less: Cash and cash equivalents	(3,622)	(56,772)	(340)	(45,334)
Net debt/(Excess fund)	220,091	109,447	(340)	(45,304)
Total equity	326,482	391,605	433,661	433,558
Gross gearing ratio (times)	0.69	0.42	*	*
Net gearing ratio (times)	0.67	0.28	*	*

* The gearing ratio of the Company at the end of the reporting period is not applicable as its cash and bank balances is sufficient to cover the entire obligation.

There was no changes in the Group's approach to capital management during the financial year.

38. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the subsidiaries:

(a) On 26 January 2024, Great Platform Sdn. Bhd. ("GPSB"), a wholly-owned subsidiary of the Company, increased its issued and paid up share capital from 50,000,000 to 70,000,000 ordinary shares by way of issuance of 20,000,000 new ordinary shares for a total consideration of RM20,000,000.

The Company has subscribed for the entire increase in the issued and paid up share capital of GPSB, by way of capitalisation of amount due from GPSB.

(b) On 28 February 2024, Tudor Capital Sdn. Bhd. ("TCSB"), a wholly-owned subsidiary of the Company had received notice of 308(1)/551(1) of the Companies Act 2016. The strike off process is pending completion as at the date of this report.

39. COMPARATIVE INFORMATION

The following reclassification were made to the financial statements of prior year to be consistent with current year presentation.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statements of Cash Flows			
Company			
Operating Activities			
Changes in working capital:			
Amount due from/(to) subsidiaries	37	(37)	-
Investing Activities			
Net changes in amount due from subsidiaries	(28,959)	932	(28,027)
Financing Activities			
Net changes in amount due to subsidiaries	-	(895)	(895)

40. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2024.

ANALYSIS OF SHAREHOLDINGS
AS AT 8 APRIL 2024

Issued and Fully Paid-Up Capital	:	999,999,966 shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	763	20.00	22,215	0.00
100 – 1,000	386	10.12	157,764	0.02
1,001 – 10,000	1,553	40.70	7,889,915	0.79
10,001 – 100,000	943	24.70	27,245,850	2.72
100,001 – less than 5% of issued shares	166	4.35	575,039,122	57.50
5% and above of issued shares	5	0.13	389,645,100	38.97
Total	**3,816**	**100.00**	**999,999,966**	**100.00**

DIRECTORS' INTEREST IN SHARES BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	Shareholding	%	Shareholding	%
In the Company				
Dato' Sri Ng Ah Chai	629,802,319	62.98	-	-
Ng Wei Ping	12,000,000	1.20	-	-

THIRTY (30) MAJOR SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS

	Name	Shareholding	%
1)	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI*	130,960,000	13.09
2)	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI*	80,000,000	8.00
3)	M & A NOMINEE (TEMPATAN) SDN BHD *INSAS CREDIT & LEASING SDN BHD FOR NG AH CHAI*	63,000,000	6.30
4)	M & A NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (M&A)*	58,195,900	5.82
5)	APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MARGIN)*	57,489,200	5.75
6)	NG AH CHAI	49,815,219	4.98
7)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI (SMART)*	40,000,000	4.00

THIRTY (30) MAJOR SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS (Cont'd)

	Name	Shareholding	%
8)	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR NG AH CHAI (PB)*	30,000,000	3.00
9)	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI*	26,300,000	2.63
10)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SCURITIES ACCOUNT FOR NG AH CHAI (8103749)*	23,450,000	2.35
11)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	20,986,500	2.10
12)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (7000786)*	19,470,000	1.95
13)	SJ SEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK FOR CHIAU BENG TEIK*	19,300,000	1.93
14)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK (MY2975)*	18,719,800	1.87
15)	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR DATO' ONG CHOO MENG (PB)*	17,000,000	1.70
16)	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MGN-NAC0003M)*	15,910,000	1.59
17)	APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE CHIK KENG (MARGIN)*	15,902,540	1.59
18)	APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHEE CHIK ENG (MARGIN)*	15,302,820	1.53
19)	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (001)*	13,632,000	1.36
20)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG WEI PING*	12,000,000	1.20
21)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR HII CHII KOK @ HII CHEE KOK (MY1723)*	11,500,000	1.15
22)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON (7009581)*	10,834,900	1.08
23)	APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHENG KIEN WING (MARGIN)*	10,517,480	1.05
24)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN (7004588)*	10,000,000	1.00
25)	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN*	9,288,000	0.93
26)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON (MY4189)*	9,170,000	0.92

THIRTY (30) MAJOR SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS (Cont'd)

	Name	Shareholding	%
27)	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOW PENG SIAN @ CHUA PENG SIAN*	8,800,000	0.88
28)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MY3273)*	8,700,000	0.87
29)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI*	8,400,000	0.84
30)	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MGNOCM0001M)*	8,000,000	0.80

SUBSTANTIAL SHAREHOLDER BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Sri Ng Ah Chai	629,802,319	62.98	-	-

LIST OF PROPERTIES
AS AT 31 DECEMBER 2023

Location	Tenure	Land area	Description	Approximate age of building (Years)	Net book value RM'000	Acquisition date	Balance of lease by Year
Mieco Manufacturing Sdn Bhd Lot 73, Gebeng Industrial Area 26080 Kuantan Pahang Darul Makmur	Lease expiring 18.08.2048	653,670 sq.ft.	Warehouse & Industrial land	8	10,417	26.10.1999	25
Mieco Manufacturing Sdn Bhd Lot 74, Gebeng Industrial Area 26080 Kuantan Pahang Darul Makmur	Lease expiring 22.02.2097	1,254,528 sq.ft.	Chipboard factory & Industrial land	21-29	32,037	24.08.1995	74
Mieco Manufacturing Sdn Bhd Lot 3, Kawasan Perindustrian Kechau Tui 27100 Lipis Pahang Darul Makmur	Lease expiring 2104	2,178,000 sq. ft.	Chipboard factory & Industrial land	19	76,841	05.12.2004	81
Mieco Manufacturing Sdn Bhd Lot 27, Kawasan Perindustrian Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 20.12.2105	158,253 sq.ft.	Industrial land		196	20.12.2006	82
Mieco Manufacturing Sdn Bhd Lot 28, Kawasan Perindustrian Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 20.12.2105	299,257 sq.ft.	Industrial land		371	20.12.2006	82
Mieco Manufacturing Sdn Bhd Lot 29, Kawasan Perindustrian Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 20.12.2105	304,484 sq.ft.	Industrial land		377	20.12.2006	82
Mieco Manufacturing Sdn Bhd Lot 30, Kawasan Perindustrian Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 20.12.2105	281,398 sq.ft.	Industrial land		349	20.12.2006	82

Location	Tenure	Land area	Description	Approximate age of building (Years)	Net book value RM'000	Acquisition date	Balance of lease by Year
Mieco Manufacturing Sdn Bhd Lot 26 & Lot 27A Jalan Kawasan Perindustrian Padang Tengku Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 18.11.2121	594,594 sq.ft.	Industrial land & road		2,975	18.11.2022	98
Great Platform Sdn Bhd Lot 7056, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan Darul Khusus	Lease expiring 18.06.2094	281,692 sq.ft.	Land, office, factory and warehouse	10	10,408	15.11.2013	71
Great Platform Sdn Bhd Lot 436, 437 & 488 Lot 152,487,489 & 490 Jalan Bahau, Rompin 73500 Bahau Negeri Sembilan Darul Khusus	Freehold	1,744,152 sq.ft.	Land, office, factory and warehouse	7	21,634	10.06.2016	
Great Platform Sdn Bhd Batu 103 Jalan Klian Intan 33310 Gerik Perak Darul Ridzuan	Freehold	934,523 sq.ft.	Land, office, factory and warehouse (Renting)	7	18,080	13.01.2017	
Great Platform Sdn Bhd Lot 4656, 4657 Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan Darul Khusus	Lease expiring 18.06.2089	145,550 sq.ft	Industrial land		999	06.04.2017	66
Seng Yip Furniture Sdn Bhd Lot 89 Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor Darul Ehsan	Freehold	91,916 sq ft	Land, factory and warehouse (Renting)	17	7,325	07.02.1996	

Location	Tenure	Land area	Description	Approximate age of building (Years)	Net book value RM'000	Acquisition date	Balance of lease by Year
Seng Yip Furniture Sdn Bhd Lot 1225 Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor Darul Ehsan	Freehold	120,513 sq ft	Land, factory and warehouse	15	9,482	30.07.2001	
Seng Yip Furniture Sdn Bhd Lot 13091 Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor Darul Ehsan	Freehold	121,654 sq ft	Land, factory and warehouse	28	5,853	30.08.1995	
Seng Yip Furniture Sdn Bhd Lot 30871 Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor Darul Ehsan	Freehold	186,834 sq ft	Land, factory and warehouse	13	12,300	11.01.2005	
Seng Yip Furniture Sdn Bhd Lot 30872 Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor Darul Ehsan	Freehold	550,869 sq ft	Land, factory and warehouse	13	28,356	11.01.2005	
Seng Yip Furniture Sdn Bhd Lot 4660, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan Darul Khusus	Leasehold expiring on 18.06.2089	90,527 sq ft	Land and factory	5-26	717	01.03.2013	66
Seng Yip Furniture Sdn Bhd Lot 4654 & 4655 Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan Darul Khusus	Leasehold expiring on 18.06.2089	167,481 sq ft	Land, factory and warehouse	25	4,943	25.07.2013	66
Seng Yip Furniture Sdn Bhd Lot 4664 , Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan Darul Khusus	Leasehold expiring on 18.06.2089	109,343 sq ft	Vacant land		865	19.11.2015	66

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting ("51st AGM") of Mieco Chipboard Berhad ("MIECO" or the "Company") will be conducted on a virtual basis entirely through live streaming from the broadcast venue at Board Room, No. 1, Block C, Jalan Indah 2/6, Taman Indah, Batu 11, 43200 Cheras, Selangor Darul Ehsan on Tuesday, 28 May 2024 at 9:30 a.m..

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.	[Please refer to Explanatory Note (a)]

AS ORDINARY BUSINESS

2.	To approve the Payment of Directors' fees and benefits to the Non-Executive Directors up to an amount of RM350,000.00 from 29 May 2024 until the next Annual General Meeting of the Company.	Ordinary Resolution 1
3.	To re-elect the following Directors retiring in accordance with Clause 103 of the Company's Constitution and who, being eligible, offer themselves for re-election:	
	(i) Datuk Dr. Roslan Bin A. Ghaffar	Ordinary Resolution 2
	(ii) Mr. Kajendra A/L Pathmanathan	Ordinary Resolution 3
4.	To re-elect Madam Tan Poh Cheok, the Director who is retiring pursuant to Clause 110 of the Company's Constitution, and being eligible, offer herself for re-election.	Ordinary Resolution 4
5.	To re-appoint Messrs UHY as auditors of the Company and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 5

AS SPECIAL BUSINESS

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

Ordinary Resolution 6

"THAT, subject always to the Companies Act 2016 (the "Act"), the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Act to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

THAT pursuant to Section 85 of the Act to be read together with Clause 61 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so be issued on Bursa Malaysia Securities Berhad ("Bursa Securities");

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")**

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised 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 as the Directors may deem fit and expedient in the interest of the Company, provided that: Ordinary Resolution 7

(i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase(s);

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest Audited Financial Statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

THAT the authority conferred by this Resolution shall commence immediately and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

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

By Order of the Board

NG GEOK LIAN (LS 0007155)
SSM Practicing Certificate No. 201908002080
COMPANY SECRETARY

Cheras, Selangor Darul Ehsan
29 April 2024

NOTES:

1. The 51st AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on website at www.metramanagement.com.my. Please follow the procedures provided in the Administrative Details of 51st AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the 51st AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be at the main venue of the meeting. No shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 51st AGM.

3. Members may submit questions to the Board of Directors prior to the 51st AGM to elaine@mieco.com.my no later than 9:30 a.m. on Monday, 20 May 2024 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.

4. Since the 51st AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

5. A proxy may but need not be a member of the Company and a member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.

6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owner in one (1) 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 its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.

9. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Metra Management Sdn. Bhd. at 35th Floor, Menara Multi- Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur ("Share Registrar Office") not less than 48 hours before the time for holding the 51st AGM or at any adjournment thereof, either by hand or post to the Share Registrar Office or email to corporate@mweh.com.my. In the case where the instrument appointing a proxy is delivered by email, the original instrument appointing a proxy shall also be deposited at the Share Registrar Office, either by hand or post not less than 48 hours before the time for holding the 51st AGM or at any adjournment thereof.

10. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors ("ROD") as at 20 May 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

11. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 51st AGM will be put to vote on a poll.

Explanatory Notes on Ordinary and Special Business:

a. **Item 1 of the Agenda**

This Agenda item is meant for discussion only. The provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements, hence, this Agenda item is not put forward for voting.

b. **Ordinary Resolution 1 : To Approve the Payment of Directors' Fees and Benefits Payable**

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

The total estimated Directors' fees and benefits payable to Non-Executive Directors are calculated based on the current Board of Directors ("Board") size and the number of scheduled meetings for the period from 29 May 2024, being the day after the 51st AGM until the next AGM and other benefits.

In the event that the proposed Directors' fees and benefits payable to Non-Executive Directors are insufficient due to enlarged size of the board of directors, approval will be sought at the next AGM for additional Directors' fees and benefits to meet the shortfall.

The proposed Resolution 1, if passed, will facilitate the payment of Directors' fees and benefits to Non-Executive Directors on a monthly basis and/or as and when required. The Board is of the view that Directors should be paid such fees and meeting allowances upon them discharging their responsibilities and rendering their services to the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

c. **Ordinary Resolutions 2, 3 and 4: Re-election of Directors**

The performance and independence of each Director who is recommended for re-election have been assessed through the Board annual evaluation. The Nomination and Remuneration Committee has also conducted an assessment on the fitness and properness of the retiring Directors including the review of their fit and proper assessment declarations in accordance with the Fit and Proper Policy of the Company. The Nomination and Remuneration Committee and the Board are satisfied with the performance, fitness and independence of Datuk Dr. Roslan Bin A. Ghaffar, Mr. Kajendra A/L Pathmanathan and Madam Tan Poh Cheok who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 51st AGM.

The profiles of Directors who are standing for re-election are set out in the Directors' Profile of Annual Report 2023.

d. **Ordinary Resolution 5: Re-appointment of Auditors**

The Audit Committee had undertaken an annual assessment of the external auditors, Messrs UHY ("UHY") on their independence, scope of audit, audit fee, expertise and experience, performance based on annual audit scope and planning. The Audit Committee was satisfied with the suitability of UHY on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Company and recommended the re-appointment of UHY to the Board for their recommendation to the shareholders for re-appointment at the 51st AGM until the conclusion of the next AGM.

The Board had endorsed the Re-appointment of Auditors.

The proposed Resolution 5, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

e. **Ordinary Resolution 6: Authority to Issue Shares pursuant to the Companies Act, 2016 and Waiver of Pre-emptive Rights**

The Company had been granted a general mandate by its shareholders at the 50th AGM of the Company held on 29 May 2023 to issue shares pursuant to the Act.

The Company wishes to renew the mandate on the authority granted to the Directors to issue and allot shares pursuant to the Act at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being.

The general mandate will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without incurring any further cost to convene a separate general meeting to approve such authority. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Company has not issued any new shares pursuant to the general mandate granted to the Directors at the 50th AGM held on 29 May 2023 and which will lapse at the conclusion of the 51st AGM.

Pursuant to Section 85 of the Act read together with Clause 61 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities.

The proposed Resolution 6, if passed, would allow the Directors to issue new shares to any person under the authority to issue shares pursuant to the Act without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

f. **Ordinary Resolution 7: Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution 7, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

For further information on this resolution, please refer to the Statement to Shareholders dated 29 April 2024.

Personal Data Privacy by lodging of a completed Form of Proxy to the Company and the Share Registrar (as the case maybe) for appointing a proxy(ies) and/or representative(s) to attend and/or in person at the 51st AGM and any adjournment therefore, a shareholder of the Company and the Share Registrar is hereby: i. consenting to the collection, use and disclosure of the member's personal data by the Company and to Share Registrar (as the case maybe) for the purpose of the processing and administration by the Company and the Share Registrar (as the case maybe) of proxy(ies) and representative(s) appointed for the 51st AGM (including any adjournment thereof), and in order for the Company and the Share Registrar (as the case maybe) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively the "Purpose"). ii. warranting that where the member discloses the personal data of shareholder's proxy(ies) and/or representative(s) to the Company and the Share Registrar (as the case maybe), the shareholder has obtained to prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company and the Share Registrar (as the case maybe) of the personal data of such proxy(ies) and/or representative(s) for the purpose ("Warranty"); and iii. agreeing that the member will indemnify the Company and the Share Registrar (as the case maybe) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of Warranty.

For the purpose of the paragraph, "personal data" shall have the same meaning given in section 4 of Personal Data Protection Act 2010.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

1. No individual is standing for election as a Director (excluding the above Directors who are standing for re-election) at the forthcoming 51st AGM of the Company.

2. The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are set out under Explanatory Note "e" of the Notice of the 51st AGM of the Company.

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FORM OF PROXY

MIECO

Mieco Chipboard Berhad
(Registration No. 197201001235 [12849-K])

CDS ACCOUNT NO.
_ _ _ - _ _ _ - _ _ _ _ _ _ _ _ _

I/We ____ Tel No. ____________________
(FULL NAME IN BLOCK CAPITALS)

NRIC No./Company No. ______________________________ of ______________________________
(ADDRESS)

____ being a Member

of **MIECO CHIPBOARD BERHAD**, hereby appoint ____
(FULL NAME IN BLOCK CAPITALS)

NRIC No. ______________________ of ____
(ADDRESS)

______________________Tel No.______________ Email address ____________________

or failing him, ________________________________ NRIC No. ____________________
(FULL NAME IN BLOCK CAPITALS)

of ____
(ADDRESS)

Tel No. ________________ Email address ______________________________ or failing him,

the **CHAIRMAN OF THE MEETING** as my/our proxy to vote on my/our behalf at the Fifty-First Annual General Meeting ("51st AGM") of the Company to be conducted entirely through live streaming from the broadcast venue at Board Room, No. 1, Block C, Jalan Indah 2/6, Taman Indah, Batu 11, 43200 Cheras, Selangor Darul Ehsan on Tuesday, 28 May 2024 at 9:30 a.m. and at any adjournment thereof.

No.	Agenda	FOR	AGAINST
Ordinary Business			
1.	Ordinary Resolution 1 - To approve the payment of Directors' fees and benefits to the Non-Executive Directors up to an amount of RM350,000.00 from 29 May 2024 until the next Annual General Meeting of the Company.		
2.	Ordinary Resolution 2 - To re-elect Datuk Dr. Roslan Bin A. Ghaffar who retires by rotation in accordance with Clause 103 of the Company's Constitution and being eligible, offers himself for re-election.		
3.	Ordinary Resolution 3 - To re-elect Mr. Kajendra A/L Pathmanathan who retires by rotation in accordance with Clause 103 of the Company's Constitution and being eligible, offers himself for re-election.		
4.	Ordinary Resolution 4 - To re-elect Madam Tan Poh Cheok who retires by rotation in accordance with Clause 110 of the Company's Constitution and being eligible, offers herself for re-election.		
5.	Ordinary Resolution 5 - To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Special Business			
6.	Ordinary Resolution 6 – Authority to Issue Shares pursuant to the Companies Act 2016 and Waiver of Pre-emptive Rights.		
7.	Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back		

Please indicate with an "X" how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand(s) this _______ day of _______________, 2024.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the two (2) proxies		
	No. Of Shares	Percentage
Proxy 1		
Proxy 2		
Total		**100**

Number Of Shares Held

____
Signature Of Member

Fold this flap for sealing

Notes:

1. *The 51st AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on website at www.metra management.com.my. Please follow the procedures provided in the Administrative Details of 51st AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *The Broadcast Venue of the 51st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting.* ***No*** *shareholders/proxies from the public should be physically present at the Broadcast Venue on the day of the 51st AGM.*
3. *Members may submit questions to the Board of Directors prior to the 51st AGM to elaine@mieco.com.my no later than 9:30 a.m. on Monday, 20 May 2024 or to use the Question and Answer platform to transmit questions to Board of Directors via RPV facilities during live streaming.*
4. *Since the 51st AGM will be conducted via a virtual meeting, a member entitled to attend and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.*
5. *A proxy may but need not be a member of the Company and a member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholding to be represented by each proxy.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owner in one (1) 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 its holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
8. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the Form of Proxy must be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.*

Then fold here

AFFIX
STAMP

The Share Registrar
Metra Management Sdn. Bhd.
35th Floor, Menara Multi-Purpose,
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

1st fold here

9. *The instrument appointing a proxy must be deposited at the Company's Share Registrar, Metra Management Sdn. Bhd. at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur ("Share Registrar Office") not less than 48 hours before the time for holding the 51st AGM or at any adjournment thereof, either by hand or post to the Share Registrar Office or email to corporate@mweh.com.my. In the case where the instrument appointing a proxy is delivered by email, the original instrument appointing a proxy shall also be deposited at the Share Registrar Office, either by hand or post not less than 48 hours before the time for holding the 51st AGM or at any adjournment thereof.*
10. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors ("ROD") as at 20 May 2024 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.*
11. *Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 51st AGM will be put to vote on a poll.*

Personal Data Privacy *by lodging of a completed Form of Proxy to the Company and the Share Registrar (as the case maybe) for appointing a proxy(ies) and/or representative(s) to attend and/or in person at the 51st AGM and any adjournment therefore, a shareholder of the Company and the Share Registrar is hereby: i. consenting to the collection, use and disclosure of the member's personal data by the Company and to Share Registrar (as the case maybe) for the purpose of the processing and administration by the Company and the Share Registrar (as the case maybe) of proxy(ies) and representative(s) appointed for the 51st AGM (including any adjournment thereof), and in order for the Company and the Share Registrar (as the case maybe) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively the "Purpose"). ii. warranting that where the member discloses the personal data of shareholder's proxy(ies) and/or representative(s) to the Company and the Share Registrar (as the case maybe), the shareholder has obtained to prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company and the Share Registrar (as the case maybe) of the personal data of such proxy(ies) and/or representative(s) for the purpose ("Warranty"); and iii. agreeing that the member will indemnify the Company and the Share Registrar (as the case maybe) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of Warranty.*

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MIECO

MIECO CHIPBOARD BERHAD

(Registration No. 197201001235 [12849-K])

No. 1, Block C, Jalan Indah 2/6, Taman Indah, Batu 11, 43200 Cheras, Selangor Darul Ehsan
Tel : 603 - 9075 9991 Fax : 603 - 9080 7991