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, Malaysia

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MIECO CHIPBOARD BERHAD Registration No: 197201001235 (12849-K) I ANNUAL REPORT 2024

MIECO

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

Annual Report 2024

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GROUP **CORPORATE STRUCTURE**

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% MARITIME SKILLS RESOURCES SDN. BHD.
- 100% GREAT PLATFORM SDN. BHD.
  - 100% PARTICLEBOARD MALAYSIA SDN. BHD.
- 100% SENG YIP FURNITURE SDN. BHD.
- 100% ASPIRE BENCHMARK 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 MALAYSIA PLT
202406000040 (LLP0041391-LCA)
& 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
Maybank Islamic 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

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Age | Nationality | Gender

Datuk Dr. Roslan Bin A. Ghaffar, 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 the Employee Provident Fund ("EPF") 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 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.

Datuk Dr. Roslan is currently a director of Leader Steel Holdings Berhad, a company listed on Bursa Securities Malaysia Berhad.

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 2024.

Datuk Dr. Roslan attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

DIRECTORS' **PROFILE** (CONT'D)

DATO' SRI NG AH CHAI
Group Managing Director

62 Age | Nationality | Gender

Dato' Sri Ng Ah Chai, 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 (now 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 major shareholder of the Company. He is also 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 2024.

Dato' Sri Ng attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE
(CONT'D)

MR. NG WEI PING, KEITH
Executive Director

35
Age | Nationality | Gender

Mr. Ng Wei Ping, Keith, 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.

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

Mr. Keith joined SYF Resources Berhad ("SYF") (now 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 2024.

Mr. Keith attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

DIRECTORS' **PROFILE** (CONT'D)

MR. CHEAM TOW YONG

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

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Age | Nationality | Gender

Mr. Cheam Tow Yong, 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 (now known as M & A Equity Holdings Bhd) 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 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 2024.

Mr. Cheam attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE
(CONT'D)

MR. KAJENDRA A/L PATHMANATHAN

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

51
Age | Nationality | Gender

Mr. Kajendra A/L Pathmanathan, 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 Bhd before joining Wellous Group in May 2023 where he presently holds the position of Chief Financial and Operations 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 2024.

Mr. Kajendra attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE
(CONT'D)

MADAM TAN POH CHEOK
Independent Non-Executive Director
Member of Audit, Nomination and Remuneration Committees

62
Age | Nationality | Gender

Madam Tan Poh Cheok, 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 2024.

Madam Tan attended all five (5) Board Meetings of the Company held during the financial year ended 31 December 2024.

KEY SENIOR **MANAGEMENT'S PROFILE**

DATO' SRI NG AH CHAI
Malaysian, aged 62, 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 35, 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 51, 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. 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 other than traffic offences, if any. There was also no public sanction or penalty imposed by any regulatory body against him during the financial year ended 31 December 2024.

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

MS. NG SHER WIN

Ms. Ng Sher Win, aged 31, 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 2024.

MR. LEE OON KAR

Mr. Lee Oon Kar, aged 54, 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. He was redesignated as Financial Controller of SYF Resources Berhad in 2007, the holding company of Seng Yip Furniture Sdn Bhd.

He left SYF Resources Berhad to join Mieco Chipboard Berhad as Financial Controller in 2023 upon completion of acquisition of Seng Yip Furniture Sdn Bhd by Mieco Chipboard Berhad.

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 2024.

GROUP MANAGING DIRECTOR'S **STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS**

Dear Shareholders,

It is my pleasure to present the annual report and audited financial statements as well as management discussion and analysis for Mieco Chipboard Berhad ("MIECO" or "the Group") for the financial year ended 31 December 2024 ("FY2024").

BUSINESS OVERVIEW

The core business of the Group is manufacturing and distribution of particle boards, melamine faced boards ("MFC"), medium density fibreboards ("MDF") and solid rubberwood products. MIECO has a total annual production capacity of over 600,000m^3 and several manufacturing plants across locations in Pahang, Selangor and Negeri Sembilan.

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 has also secured a significant number of Ecolabels which meet US EPA, European and Japanese Industrial's standards.

MIECO is a major supplier of the entire range of boards and solid rubberwood products to meet domestic demand coming from the furniture industry, renovation & fit-out construction industry and intermediaries who laminate chipboards for end users.

2024 was another challenging year with no resolution in sight for the various on-going geopolitical conflicts causing disruption and uncertainties to the business environment. In the midst of these adversities, the local economy fortunately remained resilient to record growth of 5.1% in the GDP for 2024, a further improvement over the 3.6% in 2023.

The Group recorded a modest net profit of RM1.5 million for the FY2024 against the net loss of RM65.1 million in the previous year. The turnaround was due to higher sales revenue with better product mix and cost savings from the on-going rationalisation of our production facilities. The positive result was also facilitated by the absence of any major impairment of assets which had affected the previous year's results by RM38.9 million.

COMMITMENT TO CORPORATE GOVERNANCE AND SUSTAINABILITY

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

During the year, the Group has taken affirmative action to embed our 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 aware of and strive 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 FY2024 is outlined in the Sustainability Statement on pages 16.

REVIEW OF FINANCIAL PERFORMANCE

During the financial year under review, the Group revenue rose 14%, from RM358.9 million in FY2023 to RM408.0 million, mainly attributed to higher sales volume and more favourable sales mix.

Consequently, the Group recorded a net profit of RM1.5 million from a net loss of RM65.1 million posted in FY2023. The turnaround results were mainly attributed to the higher sales and improved production efficiency as well as the absence of the one-off impairment losses on plant and machinery of RM38.9 million provided in the last financial year.

GROUP MANAGING DIRECTOR'S **STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS** (CONT'D)

With the positive results, the Group's cash flow improved as follows:

a) Net cash generated from operating activities of RM8.4 million against profit before tax of RM2.9 million after adjusting for, amongst others, the following major items:

- Depreciation of property, plant and equipment and right-of use assets totalling RM27.2 million;
- Finance cost of RM15.1 million; and
- Net decrease in working capital of RM21.2 million.

b) Net cash used in investing activities of RM14.9 million, mainly arising from net cash outflow of purchase of property, plant and equipment and addition in biological assets of RM12.2 million and RM3.5 million respectively.

c) Net cash from financing activities of RM25.4 million, mainly contributed by drawdown of bank trade facilities of RM29.5 million.

Bank borrowings and lease liabilities totalling RM237.7 million as at end FY2024 increased by RM12.1 million from RM225.6 million a year ago, resulting in a higher gross gearing ratio of 0.72 from 0.69 previously. The increase was mainly due to the drawdown of bank trade facilities for the Group's working capital. The Group maintains a prudent and manageable level of borrowings that complies with debt covenants.

At the end of the financial year, the Group's net assets per share remain unchanged at 33 sen.

REVIEW OF OPERATIONS

Operating conditions in 2024 were not much different from the previous year with geopolitical conflicts and global economic conditions affecting the supply chain and market demand. With the price of particle boards being affected by bigger manufacturers in other producing countries, we started the year by intensifying and shifting our focus to the production of higher value added products and gradually reducing our reliance on basic boards.

Our range of MIECO High Pressure Laminates ("HPL") and MFC are high quality core materials suitable for use in home and office furnishings with extensive product range incorporating attractive designs, colour themes and textures. With the growing trend among local property developers to include basic furnishings in their product offerings, we targeted to increase our sales of these products by directly collaborating with developers and their main contractors in addition to our usual distribution channels.

During the year, the cost of timber raw materials continued to rise with supply being affected by weather conditions and demand from the biomass industry. Our other cost components such as glue and energy cost were fairly stable.

As for wages which had been on the rise in recent years, there was no change in the mandatory minimum monthly rate during 2024. However, this has changed in February 2025 with the minimum monthly wage going up to RM1,700 from the existing RM1,500. In addition, there is also the expected implementation of 2% EPF contribution for foreign workers sometime in 2025.

On the production front, we were able to reduce operating overheads with the consolidation of the Pahang plants that was completed in the second half of 2023. In 2024, we discontinued the processing facilities in Simpang Pertang as they were not vital to our operations any longer. With the on-going rationalisation of our manufacturing facilities, we shall continue to seek further avenues to improve our operations and free up resources for re-deployment in order to meet the challenges ahead.

CORPORATE DEVELOPMENT

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

GROUP MANAGING DIRECTOR'S **STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS** (CONT'D)

BUSINESS STRATEGY

The acquisition of Seng Yip Furniture Sdn Bhd ("SYF") and consolidation of our Pahang plants in 2023 were major milestones in our business strategy that contributed to our results in 2024. We continued with the rationalisation exercise in 2024 and discontinued our kiln drying facilities in Simpang Pertang which were no longer vital to our operations. Apart from reducing our operating cost, the assets freed up will enable us to re-deploy our resources more effectively.

At the top line, our strategy is to improve our sales mix with increasing contribution from higher value added products and to reduce our dependence on the price-sensitive basic products. We also seek to introduce complementary products to broaden our product range as we move up the value chain. We will consider collaborations with other parties if opportunities arise.

Meanwhile, our investment in forest plantation is expected to start bearing fruition in another three years which will provide us with raw material security and a potential source of additional income.

INDUSTRY PROSPECTS AND OUTLOOK

For 2025, growth in the global economy is expected to remain broadly sustained, supported by positive labour market conditions, moderating inflation and less restrictive monetary policy. Disinflation, especially among advanced economies, is expected to continue, aided by lower commodity prices. The expansion in global trade is also expected to continue going forward. However, the rollout of measures that could restrict trade and investment could weigh on global trade.

Downside risks to growth remain, mainly from uncertainty surrounding trade and investment restrictions. In contrast, upside risks to growth could arise from stronger US growth, if policies from the new administration significantly spurs domestic demand.

The Malaysian economy is expected to remain resilient in 2025. Growth will be driven by robust expansion in investment activity, resilient household spending and continued expansion in exports. Investment activities will be driven by continued progress of multi-year projects in both the private and public sectors, higher realisation of approved investments and the implementation of catalytic initiatives under the national master plans. Employment and wage growth as well as policy measures, including the upward revision of the minimum wage and civil servant salaries, would remain supportive of household spending. Exports are expected to be supported by the global tech upcycle, continued growth in non-electrical and electronics goods and higher tourist spending.

The growth outlook is subject to downside risks if growth in major trading partners slowed amid heightened risk of trade and investment restrictions, and lower-than-expected commodity production. Nevertheless, growth could potentially be higher from greater spillovers from the tech upcycle, more robust tourism activities, and faster implementation of investment projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2024, Bank Negara Malaysia)

Global growth and economic prospects remained shrouded with uncertainty and unpredictability and weighed by high interest rates. While these are external factors beyond control, the Group will remain vigilant in monitoring developments to assess and mitigate their potential impact on our operations.

RISK MANAGEMENT

Geopolitical conflicts and global developments have continued to be unpredictable resulting in volatility and disruption of the operating environment. Events over the recent few years have imbued in us the need to be pro-active in identifying potential risks in order to survive and remain competitive.

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.

Typical of a manufacturing concern, the availability of raw materials in a timely and consistent manner and at a cost-effective price is crucial. With the acquisition of SYF and our investment in forest plantation, we have taken steps to safeguard this area.

GROUP MANAGING DIRECTOR'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

Nevertheless, the rise of alternative materials like plastics, steel, aluminium, composites and engineered wood products has made them an increasingly popular choice for consumers. This poses a threat to the timber industry as it could reduce the demand for wood products. More efforts are required to promote the utilisation of wood as a sustainable material in alignment with the concept of a circular bio-economy.

The risk of inflation continues to permeate through all levels of the economy. Changes to these costs have to be closely monitored and alternative sources or substitutes quickly sought where possible.

For our exports, proceeds are mainly denominated in 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 2024.

APPRECIATION

On behalf of the Board, I take this opportunity to thank the MIECO team in recognition of their dedication and commitment to see us through these difficult 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 guidance as we worked through the challenges and obstacles during the year.

Thank you all.

Dato' Sri Ng Ah Chai
Group Managing Director

SUSTAINABILITY **STATEMENT**

OVERVIEW OF THE SUSTAINABILITY STATEMENT

This statement provides a comprehensive overview of our sustainability journey for the financial year ended 2024 (FYE2024), showcasing our unwavering commitment to environmental stewardship, social responsibility, and good governance. Throughout the year, we have continued to integrate sustainability principles into our operations and decision-making processes, recognising that our long-term success is intrinsically tied to the well-being of the planet, the prosperity of the communities we serve, and the ethical management of our business.

Reflecting on FYE2024, we have taken deliberate steps to address key environmental, social, and governance (ESG) priorities within our Manufacturing of Wood-Based Products Division (Manufacturing Division). These efforts are not merely aimed at compliance but are grounded in our belief that sustainable practices are essential for building resilience, enhancing stakeholder trust, and creating shared value. By aligning with international frameworks such as the Bursa Malaysia Sustainability Reporting Guidelines, the United Nations Sustainable Development Goals (UNSDG), and the Global Reporting Initiative (GRI) Standards, we have worked to ensure that our initiatives contribute meaningfully to global sustainability goals.

This statement highlights our achievements, identifies the challenges faced, and outlines our aspirations for the future, reflecting our dedication to advancing a sustainable business model that generates positive impact across all dimensions of our operations.

SUSTAINABILITY **STATEMENT** (CONT'D)

ABOUT OUR COMPANY

MIECO Chipboard Berhad ("MIECO" or the "Company") is a prominent Malaysian company specialising in the manufacturing and distribution of wood-based products. Established in 1972, the Company has grown to become a key player in the industry, offering a diverse range of wooden products such as plain particle board, melamine-faced chipboard (MFC), medium-density fibreboard (MDF) and solid rubber wood. These products cater to various sectors, including furniture manufacturing, interior design, and construction.

Headquartered in Cheras, Malaysia, MIECO operates manufacturing facilities in Kuala Lipis, which are equipped with advanced technology to ensure high-quality production standards. The Company is committed to sustainable practices, sourcing raw materials responsibly and continuously innovating to reduce its environmental footprint.

MIECO serves both domestic and international markets, exporting its products to countries across Asia, the Middle East, Africa, and Australasia. Its dedication to quality and sustainability has earned it a strong reputation in the global market. In addition to its core manufacturing operations, MIECO also provides management and investment services, further diversifying its business portfolio. The Company is listed on the Main Market of Bursa Malaysia, reflecting its established presence and credibility in the industry.

MIECO has achieved several notable certifications that underscore its commitment to quality, environmental responsibility, safety and legality: Below are the certifications obtained from various certifications bodies further amplifying MIECO's commitment to sustainable business practices.

ISO 9001:2015 – Quality Management System certification, ensuring consistent product quality and customer satisfaction.

ISO 14001:2015 – Environmental Management System certification, reflecting adherence to environmental standards and sustainable practices.

ISO 45001:2018 – Occupational Health and Safety Management System certification, demonstrating a commitment to workplace safety and employee well-being.

PEFC-CoC (Programme for the Endorsement of Forest Certification - Chain of Custody) – Certification ensuring that wood products originate from sustainably managed forests.

CARB II (California Air Resources Board) Compliance – Certification for low formaldehyde emission boards, meeting stringent air quality standards.

JIS Mark A5908:2022 – Japanese Industrial Standard accreditation, indicating compliance with rigorous quality and safety standards.

MyHijau – Certification recognizing environmentally friendly products and services in Malaysia.

MPCA (Malaysian Phytosanitary Certification Assurance) – Certification ensuring products are free from pests and comply with plant health standards.

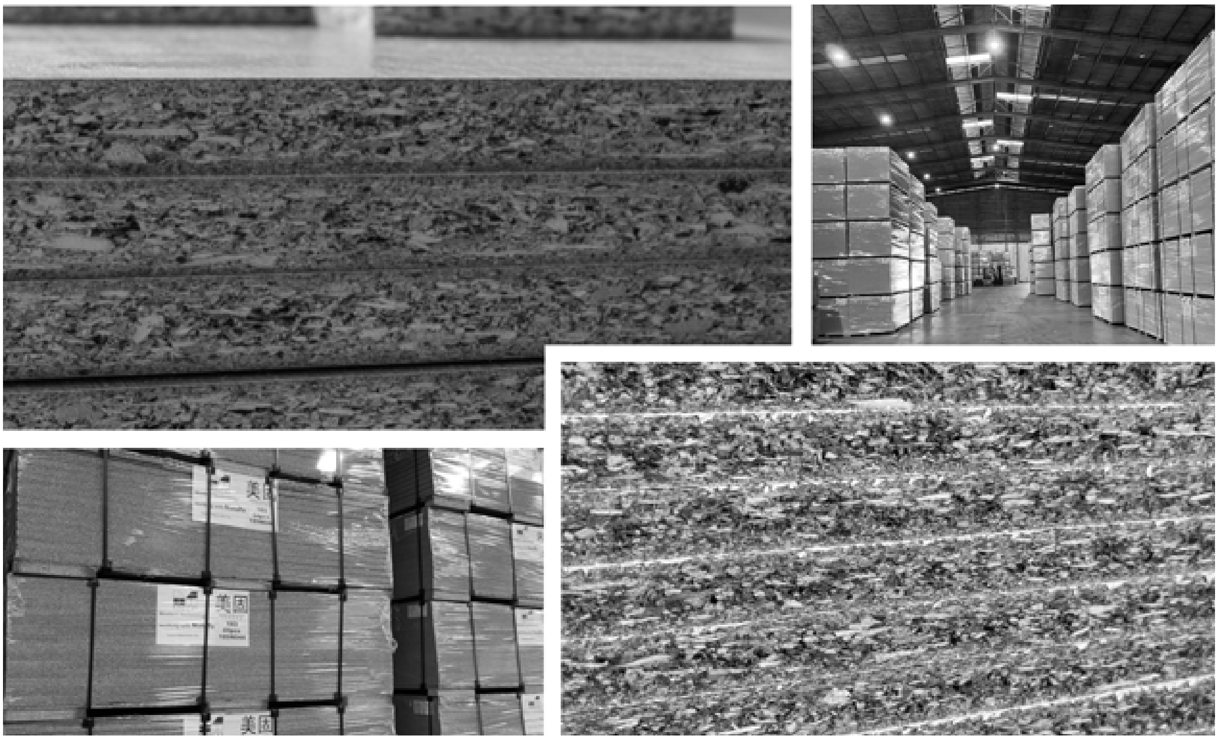
MTIB Product Certification – Certification for panel products in compliance with the level of formaldehyde emission used in domestic market, governed under the Sub-section 12 (2)(k) of the Malaysian Timber Industry Board (Incorporation) Act 973 (Act 105).

Singapore Green Label (SGL) – Certification on environment-friendly products that meet certain eco-standards and seeks to encourage the level of eco-consumerism and greener products in the market. Further, hopes to create a backlash effect, encouraging manufacturers to design and manufacture with the environment in mind.

These certifications highlight MIECO's dedication to maintaining high standards in product quality, environmental sustainability, and occupational health, safety and legality.

SUSTAINABILITY **STATEMENT**
(CONT'D)

RUBBERWOOD RAW MATERIALS



PARTICLE BOARDS

SUSTAINABILITY **STATEMENT** (CONT'D)

DECORATIVE PANELS

VISION AND MISSION

MIECO's vision and mission are deeply rooted in its commitment to delivering exceptional quality and innovation while fostering continuous improvement. Central to this is the Company's adherence to its Corporate Mission statement and Quality Policy, which guide every aspect of its operations.

Beyond technology, MIECO places a strong emphasis on human resource development, recognising that its people are critical to achieving its vision. Factory personnel receive regular training to enhance their skills, while marketing teams engage in international exhibitions and trade fairs to stay ahead of industry trends. The Company takes pride in recruiting talent from both local universities as well as overseas graduates, ensuring a diverse and capable workforce.

Aligned with its commitment to continuous process improvement and research and development, MIECO consistently delivers innovative products and exemplary services. Its Vision, Direction, and Corporate Values are seamlessly integrated with the essence of its Corporate Brand, embodying a dedication to operational excellence, sustainable practices, and creating long-term value for stakeholders.

SUSTAINABILITY **STATEMENT**
(CONT'D)

SCOPE OF BOUNDARIES

For the FYE2024, this Sustainability Statement focuses on the operations of MIECO 's Manufacturing Division, covering its facility in Kuala Lipis, Malaysia. The report addresses key ESG initiatives, including efforts to reduce environmental impact, enhance employee welfare, and ensure ethical governance. Guided by Bursa Malaysia's Sustainability Reporting Guidelines, the UNSDG, and the GRI Standards, it reflects our ongoing commitment to responsible business practices and value creation for stakeholders within the defined operational and geographical scope.

This sustainability statement covers MIECO 's Manufacturing Division for FYE2024 at Kuala Lipis facility.

REPORTING FRAMEWORK

The sustainability reporting for MIECO for the FYE2024 adheres to internationally recognised frameworks to ensure transparency, consistency, and alignment with global best practices. The reporting is guided by:

BURSA MALAYSIA

GRI STANDARDS

1. **Bursa Malaysia Sustainability Reporting Guidelines:** This framework ensures compliance with local regulatory requirements and highlights material ESG factors relevant to stakeholders.

2. **UNSDG:** The report aligns with key UNSDGs, demonstrating MIECO's contribution towards addressing global challenges such as climate action, responsible consumption, and decent work.

3. **GRI Standards:** The GRI Standards provide a comprehensive structure for disclosing material ESG impacts, ensuring the report is balanced, comparable, and stakeholder focused.

These frameworks underpin the preparation of the Sustainability Statement, ensuring robust reporting of achievements, challenges, and forward-looking commitments for the FYE2024.

SUSTAINABILITY **STATEMENT** (CONT'D)

ASSURANCE

The Company ensures transparency and accuracy in its sustainability disclosures by adhering to GRI Standards and Bursa Malaysia's Sustainability Reporting Guidelines. Our data is validated internally by the Board and Sustainability Committee.

FORWARD LOOKING STATEMENTS

MIECO remains committed to advancing its sustainability journey by building on the progress achieved in FYE2024. Moving forward, we aim to set science-based targets for reducing carbon emissions, expand our sustainability initiatives to encompass additional business divisions, and strengthen our stakeholder engagement through enhanced transparency and reporting. Guided by our commitment to environmental stewardship, social responsibility, and sound governance, we will continue to innovate, invest in sustainable technologies, and drive initiatives that align with global sustainability frameworks. These efforts are a testament to our dedication to creating long-term value for our stakeholders and contributing to a sustainable future.

SUSTAINABILITY PLEDGE

At MIECO, we believe that sustainability is not just a responsibility, it is an opportunity to redefine how businesses coexist with nature. As global citizens, we recognise the urgent need for action to address climate challenges and environmental degradation. Our pledge is rooted in a deep commitment to creating a greener, cleaner future for generations to come.

To achieve this vision, we pledge to minimize our environmental impact through innovative practices and resource optimisation. From reducing waste to enhancing energy efficiency, we continually strive to adopt eco-conscious solutions in all aspects of our operations. Our goal is to not only meet industry standards but to set new benchmarks for environmental stewardship.

Furthermore, we prioritise the development of sustainable products that align with our mission to protect and preserve the planet. By integrating eco-friendly materials and technologies into our designs, we aim to provide solutions that benefit both our customers and the environment. Sustainability guides our innovation, ensuring that progress never comes at the expense of nature's balance.

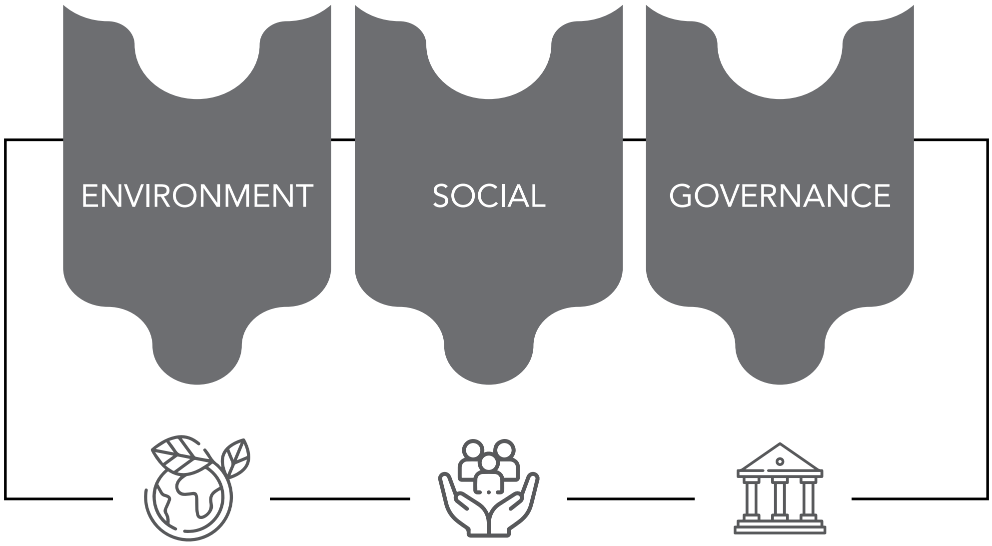
Our commitment extends beyond our business to the communities we serve. Through transparent reporting, collaborations with like-minded partners, and efforts to raise awareness, we aim to inspire a collective movement toward sustainability. Together, we can create a harmonious balance between economic growth and environmental preservation.

At MIECO, we see sustainability as a shared journey. Our pledge reflects our determination to lead by example, driving meaningful change and empowering others to join us. With every step forward, we reaffirm our dedication to building a world where people and the planet thrive together.

SUSTAINABILITY **STATEMENT**
(CONT'D)

OUR APPROACH TOWARDS SUSTAINABILITY

Our Company demonstrates a strong commitment to sustainability by integrating ESG principles into its operations. The Company recognises the importance of balancing economic growth with environmental stewardship and social responsibility. MIECO actively works to minimise its environmental footprint by adopting eco-friendly practices, optimising resource usage, and reducing waste across its production processes.



In addition to environmental efforts, MIECO emphasizes sustainable innovation by incorporating eco-conscious materials and technologies into its products. This approach not only meets customer demands but also aligns with the Company's mission to protect and preserve the planet. MIECO's dedication to sustainability extends to its corporate governance, ensuring transparency, accountability, and ethical practices in all aspects of its business.

The Company also engages with stakeholders, including employees, customers, and communities, to promote awareness and collaboration on sustainability initiatives. By fostering partnerships and encouraging collective action, MIECO aims to drive meaningful change and contribute to a greener future.

Through its comprehensive sustainability strategy, MIECO positions itself as a responsible corporate citizen, committed to creating long-term value for its stakeholders while safeguarding the environment for future generations.

OUR ALIGNMENT WITH UNSDGs

MIECO aligns its operations and initiatives with the UNSDGs to contribute meaningfully to global sustainability efforts.

The Company actively supports **Goal 8: Decent Work and Economic Growth** by fostering a safe, inclusive, and empowering workplace. The Company invests in employee training and development, ensuring its workforce is equipped with the skills needed to thrive in a competitive industry. Additionally, MIECO engages with local communities to create shared value and promote social well-being.

MIECO also supports **Goal 12: Responsible Consumption and Production** by optimising resource efficiency, reducing waste, and promoting sustainable manufacturing practices. Through energy-efficient technologies and waste management strategies, MIECO minimises its environmental footprint while maintaining high production standards.

In alignment with **Goal 13: Climate Action**, MIECO is committed to reducing its carbon emissions and addressing climate-related challenges. The Company has initiated efforts to assess and manage its carbon footprint, ensuring its operations are resilient and environmentally responsible.

By integrating these UNSDGs into its business strategy, MIECO demonstrates its dedication to sustainable development and its role as a responsible corporate citizen.

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is essential for MIECO to build trust, foster collaboration, and ensure long-term success. By maintaining open communication and addressing the unique needs of each stakeholder group, MIECO can create meaningful relationships that support its goals and values. Below is a detailed plan outlining the methods and frequency of engagement with key stakeholders.

Stakeholder Group	Method of Engagement	Frequency of Engagement
Employees	Employee induction training, safety briefings, training sessions, surveys, and internal newsletters	As needed (Employee induction, briefings and etc.) Annually (Employee feedback survey)
Customers	Customer feedback forms, satisfaction surveys, and direct communication (emails/calls)	Ongoing (direct communication)
Suppliers	Supplier performance reviews, contract negotiations, and collaborative workshops	Annually (reviews), As needed (negotiations)
Investors/ Shareholders	Annual general meetings (AGMs), financial reports, and investor briefings	Annually (AGMs), Quarterly (reports)
Local Communities	Community outreach programs, Corporate Social Responsibility ("CSR") initiatives, and public consultations	Biannually (outreach programs), As needed (consultations)
Regulatory Authorities	Compliance reports, audits, and formal meetings	Annually (reports), As required (meetings)

Maintaining regular and meaningful engagement with stakeholders is a cornerstone of MIECO's success. By adopting a structured approach to communication, the Company can effectively address stakeholder needs, foster trust, and support sustainable growth. This engagement strategy ensures that MIECO remains responsive, transparent, and aligned with the expectations of all its stakeholders.

As part of MIECO's commitment, MIECO's has also outlined its key critical concerns and its way forward. The table below depicts the areas of concern and how MIECO addresses each of the concerns: -

Key Critical Concerns	Addressing the Concern	Stakeholder Engagement	Key Performance Indicators ("KPIs")& Targets
Carbon Emissions (Scope 1, 2, 3)	Implement energy-efficient processes and alternative fuels (e.g. wood dust)	Regular ESG reporting, supplier & customer collaboration	Reduce Scope 1 & 2 emissions by 5% on annual basis by 2030
Carbon Emissions (Scope 1, 2, 3) **Sustainable Raw Material Sourcing**	Use certified forest wood, minimize deforestation impact	Supplier engagement, sustainability audits	Ensure 100% certified forest wood sourcing by 2028

SUSTAINABILITY **STATEMENT**
(CONT'D)

As part of MIECO's commitment, MIECO's has also outlined its key critical concerns and its way forward. The table below depicts the areas of concern and how MIECO addresses each of the concerns: - (cont'd)

Key Critical Concerns	Addressing the Concern	Stakeholder Engagement	Key Performance Indicators ("KPIs")& Targets
Energy Efficiency & Renewable Energy	Increase use of biomass energy, invest in solar power	Investors, regulators, industry partners	Achieve 20% renewable energy use by 2028
Waste Management & Circular Economy	Optimize raw material use, implement waste reduction programs	Community engagement, supply chain partnerships	Reduce waste to landfill by 20% by 2030
Water Management	Implement water recycling & conservation strategies	Compliance with local regulations & community initiatives	Reduce water consumption per unit output by 15% by 2026
Health & Safety of Workforce	Strengthen occupational health programs, training, and safety equipment	Employee engagement, OHS committees	Achieve zero workplace fatalities, reduce incident rates
Social Impact & Community Development	Invest in CSR initiatives and skill development programs	Community partnerships, NGO collaboration	Increase community engagement programs by 10% annually

ADDRESSING KEY CRITICAL CONCERNS IN MIECO'S PARTICLE BOARD MANUFACTURING

MIECO is committed to ensuring sustainability in its particle board manufacturing process by addressing key critical concerns that impact its operations, stakeholders, and the environment. By aligning with IFRS S1 (General Requirements for Disclosure of Sustainability-Related Financial Information) and IFRS S2 (Climate-Related Disclosures), MIECO integrates transparent reporting, risk management, and stakeholder engagement to drive meaningful progress.

One of the key concerns is carbon emissions across Scope 1, 2, and 3. MIECO is actively working to reduce its greenhouse gas (GHG) footprint by implementing energy-efficient processes and exploring alternative fuel sources such as wood dust. This initiative not only decreases reliance on fossil fuels but also promotes a circular economy by utilizing by-products from manufacturing. Engaging with investors, regulators, and customers, MIECO ensures that its emission reduction strategies align with global climate goals. The Company has set targets to reduce Scope 1 and 2 emissions by 5% by 2030, reinforcing its commitment to sustainability.

Another priority is sustainable raw material sourcing. MIECO prioritizes PEFC-certified wood, ensuring that its raw materials come from responsibly managed forests. This approach minimizes deforestation impact and enhances biodiversity conservation. Regular supplier engagements, sustainability audits, and collaborations with environmental organizations allow MIECO to uphold its commitment to sustainable sourcing. By 2028, the Company aims to achieve 100% certified wood sourcing, aligning with stakeholder expectations and regulatory requirements.

Energy efficiency and renewable energy adoption also play a crucial role in MIECO's sustainability strategy. Investments in biomass energy and solar power help reduce dependence on conventional energy sources. By working closely with investors, regulators, and industry partners, MIECO seeks to integrate renewable energy solutions into its operations. The Company has set a target to achieve 20% renewable energy use by 2028, reflecting its proactive approach to reducing carbon intensity.

SUSTAINABILITY STATEMENT (CONT'D)

Furthermore, waste management and circular economy initiatives are embedded within MIECO's operational strategy. By optimising raw material use and implementing waste reduction programs, MIECO significantly minimizes production waste. Through community engagement and supply chain partnerships, the Company promotes resource efficiency while exploring innovative ways to repurpose waste materials. A key target is to reduce landfill waste by 20% by 2030, demonstrating a commitment to responsible waste management.

STAKEHOLDER ENGAGEMENT AND IFRS S1 & S2 ALIGNMENT

Effective stakeholder engagement is at the core of MIECO's sustainability approach. The Company actively engages with employees, customers, investors, regulators, suppliers, and local communities to align sustainability strategies with stakeholder expectations. Through surveys, interviews, focus group discussions, and sustainability audits, MIECO gathers feedback on critical issues, ensuring that its materiality assessments reflect actual concerns and industry trends.

By integrating IFRS S1 and S2 reporting standards, MIECO enhances transparency in climate-related risks and opportunities. This structured approach allows stakeholders to make informed decisions while ensuring MIECO's sustainability initiatives contribute to long-term value creation. Regular disclosures on emission reductions, energy efficiency, and sustainable sourcing provide investors and regulators with critical insights into the Company's environmental and financial performance.

In summary, MIECO's proactive sustainability strategy, supported by robust stakeholder engagement and alignment with IFRS standards, ensures that the Company remains at the forefront of sustainable particle board manufacturing. Through continuous improvement and transparent reporting, MIECO strengthens its position as a responsible industry leader while driving meaningful change within the sector.

MATERIALITY MATRIX

MIECO's Materiality Matrix reflects its commitment to sustainable business practices by identifying key issues that significantly impact both the Company and its stakeholders. Aligning with IFRS S1 and S2, this structured approach ensures that MIECO integrates sustainability-related financial disclosures while maintaining transparency in risk management and strategy development.

Prioritisation Process in MIECO's Materiality Assessment

MIECO follows a structured prioritization process to determine the most significant sustainability issues that impact both the Company and its stakeholders. This process ensures that ESG factors are integrated into decision-making, aligning with IFRS S1 and S2 disclosure requirements. The prioritization process involves several key steps:

1. Identifying Key Issues

MIECO begins by identifying a broad set of sustainability topics relevant to its business operations, industry trends, and regulatory landscape. This includes areas such as economic performance, energy efficiency, emissions management, ethical supplier assessments, and workforce well-being.

2. Engaging with Stakeholders

A critical step in the process is stakeholder engagement, which helps validate the relevance of each issue. MIECO consults employees, customers, investors, regulators, suppliers, and local communities through surveys, interviews, and focus group discussions. Their insights provide valuable perspectives on the impact and expectations surrounding key sustainability topics.

SUSTAINABILITY STATEMENT
(CONT'D)

3. Assessing Business Impact

MIECO conducts an internal evaluation to assess the significance of each issue based on its potential effect on operations, financial performance, reputation, and compliance obligations. This assessment includes both qualitative and quantitative analysis, ensuring that identified issues align with the Company's strategic goals and risk management framework.

4. Scoring and Ranking Priorities

Each sustainability issue is assigned an impact score based on two dimensions:

Significance to MIECO's Stakeholders

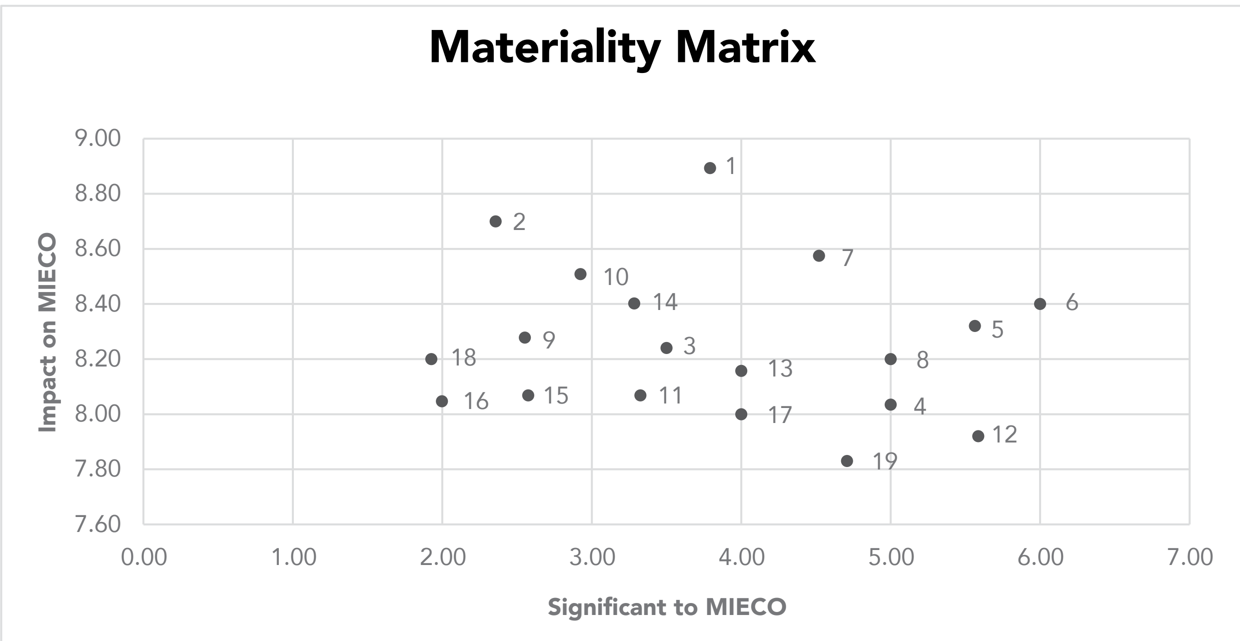
Impact on MIECO's Business

For example, issues like emission discharge (8.41 impact score) and effluent and waste practices (8.57 impact score) rank high due to their environmental implications and regulatory requirements. Similarly, procurement practices (8.70 impact score) and source of raw materials (8.25 impact score) are prioritised due to their influence on supply chain sustainability.

5. Validation and Integration

The final materiality assessment is validated with senior management and board members to ensure alignment with MIECO's overall sustainability strategy. The insights derived from the prioritization process guide MIECO in setting targets, allocating resources, and developing ESG reporting frameworks that comply with IFRS S1 and S2.

By following this systematic prioritization process, MIECO ensures that it effectively addresses the most pressing sustainability challenges while reinforcing stakeholder trust, regulatory compliance, and long-term value creation. The table below shows the results from the survey as well as the impact on MIECO.



Materiality Matrix	Corresponding Numbers	Significant to MIECO	Impact on MIECO
Economic Performance	1	3.72	8.90
Procurement Practices	2	2.30	8.70
Source of Raw Materials	3	3.44	8.25
Energy Practices	4	5.00	8.04
Water Effluent System	5	5.50	8.31
Emissions Discharge	6	6.00	8.41
Effluents and Waste Practices	7	4.50	8.57
Environmental Compliance	8	5.00	8.19
Ethical Supplier Assessment	9	2.50	8.27
Supporting the Local Communities	10	2.90	8.50
Labour Management and Relationship	11	3.27	8.07
Occupational Health and Safety	12	5.50	7.93
Training and Staff Development	13	4.00	8.15
Non-Discrimination Policy	14	3.23	8.39
Child Labour and Forced Labour	15	2.50	8.07
Security Practices	16	2.00	8.05
Human Rights	17	4.00	7.99
Supporting Local Communities	18	1.90	8.19
Employee Health and Safety Program	19	4.70	7.84
Customer Privacy Regulations / Data Protection	20	2.00	8.48

Among the highest priorities is economic performance, with a significant impact rating of 8.90. MIECO continuously works on improving its financial resilience through sustainable procurement practices, energy efficiency, and emission reductions. By investing in resource-efficient technology and alternative raw materials, MIECO strengthens its long-term financial viability while ensuring compliance with regulatory requirements.

Environmental concerns such as emission discharge (8.41), effluent and waste management (8.57), and water effluent systems (8.31) are crucial in MIECO's sustainability strategy. The Company actively engages with regulators, investors, and communities to implement best practices that reduce environmental impact. This includes optimising raw material usage, minimizing industrial waste, and ensuring responsible water consumption in manufacturing processes.

From a social responsibility perspective, MIECO places high importance on occupational health and safety (7.93), training and staff development (8.15), and ethical supplier assessment (8.27). The Company collaborates with employees, suppliers, and industry partners to enhance workplace safety, ensure fair labour practices, and promote skill development. Continuous training programs and strict adherence to ethical sourcing policies reinforce MIECO's role as a responsible corporate citizen.

By integrating stakeholder feedback and prioritising sustainability issues in accordance with IFRS S1 and S2, MIECO ensures that its business strategies remain resilient, transparent, and aligned with global sustainability standards. This structured approach strengthens stakeholder confidence, enhances operational efficiency, and positions MIECO as a leader in sustainable particle board manufacturing.

SUSTAINABILITY **STATEMENT**
(CONT'D)

ENVIRONMENT MATTERS

MIECO is committed to environmental sustainability by integrating eco-friendly practices into its manufacturing operations and supply chain. As a leading producer of particle boards, MIECO prioritizes responsible sourcing, low-emission production, and sustainable resource management to reduce its environmental footprint. The Company takes a comprehensive approach to sustainability by addressing Scope 1, 2, and 3 emissions, ensuring that its operations contribute to a greener future.

- **Scope 1 Emissions (Direct Emissions):** MIECO actively works to minimize direct GHG emissions from its manufacturing facilities. This includes optimizing energy efficiency in production processes, reducing fossil fuel consumption in machinery, and implementing emission control technologies to lower air pollutants.

- **Scope 2 Emissions (Indirect Emissions from Purchased Energy):** MIECO focuses on reducing its carbon footprint by sourcing energy from renewable and efficient sources. The Company ensures compliance with international environmental standards by enhancing energy efficiency across its production plants and reducing reliance on carbon-intensive electricity.

- **Scope 3 Emissions (Indirect Emissions from the Supply Chain):** Beyond its own operations, MIECO is committed to sustainability throughout its supply chain. The Company collaborates with suppliers who adhere to responsible forestry practices, promotes low-carbon transportation for raw materials and finished products, and encourages the use of recycled materials in its particle board production. Additionally, MIECO's commitment to producing low-formaldehyde emission boards (E1, E2, and Super E0) ensures a healthier indoor environment for end-users, contributing to sustainability at the product level.

By addressing all three scopes of emissions, MIECO strengthens its role as an environmentally responsible manufacturer. Through continuous innovation, compliance with green certifications, and sustainable production practices, MIECO demonstrates its dedication to reducing its environmental impact while supporting a circular and sustainable economy. Below are the key highlights of MIECO's overall GHG Emission.

KEY HIGHLIGHTS OF MIECO'S GHG EMISSIONS (in Tonnes CO_2e)

✔ **Scope 1: Direct Emissions (79,329.16 tonnes CO_2e)**

- Major sources: Diesel consumption in company-owned vehicles and plant operations.
- Use of wood dust as an alternative fuel contributes to sustainable energy utilisation.
- Fugitive emissions include CO_2 and nitrogen.

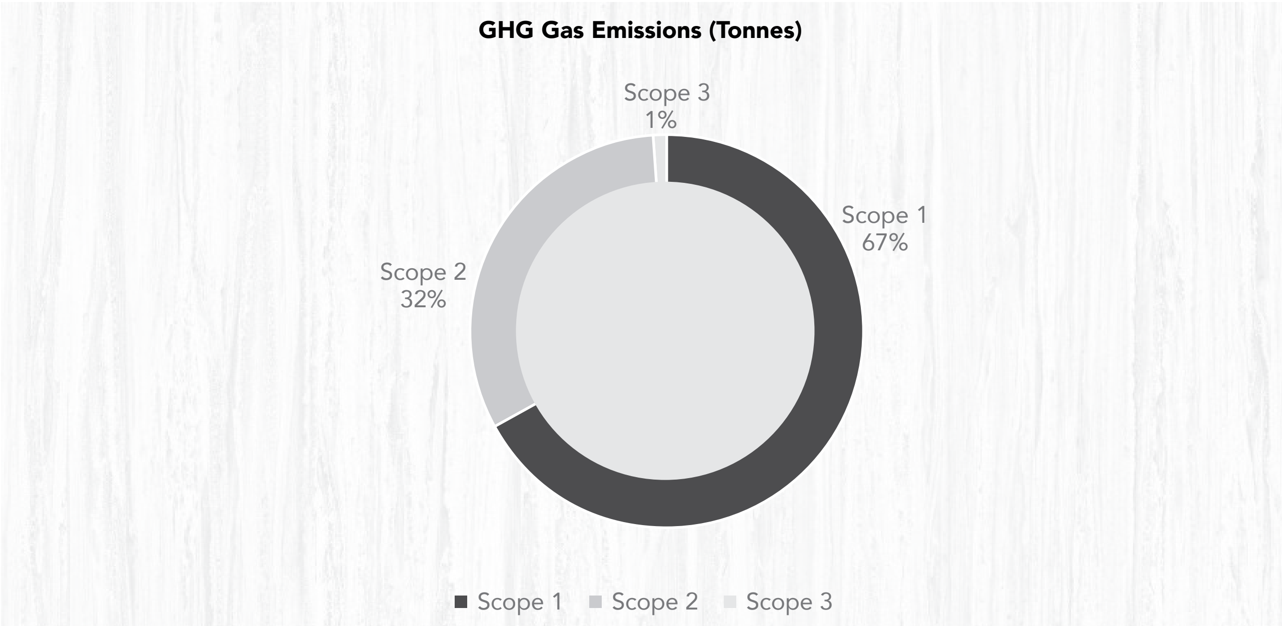
✔ **Scope 2: Indirect Energy Emissions (38,183.13 tonnes CO_2e)**

- Emissions result from purchased electricity consumption.
- Potential for **renewable energy adoption** to reduce dependency on grid electricity.

✔ **Scope 3: Other Indirect Emissions (755.43 tonnes CO_2e)**

- Categories reported: **3.1** (**Purchased Goods and Services : 102.63 tonnes CO_2e), 3.4 (Upstream Transportation : 35.28 tonnes CO_2e), 3.6 (Business Travel : 2.24 tonnes CO_2e) and 3.7 (Employee Commuting : 615.28 tonnes CO_2e)**
- Opportunities to **reduce travel emissions** through virtual meetings and promote **low-carbon commuting options**.

SUSTAINABILITY **STATEMENT** (CONT'D)



In the following sections, we will explore how MIECO addresses environmental sustainability by tackling emissions across **Scope 1, Scope 2, and Scope 3**:

- **Scope 1 (Direct Emissions):**
  - Covers emissions from MIECO's manufacturing operations.
  - Includes fuel combustion in machinery and industrial processes.
  - Focuses on reducing GHG emissions through energy-efficient technologies.

- **Scope 2 (Indirect Emissions from Purchased Energy):**
  - Refers to emissions from electricity and energy purchased for operations.
  - MIECO aims to improve energy efficiency and explore renewable energy options.
  - Ensures compliance with international environmental standards to lower carbon footprint.

- **Scope 3 (Indirect Emissions from the Supply Chain):**
  - Encompasses emissions from suppliers, transportation, and product lifecycle.
  - Focuses on responsible raw material sourcing and sustainable forestry practices.
  - Encourages low-carbon logistics and promotes eco-friendly, low-emission particle boards.

By addressing all three scopes, MIECO reinforces its commitment to sustainability, reducing environmental impact, and supporting greener industrial practices.

SUSTAINABILITY **STATEMENT**
(CONT'D)

SCOPE 1

Scope 1 emissions refer to direct GHG emissions from sources that are owned or controlled by a company. For MIECO, these emissions primarily originate from stationary combustion, mobile combustion, and fugitive emissions.

1. **Stationary Combustion**

   MIECO's stationary combustion sources include diesel consumption for company-owned vehicles and plant operations, LPG gas usage in the QC Lab & Dryer, and wood dust energy utilisation. Diesel consumption constitutes a significant portion of emissions, with plant operations alone contributing approximately 2,369,008.16 kg CO_2e, followed by company-owned vehicles at 1,658,705.24 kg CO_2e. Additionally, the combustion of wood dust results in 2,720,957.62 kg CO_2e, while LPG usage contributes 545 kg CO_2e.

2. **Mobile Combustion**

   The Company's mobile combustion emissions arise from the use of petrol in company-owned vehicles, amounting to 48,900.02 kg CO_2e.

3. **Fugitive Emissions**

   Fugitive emissions result from unintended releases of gases, including CO_2 from fire extinguishers and nitrogen emissions. The nitrogen emissions are particularly significant, contributing 72,530,500 kg CO_2e, making them the largest contributor to MIECO's total Scope 1 emissions.

Total Scope 1 Emissions

The total direct emissions from MIECO's operations amount to 79,329,156.03 kg CO_2e in FYE2024. This data underscores the importance of implementing energy efficiency measures, fuel optimisation strategies, and emission reduction initiatives to enhance sustainability performance.

Category	Fuel Type / Gas	Emission Factors	Unit	FYE2024 Total	Kg/CO2e
Stationary Combustion					
Diesel Consumption	Company-Owned Vehicles	2.51[1]	Litres	660,105.00	**1,658,705.24**
Diesel Consumption	Plant Operations	2.51	Litres	942,780.00	**2,369,008.16**
LPG Gas Consumption	QC Lab & Dryer	1.56	KG	350.00	**545.00**
Dust Energy	Wood Dust	42.76[2]	MT	63,626.00	**2,720,957.62**
Mobile Combustion					
Petrol Consumption	Company-Owned Vehicles	2.35	Litres	20,775.63	**48,900.02**
Fugitive Emissions					
Fire Extinguisher					
CO2	CO2	1.00	KG	540.00	**540.00**
Nitrogen	Nitrogen	16,100.00[3]	KG	4,505.00	**72,530,500.00**
Total Scope 1					**79,329,156.03**

[1] ***DEFRA. (2023)***. *UK Government GHG Conversion Factors for Company Reporting. Retrieved from https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting*

[2] ***DEFRA. (2023)***. *UK Government GHG Conversion Factors for Company Reporting. Retrieved from https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting*

[3] ***DEFRA. (2023)***. *UK Government GHG Conversion Factors for Company Reporting. Retrieved from https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting*

SCOPE 2

MIECO's Scope 2 emissions primarily result **from** electricity consumption, which is a major contributor to its overall carbon footprint. In FYE2024, the Company consumed **5,373,522 kWh** of electricity, generating a total of **38,183,129.68 kg-CO_2e** based on an emission factor of 0.758 kg-CO_2e per kWh. These emissions arise from purchased electricity used to power manufacturing operations, office facilities, and other business activities.

Category	Conversion Factor (kg-CO2e)	Unit	FYE2024	FYE2024 kg-CO2e
Electricity	0.758[4]	**kWh**	5,373,522	38,183,129.68

SCOPE 3

MIECO's Scope 3 emissions encompass indirect GHG emissions that occur across its value chain, beyond its direct operations. These emissions play a significant role in the Company's overall carbon footprint and stem from various sources. This report focuses on key Scope 3 categories, including Category 3.1 (Purchased Goods and Services), Category 3.4 (Upstream Transportation and Distribution), Category 3.5 (Waste Generated in Operations), Category 3.6 (Business Travel), and Category 3.7 (Employee Commuting). Each of these categories contributes to MIECO's environmental impact through different activities such as raw material procurement, logistics, waste disposal, and workforce mobility. The following sections will provide a detailed breakdown of emissions associated with each category, along with potential strategies for measurement, reduction, and sustainability improvements.

WATER

In FYE2024, MIECO recorded a total water usage of 181,498 m^3, resulting in 27,789.15 kg-CO_2e emissions based on a conversion factor of 0.18574 kg-CO_2e per m^3. These emissions stem from the energy-intensive processes involved in water extraction, treatment, and distribution. Efficient water management is essential in minimising environmental impact, and strategies such as water conservation, recycling, and process optimisation can help reduce both consumption and associated emissions. By implementing sustainable water practices, MIECO can enhance resource efficiency and contribute to its broader environmental sustainability goals.

Category	Conversion Factor (kg-CO2e)	Unit	FYE2024	FYE2024 kg-CO2e
Water	0.18574[5]	**m^3**	181,498	27,789.15

3.1 PURCHASED GOODS AND SERVICES

In FYE2024, MIECO's total procurement of wood as a raw material amounted to RM 40,581,133.73. This expenditure represents a significant portion of the Company's supply chain emissions under Scope 3, Category 3.1 (Purchased Goods and Services), as it includes the upstream environmental impact of harvesting, processing, and transporting wood. A portion of the wood procured is PEFC-certified, reflecting MIECO's commitment to responsible sourcing and sustainable forestry practices. By integrating certified wood sources and optimizing procurement strategies, MIECO aims to reduce its carbon footprint while ensuring long-term sustainability in its supply chain.

Category	Conversion Factor (kg-CO2e)	Unit	FYE2024	FYE2024 kg-CO2e
3.1 Purchased Goods and Services	312.60[6]	**Tonne**	328,307m^t	102,628,768

4 **Malaysia Energy Commission. (2024)**. *Grid Emission Factor (GEF) in Malaysia (Year 2021). Retrieved from https://myenergystats.st.gov.my/documents/d/guest/grid-emission-factor-gef-in-malaysia*

5 ***DEFRA. (2023)***. *UK Government GHG Conversion Factors for Company Reporting. Retrieved from https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting*

6 *Climatiq. (2021). Emission Factor: Wood (Primary material production). United Kingdom: BEIS. Retrieved from https://www.climatiq.io/data/emission-factor/f2970dc1-4dd2-438f-93ff-00ff2e9e4247*

SUSTAINABILITY **STATEMENT**
(CONT'D)

3.4 UPSTREAM DISTRIBUTION

In FYE2024, MIECO incurred significant transportation and distribution-related emissions under Scope 3, Category 3.4 (Upstream Transportation and Distribution). The Company's total logistics expenditure covered both road and sea transport, with key materials such as PBL, A3 packing board, base paper, melamine paper, and skid being transported through various modes.

Road transport was used primarily for local suppliers, covering distances up to 45,362 km, contributing to emissions associated with fuel consumption.

Sea transport was utilised for imported materials, particularly for base paper and melamine paper, reflecting emissions linked to international freight.

Category	Mode Type	Conversion Factor (kg-CO2e)	Unit	FYE2024	FYE2024 kg-CO2e
3.4 Upstream Distribution	Sea	0.01321	**Distance (tonne/ km)**	398,808[7]	5,268
	Road	0.66163	**Distance (km)**	45,362	30,012
Total					**35,280**

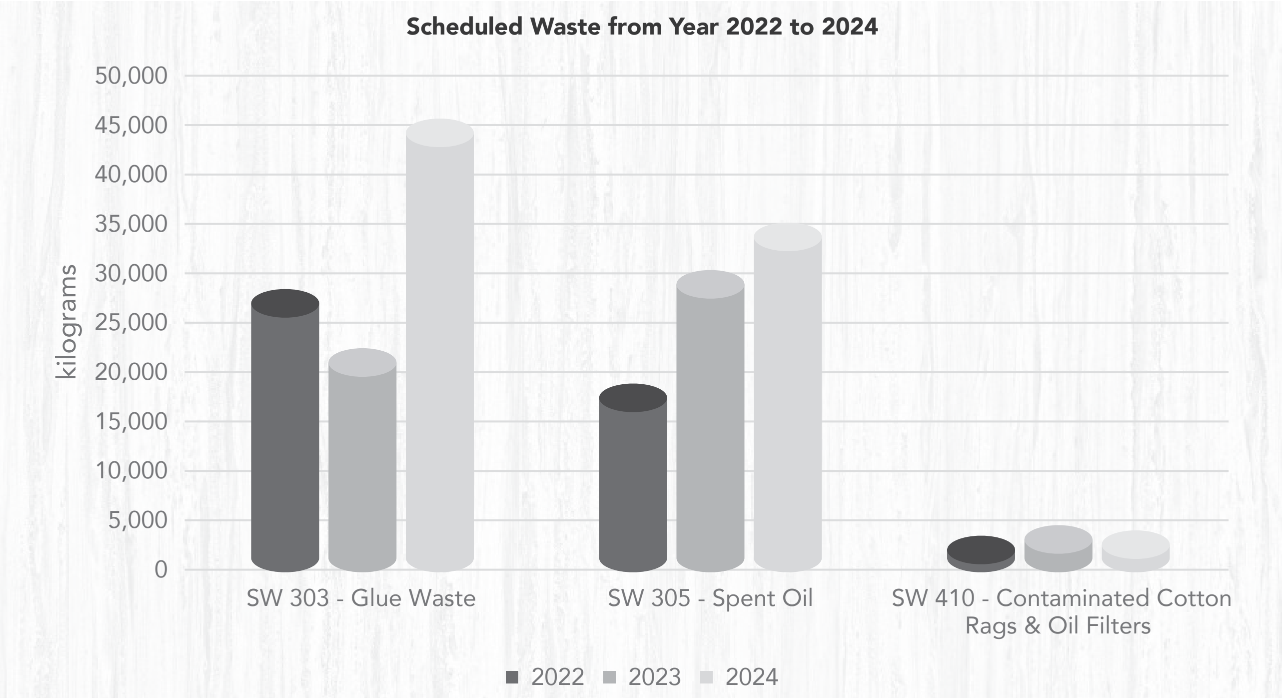
3.5 WASTE OPERATIONS

MIECO generates various types of waste as part of its production processes, contributing to **Scope 3, Category 3.5 (Waste Generated in Operations)**. This includes **SW 303 - Glue Waste**, **SW 305 - Spent Oil, and SW 410 - Contaminated Cotton Rags & Oil Filters**, which require proper handling and disposal to minimise environmental impact.

- **Glue waste (SW 303)** arises from adhesive applications in manufacturing and requires careful disposal to prevent contamination.
- **Spent oil (SW 305)** is generated from machinery maintenance and must be managed to avoid leakage and pollution.
- **Contaminated cotton rags and oil filters (SW 410)** are produced during equipment cleaning and servicing, necessitating specialized waste management to reduce hazardous material exposure.

Scheduled Waste	FYE2022	FYE2023	FYE2024
SW 303 - Glue Waste	28,400	22,470	45,460
SW 305 - Spent Oil	19,000	29,800	34,800
SW 410 - Contaminated Cotton Rags & Oil Filters	1,610	3,990	2,540

[7] *The above calculation is based on the per km of 5539 (3000 nautical miles). Assumption is made for each trip it is 20 tonnes per kilometre.*



The scheduled waste data from **FYE2022 to FYE2024** highlights changes in waste generation patterns across different categories, reflecting operational activities and material usage.

1. **SW 303 - Glue Waste:**

    - o Glue waste was **28,400 kg** in 2022, followed by a reduction to **22,470 kg** in **FYE2023**.
    - o In **FYE2024**, the waste volume increased to **45,460 kg**, indicating higher adhesive usage in production processes.

2. **SW 305 - Spent Oil:**

    - o Spent oil generation increased steadily from **19,000 kg** in **FYE2022** to **29,800 kg** in **FYE2023**.
    - o The upward trend continued in **FYE2024**, reaching 34,800 kg, aligning with increased maintenance activities.

3. **SW 410 - Contaminated Cotton Rags & Oil Filters:**

    - o The waste volume was **1,610 kg** in **FYE2022**, rising to **3,990 kg** in **FYE2023**.
    - o In **FYE2024**, it was recorded at **2,540 kg**, showing variations in waste generation across different periods.

3.6 BUSINESS TRAVELS

MIECO continues to prioritise sustainable business practices by optimising corporate travel while leveraging virtual meeting technologies. In March and April 2024, business travel between Kuala Lumpur, Malaysia, and Guangzhou, China covered 5,220 km per trip, with three travellers per flight, resulting in 1,120 kg CO_2e emissions per trip.

To enhance sustainability, MIECO has been actively reducing travel frequency and adopting virtual collaboration tools. This strategic shift helps minimise carbon emissions, improve cost efficiency, and maintain seamless global operations. By embracing digital engagement, MIECO strengthens its commitment to sustainability while ensuring effective communication with international partners.

SUSTAINABILITY **STATEMENT**
(CONT'D)

Travel Date	Origin	Destination	Total Kilometres Travelled	Total Passengers	Total Kg/ CO2e for all Passengers
29-30 Mac 2024	Kuala Lumpur, Malaysia	Guangzhou, China	5,220	3	1,120[8]
11-13 Apr 2024	Kuala Lumpur, Malaysia	Guangzhou, China	5,220	3	1,120
Total Emission for Scope 3.6 (Business Travel)					**2,240**

3.7 EMPLOYEE COMMUTING

Employee commuting is a significant contributor to Scope 3 emissions for MIECO. Based on the total distance traveled, cars remain the primary mode of transport, covering 1,520,907.4 km and resulting in emissions of 402,629.8 kg CO_2e. Motorcycles follow with a total distance of 1,163,356.6 km, contributing 212,580.2 kg CO_2e. In contrast, public transport such as MRT/LRT accounts for a significantly lower footprint, with a total distance of 15,356 km and emissions of only 68.49 kg CO_2e.

The data highlights the potential environmental benefits of increasing public transport usage or implementing alternative low-carbon commuting options. MIECO continues to explore sustainable commuting initiatives, including promoting carpooling, supporting remote work policies, and encouraging public transit use to further reduce emissions in alignment with its sustainability objectives.

Mode of Transport	Total Distance (KM)	Emission Factor	Kg/C0e
Car	1,520,907.40	0.26	402,629.82
MRT/LRT	15,356.00	0.00	68.49
Motorcycle	1,163,356.60	0.18	212,580.15
Total Employee Commuting			615,278.46

SOCIAL MATTERS

MIECO firmly believes that our success is rooted in the prosperity of the people and communities we engage with. Through a steadfast commitment to social responsibility, we aim to prioritise the well-being of our employees, foster inclusivity, and contribute to community development. By adopting ethical and sustainable practices, we strive to build lasting relationships with our stakeholders while creating meaningful social impact. This section outlines the initiatives and efforts that embody our dedication to advancing positive change.

- **Employee Welfare**
- **Diversity and Inclusion**
- **Community Engagement**

[8] *International Civil Aviation Organization (ICAO). (n.d.). Carbon emissions calculator. Retrieved from https://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx*

SUSTAINABILITY **STATEMENT**
(CONT'D)

Employee Welfare:

- Ensuring fair wages and benefits for employees.
- Providing a safe and healthy working environment.
- Offering training and development programs to enhance skills.

Diversity and Inclusion:

- Promoting equal opportunities regardless of gender, race, or background.
- Implementing policies to prevent discrimination and harassment.

Community Engagement:

- Supporting local communities through donations or sponsorships.
- Collaborating with community organisations for social development projects.
- Encouraging employee volunteerism in community initiatives.

EMPLOYEE WELFARE AND DEVELOPMENT

Our employees are at the heart of our success. We are dedicated to fostering a workplace that prioritises their well-being, ensures safety, and nurtures their professional growth. By creating a supportive and empowering environment, we aim to inspire our workforce to reach their full potential.

Employee Welfare

- **Health and Safety:** Ensuring a safe and healthy working environment is our utmost priority. We strictly adhere to occupational safety standards and implement robust health programs to promote physical and mental well-being.
- **Fair Compensation and Benefits:** We recognise and reward the hard work of our employees by providing competitive salaries, comprehensive benefits, and performance-based incentives.
- **Work-Life Balance:** By adopting flexible work policies and fostering a culture of understanding, we support our employees in achieving a healthy work-life balance.

Employee Development

- **Training and Upskilling:** We invest in our employees' growth by offering tailored training programs, workshops, and certifications to enhance their skills and expertise.
- **Career Advancement Opportunities:** Through structured career pathways and mentorship programs, we encourage employees to pursue long-term growth within the organisation.
- **Innovation and Creativity:** We cultivate a culture that values innovation, where employees are encouraged to share ideas, collaborate, and contribute to the Company's success.

By focusing on employee welfare and development, MIECO not only nurtures a motivated and skilled workforce but also builds a strong foundation for long-term growth and sustainability.

SUSTAINABILITY **STATEMENT**
(CONT'D)

OCCUPATIONAL SAFETY AND HEALTH

We recognize that a thriving workforce is integral to achieving excellence and maintaining our commitment to sustainability and innovation. To this end, we prioritize the creation of a work environment that upholds the highest standards of safety, health, and employee well-being.

Our Occupational Safety and Health (OSH) framework is designed to safeguard every individual within our organisation by mitigating risks, ensuring compliance with industry regulations, and fostering a culture of accountability. Through continuous improvement, employee education, and the implementation of innovative safety practices, we strive to provide a workplace where safety is not merely a protocol but a shared value.

In addition to safety, MIECO is deeply committed to the holistic development of our employees. We believe that investing in their welfare, skill enhancement, and career growth not only empowers them but also strengthens the foundation of our organization. By offering fair compensation, fostering inclusivity, and encouraging creativity, we aim to create an environment where employees feel valued and motivated to contribute their best.

This comprehensive approach to OSH and employee welfare reflects MIECO's dedication to balancing the needs of our workforce with the demands of a dynamic business landscape. Our focus on safety, well-being, and growth enables us to build a resilient and engaged workforce ready to meet present and future challenges.

MIECO

MIECO has ZERO case of number work related fatalities across three financial years

Health and Safety	FYE2024
No. of Work-related fatalities	0
Lost Time Incident Rate (LTIR)	1.78
No. of Trained Employee (Safety)	31

SUSTAINABILITY **STATEMENT** (CONT'D)

Safety Measures in MIECO

SUSTAINABILITY **STATEMENT**
(CONT'D)

TRAINING AND DEVELOPMENT

At MIECO, we firmly believe that investing in our employees' growth and development is key to fostering innovation, enhancing skills, and securing long-term success. By equipping our workforce with the knowledge and tools needed to excel in their roles, we ensure that they are empowered to contribute meaningfully to the Company's goals while achieving their own professional aspirations.

Training and Development	FYE2024
Management	132
Executive	400 Hours
Non-Executive	272 Hours
General Worker	0

In FYE2024, MIECO recorded an impressive 804 hours of total training, underscoring our commitment to continuous learning and development. These training hours reflect our dedicated efforts to provide employees with opportunities to enhance their capabilities, acquire new competencies, and stay ahead in a dynamic and competitive industry.

Key Focus Areas for Training and Development:

1. **Skill Enhancement:** Through targeted training programs, we aim to hone both technical and soft skills, enabling employees to perform effectively and confidently in their roles.

2. **Leadership Development:** Identifying and nurturing future leaders is a priority at MIECO. We offer leadership programs that prepare individuals for greater responsibilities and equip them with strategic decision-making abilities.

3. **Compliance and Safety Training:** Employees undergo regular training to ensure compliance with industry standards, regulations, and occupational safety requirements, fostering a safe and ethical work environment.

4. **Digital Transformation:** As technology continues to evolve, we place significant emphasis on digital skills training, ensuring our employees are well-prepared to leverage new technologies and tools.

Our Training Initiatives Include:

- **Workshops and Seminars:** Engaging sessions facilitated by industry experts to provide in-depth knowledge on key topics.

- **On-the-Job Training:** Practical, hands-on experiences that allow employees to apply learning in real-time scenarios.

- **E-Learning Platforms:** Access to a wide array of online courses that empower employees to learn at their own pace and convenience.

At MIECO, we view training and development not as a one-time activity but as an ongoing journey. By cultivating a culture of learning, we enable our employees to reach their full potential, positioning both the workforce and the Company for continued excellence.

SUSTAINABILITY **STATEMENT** (CONT'D)

EMPLOYEE ENGAGEMENT

At MIECO, we recognise that our employees are far more than just contributors to our achievements; they are the backbone of everything we do and the foundation upon which our success is built. To us, they are not merely a workforce, they are family. We deeply value everyone's unique contributions and believe that fostering a sense of connection and belonging is essential in creating an environment where people feel motivated, respected, and empowered to thrive.

Understanding that the modern workplace extends beyond desks and tasks, we strive to create opportunities that transcend day-to-day operations. We are committed to building camaraderie, enhancing morale, and celebrating the diversity of talents and personalities that define our team. To this end, we organize a variety of engaging events and activities, carefully designed to bring our employees together in meaningful and enjoyable ways.

Whether it's the thrill of a competitive event like a fishing competition, where colleagues swap their office attire for angling gear, sharing laughter and stories by the water's edge, or the energy of a lively bowling tournament, with cheers echoing across the lanes as teams rally to support one another—these moments are about more than just the activity. They are about forging connections, fostering teamwork, and breaking down barriers in a way that strengthens relationships.

Beyond recreational events, we also emphasize the importance of giving back and fostering a culture of compassion and responsibility. One such initiative was our collaboration with CIMB for a Zakat event, where employees had the opportunity to join hands in a meaningful act of charity. This event exemplified our values of unity and service, as our team worked together to support those in need, embracing the spirit of kindness and generosity.

These activities go beyond the surface; they represent who we are as a company—one that places immense importance on the well-being and happiness of our employees. Nurturing a sense of belonging.

- **Fishing Competition**
- **Bowling Tournament**
- **Zakat Counter Event with CIMB**

By organising these diverse activities, MIECO continues to create a vibrant, inclusive workplace culture where employees feel valued and engaged. These initiatives reflect our belief that a connected and motivated workforce is the key to sustainable success.

SUSTAINABILITY **STATEMENT**
(CONT'D)

MIECO Fishing Competition

Fishing Competition Our fishing competition provided employees with a chance to connect with nature while fostering friendly competition among colleagues. The event offered a relaxing yet exciting environment, where participants could showcase their skills and unwind. It also served as an excellent opportunity to strengthen bonds outside the workplace and build lasting memories.

MIECO Bowling Tournament

Bowling Tournament The bowling tournament encouraged team spirit and healthy competition within the organisation. Employees enjoyed a day of laughter, cheering, and teamwork, as they bowled their way to victory. Such activities not only highlight the importance of collaboration but also energise our workforce, allowing them to return to work refreshed and motivated.

SUSTAINABILITY **STATEMENT** (CONT'D)

Zakat Counter Event with CIMB

Zakat Counter Event with CIMB In collaboration with CIMB, MIECO held a Zakat counter event, emphasizing our shared commitment to giving back to the community. This meaningful initiative not only allowed employees to contribute to a greater cause but also reinforced the values of compassion and social responsibility. The event fostered unity as participants came together to support those in need, demonstrating MIECO's dedication to making a positive impact beyond the workplace.

DIVERSITY AND INCLUSION

At MIECO, we embrace diversity and inclusion as fundamental pillars of our organizational culture. We understand that a diverse workforce brings together varied perspectives, experiences, and ideas, driving innovation, creativity, and success. By fostering an inclusive environment where everyone feels respected and valued, we aim to create a workplace that celebrates individuality while achieving shared goals.

SUSTAINABILITY **STATEMENT**
(CONT'D)

OUR WORKFORCE COMPOSITION

MIECO takes pride in the rich diversity of its team, which reflects our commitment to inclusivity. Out of our total workforce of 448 employees (excluding 6 Directors), 280 are local employees, while 168 are foreign workers. This blend of local and foreign talents enable us to bring unique cultural insights and expertise to our operations. Together, we work as one cohesive unit, leveraging our differences as strengths to overcome challenges and seize opportunities.

- **Employee By Gender**

Employee Category	Male	Female
Management	8	4
Executives	17	16
Non-Executives	195	36
General Workers	169	3

- **Employee By Age**

Employee Category	Below 30	30-50	Above 50
Management	0	6	6
Executive	4	24	5
Non-Executives	53	158	20
General Workers	93	79	0

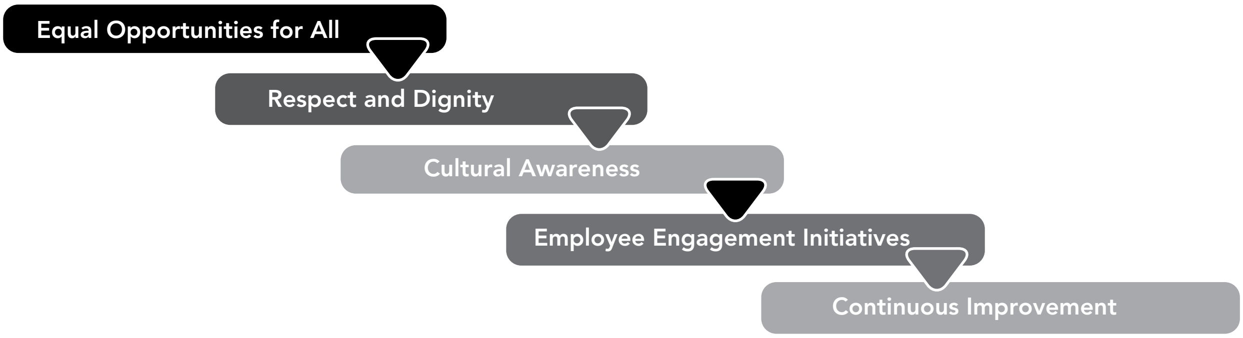
Additionally, our leadership is streamlined with 6 directors who guide the Company's vision and ensure our policies and practices align with our values of inclusivity and fairness.

- **Directors By Age and Gender**

Age	Male	Female
Below 30	0	0
30-50	1	0
Above 50	4	1

SUSTAINABILITY STATEMENT (CONT'D)

OUR COMMITMENT TO INCLUSIVITY



1. **Equal Opportunities for All:** We are dedicated to providing equal opportunities regardless of nationality, gender, age, or background. Our recruitment processes are designed to ensure fairness and inclusiveness, allowing us to attract the best talent from diverse groups.

2. **Respect and Dignity:** Every employee at MIECO is treated with respect and dignity. We have zero tolerance for discrimination or harassment in the workplace and strive to create a culture where everyone feels safe and empowered.

3. **Cultural Awareness**: We celebrate the multicultural backgrounds of our workforce by promoting mutual understanding and cultural exchange. This not only strengthens collaboration but also helps us appreciate the richness of our team's diversity.

4. **Employee Engagement Initiatives**: Through events, activities, and programs, we encourage interactions and collaborations among employees from different backgrounds. This fosters team spirit and ensures that everyone has a sense of belonging within the organisation.

5. **Continuous Improvement**: We are committed to improving our diversity and inclusion efforts by actively seeking feedback, monitoring progress, and aligning with best practices in the industry.

WHY DIVERSITY AND INCLUSION MATTER TO US

We believe that diversity and inclusion are not just ethical imperatives, they are also business advantages. By bringing together a variety of perspectives and fostering a culture of inclusivity, we ensure that MIECO is equipped to adapt to the dynamic needs of the industry, solve complex challenges, and achieve sustainable growth.

At MIECO, we are proud to cultivate a work environment where diversity is celebrated, and inclusion is woven into the fabric of our corporate identity. Together, our diverse workforce drives us forward as we continue to grow and innovate.

SUSTAINABILITY **STATEMENT**
(CONT'D)

EMPLOYEE TURNOVER

MIECO understand that employee turnover is a vital component of a dynamic and evolving organization. It reflects both challenges and opportunities, as we strive to maintain a balance between retaining experienced talent and bringing fresh perspectives into our workforce. Our approach is to ensure a seamless transition during these changes while upholding the values and vision that define MIECO as an employer of choice.

Employee Turnover

Employee turnover is a natural part of any organization's journey. At MIECO, we carefully monitor turnover rates to identify trends and address underlying factors.

Employee Category	FYE2024
Management	0
Executive	2
Non-Executive	2
General Worker	0

Our goal is to create a workplace where employees feel valued, supported, and motivated to grow within the organisation. To achieve this, we focus on:

- **Exit Feedback:** Conducting thorough exit interviews to understand employee's reasons for leaving and using this feedback to improve our workplace environment.

- **Retention Strategies:** Offering competitive salaries, comprehensive benefits, and opportunities for career advancement to retain top talent.

- **Employee Engagement:** Continuously enhancing job satisfaction through initiatives that promote well-being, inclusivity, and collaboration.

While we aim to minimise turnover, we also recognise that transitions open doors for fresh talent to join our team, bringing innovative ideas and energy.

Employee turnover in MIECO is seen as an opportunity to refine our strategies, enhance our culture, and strengthen our workforce. By focusing on retention and recruitment, we aim to build a resilient, adaptable team that continues to drive our success forward.

EMPLOYEE STRUCTURE

All local employees in MIECO are employed on a permanent basis

MIECO are dedicated to maintaining a stable and committed workforce that aligns with our long-term vision. Reflecting this commitment, all local employees in our organisation are employed on a permanent basis. This approach allows us to foster a strong sense of belonging and continuity among our team members while providing them with the stability needed to grow both personally and professionally within the Company.

However, to address specific operational requirements and ensure efficiency in certain areas, MIECO also engages foreign workers through subcontracting arrangements. These workers, although not permanent employees of MIECO, are vital contributors to our operations. We maintain a collaborative and respectful relationship with our subcontracting partners, ensuring that the foreign workers are treated with fairness and dignity in line with applicable laws and standards. This dual employment structure enables us to balance the strengths of a dedicated permanent workforce while meeting the flexibility required to adapt to evolving business needs. By upholding fair practices across all levels of employment, we continue to nurture an inclusive and productive workplace that values the contributions of every individual.

COMMUNITY ENGAGEMENT

We recognise the profound impact that a business can have on the communities it operates in. Our commitment to corporate social responsibility drives us to contribute positively and make a difference in the lives of those around us. In FYE 2024, we focused our efforts on initiatives that not only supported community well-being but also reinforced our dedication to sustainability and social responsibility. By organizing impactful programs such as blood donation drives and used oil distributions to local schools, we have strived to create lasting value and foster strong community relationships.

Blood Donation Drive at MIECO

SUSTAINABILITY **STATEMENT**
(CONT'D)

Blood Donation Drive In a demonstration of compassion and solidarity, MIECO organised a blood donation drive to support local healthcare efforts. This initiative encouraged employees and community members to come together and donate blood, helping to save lives and address the urgent needs of medical institutions. The event not only emphasised the importance of collective action but also reinforced our commitment to being a socially responsible organisation.

Used Oil Distribution to Local Schools

Used Oil Distribution to Local Schools As part of our sustainability efforts and support for educational institutions, MIECO initiated the distribution of used cooking oil to local schools. This program allowed schools to repurpose the oil for recycling or other productive uses, promoting environmental awareness and responsible waste management practices. By engaging with local schools, we aimed to inspire young minds to value sustainability and take active steps toward protecting the environment.

These initiatives are a testament to MIECO's unwavering commitment to enriching lives and building a more sustainable future. We believe that our role extends beyond business operations, and through programs like these, we continue to foster positive change within our communities.

DONATIONS

The well-being of our employees and recognizing the importance of supporting them in times of need is what MIECO is deeply committed about. As part of our continuous efforts to make a meaningful difference in the lives of our workforce, we provided a financial donation of RM9,700 to assist employees with the education expenses of their children.

This initiative underscores our dedication to fostering a supportive and inclusive workplace culture. By contributing to the schooling needs of employees' children, we aim to ease financial burdens and empower families to focus on their children's academic growth and future success.

We believe that investing in education is an investment in the future, not only for the children and their families but also for the communities they will one day contribute to. This act of assistance reflects MIECO's values of compassion and care, ensuring that employees feel valued and supported both professionally and personally.

Through this program, we hope to strengthen the bond between the Company and our employees, reaffirming our commitment to their well-being and enhancing their overall quality of life.

During the financial year, MIECO also made monetary donations to St. John Ambulance of Malaysia and Kuala Lumpur and Selangor Furniture Association for a sum of RM5,000 and RM2,800 respectively. At MIECO, we will continue to explore opportunities to contribute positively to our employees and the broader community.

GOVERNANCE MATTERS

Strong corporate governance forms the cornerstone of MIECO commitment to ethical and transparent business practices. We believe that good governance is essential for building trust, enhancing stakeholder value, and driving sustainable growth. Through robust policies and practices, we aim to ensure that our operations are conducted with the highest standards of integrity, accountability, and compliance.

Board Oversight and Leadership MIECO is led by a competent and experienced Board of Directors, who play a pivotal role in setting the strategic direction of the Company. The Board is responsible for overseeing the Company's performance, ensuring compliance with regulatory requirements, and safeguarding the interests of all stakeholders. Their leadership is guided by principles of transparency, fairness, and responsibility.

Ethical Practices

Code of Conduct | Anti-Corruption Measures

- **Code of Conduct:** MIECO maintains a comprehensive Code of Conduct that governs the behaviour of our employees, management, and directors. This code outlines our commitment to ethical practices, integrity, and professionalism across all aspects of our business.

- **Anti-Corruption Measures:** We have a zero-tolerance policy toward corruption and bribery. Strict policies and training programs are in place to ensure compliance with anti-corruption laws and to promote ethical decision-making.

Risk Management MIECO adopts a proactive approach to risk management, identifying, assessing, and mitigating potential risks that may impact our business operations. Our risk management framework ensures that we are prepared to address financial, operational, and reputational risks effectively.

Stakeholder Engagement We place great emphasis on maintaining open and transparent communication with our stakeholders, including shareholders, employees, customers, and regulators. Regular updates, clear reporting, and active engagement ensure that our stakeholders are well-informed and confident in our governance practices.

Sustainability and ESG Integration Governance at MIECO extends beyond compliance, incorporating principles of sustainability and ESG criteria. Our governance framework ensures that sustainability initiatives are aligned with our long-term goals and that we remain accountable for our environmental and social impact.

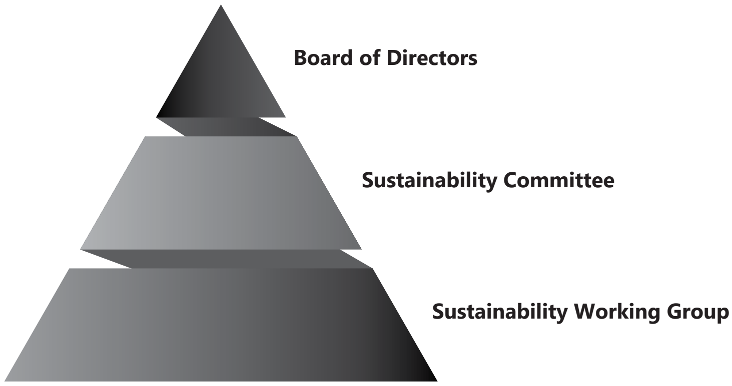
Continuous Improvement MIECO is committed to continuously improving our governance practices by staying updated with industry standards and regulatory changes. By fostering a culture of accountability and responsibility, we aim to set a benchmark for corporate governance in our industry.

Through these measures, MIECO remains steadfast in its commitment to good governance, creating a foundation of trust and reliability that supports our vision for sustainable growth and success.

SUSTAINABILITY **STATEMENT**
(CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability lies at the heart of our operations. To ensure its successful integration and execution across all levels of the organization, we have established a clear and robust sustainability governance structure. This framework comprises three key entities: the Board of Directors, the Sustainability Committee, and the Sustainability Working Group, each with distinct roles and responsibilities.



1. **Board of Directors**

   The Board of Directors holds the highest level of accountability for sustainability governance at MIECO. Their key responsibilities include:

   - Setting the strategic vision for sustainability in line with the Company's overall goals.
   - Providing oversight to ensure that sustainability objectives are met.
   - Reviewing and approving key sustainability policies, strategies, and initiatives.
   - Monitoring performance and ensuring alignment with regulatory and stakeholder expectations.

   By steering the Company's sustainability agenda, the Board ensures that ESG considerations remain central to MIECO's decision-making processes.

2. **Sustainability Committee**

   The Sustainability Committee plays a vital role in driving and implementing MIECO's sustainability initiatives. This cross-functional body, comprising senior leaders and experts from various departments, acts as the bridge between strategy and execution. Their primary responsibilities include:

   - Developing and recommending sustainability goals, priorities, and action plans.
   - Ensuring the integration of ESG principles into business operations and policies.
   - Monitoring progress on sustainability initiatives and reporting updates to the Board of Directors.
   - Identifying opportunities for improvement and providing guidance to the Sustainability Working Group.

   The committee ensures a cohesive and coordinated approach to addressing sustainability challenges and opportunities across the organisation.

3. **Sustainability Working Group**

The Sustainability Working Group is the operational arm of MIECO's sustainability governance structure. Composed of departmental representatives and subject matter experts, the group is responsible for the day-to-day implementation of sustainability efforts. Their key roles include:

- Executing the sustainability plans and strategies developed by the Sustainability Committee.
- Conducting initiatives and programs related to environmental management, social impact, and governance practices.
- Collecting data and tracking KPIs to measure the effectiveness of sustainability efforts.
- Providing insights and recommendations based on operational challenges and achievements.

The working group ensures that sustainability initiatives are carried out effectively, making tangible contributions to MIECO's ESG performance.

This structured governance approach allows MIECO to align its sustainability goals with its business strategies while fostering accountability at all levels of the organisation. By clearly defining roles and fostering collaboration between the Board of Directors, the Sustainability Committee, and the Sustainability Working Group, MIECO ensures a cohesive and effective execution of its sustainability agenda.

Through this governance framework, we are not only demonstrating our commitment to ESG principles but also paving the way for long-term growth and resilience in an ever-evolving business environment.

ETHICAL PRACTICES IN MIECO

Integrity is the foundation of everything what MIECO does. We hold ourselves accountable to the highest ethical standards, ensuring that our operations are conducted with transparency, fairness, and respect for all stakeholders. Upholding ethical business practices is not just a policy, it is a commitment that drives our decisions, shapes our culture, and strengthens our reputation as a trusted and responsible organisation.

Core Principles of Ethical Practices in MIECO

1. **Transparency:**

   o We prioritise openness in all interactions, from stakeholder communication to financial reporting, ensuring trust and confidence in our operations.

   o Accurate and honest information is shared across internal and external channels, reflecting our commitment to integrity.

SUSTAINABILITY **STATEMENT**
(CONT'D)

2. **Compliance and Accountability:**

    - MIECO strictly adheres to all applicable laws, regulations, and industry standards. This includes maintaining compliance with environmental regulations and workplace safety requirements.

    - We foster accountability at every level, encouraging employees and leaders to uphold ethical decision-making in their roles.

3. **Anti-Corruption and Fair Practices:**

    - MIECO has implemented a zero-tolerance policy toward corruption, bribery, and unethical conduct. Regular training and internal audits ensure that ethical guidelines are consistently upheld.

    - Fair practices are embedded in our dealings with customers, suppliers, and partners, ensuring mutually beneficial relationships built on trust and respect.

4. **Respect for Stakeholders:**

    - MIECO treats all stakeholders—including employees, customers, suppliers, and communities—with fairness and dignity. We respect human rights and actively work to create an inclusive and equitable environment.

    - Listening to stakeholder feedback is key to aligning our practices with their expectations and needs.

5. **Environmental and Social Responsibility:**

    - Our ethical commitment extends beyond compliance, encompassing responsible sourcing, sustainability efforts, and contributions to societal well-being.
    - We actively seek ways to minimise our environmental footprint while enhancing the social impact of our operations.

Actions and Initiatives

- **Code of Conduct:** All employees and leaders are guided by MIECO's Code of Conduct, which outlines ethical standards for behaviour and decision-making.

- **Training Programs:** Regular ethics and compliance training sessions equip employees to handle challenges in alignment with company values.

- **Reporting Mechanisms:** We maintain confidential reporting channels to encourage employees and stakeholders to report unethical behaviour without fear of retaliation.

MIECO recognises that maintaining ethical practices is an evolving journey. We continuously evaluate and refine our policies to meet changing societal and industry expectations. By fostering a culture of integrity, we ensure that ethical considerations remain central to our operations and decision-making.

Through these principles and actions, MIECO demonstrates its dedication to ethical business practices, creating lasting value for all stakeholders while paving the way for sustainable growth and success.

SUSTAINABILITY **STATEMENT** (CONT'D)

ANTI CORRUPTION AND FAIR PRACTICES

As of FYE 2024, 100% of MIECO's management & executive level employees have successfully completed ABAC training

Integrity and fairness are the cornerstones of MIECO's operations, guiding our interactions, decisions, and overall business practices. To uphold these principles, MIECO has implemented a zero-tolerance policy for corruption, bribery, and unethical conduct, ensuring that all employees and stakeholders adhere to the highest ethical standards.

A critical component of this commitment is our robust Anti-Bribery and Anti-Corruption (ABAC) training program. MIECO stressed that all their employees from non-executive/technical staff upward attend and complete the ABAC training to equip them with the knowledge and skills needed to identify, prevent, and address corruption-related risks. This milestone reflects MIECO's dedication to fostering a culture of transparency and accountability across all levels of the organization. Regular training sessions and internal audits further reinforce compliance with ethical guidelines and enhance awareness of anti-corruption policies.

Anti Bribery and Anti-Corruption	FYE2024
Substantiated complaints pertaining to Anti-Bribery & Corruption and gift giving incidents	0 case
Confirmed incidents of corruption and action taken	0 case
Percentage of employees attended ABAC training	100%

In addition to preventing unethical practices, MIECO is steadfast in promoting fairness in all business dealings. We embed principles of honesty and respect in our relationships with customers, suppliers, and partners, striving to create partnerships built on trust and mutual benefit. Our commitment to fairness not only ensures ethical operations but also strengthens the foundation for long-term, sustainable growth.

Through our unwavering focus on anti-corruption measures, comprehensive training programs, and fair practices, MIECO continues to set an example of ethical excellence in the industry.

WHISTLEBLOWING POLICY

We are committed to fostering a culture of transparency, accountability, and ethical conduct. To uphold these values, we have established a robust whistleblowing policy that empowers employees, stakeholders, and other parties to report any suspected misconduct, unethical behaviour, violations of company policies without fear of retaliation.

Purpose of the Whistleblowing Policy

The whistleblowing policy serves as a vital mechanism for safeguarding the integrity of MIECO's operations. It ensures that concerns related to fraud, corruption, harassment, or other unethical practices are addressed promptly and effectively. By encouraging open communication, the policy reinforces our commitment to maintaining a fair and responsible workplace.

SUSTAINABILITY **STATEMENT**
(CONT'D)

Key Features of the Whistleblowing Framework

1. **Confidential Reporting Channels:**
    - o MIECO provides secure and confidential channels for whistleblowers to report their concerns. These channels are designed to protect the identity of the whistleblower and ensure that their disclosures are handled with discretion.
2. **Protection Against Retaliation:**
    - o Whistleblowers are safeguarded against any form of retaliation, discrimination, or adverse consequences resulting from their decision to report misconduct. This protection is a cornerstone of our policy, ensuring that individuals feel safe and supported when coming forward.
3. **Independent Investigation:**
    - o All reports are thoroughly investigated by an independent team to ensure impartiality and fairness. The investigation process is conducted with professionalism and integrity, focusing on uncovering the truth and taking appropriate corrective actions.
4. **Accountability and Transparency:**
    - o MIECO is committed to addressing whistleblowing reports in a transparent manner. Findings and resolutions are communicated to relevant parties while maintaining confidentiality where required.
5. **Awareness and Training:**
    - o Employees are regularly educated about the whistleblowing policy and their rights under it. Training sessions ensure that everyone understands the importance of ethical behaviour and the procedures for reporting concerns.

Encouraging Ethical Conduct

The whistleblowing policy is not just a tool for addressing misconduct, it reflects MIECO's dedication to fostering an ethical and responsible organizational culture. By providing a safe platform for reporting concerns, we empower individuals to contribute to the integrity and success of the Company.

At MIECO, we believe that transparency and accountability are essential for building trust and ensuring sustainable growth. Our whistleblowing policy exemplifies this commitment, reinforcing our values and strengthening our reputation as a trusted corporate leader.

UPHOLDING HUMAN RIGHTS

MIECO firmly believes that respecting human rights is a fundamental responsibility and an integral part of our corporate values. We are dedicated to creating an environment where everyone regardless of their background, nationality, or role feels valued, respected, and protected. This commitment extends across our supply chain, ensuring that all business partners and suppliers align with our human rights principles.

Upholding Human Rights	FYE2024
Number of substantiated complaints concerning human rights violations	0 case

SUSTAINABILITY **STATEMENT**
(CONT'D)

Key Principles of Human Rights at MIECO

1. **Fair Employment Practices:**

   o We uphold non-discrimination policies to ensure equal opportunities for all, regardless of race, gender, religion, or any other characteristic.

   o Our employment practices adhere to all applicable labour laws, providing fair wages, reasonable working hours, and suitable conditions for all employees.

2. **Safe and Respectful Workplace:**

   o MIECO is committed to providing a safe and harassment-free workplace where employees can thrive without fear of discrimination or abuse.

   o We enforce strict anti-harassment policies and provide reporting mechanisms for addressing grievances promptly and effectively.

3. **Protection of Foreign Workers:**

   o Recognizing the contributions of our subcontracted foreign workers, we work closely with our partners to ensure they are treated with fairness and dignity, in compliance with all relevant laws and ethical standards.

   o We actively monitor conditions to prevent any form of exploitation or unfair treatment.

4. **Prohibition of Forced Labour and Child Labour:**

   o MIECO strictly opposes any form of forced, bonded, or involuntary labour.

   o We ensure that no child labour is involved in our operations or our supply chain, maintaining high ethical standards in all practices.

5. **Freedom of Expression and Association:**

   o We respect employees' rights to freedom of expression and freedom of association, fostering an environment where everyone can voice their opinions without fear of reprisal.

Continuous Advocacy and Improvement

MIECO recognises that the promotion and protection of human rights require ongoing effort. To uphold these commitments, we:

- Conduct regular training programs to raise awareness among employees and stakeholders about human rights policies and practices.

- Engage in due diligence to identify, prevent, and address any potential human rights risks across our operations and supply chain.

- Collaborate with industry peers, regulators, and organisations to strengthen human rights standards within our industry.

By integrating human rights principles into our corporate governance and operations, MIECO ensures that our business practices are not only ethical but also aligned with our mission of creating a positive and lasting impact. We remain steadfast in our resolve to respect, protect, and promote human rights for all.

SUSTAINABILITY **STATEMENT**
(CONT'D)

DATA PRIVACY AND SECURITIES

MIECO

MIECO has ZERO number of substantiated complaints concerning breaches of customer privacy and losses of customer data in FYE 2024

MIECO place the utmost importance on safeguarding the privacy and security of data entrusted to us by our employees, customers, and stakeholders. Recognising the growing complexities of data management, we have implemented stringent measures to ensure information is handled responsibly and securely. From adhering to regulations such as the Malaysian Personal Data Protection Act (PDPA) to deploying advanced encryption technologies, we take every step necessary to protect sensitive information. Our employees are key contributors to this effort, having undergone comprehensive training to build awareness and expertise in upholding data privacy and cybersecurity best practices. These measures reflect our unwavering commitment to fostering trust and ensuring that all data remains confidential and protected.

Data Privacy and Securities	FYE2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0 Case

Data security at MIECO is not just about compliance, it's about staying ahead of emerging threats in an ever-changing digital landscape. We proactively monitor potential vulnerabilities and continuously upgrade our security systems to address risks before they arise. With robust access controls, regular audits, and a detailed incident response plan, we are well-prepared to prevent breaches and mitigate any potential impacts. By embedding these practices into our operations, we are not only protecting vital information but also strengthening our reputation as a trusted and reliable organisation. At MIECO, maintaining the integrity and security of data is integral to achieving our mission of excellence and accountability.

CONCLUSION

In conclusion, MIECO's sustainability journey reflects our unwavering commitment to creating a positive impact across all aspects of our business operations. Guided by our core values, we strive to integrate environmental stewardship, social responsibility, and ethical governance into everything we do. From safeguarding human rights, fostering diversity and inclusion, and prioritising employee welfare to adopting sustainable practices and maintaining robust corporate governance, we are dedicated to building a better future for our stakeholders and the communities we serve.

As we look ahead, MIECO remains resolute in its pursuit of continuous improvement, innovation, and sustainability. By aligning our strategies with long-term goals and global standards, we aim to address emerging challenges, seize new opportunities, and contribute meaningfully to the well-being of society and the environment. Together with our employees, partners, and stakeholders, we are confident in our ability to create lasting value and drive progress toward a sustainable future for generations to come.

SUSTAINABILITY STATEMENT (CONT'D)

BURSA KPI LIST

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
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
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	7,800.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	50.00
Management Above 50	Percentage	50.00
Executive Under 30	Percentage	12.12
Executive Between 30-50	Percentage	72.73
Executive Above 50	Percentage	15.15
Non-executive/Technical Staff Under 30	Percentage	22.94
Non-executive/Technical Staff Between 30-50	Percentage	68.40
Non-executive/Technical Staff Above 50	Percentage	8.66
General Workers Under 30	Percentage	54.07
General Workers Between 30-50	Percentage	45.93
General Workers Above 50	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	66.67
Management Female	Percentage	33.33
Executive Male	Percentage	51.52
Executive Female	Percentage	48.48
Non-executive/Technical Staff Male	Percentage	84.42
Non-executive/Technical Staff Female	Percentage	15.58
General Workers Male	Percentage	98.26
General Workers Female	Percentage	1.74
Bursa C3(b) Percentage of directors by gender and age group		

SUSTAINABILITY **STATEMENT**
(CONT'D)

Indicator	Measurement Unit	2024
Male	Percentage	83.33
Female	Percentage	16.67
Under 30	Percentage	0.00
Between 30-50	Percentage	16.67
Above 50	Percentage	83.33
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	5,373.52
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.78
Bursa C5(c) Number of employees trained on health and safety standards	Number	31
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	132
Executive	Hours	400
Non-executive/Technical Staff	Hours	272
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	0
Executive	Number	2
Non-executive/Technical Staff	Number	2
General Workers	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	96.61
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	181.49
Bursa (Waste Management)		
Bursa C10(a) Total Waste Generated	Metric Tonnes	82.80
Bursa C10(a)(i) Total waste diverted from disposal	Metric Tonnes	82.80
Bursa C10(a)(ii) Total waste directed to disposal	Metric Tonnes	0.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric Tonnes	79,329.16
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric Tonnes	38,183.13
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric Tonnes	755.43
(*) Restated		

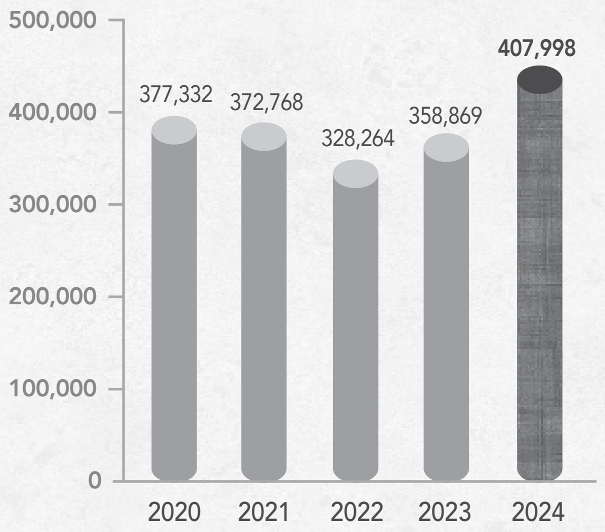
FINANCIAL **HIGHLIGHTS**
FINANCIAL STATISTICS 2020-2024

	2024 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	273,900	300,140	296,003	330,017	360,975
Right-of-use assets	102,679	113,790	149,516	141,019	140,786
Investment properties	18,450	25,405	17,000	17,000	-
Intangible assets	1,877	1,919	-	-	-
Biological assets	17,072	11,325	-	-	-
Goodwill	27	-	-	-	-
Other financial assets	1,563	725	-	-	-
Deferred tax assets	4,986	4,986	7,034	9,873	5,147
	420,554	458,290	469,553	497,909	506,908
Current assets	164,640	161,679	166,931	237,805	139,656
Assets classified as held for sale	68,406	42,454	-	-	-
TOTAL ASSETS	653,600	662,423	636,484	735,714	646,564
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	276,666	276,666	276,666	276,666	215,866
Reserves	52,380	49,816	114,939	146,647	119,134
Total equity	329,046	326,482	391,605	423,313	335,000
Non-current liabilities	97,254	139,630	83,244	100,071	114,875
Current liabilities	227,300	196,311	161,635	212,330	196,689
Total liabilities	324,554	335,941	244,879	312,401	311,564
TOTAL EQUITY AND LIABILITIES	653,600	662,423	636,484	735,714	646,564
GROUP RESULTS					
Revenue	407,998	358,869	328,264	372,768	377,332
Profit/(Loss) before taxation	2,908	(62,634)	(30,480)	22,975	(3,905)
Tax (expense)/credit	(1,372)	(2,465)	(3,243)	4,530	(573)
Profit/(Loss) after taxation	1,536	(65,099)	(33,723)	27,505	(4,478)
SELECTED RATIOS					
Basic earnings/(loss) per share (sen)	0.15	(6.51)	(3.37)	3.26	(0.53)
Net assets per share (RM)	0.33	0.33	0.39	0.42	0.40

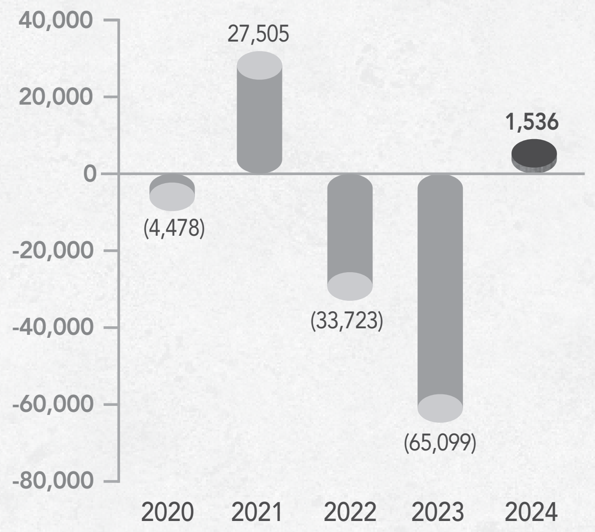
FINANCIAL **HIGHLIGHTS**

FINANCIAL STATISTICS 2020-2024 (CONT'D)

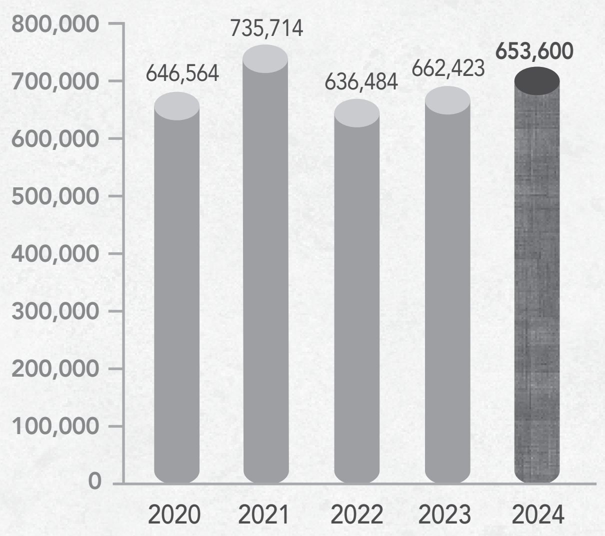
REVENUE
(IN RM'000)



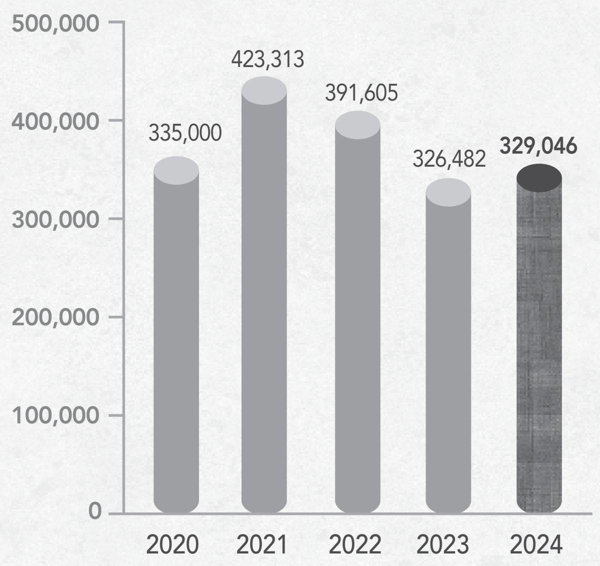
PROFIT/(LOSS) AFTER TAXATION
(IN RM'000)



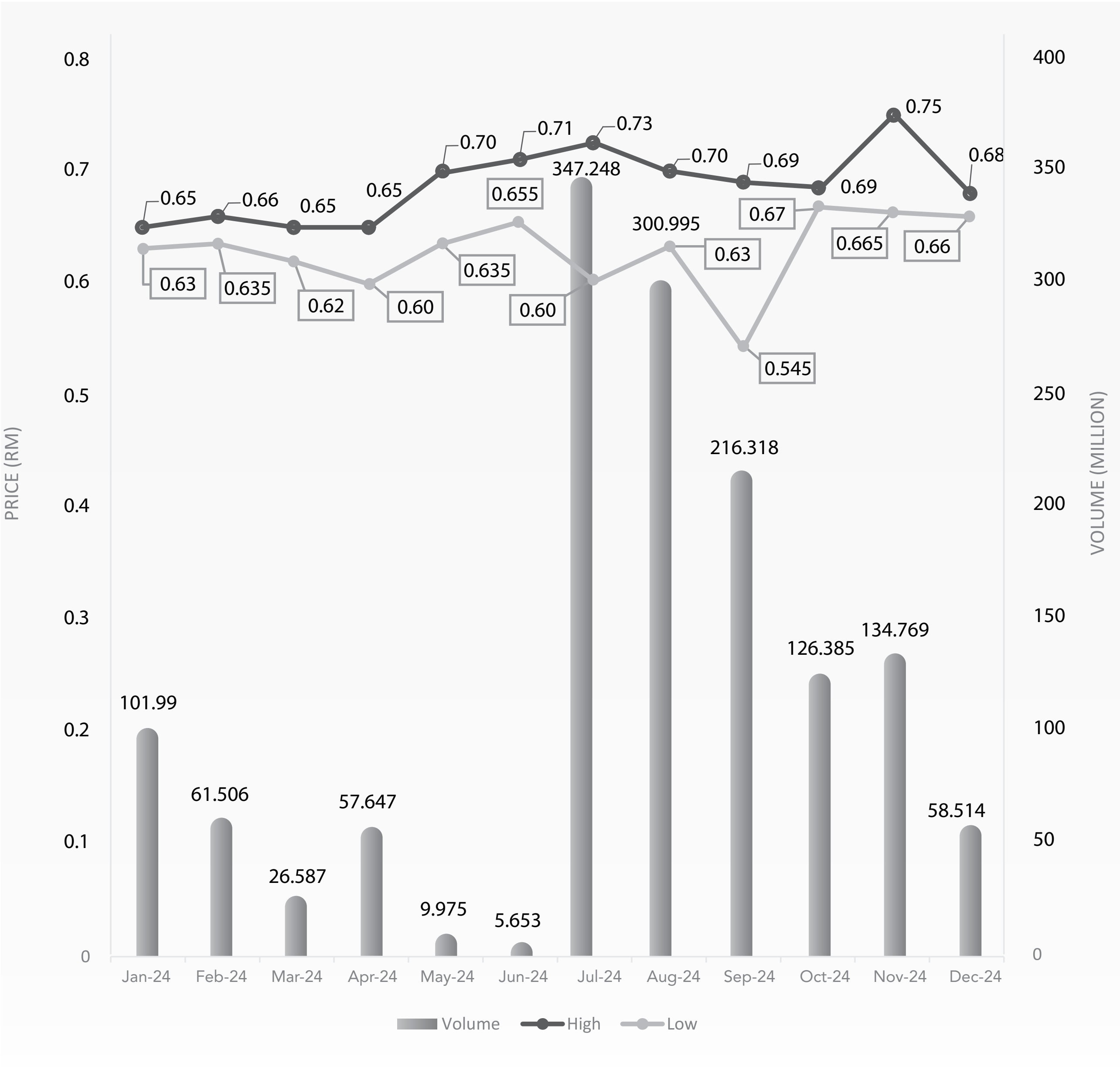
TOTAL ASSETS
(IN RM'000)



SHAREHOLDERS' FUND
(IN RM'000)



SHARE PERFORMANCE



(Source : Bursa Malaysia Securities Berhad)

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors of MIECO (the "Board") acknowledges the importance of corporate governance and 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 2024. 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. Ng Wei Ping, Keith *Executive Director*	5/5	100
Mr. Cheam Tow Yong *Independent Non-Executive Director*	5/5	100
Mr. Kajendra A/L Pathmanathan *Independent Non-Executive Director*	5/5	100
Madam Tan Poh Cheok *Independent Non-Executive Director*	5/5	100

All the Directors complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2024 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

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 conduct 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.

Our Group observes a zero-tolerance position against all forms of bribery and corruption, and is committed to conducting all its business dealings with the highest standards of ethics and integrity, avoiding practices of bribery and corruption of all forms in its daily operations. The Board expects the same commitment from the staff, business associates and any third parties that the Group has dealings with.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 2024 are disclosed on pages 16 to 56 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.

Diversity in 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, law enforcement 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 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 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 recommend retiring Director(s) for re-election at the Annual General Meeting ("AGM").
(e) 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 were as follows:

- 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 would be retiring at the forthcoming AGM of the Company;
- Reviewed and recommended the Non-Executive Directors' fees and benefits to the Board subject to approval by shareholders at the AGM;

Re-Election Of Directors

Pursuant to Clause 103 of the Constitution of the Company, one-third of the Directors are subject to retirement by rotation at every AGM such that each Director shall retire from office once in every three (3) years and shall be eligible for re-election.

At the forthcoming 52nd AGM of the Company, two (2) Directors, namely Mr. Cheam Tow Yong and Mr. Ng Wei Ping, Keith will be retiring by rotation and being eligible, have offered themselves for re-election as Directors of the Company. Both the Directors abstained from deliberations and voting at the NRC and/or Board Meetings held in March 2025, where applicable, in respect of their own re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The NRC took into consideration the results of the annual performance assessment for financial year ended 2024 conducted in February 2025 in reviewing the re-election of retiring Directors. The NRC and Board, save for the retiring Directors, collectively agreed that both the retiring Directors had met the qualification of Directors vis-à-vis character, experience, integrity, competence and time commitment as prescribed in Chapter 2.20A of the MMLR and had the relevant qualities to effectively discharge their respective roles as Directors. As part of the annual performance assessment, both the retiring Directors had also undertaken and satisfied the fit and proper assessment pursuant to the Fit & Proper Policy adopted, via self declaration and peer assessment. Mr. Cheam Tow Yong, being the Independent Non Executive Director, had also met the independence criteria as defined in the MMLR and remained independent in exercising his judgement and in carrying out his duties as an Independent Director.

Based on the results of the annual performance assessment, the NRC and the Board have affirmed and recommended the re-election of both the retiring Directors to the shareholders of the Company for approval at the 52nd AGM based on the justifications as set out in Explanatory Note (b) in the Notice of the 52nd AGM.

Directors' Training

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) and MAP Part II. 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 following:

- **Violation of the Companies Act 2016: Oversight by Directors and Secretaries**
- **Mandatory Accreditation Programme Part II: Leading for Impact (LIP)**
- **SSM National Conference 2024: Enhancing Corporate Transparency**
- **Conflict of Interest ("COI") and Governance of COI Programme**

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 of 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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.

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 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 financial year ended 2024, 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 2024 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT COMMITTEE

Audit Committee ("AC")

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 AC 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT** (CONT'D)

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 Meetings

The AGM represents the principal forum for dialogue and interaction with all shareholders. MIECO has conducted its fifth fully virtual AGM on 28 May 2024. The conduct of the fully virtual 51st 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 AGM is circulated to the shareholders at least twenty-eight (28) days prior to the meeting. The Minutes of the 51st AGM held on 28 May 2024 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 facilities ("RPV") was utilised during the 51st AGM which was conducted on a virtual basis entirely through live streaming from the broadcast venue on 28 May 2024 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 AGM. 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 2025.

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 2024, 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 meetings 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
Madam Tan Poh Cheok *Independent Non-Executive Director*	5/5	100

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.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES

The AC has carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2024. 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 were 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 conflict-of-interest or potential conflict of interest situations that may arise within the Group, if any, on quarterly basis. There were no material related party transactions and conflict of interest 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.

AUDIT COMMITTEE REPORT (CONT'D)

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 2024, the outsourced IA, namely Messrs LTTH PLT has carried out audit review on Corrective Action and Preventive Action Procedure of Mieco Manufacturing Sdn Bhd ("MMSB"), a wholly-owned subsidiary of MIECO. Areas of audit included the overall adequacy and effectiveness of Corrective Action and Preventive Action process in MMSB. 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 2024 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.

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

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 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.

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

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 Audit Committee. The areas reviewed by IA during the financial year 31 December 2024 was "Corrective Action and Preventive Action Procedure".

REVIEW OF THE 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 2024. 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 form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, the external 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.

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

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 2025.

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.

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DIRECTORS' **REPORT**

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 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries include the manufacturing and marketing of chipboards related products, particle boards, and medium-density fibre boards, as well as manufacturing and trading of moulded timber, furniture products, and timber treatment processing.

There have been no significant changes in the nature of these activities during the financial year except for the acquisition of a new subsidiary that engages in the export and import of lumber and timber, alongside forestry-related activities such as planting, replanting, and conservation.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to owners of the parent	1,536	(391)

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

* *Director of the Company and its subsidiaries*

DIRECTORS' **REPORT**
(CONT'D)

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 1.1.2024	Bought	Sold	Transferred	At 31.12.2024
Interests in the Company					
Direct Interests					
Dato' Sri Ng Ah Chai	629,802,319	2,005,500	(41,855,500)	(5,000,000)	584,952,319
Ng Wei Ping	12,000,000	-	-	5,000,000	17,000,000

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 35(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' **REPORT**
(CONT'D)

DIRECTORS' REMUNERATION

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

	Group RM'000	Company RM'000
Executive Directors		
Salaries and other emoluments	3,661	3,477
Defined contribution plans	434	412
Employee defined benefit plans	5	4
	4,100	3,893
Non-executive Directors		
Fees	197	197
Allowances	29	29
	226	226
	4,326	4,119

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.

DIRECTORS' REPORT (CONT'D)

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 and 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 39 to the financial statements.

DIRECTORS' **REPORT**
(CONT'D)

AUDITORS' REMUNERATION

The details of the auditors' remuneration for the financial year ended 31 December 2024 are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audit	259	55
- Non-statutory audit	5	5
	264	60

AUDITORS

The auditors, Messrs. UHY Malaysia PLT, have expressed their willingness to continue in office.

UHY Malaysia PLT (LLP0041391-LCA & AF 1411) was registered on 19 December 2024 and with effect from that date, UHY Malaysia (Formerly known as UHY) (AF 1411), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2025.

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 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2025.

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 2025.)

NG WEI PING

Before me,

NO. W790
ZAINUL ABIDIN BIN AHMAD
COMMISSIONER FOR OATHS

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF MIECO CHIPBOARD BERHAD (INCORPORATED IN MALAYSIA)

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 2024 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 88 to 162.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF MIECO CHIPBOARD BERHAD (CONT'D) (INCORPORATED IN MALAYSIA)

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 RM274 million and RM103 million, which representing 65% and 24% respectively of total non-current assets of the Group as at 31 December 2024. 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.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF MIECO CHIPBOARD BERHAD (CONT'D) (INCORPORATED IN MALAYSIA)

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.

- 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.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF MIECO CHIPBOARD BERHAD (CONT'D) (INCORPORATED IN MALAYSIA)

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

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 Malaysia PLT
202406000040 (LLP0041391-LCA) & AF1411
Chartered Accountants

TAN GIM-HENG
Approved Number: 03595/09/2025 J
Chartered Accountant

KUALA LUMPUR
27 March 2025

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	273,900	300,140	10	19
Right-of-use assets	5	102,679	113,790	-	-
Investment properties	6	18,450	25,405	-	-
Intangible assets	7	1,877	1,919	-	-
Biological assets	8	17,072	11,325	-	-
Investment in subsidiaries	9	-	-	382,113	362,113
Goodwill on consolidation	10	27	-	-	-
Other financial assets	11	1,563	725	-	-
Amount due from subsidiaries	12	-	-	48,622	87,413
Deferred tax assets	13	4,986	4,986	-	-
		420,554	458,290	430,745	449,545
Current Assets					
Inventories	14	84,386	76,659	-	-
Trade receivables	15	40,098	50,881	-	-
Other receivables	16	14,941	14,706	236	208
Amount due from subsidiaries	12	-	-	5,042	5,793
Tax recoverable		1,475	748	771	306
Fixed deposits with licensed banks	17	13,884	13,320	171	171
Cash and bank balances		9,856	5,365	95	169
		164,640	161,679	6,315	6,647
Assets held for sale	18	68,406	42,454	-	-
		233,046	204,133	6,315	6,647
Total Assets		653,600	662,423	437,060	456,192

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2024 (CONT'D)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	19	276,666	276,666	276,666	276,666
Reserves	20	52,380	49,816	156,768	156,995
Total Equity		329,046	326,482	433,434	433,661
Non-Current Liabilities					
Other payables	21	2,122	20,800	2,122	20,800
Lease liabilities	22	5,093	9,968	-	-
Bank borrowings	23	83,148	99,864	-	-
Employee defined benefit plan	24	4,162	7,603	152	355
Deferred tax liabilities	13	2,729	1,395	-	-
		97,254	139,630	2,274	21,155
Current Liabilities					
Trade payables	25	42,342	53,362	-	-
Other payables	21	35,458	27,155	441	465
Amount due to subsidiaries	12	-	-	911	911
Lease liabilities	22	3,849	3,654	-	-
Bank borrowings	23	145,651	112,140	-	-
		227,300	196,311	1,352	1,376
Total Liabilities		324,554	335,941	3,626	22,531
Total Equity and Liabilities		653,600	662,423	437,060	456,192

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 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	26	407,998	358,869	3,077	2,820
Cost of sales		(378,384)	(415,412)	-	-
Gross profit/(loss)		29,614	(56,543)	3,077	2,820
Other income		12,208	32,020	1,966	3,049
Selling and distribution expenses		(4,062)	(3,326)	-	-
Administrative expenses		(19,191)	(21,524)	(5,439)	(5,730)
Net loss on impairment of financial instruments		(573)	-	-	-
Finance costs	27	(15,088)	(13,261)	-	(1)
Profit/(Loss) before taxation	28	2,908	(62,634)	(396)	138
Taxation	29	(1,372)	(2,465)	5	(35)
Profit/(Loss) for the financial year		1,536	(65,099)	(391)	103

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain on employee defined benefit plan	24	1,028	-	164	-
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operation		-	(24)	-	-
Total other comprehensive income/(loss) for the financial year		1,028	(24)	164	-
Total comprehensive income/(loss) for the financial year		2,564	(65,123)	(227)	103
Profit/(Loss) for the financial year attributable to owners of the parent		1,536	(65,099)	(391)	103
Total comprehensive income/(loss) for the financial year attributable to owners of the parent		2,564	(65,123)	(227)	103
Earnings/(Loss) per share	30				
Basic and diluted earnings/(loss) per share (sen)		0.15	(6.51)		

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

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

	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 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
At 1 January 2024	276,666	(78)	49,894	326,482
Profit for the financial year	-	-	1,536	1,536
Other comprehensive income for the financial year	-	-	1,028	1,028
Total comprehensive income for the financial year	-	-	2,564	2,564
At 31 December 2024	276,666	(78)	52,458	329,046

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
Company			
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
At 1 January 2024	276,666	156,995	433,661
Loss for the financial year	-	(391)	(391)
Other comprehensive income for the financial year	-	164	164
Total comprehensive loss for the financial year	-	(227)	(227)
At 31 December 2024	276,666	156,768	433,434

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

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

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Operating Activities				
Profit/(Loss) before tax	2,908	(62,634)	(396)	138
Adjustments for:				
Amortisation of intangible assets	42	32	-	-
Depreciation of:				
- Property, plant and equipment	22,408	25,374	9	11
- Right-of-use assets	4,786	5,308	-	1
Fair value (gain)/loss on:				
- Investment property	(540)	(170)	-	-
- Biological assets	(68)	670	-	-
- Other financial asset	(12)	1	-	-
Finance costs	15,088	13,261	-	1
Impairment losses on:				
- Property, plant and equipment	-	38,928	-	-
- Asset held for sale	2,754	-	-	-
- Other receivables	573	-	-	-
Inventories written down to net realisable value	66	371	-	-
(Gain)/Loss on disposal of				
- Property, plant and equipment	(41)	21	-	-
- Right-of-use assets	12	-	-	-
Property, plant and equipment written off	-	2,534	-	-
Provision for employee defined benefit plan	692	934	51	49
Waiver of debts	-	-	10	14
Bargain purchase gain on acquisition of a subsidiary	-	(22,407)	-	-
Gain on termination of lease contract	-	(5)	-	(4)
Interest income	(426)	(700)	(1,966)	(3,045)
Reversal of inventories written down	-	(567)	-	-
Reversal of impairment losses on property, plant and equipment	-	(2,533)	-	-
Unrealised gain on foreign exchange	(244)	(513)	-	-
Operating profit/(loss) before working capital changes	47,998	(2,095)	(2,292)	(2,835)
Changes in working capital:				
Inventories	(7,793)	15,856	-	-
Trade receivables	11,253	(18,304)	-	-
Other receivables	420	2,892	(28)	(56)
Trade payables	(10,992)	11,878	-	-
Other payables	(14,055)	(24,356)	(18,702)	2,402
	(21,167)	(12,034)	(18,730)	2,346
Cash generated from/(used in) operations	26,831	(14,129)	(21,022)	(489)
Interest paid	(15,088)	(13,261)	-	(1)
Interest received	426	700	2,941	2,042
Tax paid	(705)	(857)	(460)	(337)
Tax refund	16	25	-	-
Employee defined benefit paid	(3,105)	(2,215)	(90)	(49)
Net cash from/(used in) operating activities	8,375	(29,737)	(18,631)	1,166

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Investing Activities				
Net changes in amount due from subsidiaries	-	-	18,557	2,766
Acquisition of a subsidiary	-	-	-	(50,000)
Purchase of property, plant and equipment	(12,207)	(6,645)	-	(10)
Purchase of right-of-use assets [Note 5(d)]	(48)	(391)	-	-
Purchase of investment property	(49)	-	-	-
Adjustment on investment properties (Note 6)	79	-	-	-
Purchase of biological assets	(3,527)	(6,403)	-	-
Purchase of other financial asset	(826)	(726)	-	-
Proceeds from disposal of:				
- Property, plant and equipment	297	19	-	-
- Right-of-use assets	1,360	-	-	-
Net cash outflows arising from acqusition of a subsidiary (Note 9)	(10)	(44,532)	-	-
Net cash (used in)/generated from investing activities	(14,931)	(58,678)	18,557	(47,244)
Financing Activities				
(Increase)/Decrease in fixed deposits pledged with licensed banks	(563)	(3,395)	-	218
Net changes in amount due to subsidiaries	-	-	-	867
Net proceeds from bankers' acceptance	29,530	7,644	-	-
Drawdown of term loans	-	44,886	-	-
Repayment in term loans	(12,152)	(10,830)	-	-
Payment of lease liabilities	(5,137)	(3,108)	-	(1)
Net cash from financing activities	11,678	35,197	-	1,084
Net increase/(decrease) in cash and cash equivalents	5,122	(53,218)	(74)	(44,994)
Effects of exchange translation differences on cash and cash equivalents	(47)	68	-	-
Cash and cash equivalents at the beginning of the financial year	3,622	56,772	340	45,334
Cash and cash equivalents at the end of the financial year	8,697	3,622	266	340
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with licensed banks	13,884	13,320	171	171
Cash and bank balances	9,856	5,365	95	169
Bank overdraft	(1,330)	(1,913)	-	-
	22,410	16,772	266	340
Less: Fixed deposits pledged with licensed banks	(13,713)	(13,150)	-	-
	8,697	3,622	266	340

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

Note to statements of cash flows

Cash flows for leases as a lessee

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Included in operating activities:					
Interest paid in relation to lease liabilities	27	747	1,020	-	1
Payment relating to short-term leases	28	202	203	-	-
Included in financing activities:					
Payment of lease liabilities		5,137	3,108	-	1
Total cash outflows for leases		6,086	4,331	-	2

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024

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 its subsidiaries include the manufacturing and marketing of chipboards related products, particle boards, and medium-density fibre boards, as well as manufacturing and trading of moulded timber, furniture products, and timber treatment processing.

There have been no significant changes in the nature of these activities during the financial year except for the acquisition of a new subsidiary that engages in the export and import of lumber and timber, alongside forestry-related activities such as planting, replanting, and conservation.

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:

Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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 - *Non-current liabilities with covenants*</u>

The Group has adopted the amendments to MFRS 101 – *Non-Current Liabilities with Covenants* in the current year.

Under these amendments, only covenants that require the entity to comply with on or before the end of the reporting period affect the classification of liabilities as current or non-current. Specifically, covenants that the Group is required to comply with as of the reporting date affects the entity's ability to defer settlement of liabilities for at least twelve months from the reporting date. This means that covenants affecting classification must be considered as of the reporting period, even if compliance with the covenants is assessed only after the reporting date.

Additionally, the amendments clarify that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if the Group is required to comply with covenants after the reporting period. However, if the Group's right to defer settlement is contingent on meeting covenants within twelve months after the reporting period, the Group must disclose relevant information to help users understand the risk of such liabilities becoming repayable within the following twelve months. This includes providing details about the nature of the covenants, the timing of compliance requirements, the carrying amount of related liabilities, and any circumstances that could indicate potential difficulties in complying with the covenants.

The effect of applying these amendments on the Group's financial statements has been disclosed in Note 23.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments 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.

(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:

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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.

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 2024 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 13.

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 14.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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 15.

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 24.

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 2024, the Group and the Company have tax recoverable of RM1,475,000 and RM771,000 (2023: RM748,000 and RM306,000) 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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.

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 46 to 47 years.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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.

(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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (Cont'd)

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(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.

(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.

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 receivables, 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.

The loss allowances for other receivables and inter-company balances are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The Group and the Company define significant increase in credit risk based on past due information, i.e. 365 days after credit terms. The carrying amount of other receivables as at the reporting date is disclosed in Note 16.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(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.

(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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(q) Employee benefits (Cont'd)

(iii) Defined benefit plans (Cont'd)

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.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

(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.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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
2024							
Group							
Cost							
At 1 January 2024	34,894	49,156	733,100	31,939	14,901	2,942	866,932
Additions	-	535	9,243	403	-	2,026	12,207
Disposals	-	-	(1,520)	-	(200)	-	(1,720)
Transfer to assets held for sale (Note 18)	(8,410)	(7,566)	-	-	-	-	(15,976)
At 31 December 2024	26,484	42,125	740,823	32,342	14,701	4,968	861,443
Accumulated depreciation							
At 1 January 2024	-	3,763	464,289	25,050	13,078	-	506,180
Charge for the financial year	-	930	19,577	1,569	332	-	22,408
Disposals	-	-	(1,264)	-	(200)	-	(1,464)
Transfer to assets held for sale (Note 18)	-	(193)	-	-	-	-	(193)
At 31 December 2024	-	4,500	482,602	26,619	13,210	-	526,931
Accumulated impairment losses							
At 1 January/ 31 December 2024	-	-	60,123	134	355	-	60,612
Carrying amount							
At 31 December 2024	26,484	37,625	198,098	5,589	1,136	4,968	273,900

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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
2023							
Group							
Cost							
At 1 January 2023	6,749	16,907	704,415	28,272	11,535	1,020	768,898
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 properties (Note 6)	-	-	-	-	-	(930)	(930)
Transfer to right-of-use assets (Note 5)	-	-	-	-	(448)	-	(448)
Acquisition of a subsidiary	28,145	32,249	41,154	3,868	4,323	-	109,739
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
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)
Acquisition of a subsidiary	-	1,257	39,202	3,232	2,876	-	46,567
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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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

	Company	
	2024 RM'000	**2023 RM'000**
Furniture, fittings, office renovation and equipment		
Cost		
At 1 January	4,785	4,975
Additions	-	10
Written off	-	(200)
At 31 December	4,785	4,785
Accumulated depreciation		
At 1 January	4,766	4,955
Charge for the financial year	9	11
Written off	-	(200)
At 31 December	4,775	4,766
Carrying amount		
At 31 December	10	19

(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 23(a) are as follows:

	Group	
	2024 RM'000	**2023 RM'000**
Freehold land	26,484	34,894
Freehold buildings	35,043	42,731
Plant and machineries	176,683	180,018
Furniture, fittings, office renovation and equipment	254	112
Motor vehicles	563	632
Capital work-in-progress	4,833	2,835
	243,860	261,222

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

(b) Impairment assessment for property, plant and equipment

At 31 December 2024, 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:

- Discount rate of 11.0%;
- Sale volume growth rate of 9.8% for the financial year ending 31 December 2025 and increase of 2.0% for the remaining useful life of Lipis Plant; and
- Selling price growth rate to remain the same for the financial year ending 31 December 2025 and increase of 2.0% 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:

- Discount rate of 11.0%;
- Sale volume growth rate of 5.0% for the financial year ending 31 December 2025 and increase 2.0% for the remaining useful life of Rompin Plant; and
- Selling price growth rate of 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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:

- Discount rate of 11.0%;
- Sale volume growth rate of 2.0% for the remaining useful life of Simpang Pertang Plant; and
- Selling price growth rate of 6.0% for financial year ending 31 December 2025 and increase 1.0% 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:

- Discount rate of 11.0%; 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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
2024								
Group								
Cost								
At 1 January 2024	15,273	104,376	1,648	16,159	582	-	2,311	140,349
Additions	-	48	-	-	457	-	-	505
Disposals	-	-	-	(2,446)	-	-	-	(2,446)
Transfer to assets held for sale (Note 18)	(1,945)	(3,660)	-	-	-	-	-	(5,605)
At 31 December 2024	13,328	100,764	1,648	13,713	1,039	-	2,311	132,803
Accumulated depreciation								
At 1 January 2024	1,466	16,561	183	5,324	446	-	-	23,980
Charge for the financial year	163	1,146	110	3,123	244	-	-	4,786
Disposals	-	-	-	(1,074)	-	-	-	(1,074)
Transfer to assets held for sale (Note 18)	(78)	(69)	-	-	-	-	-	(147)
At 31 December 2024	1,551	17,638	293	7,373	690	-	-	27,545
Accumulated impairment losses								
At 31 December 2024	-	2,579	-	-	-	-	-	2,579
Carrying amount								
At 31 December 2024	11,777	80,547	1,355	6,340	349	-	2,311	102,679

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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

	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 assets held for sale (Note 18)	(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 assets held for sale (Note 18)	(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 assets held for sale (Note 18)	-	(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)

(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 23(a) are as follows:

	Group	
	2024 RM'000	2023 RM'000
Leasehold land	7,274	7,924
Leasehold buildings	80,547	81,617
	87,821	89,541

(b) The remaining lease terms of the leasehold land range from 24 to 97 years (2023: 25 to 98 years).

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

	Group	
	2024 RM'000	2023 RM'000
Plant and machinery	1,355	1,465
Motor vehicles	6,340	10,835
	7,695	12,300

The leased assets are pledged as securities for the related lease liabilities as disclosed in Note 22.

(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	
	2024 RM'000	2023 RM'000
Aggregate costs	505	4,368
Less: Leases financing	(457)	(3,977)
Cash payments	48	391

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

At 31 December 2024, 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. The key assumptions used in determining the value in use and the sensitivity analysis of Lipis Plant is disclosed in Note 4(b).

Simpang Pertang Plant

The recoverable amount of Simpang Pertang 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 Simpang Pertang Plant is disclosed in Note 4(b).

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

6. INVESTMENT PROPERTIES

	Group 2024 RM'000	Group 2023 RM'000
At fair value		
Freehold property		
At 1 January	25,405	17,000
Acquisition of a subsidiary	-	7,305
Transfer from property, plant and equipment (Note 4)	-	930
Additions	49	-
Adjustments*	(79)	-
Transfer to assets held for sale (Note 18)	(7,465)	-
Change in fair value recognised in profit or loss	540	170
At 31 December	18,450	25,405

* Represents credit note received from supplier for the financial year ended 31 December 2024 for the addition of investment properties for the financial year ended 31 December 2023.

(a) The freehold investment properties of the Group with carrying amount of RM18,450,000 (2023: RM25,405,000) were revalued by an independent firm of professional valuer on 31 December 2024. 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 RM540,000 has been recognised in the profit or loss during the financial year.

(b) The freehold investment properties of the Group with carrying amount of RM18,450,000 (2023: RM25,405,000) are pledged to licensed banks for credit facilities granted to the Group as disclosed in Note 23(a).

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

	Group 2024 RM'000	Group 2023 RM'000
Rental income	3,852	3,673
Direct operating expenses	561	563

7. INTANGIBLE ASSETS

	Group	
	2024	**2023**
	RM'000	**RM'000**
Asset usage rights		
Cost		
At 1 January	2,000	-
Acquisition of a subsidiary	-	2,000
At 31 December	2,000	2,000
Accumulated amortisation		
At 1 January	81	-
Acquisition of a subsidiary	-	49
Charge for the financial year	42	32
At 31 December	123	81
Carrying amount		
At 31 December	1,877	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 46 to 47 years (2023: 47 to 48 years).

8. BIOLOGICAL ASSETS

	Group	
	2024	**2023**
	RM'000	**RM'000**
At fair value		
At 1 January	11,325	-
Acquisition of a subsidiary	-	5,592
Additions	2,407	6,403
Change in fair value recognised in profit or loss	68	(670)
At 31 December	13,800	11,325
At Cost		
At 1 January	-	-
Acquisition of a subsidiary	2,152	-
Additions	1,120	-
At 31 December	3,272	-
	17,072	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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

8. BIOLOGICAL ASSETS (CONT'D)

The biological assets of the Group with carrying amount of RM13,800,000 (2023: RM11,325,000) were revalued by an independent firm of professional valuer on 31 December 2024. 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 key assumptions used in determining the fair value are as follows:

- Pre-tax discount rate of 15.0%;
- Estimated yield per hectare of 600 trees;
- Premium to non-premium yield ratio is assumed to be 20:80; and
- Estimated selling price for premium yield and non-premium yield are assumed to be RM600 per tonne and RM300 per tonne respectively.

The Group has elected to measure certain biological assets at cost, rather than fair value, in accordance with MFRS141 paragraph 30, which permits this approach when the fair value of the biological asset cannot be reliably measured. The cost includes all direct costs attributable to the acquisition, breeding, and maintenance of the biological assets, such as land clearing expenses.

9. INVESTMENT IN SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
In Malaysia		
Unquoted shares, at cost	384,328	364,328
Less: Accumulated impairment losses	(2,215)	(2,215)
	382,113	362,113
Outside Malaysia		
Unquoted shares, at cost	50	50
Less: Accumulated impairment losses	(50)	(50)
	-	-
	382,113	362,113

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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 2024	2023	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	100	Manufacturing and trading of moulded timber, furniture products and timber treatment processing
Mieco Marketing Sdn. Bhd.@	Malaysia	100	100	Wholesale of logs, sawn timber, plywood, veneer and related products
Mieco Chemicals Sdn. Bhd.@	Malaysia	100	100	Manufacturing of other chemical products
Mieco Wood Resources Sdn. Bhd.@	Malaysia	100	100	Wholesale of lumber and timber
Mieco International (HK) Limited*	Hong Kong	100	100	Dormant
Tudor Capital Sdn. Bhd. ("TCSB")#	Malaysia	-	100	Investment trading
Aspire Benchmark Sdn. Bhd.^	Malaysia	100	100	Property investment
Mieco Reforestation Sdn. Bhd.	Malaysia	100	100	Planting, replanting, transplanting, thinning and conserving of forests and timber tracts
Indirect holding:				
Held through GPSB				
Particleboard Malaysia Sdn. Bhd.@	Malaysia	100	100	Wholesale of logs, sawn timber, plywood, veneer and related products
Held through Mieco Reforestation Sdn. Bhd.				
Maritime Skills Resources Sdn. Bhd.	Malaysia	100	-	Export and import of lumber and timber as ("Maritime") well as planting, replanting, transplanting, thinning and conserving of forests and timber tracts and wholesale of lumber and timber

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Details of the subsidiaries are as follows: (Cont'd)

@ *The Company is dormant and management presently has no definite plans for the commencement of any business activities.*

* *Not audited by UHY Malaysia PLT. As the company is dormant, no statutory audit is required under Hong Kong Companies Ordinance.*

\# *On 4 June 2024, the TCSB's application to Companies Commission of Malaysia to strike off pursuant to Section 550 of the Companies Act 2016 has been gazetted by the Companies Commission of Malaysia. The striking off of TCSB does not have any material financial impact to the Group.*

^ *In the process of Member's Voluntary Winding Up during the financial year.*

As of 31 December 2024, the shares in GPSB with a carrying amount of RM7,064,000 (2023: RM7,064,000) have been pledged as security for outstanding of certain term loans as disclosed in Note 23(c).

(c) Acquisition of subsidiary – Maritime

On 10 June 2024, the wholly-owned subsidiary, Mieco Reforestation Sdn. Bhd., acquired the entire issued share capital of Maritime for a purchase consideration of RM10,000. The transfer of shares was completed on 21 August 2024. Consequently, Maritime became an indirect 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:

	Group 2024 RM'000
Biological assets	2,152
Other receivables	1,438
Tax recoverable	76
Other payables	(3,683)
Total identifiable assets and liabilities	(17)

<u>Fair value of consideration transferred and net cash outflows arising from acquisition of a subsidiary</u>

	Group 2024 RM'000
Purchase consideration settled in cash, representing total consideration transferred, and net cash outflow	10

<u>Goodwill arising from business combination</u>

	Group 2024 RM'000
Fair value of consideration transferred	10
Fair value of identifiable assets acquired and liabilities assumed	17
Goodwill	27

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiary – Maritime (Cont'd)

Acquisition-related costs

The Group incurred acquisition-related costs of RM7,000 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 a loss of RM115,000 to the Group's profit for the financial year and other comprehensive income. There are no contribution to the Group's revenue. If the combination had taken place at the beginning of the financial year, the Group's profit for the financial year would have been a profit of RM1,534,000.

(d) Acquisition of subsidiary - SYFSB

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiary - SYFSB (Cont'd)

Fair value of consideration transferred

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

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.

(e) Additional investment in a subsidiary - GPSB

On 26 January 2024, 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 had subscribed for the entire increase in the issued and paid up share capital of GPSB, by way of capitalisation of amount due from GPSB.

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(f) Additional investment in a subsidiary - SYFSB

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. GOODWILL ON CONSOLIDATION

	Group	
	2024 RM'000	2023 RM'000
At 1 January	-	-
Acquisition of a subsidiary [Note 9(c)]	27	-
At 31 December	27	-

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to the Group's cash generating units ("CGUs") identified according to the one segment in which the Group operates, that is, manufacturing and sales of wood based products.

The Group has assessed the recoverable amounts of the goodwill allocated and determined that no impairment is required as the carrying amount of the goodwill are considered immaterial to the Group.

11. OTHER FINANCIAL ASSET

	Group	
	2024 RM'000	2023 RM'000
Keyman life insurance policy		
At 1 January	725	-
Addition	826	726
Change in fair value recognised in profit or loss	12	(1)
At 31 December	1,563	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 2024, 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

(a) Amount due from subsidiaries

		Company	
	Note	2024 RM'000	2023 RM'000
Non-current			
Non-trade related			
Interest bearing	(i)	48,622	87,413
Current			
Non-trade related			
Non-interest bearing	(ii)	5,042	5,793
		53,664	93,206

(i) Included in the amount due from subsidiaries of the Company are RM48,622,000 (2023: RM87,413,000) which represent unsecured, interest bearing advances at effective interest rate of 3.05% (2023: 3.05%) per annum and repayable after twelve months.

(ii) This represents unsecured, non-interest bearing advances and repayable in 365 days (2023: 365 days).

(b) Amount due to subsidiaries

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

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2024 RM'000	2023 RM'000
At 1 January	3,591	7,034
Acquisition of a subsidiary	-	(955)
Recognised in profit or loss (Note 29)	(1,334)	(2,488)
At 31 December	2,257	3,591

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

	Group	
	2024 RM'000	2023 RM'000
Deferred tax assets	4,986	4,986
Deferred tax liabilities	(2,729)	(1,395)
	2,257	3,591

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

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 2024	3,892	61	56,930	5,102	1,668	9,160	76,813
Recognised in profit or loss	(875)	128	(1,780)	-	1,450	(1,643)	(2,720)
Under provision in prior year	25	-	1,578	-	-	707	2,310
At 31 December 2024 (before offsetting)	3,042	189	56,728	5,102	3,118	8,224	76,403
Less: Offsetting							(71,417)
At 31 December 2024 (after offsetting)							4,986
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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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

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

	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 2024	(54)	(71,689)	19	(1,498)	(73,222)
Recognised in profit or loss	(127)	2,380	(19)	(1,450)	784
Over provision in prior year	-	(1,538)	-	(170)	(1,708)
At 31 December 2024 (before offsetting)	(181)	(70,847)	-	(3,118)	(74,146)
Less: Offsetting					71,417
At 31 December 2024 (after offsetting)					(2,729)
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)

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

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Decelerated capital allowances	6	8	6	8
Unutilised capital allowances	4,410	5,839	7	-
Unutilised investment tax allowances	411,921	411,921	-	-
Unused tax losses	40,878	39,292	278	-
	457,215	457,060	291	8

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

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

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.

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:

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
2028	22,611	22,611	-	-
2029	26,073	31,612	-	-
2030	5,173	5,173	-	-
2033	21,011	21,011	-	-
2034	278	-	278	-
	75,146	80,407	278	-

14. INVENTORIES

	Group	
	2024 RM'000	2023 RM'000
Raw materials	19,156	21,883
Work-in-progress	13,883	12,357
Finished goods	31,631	23,237
Spares and consumables	19,716	18,808
Goods-in-transit	-	374
	84,386	76,659
Recognised in profit or loss		
Inventories recognised as cost of sales	228,637	221,201
Inventories written down to net realisable value	66	371
Reversal of inventories written down	-	(567)

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

15. TRADE RECEIVABLES

	Group 2024 RM'000	Group 2023 RM'000
Trade receivables		
- Third parties	41,194	51,977
Less: Accumulated impairment losses	(1,096)	(1,096)
	40,098	50,881

Trade receivables of the Group are non-interest bearing and are generally on 1 to 120 days (2023: 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 RM2,100,000 (2023: RM1,900,000) is secured by bank guarantee made in favour of the Group.

The ageing analysis of trade receivables at the end of the reporting period are as follows:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2024			
Not past due	30,523	(25)	30,498
Past due			
Less than 30 days	4,544	(8)	4,536
31 to 60 days	2,075	(2)	2,073
61 to 90 days	2,067	-	2,067
More than 90 days	925	(1)	924
	9,611	(11)	9,600
Credit Impaired			
Individually impaired	1,060	(1,060)	-
	41,194	(1,096)	40,098
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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

15. TRADE RECEIVABLES (CONT'D)

Trade receivables that are not past due nor individually impaired are creditworthy debtors with good payment records with the Group.

As at 31 December 2024, gross trade receivables of RM9,611,000 (2023: RM14,933,000) 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 (2023: RM1,060,000). These relate to a number of independent customers that are in financial difficulties and have defaulted on payments.

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/31 December 2024	36	1,060	1,096
At 1 January 2023	23	1,060	1,083
Acquisition of a subsidiary	13	-	13
At 31 December 2023	36	1,060	1,096

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.

16. OTHER RECEIVABLES

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables				
- Third parties	15,002	12,944	266	243
Deposits	6,619	6,809	5	5
Prepayments	1,605	2,665	17	12
Goods and Services Tax receivable	3	3	2	2
	23,229	22,421	290	262
Less: Accumulated impairment losses				
- Other receivables	(8,279)	(7,706)	(54)	(54)
- Deposits	(9)	(9)	-	-
	(8,288)	(7,715)	(54)	(54)
	14,941	14,706	236	208

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

16. OTHER RECEIVABLES (CONT'D)

Movement in the allowance for impairment losses are as follows:

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January 2024	7,715	7,715	54	54
Impairment losses recognised	573	-	-	-
At 31 December	8,288	7,715	54	54

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group amounting to RM13,713,000 (2023: RM13,150,000) were pledged to licensed banks as securities for the banking facilities granted to the Group as disclosed in Note 23(b).

The maturity of the fixed deposits of the Group and of the Company are 365 days and 365 days (2023: 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:

	The Group		The Company	
	2024 %	2023 %	2024 %	2023 %
Fixed deposits with licensed banks	2.43	2.49	2.45	2.45

18. ASSETS HELD FOR SALE

	Group	
	2024 RM'000	2023 RM'000
At cost		
- Freehold land and buildings	15,783	-
- Leasehold land and buildings	47,912	42,454
- Investment properties	7,465	-
	71,160	42,454
Less: Accumulated impairment losses	(2,754)	-
	68,406	42,454

18. ASSETS HELD FOR SALE (CONT'D)

(a) On 10 October 2023, Mieco Manufacturing Sdn. Bhd. ("MMSB"), a wholly-owned subsidiary of the Company, appointed an auctioneer to dispose of its leasehold land and buildings with a carrying amount of RM42,454,000. The auction price was set at RM59,800,000. However, there was no transactions occurred under the auction.

Subsequently, on 20 January 2025, MMSB has entered into a Sale and Purchase Agreement ("SPA") with G-Force Sdn. Bhd. to sell the leasehold land and buildings for a total consideration of RM40,000,000.

The management has estimated the cost of disposal, including legal fees, to be RM300,000. Given that the fair value of the asset, less the estimated costs of disposal, is lower than its net carrying amount, an impairment loss of RM2,754,000 has been recognised in the financial statements.

(b) On 7 May 2024, SYFSB has entered into a SPA with Ecobuild Engineering Sdn. Bhd. to dispose a freehold land and buildings with a carrying amount of RM6,357,000, for a total consideration of RM12,150,000, of which the condition precedent has not been satisfied as at 31 December 2024. The Group has received a deposit of RM1,215,000 in respect of the disposal.

(c) On 30 October 2024, SYFSB has entered into a SPA with two individuals to dispose a freehold land and buildings with a carrying amount of RM9,426,000, for a total consideration of RM15,000,000, of which the condition precedent has not been satisfied as at 31 December 2024. The Group has received a deposit of RM1,500,000 in respect of the disposal. The disposal of freehold land and buildings has subsequently been completed on 14 February 2025.

(d) On 3 December 2024, SYFSB has entered into a SPA with ASP Greentech Sdn. Bhd. to dispose a leasehold land and buildings with a carrying amount of RM4,906,000, for a total consideration of RM7,100,000, of which the condition precedent has not been satisfied as at 31 December 2024. The Group has received a deposit of RM710,000 in respect of the disposal.

(e) On 3 December 2024, GPSB has entered into a SPA with ASP Greentech Sdn. Bhd. to dispose a leasehold land and buildings with a carrying amount of RM552,000, for a total consideration of RM700,000, of which the condition precedent has not been satisfied as at 31 December 2024. The Group has received a deposit of RM70,000 in respect of the disposal.

(f) On 19 February 2025, SYFSB has received a letter of offer in relation to the acquisition of a freehold land and buildings, classified as investment properties, with a carrying amount of RM7,465,000.

The asset held for sale is measured at lower of fair value less cost to sell and carrying amount. The fair value of the asset held for sale is determined using observable inputs, specifically the agreed sale price from a SPA with an external counterparty, which reflects market conditions. In determining the fair value of the asset held for sale, management applied the selling price outlined in the signed agreement, as it represents the most reliable estimate of fair value at the reporting date. Adjustments were made only to account for estimated costs directly attributable to the sale transactions.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

19. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2024 Units ('000)	2023 Units ('000)	2024 RM'000	2023 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.

20. RESERVES

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-distributable				
Foreign currency translation reserve	(78)	(78)	-	-
Distributable				
Retained earnings	52,458	49,894	156,768	156,995
	52,380	49,816	156,768	156,995

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.

21. OTHER PAYABLES

		The Group		The Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current					
Other payables	(i)	2,122	20,800	2,122	20,800
Current					
Other payables		24,011	17,339	-	19
Accruals		5,264	5,909	441	446
Deposits received		6,183	3,907	-	-
		35,458	27,155	441	465

(i) This represents unsecured, non-interest bearing advances and repayable after twelve months.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

22. LEASE LIABILITIES

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
At 1 January	13,622	11,909	-	30
Acquisition of a subsidiary	-	1,294	-	-
Adjustment of MFRS 16 *	-	(421)	-	-
Additions	457	3,977	-	-
Accretion of interest	747	1,020	-	1
Payments	(5,884)	(4,128)	-	(2)
Termination of lease contracts	-	(29)	-	(29)
At 31 December	8,942	13,622	-	-
Presented as:				
Non-current	5,093	9,968	-	-
Current	3,849	3,654	-	-
	8,942	13,622	-	-

* This represents intercompany elimination as at reporting date.

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Minimum lease payments				
Within one year	4,014	4,369	-	-
Later than one year but not later than two years	3,468	4,275	-	-
Later than two years but not later than five years	2,264	6,496	-	-
	9,746	15,140	-	-
Less: Future finance charges	(804)	(1,518)	-	-
Present value of lease liabilities	8,942	13,622	-	-

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 at the reporting date is 3.26% (2023: 3.25%).

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

23. BANK BORROWINGS

	Group	
	2024 RM'000	2023 RM'000
Secured		
Bank overdraft	1,330	1,913
Bankers' acceptance	112,549	83,019
Revolving credit	14,000	14,000
Term loans	100,920	113,072
	228,799	212,004
Non-current		
Term loans	83,148	99,864
Current		
Bank overdraft	1,330	1,913
Bankers' acceptance	112,549	83,019
Revolving credit	14,000	14,000
Term loans	17,772	13,208
	145,651	112,140
	228,799	212,004

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 17;

(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	
	2024 RM'000	2023 RM'000
Within one year	145,651	112,140
Between one and two years	20,229	17,853
Between two and five years	35,853	44,518
After five years	27,066	37,493
	228,799	212,004

NOTES TO THE **FINANCIAL STATEMENTS**

31 DECEMBER 2024 (CONT'D)

23. BANK BORROWINGS (CONT'D)

The weighted average interest rates per annum of the bank borrowings of the Group at the reporting date are as follows:

	Group	
	2024	2023
	%	%
Bank overdraft	8.18	8.14
Bankers' acceptance	5.46	5.55
Revolving credit	5.95	5.95
Term loans	7.12	7.08

As at 31 December 2024, the Group has borrowings amounting to RM6,240,000 (2023: RM6,713,000) that are subjected to covenants. These covenants are associated with the Group's term loan facility and require the Group to maintain the market value of certain pledged properties above a specified threshold, as stipulated by the bank.

As of the reporting date, the Group has complied with all covenants, and no breaches of covenants have occurred.

24. EMPLOYEE DEFINED BENEFIT PLAN

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Present value of defined benefit obligations	4,162	7,603	152	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:

	The Group		The Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,603	8,884	355	355
Recognised in profit or loss:				
- Current service costs	517	505	30	30
- Past service costs	(291)	-	-	-
- Interest expenses	466	429	21	19
- Effect of changes in financial assumptions	(1,028)		(164)	-
Benefits paid by the plan	(3,105)	(2,215)	(90)	(49)
At 31 December	4,162	7,603	152	355

24. EMPLOYEE DEFINED BENEFIT PLAN (CONT'D)

The principal actuarial assumptions at the end of the reporting period are:

	The Group		The Company	
	2024 %	2023 %	2024 %	2023 %
Discount rate	4.40	5.30	4.40	5.30
Expected rate of salary increases	5.00	5.00	5.00	5.00

At 31 December 2024, the Group's and the Company's weighted average duration of the defined benefit obligation was 12 years and 16 years (2023: 10 years and 13 years) respectively.

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:

	The Group		The Company	
	+1% RM'000	-1% RM'000	+1% RM'000	-1% RM'000
2024				
(Decrease)/Increase of present value of the unfunded obligations				
- Discount rate	(477)	410	(21)	26
- Expected salary	454	(391)	25	(21)
2023				
(Decrease)/Increase of present value of the unfunded obligations				
- Discount rate	(805)	933	(44)	53
- Expected salary	973	(853)	54	(47)

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.

25. TRADE PAYABLES

The normal trade credit term granted to the Group range from 1 to 90 days (2023: 1 to 90 days) depending on the terms of the contracts.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

26. REVENUE

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Revenue from contracts with customers				
Sale of goods	407,998	358,869	-	-
Management fees from subsidiaries	-	-	3,077	2,820
Total revenue from contracts with customers	407,998	358,869	3,077	2,820
Timing of revenue recognition				
At a point in time	407,998	358,869	-	-
Over time	-	-	3,077	2,820
Total revenue from contracts with customers	407,998	358,869	3,077	2,820

Breakdown of Group's revenue from contracts with customers:

	Manufacturing and sales wood based products 2024 RM'000	Manufacturing and sales wood based products 2023 RM'000
Geographical market		
Malaysia	363,615	322,510
Hong Kong and China	1,310	10,120
Others	43,073	26,239
	407,998	358,869

27. FINANCE COSTS

	The Group 2024 RM'000	The Group 2023 RM'000	The Company 2024 RM'000	The Company 2023 RM'000
Interest expenses on:				
Bank overdraft	274	138	-	-
Bankers' acceptance	4,595	3,455	-	-
Foreign currency trade financing	1,047	978	-	-
Revolving credit	817	839	-	-
Term loans	7,608	6,831	-	-
Lease liabilities	747	1,020	-	1
	15,088	13,261	-	1

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

28. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amortisation of intangible assets	42	32	-	-
Auditors' remuneration				
- Statutory audit	259	265	55	55
- Other	5	5	5	5
Depreciation of:				
- Property, plant and equipment	22,408	25,374	9	11
- Right-of-use assets	4,786	5,308	-	1
Fair value (gain)/loss on:				
- Investment property	(540)	(170)	-	-
- Biological assets	(68)	670	-	-
- Other financial asset	(12)	1	-	-
Impairment losses on:				
- Property, plant and equipment	-	38,928	-	-
- Asset held for sale	2,754	-	-	-
- Other receivable	573	-	-	-
Inventories written down to net realisable value	66	371	-	-
Leases expenses relating to short-term leases	202	203	-	-
(Gain)/Loss on disposal of:				
- Property, plant and equipment	(41)	21	-	-
- Right-of-use assets	12	-	-	-
Non-executive Directors' remuneration				
- Fees	197	196	197	196
- Allowances	29	34	29	34
Property, plant and equipment written off	-	2,534	-	-
Provision for employee defined benefit plan	692	934	51	49
Waiver of debts	-	-	10	14
Bargain purchase gain on acquisition of a subsidiary [Note 9(d)]	-	(22,407)	-	-
Gain from insurance claims	(115)	-	-	-
Gain on foreign exchange:				
- Realised	(1,269)	(776)	-	-
- Unrealised	(244)	(513)	-	-
Gain on termination of lease contract	-	(5)	-	(4)
Interest income from:				
- Licensed banks	(426)	(700)	-	(104)
- Subsidiaries	-	-	(1,966)	(2,941)
Rental income	(3,858)	(3,787)	-	-
Reversal of inventories written down	-	(567)	-	-
Reversal of impairment losses on:				
- Property, plant and equipment	-	(2,533)	-	-

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

29. TAXATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax expenses recognised in profit or loss				
Malaysian income tax				
Current tax provision	223	169	-	35
Over provision in prior years	(185)	(192)	(5)	-
	38	(23)	(5)	35
Deferred tax (Note 13)				
Relating to origination and reversal of temporary differences	1,916	2,435	-	-
(Over)/Under provision in prior year	(582)	53	-	-
	1,334	2,488	-	-
	1,372	2,465	(5)	35

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 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		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) before tax	2,908	(62,634)	(396)	138
At Malaysian statutory tax rate of 24% (2023: 24%)	698	(15,032)	(95)	33
Income not subject to tax	(166)	(5,484)	-	-
Expenses not deductible for tax purposes	1,570	2,290	27	123
Deferred tax assets not recognised	1,613	20,830	68	-
Utilisation of deferred tax not recognised	(1,576)	-	-	(121)
Over provision of income tax in prior years	(185)	(192)	(5)	-
(Over)/Under provision of deferred tax in prior year	(582)	53	-	-
Tax expenses for the financial year	1,372	2,465	(5)	35

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

29. TAXATION (CONT'D)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax saving arising from utilisation of tax losses not recognised in prior years	5,539	528	-	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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unutilised capital allowances	240,781	283,076	-	-
Unutilised investment tax allowances	433,181	433,181	-	-
Unutilised agricultural allowances	12,992	6,951	-	-
Unused tax losses	75,146	80,407	278	-
	762,100	803,615	278	-

30. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/loss per share

The basic earnings/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	
	2024	2023
Profit/(Loss) attributable to the owners of the parent (RM'000)	1,536	(65,099)
Weighted average number of ordinary shares in issue (in thousand of shares)	1,000,000	1,000,000
Basic earnings/(loss) per ordinary share (sen)	0.15	(6.51)

(b) Diluted earnings/(loss) per share

The Group has no dilution in their earnings/(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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

31. STAFF COSTS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, wages and other emoluments	32,798	31,225	4,155	4,069
Defined contribution plans	1,915	2,098	497	495
Employee defined benefit plans	692	934	51	49
Social security contributions	403	356	13	13
Other benefits	4,953	5,486	159	164
	40,761	40,099	4,875	4,790

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 (2023: 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Executive Directors of the Company				
Salaries and other emoluments	3,477	3,222	3,477	3,222
Defined contribution plans	412	387	412	387
Social security contributions	4	2	4	2
	3,893	3,611	3,893	3,611
Executive Directors of the subsidiaries				
Salaries and other emoluments	184	138	-	-
Defined contribution plans	22	17	-	-
Social security contributions	1	1	-	-
	207	156	-	-
Total remuneration of Executive Directors				
Company's Directors	3,893	3,611	3,893	3,611
Subsidiaries' Directors	207	156	-	-
	4,100	3,767	3,893	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 (2023: RM28,000 and RM28,000) respectively.

32. 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							
2024							
Lease liabilities	22	13,622	(5,137)	457	-	-	8,942
Bankers' acceptance	23	83,019	29,530	-	-	-	112,549
Revolving credit	23	14,000	-	-	-	-	14,000
Term loans	23	113,072	(12,152)	-	-	-	100,920
		223,713	12,241	457	-	-	236,411
2023							
Lease liabilities	22	11,909	(3,108)	3,977	1,294	(450)	13,622
Bankers' acceptance	23	64,596	7,644	-	10,779	-	83,019
Revolving credit	23	14,000	-	-	-	-	14,000
Term loans	23	75,714	34,056	-	3,302	-	113,072
		166,219	38,592	3,977	15,375	(450)	223,713

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

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: (Cont'd)

	Note	At 1 January RM'000	Financing cash flows (i) RM'000	Other changes (ii) RM'000	At 31 December RM'000
Company					
2024					
Amount due to subsidiaries	12	911	-	-	911
Lease liabilities	22	-	-	-	-
		911	-	-	911
2023					
Amount due to subsidiaries	12	44	867	-	911
Lease liabilities	22	30	(1)	(29)	-
		74	866	(29)	911

(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.

33. FINANCIAL GUARANTEES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unsecured				
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	-	-	228,799	212,004
Secured				
Banker's guarantee in favour of third parties	5,972	7,325	-	-

The Group has provided financial guarantee amounted to RM5,516,000 (2023: RM5,449,000) to Tenaga Nasional Berhad for the rental of certain electricity equipment and for the supply of electricity.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

34. CAPITAL COMMITMENTS

	Group	
	2024 RM'000	**2023 RM'000**
Approved and contracted for:		
Purchase of property, plant and equipment	2,978	2,978

35. 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.

(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:

	2024 RM'000	**2023 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
Rental received/receivable	-	114
Lease expenses paid/payable	96	96
Purchases	-	2,392
Transaction with a Director of the Company		
Lease expenses paid/payable	190	142
Company		
Transactions with subsidiaries		
Interest on advances received/receivable	1,966	2,941
Management fee received/receivable	3,077	2,820
Waiver of debts	10	14

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

35. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Information regarding compensation of key management personnel are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fees	197	196	197	196
Salaries and other emoluments	4,266	3,768	3,506	3,256
Defined contribution plans	493	448	412	387
Social security contributions	9	2	4	2
	4,965	4,414	4,119	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 (2023: RM28,000 and RM28,000) respectively.

36. 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*	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Malaysia	363,615	322,510	653,600	662,423	12,761	11,013
Hong Kong and China	1,310	10,120	-	-	-	-
Others	43,073	26,239	-	-	-	-
	407,998	358,869	653,600	662,423	12,761	11,013

* 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. 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				
2024				
Financial assets				
Other financial asset	1,563	-	-	1,563
Trade receivables	-	40,098	-	40,098
Other receivables*	-	13,333	-	13,333
Fixed deposits with licensed banks	-	13,884	-	13,884
Cash and bank balances	-	9,856	-	9,856
	1,563	77,171	-	78,734
Financial liabilities				
Trade payables	-	-	42,342	42,342
Other payables	-	-	37,580	37,580
Lease liabilities	-	-	8,942	8,942
Bank borrowings	-	-	228,799	228,799
	-	-	317,663	317,663
Group				
2023				
Financial assets				
Other financial assets	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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. 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			
2024			
Financial assets			
Other receivables*	217	-	217
Amount due from subsidiaries	53,664	-	53,664
Fixed deposits with licensed banks	171	-	171
Cash and bank balances	95	-	95
	54,147	-	54,147
Financial liabilities			
Other payables	-	2,563	2,563
Amount due to subsidiaries	-	911	911
	-	3,474	3,474
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

* Exclude prepayments and Goods and Services Tax receivable

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. 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 other 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 (2023: 2) debtors, which accounted for 36% (2023: 31%) 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.

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 RM228,799,000 (2023: RM212,004,000), 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.

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(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 objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements. The Group monitors compliance with financial covenants regularly as part of its risk management framework. Any breach could require accelerated repayment or renegotiation of terms.

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						
2024						
Non-derivative financial liabilities						
Trade payables	42,342	-	-	-	42,342	42,342
Other payables	35,458	2,122	-	-	37,580	37,580
Lease liabilities	4,014	3,468	2,264	-	9,746	8,942
Bank borrowings	152,201	25,440	45,108	30,428	253,177	228,799
Financial guarantees* (Note 33)	5,972	-	-	-	5,972	-
	239,987	31,030	47,372	30,428	348,817	317,663
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 33)	7,325	-	-	-	7,325	-
	211,902	49,397	63,034	43,146	367,479	326,943

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. 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
Company						
2024						
Non-derivative financial liabilities						
Other payables	441	2,122	-	-	2,563	2,563
Amount due to subsidiaries	911	-	-	-	911	911
Financial guarantees* (Note 33)	228,799	-	-	-	228,799	-
	230,151	2,122	-	-	232,273	3,474
2023						
Non-derivative financial liabilities						
Other payables	465	20,800	-	-	21,265	21,265
Amount due to subsidiaries	911	-	-	-	911	911
Financial guarantees* (Note 33)	212,004	-	-	-	212,004	-
	213,380	20,800	-	-	234,180	22,176

* Based on the maximum amount that can be called for under the financial guarantee contracts.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024 (CONT'D)

37. 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:

	Denominated in					
	USD RM'000	EUR RM'000	RMB RM'000	CHF RM'000	SGD RM'000	Total RM'000
Group						
2024						
Monetary assets						
Trade receivables	6,445	-	7,755	-	-	14,200
Other receivables	7,084	768	-	-	-	7,852
Cash and bank balances	809	-	1	-	-	810
Monetary liabilities						
Trade payables	(201)	(217)	(966)	-	-	(1,384)
Other payables	(1,036)	-	-	-	(26)	(1,062)
	13,101	551	6,790	-	(26)	20,416
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

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. 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)

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	
	2024 RM'000	**2023 RM'000**
Group		
Change in currency rate		
USD		
- Strengthened by 5% (2023: 5%)	655	347
- Weakened by 5% (2023: 5%)	(655)	(347)
EUR		
- Strengthened by 5% (2023: 5%)	28	(7)
- Weakened by 5% (2023: 5%)	(28)	7
RMB		
- Strengthened by 5% (2023: 5%)	340	(72)
- Weakened by 5% (2023: 5%)	(340)	72
CHF		
- Strengthened by 5% (2023: 5%)	-	(24)
- Weakened by 5% (2023: 5%)	-	24
SGD		
- Strengthened by 5% (2023: 5%)	(1)	(1)
- Weakened by 5% (2023: 5%)	1	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.

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.

37. 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 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	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Fixed rate instruments:				
Financial asset				
Fixed deposits with licensed banks	13,884	13,320	171	171
Financial liabilities				
Lease liabilities	(8,942)	(13,622)	-	-
	4,942	(302)	171	171
Floating rate instruments:				
Financial asset				
Amount due from subsidiaries	-	-	48,622	87,413
Financial liabilities				
Bank overdraft	(1,330)	(1,913)	-	-
Bankers' acceptance	(112,549)	(83,019)	-	-
Revolving credit	(14,000)	(14,000)	-	-
Term loans	(100,920)	(113,072)	-	-
	(228,799)	(212,004)	-	-
	(228,799)	(212,004)	48,622	87,413

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 profit/(loss) before taxation by RM2,288,000 (2023: RM2,120,000) and (decreased)/ increased the Company's (loss)/profit before taxation by RM537,000 (2023: RM874,000) 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(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				Carrying
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	amount RM'000
Group					
2024					
Financial asset					
Other financial assets	-	-	1,563	1,563	1,563
2023					
Financial asset					
Other financial assets	-	-	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.

38. 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Lease liabilities	8,942	13,622	-	-
Bankers' acceptance	112,549	83,019	-	-
Revolving credit	14,000	14,000	-	-
Term loans	100,920	113,072	-	-
	236,411	223,713	-	-
Less: Cash and cash equivalents	(8,697)	(3,622)	(266)	(340)
Net debt/(Excess fund)	227,714	220,091	(266)	(340)
Total equity	329,046	326,482	433,434	433,661
Gross gearing ratio (times)	0.72	0.69	*	*
Net gearing ratio (times)	0.69	0.67	*	*

* 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.

NOTES TO THE **FINANCIAL STATEMENTS**
31 DECEMBER 2024 (CONT'D)

39. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the subsidiaries:

(a) On 20 January 2025, MMSB has entered into a Sale and Purchase Agreement ("SPA") with G-Force Sdn. Bhd. to sell the leasehold land and buildings for a total consideration of RM40,000,000.

The management has estimated the cost of disposal, including legal fees, to be RM300,000. Given that the fair value of the asset, less the estimated costs of disposal, is lower than its net carrying amount, an impairment loss of RM2,754,000 has been recognised in the financial statements, as disclosed in Note 18.

(b) On 19 February 2025, SYFSB has received a letter of offer in relation to the acquisition of a freehold land and buildings, classified as investment properties, with a carrying amount of RM7,465,000 as disclosed in Note 18.

(c) On 30 October 2024, SYFSB has entered into a SPA with two individuals to dispose a freehold land and buildings with a carrying amount of RM9,426,000, for a total consideration of RM15,000,000, of which the condition precedent has not been satisfied as at 31 December 2024. The Group has received a deposit of RM1,500,000 in respect of the disposal. The disposal of freehold land and buildings has subsequently been completed on 14 February 2025, as disclosed in Note 18.

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 2025.

ANALYSIS **OF SHAREHOLDINGS**
AS AT 9 APRIL 2025

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	774	21.64	22,761	0.00
100 – 1,000	368	10.29	150,830	0.02
1,001 – 10,000	1,430	39.97	7,235,933	0.72
10,001 – 100,000	829	23.18	23,281,280	2.33
100,001 – less than 5% of issued shares	173	4.84	701,349,162	70.13
5% and above of issued shares	3	0.08	267,960,000	26.80
Total	3,577	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	584,952,319	58.50	-	-
Ng Wei Ping	12,650,000	1.27	-	-

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*	124,960,000	12.50
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)*	48,195,900	4.82
5)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI (SMART)*	40,000,000	4.00
6)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (7000786)	35,000,000	3.50
7)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SCURITIES ACCOUNT FOR NG AH CHAI (8103749)*	32,450,000	3.24

ANALYSIS **OF SHAREHOLDINGS**
AS AT 9 APRIL 2025 (CONT'D)

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)	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)*	24,329,200	2.43
10)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON*	20,986,500	2.10
11)	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN*	20,593,500	2.06
12)	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI*	20,300,000	2.03
13)	M & A NOMINEE (TEMPATAN) SDN BHD *AL RAJHI BANKING & INVESTMENT CORPORATION (MALAYSIA) BHD* *PLEDGED SECURITIES ACCOUNT 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)	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN*	18,082,600	1.81
16)	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR DATO' ONG CHOO MENG (PB)*	17,000,000	1.70
17)	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI* (001)	16,212,000	1.62
18)	NG AH CHAI	16,000,000	1.60
19)	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MGN-NAC003M)*	15,810,000	1.58
20)	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (100426)*	15,600,000	1.56
21)	APEX NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MARGIN)*	14,489,200	1.45
22)	NG AH CHAI	13,955,219	1.40
23)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN (MY4428)*	12,500,000	1.25
24)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NG WEI PING*	12,000,000	1.20
25)	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI (MGN-KJH0001M)*	11,975,000	1.20

ANALYSIS **OF SHAREHOLDINGS**
AS AT 9 APRIL 2025 (CONT'D)

THIRTY (30) MAJOR SHAREHOLDERS BASED ON THE RECORD OF DEPOSITORS (Cont'd)

	Name	Shareholding	%
26)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR HII CHII KOK @ HII CHEE KOK (MY1723)*	11,500,000	1.15
27)	TA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR GAN BOON TIAN*	11,119,100	1.11
28)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON (MY4189)*	9,170,000	0.91
29)	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN*	8,850,000	0.89
30)	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR DATO' ONG CHOO MENG (MY3273)*	8,700,000	0.87

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Sri Ng Ah Chai	584,952,319	58.50	-	-
Gan Boon Tian	69,291,200	6.93	-	-

LIST OF **PROPERTIES**
AS AT 31 DECEMBER 2024

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	9	9,741	26.10.1999	24
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	22-30	29,959	24.08.1995	73
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	20	75,887	05.12.2004	80
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	N/A	194	20.12.2006	81
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	N/A	366	20.12.2006	81
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	N/A	373	20.12.2006	81
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	N/A	344	20.12.2006	81

LIST OF **PROPERTIES**
AS AT 31 DECEMBER 2024 (CONT'D)

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, 27A & Lot Jalan Kawasan Perindustrian Padang Tengku, Kechau Tui, Lipis Pahang Darul Makmur	Lease expiring 18.11.2121	594,594 sq.ft.	Industrial Land & Road	N/A	2,945	18.11.2022	97
Great Platform Sdn Bhd Lot 7056, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Lease expiring 18.06.2094	281,692 sq.ft.	Land, Office, Factory and Warehouse	11	10,217	15.11.2013	70
Great Platform Sdn Bhd Lot 436, 437 & 488 Lot 152,487,489 & 490 Jalan Bahau, Rompin 73500 Bahau Negeri Sembilan	Freehold	1,744,152 sq.ft.	Land, Office, Factory and Warehouse	8	21,296	10.06.2016	N/A
Great Platform Sdn Bhd Batu 103, Jalan Klian Intan 33310 Gerik, Perak	Freehold	934,523 sq.ft.	Land, Office, Factory and Warehouse (Renting)	8	18,450	13.01.2017	N/A
Great Platform Sdn Bhd Lot 4656, 4657, Pekan Simpang Pertang 72300 Daerah Jelebu Negeri Sembilan	Lease expiring 18.06.2089	145,550 sq.ft	Industrial Land	N/A	991	06.04.2017	65
Seng Yip Furniture Sdn Bhd Lot 89, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	91,916 sq ft	Land, Factory and Warehouse (Renting)	18	7,465	07.02.1996	N/A
Seng Yip Furniture Sdn Bhd Lot 1225, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	120,513 sq ft	Land, Factory and Warehouse	16	9,427	30.07.2001	N/A

LIST OF **PROPERTIES**
AS AT 31 DECEMBER 2024 (CONT'D)

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 13091, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	121,654 sq ft	Land, Factory and Warehouse	29	6,357	30.08.1995	N/A
Seng Yip Furniture Sdn Bhd Lot 30871, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	186,834 sq ft	Land, Office, Factory and Warehouse	14	12,160	11.01.2005	N/A
Seng Yip Furniture Sdn Bhd Lot 30872, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor	Freehold	550,869 sq ft	Land, Factory and Warehouse	14	28,071	11.01.2005	N/A
Seng Yip Furniture Sdn Bhd Lot 4660, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold expiring on 18.06.2089	90,527 sq ft	Land and Factory	6-27	706	01.03.2013	65
Seng Yip Furniture Sdn Bhd Lot 4654 & 4655, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold expiring on 18.06.2089	167,481 sq ft	Land, Factory and Warehouse	26	4,906	25.07.2013	65
Seng Yip Furniture Sdn Bhd Lot 4664 , Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan	Leasehold expiring on 18.06.2089	109,343 sq ft	Vacant Land	N/A	852	19.11.2015	65

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting ("52nd AGM") of Mieco Chipboard Berhad ("MIECO" or the "Company") will be held at Taming Sari Room, Level 1, Prescott Ace Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor on Thursday, 29 May 2025 at 9:30 a.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 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 30 May 2025 until the next Annual General Meeting ("AGM") 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) Mr. Cheam Tow Yong — Ordinary Resolution 2
   (ii) Mr. Ng Wei Ping, Keith — Ordinary Resolution 3

4. To re-appoint Messrs UHY Malaysia PLT as auditors of the Company and to authorise the Board of Directors to fix their remuneration. — Ordinary Resolution 4

AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

   Ordinary Resolution 5

   "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 AGM of the Company."

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

6. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** Ordinary Resolution 6

"THAT, subject always to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities 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:

(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 AGM 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."

7. 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.
30 April 2025

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

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

4. 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.

5. 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.

6. 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.

7. 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 52nd 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 52nd AGM or at any adjournment thereof.

8. 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 2025 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.

9. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of 52nd 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 30 May 2025, being the day after the 52nd 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.

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

c. **Ordinary Resolutions 2 and 3 : Re-election of Directors**

The performance, effectiveness and independence (as the case may be) 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, effectiveness, fitness and independence (as the case may be) of Mr. Cheam Tow Yong and Mr. Ng Wei Ping, Keith who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 52nd AGM.

The profiles of Directors who are standing for re-election are set out in the Directors' Profile of Annual Report 2024.

d. **Ordinary Resolution 4: Re-appointment of Auditors**

The Audit Committee had undertaken an annual assessment of the external auditors, Messrs UHY Malaysia PLT ("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 52nd AGM until the conclusion of the next AGM.

The Board had endorsed the Re-appointment of Auditors.

The proposed Resolution 4, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

e. **Ordinary Resolution 5: 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 51st AGM of the Company held on 28 May 2024 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 51st AGM held on 28 May 2024 and which will lapse at the conclusion of the 52nd 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 5, 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.

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

f. **Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution 6, 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 30 April 2025.

Personal Data Privacy by lodging of a completed Form of Proxy to the Company and the Share Registrar (as the case may be) for appointing a proxy(ies) and/or representative(s) to attend and/or in person at the 52nd 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 may be) for the purpose of the processing and administration by the Company and the Share Registrar (as the case may be) of proxy(ies) and representative(s) appointed for the 52nd AGM (including any adjournment thereof), and in order for the Company and the Share Registrar (as the case may be) 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 may be), 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 may be) 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 may be) 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 MAIN MARKET 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 52^{nd} 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 52^{nd} AGM of the Company.

FORM OF PROXY

CDS ACCOUNT NO.

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

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-Second Annual General Meeting ("52nd AGM") of the Company to be held at Taming Sari Room, Level 1, Prescott Ace Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor on Thursday, 29 May 2025 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 30 May 2025 until the next Annual General Meeting of the Company.		
2.	Ordinary Resolution 2 - To re-elect Mr. Cheam Tow Yong 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. Ng Wei Ping, Keith 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-appoint Messrs UHY Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
Special Business			
5.	Ordinary Resolution 5 – Authority to Issue Shares pursuant to the Companies Act 2016 and Waiver of Pre-emptive Rights		
6.	Ordinary Resolution 6 - Proposed Renewal of Share Buy-Back Authority		

Please indicate with an "X" how you wish your vote to be cast. 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 ______________, 2025.

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. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. 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.
5. 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.
6. 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.

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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

7. 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 52nd 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 52nd AGM or at any adjournment thereof.
8. 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 2025 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.
9. Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of 52nd AGM will be put to vote on a poll.

Personal Data Privacy

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 52nd AGM dated 30 April 2025.