

**EVERGREEN FIBREBOARD BERHAD (217120-W)**  
(Incorporated in Malaysia)

**MINUTES OF THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF THE  
COMPANY HELD AT HORIZON HILLS GOLF & COUNTRY CLUB, NO. 1,  
JALAN EKA, HORIZON HILLS, 79100 NUSAJAYA, JOHOR DARUL TA'ZIM,  
MALAYSIA ON FRIDAY, 19 MAY 2017 AT 9.00 AM.**

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**PRESENT** : Mr Jonathan Law Ngee Song (Non-Executive Chairman)  
Mr Kuo Wen Chi (Executive Director)  
Mr Kuo Jen Chang (Executive Director)  
Mr Kuo Jen Chiu (Executive Director)  
Ms Mary Henerietta Lim Kim Neo (Executive Director)  
Mr Kuan Kai Seng (Independent Director)  
Mr Yap Peng Leong (Independent Director)  
Mr Henry S Kuo (Non- Independent Non- Executive Director)

**CHAIRMAN**

The Chairman of the Company, Mr Jonathan Law Ngee Song welcomed members attending the Meeting.

**QUORUM**

The requisite quorum being present in accordance with Article 61 of the Company's Articles of Association, the Chairman of the Meeting declared the Meeting duly convened.

**CORPORATE REPRESENTATIVE/PROXIES**

The Chairman requested the Secretary to read out the proxies received by the Company within the prescribed period.

The Secretary informed all present that she had within the prescribed period received eighty one (81) proxy forms of a total 189,136,267 ordinary shares representing 22.35% in the capital of the Company within the prescribed period. Out of 81 copies of the proxy form, 72 shareholders appointed Chairman of the Meeting as their proxy. Details of the voting in accordance with the forms of proxy received read as follows:-

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>No Indication</b>	<b>Abstain</b>
1.Approval payment of final single tier dividend	149,769,667	0	39,366,600	0
2.Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors	149,769,667	0	39,366,600	0

3.Re-election of Ms. Mary Henerietta Lim Kim Neo	132,565,517	5,078,450	39,366,600	12,125,700
4.Re-election of Mr. Kuan Kai Seng	132,746,117	4,897,850	39,366,600	12,125,700
5.Approval of Non-Executive Director's fees and allowance	149,769,667	0	39,366,600	0
6.Re-appointment of Mr. Kuo Wen Chi	132,565,517	5,078,450	39,366,600	12,125,700
7.Approval of authority to issue shares pursuant to pursuant to Section 76	129,156,267	20,613,400	39,366,600	20,613,400
8.Approval of Proposed Authority for the Company to purchase its own shares	149,589,067	180,600	39,366,600	0
9.Approval to designate Mr. Jonathan Law Ngee Song as an Independent Director	136,092,588	1,551,379	39,366,600	12,125,700

## NOTICE

It was unanimously agreed that the notice convening the meeting be taken as read.

## ORDINARY BUSINESS

### **THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 TOGETHER WITH THE REPORTS OF DIRECTORS' AND AUDITORS' REPORT THEREON.**

The Audited Financial Statements for the year ended 31 December 2016 together with the Reports were tabled for discussion whereby Mr. Martin Leong, the Group's Head of Investor Relation was invited to present briefly on the Group's background, its financial position as at FYE 2016 and the initiatives taken by the Management to improve the

Group's financial performance as well as the responses of the Group to the written questions from the Minority Shareholder Watchdog Group.

Upon conclusion of the presentation, the Chairman invited shareholders to raise their questions on the financial statements tabled. The details of the discussion raised by members relating to the financial statements were as below:-

Members' questions	Board's replies
1. by Mr Chee Sai Mun	
<p>The presentation by Mr Martin Leong showed a potential growth in RTA which does not reflect the actual case. In fact, the existing RTA market players have re-located their operation from Malaysia to elsewhere. The Company has been in this business for quite a long time, however, it did not yield superb results. The Group placed emphasis on RTA but RTA's impact on revenue growth is not significant from the total revenue from its existing core business of MDF and particleboard.</p>	<p>Mr Martin Leong explained that particle board is a new product to the Group, hence its contribution is expected to enlarge the overall revenue, thus diluting the contribution from RTA. Additional revenue is also expected from the relocated Masai MDF line. The current RTA expansion requires focus on design and market trends compared to MDF/Particleboard which is a homogenous product, thus requiring a different paradigm shift and skill sets with steep learning curve.</p>
<p>What is your internal target of MDF, Particle Board and RTA?</p>	<p>Mr Kuo Jen Chiu said that the RTA and particle board could achieve sales of RM100m and RM200m respectively on full capacity production. Sourcing raw material poses the biggest challenge for traditional board business, however, not so for RTA. Hence, the only way to grow the revenue of the Group of its traditional boards business would be only to expand its business regionally to locations where plentiful raw materials are located eg to expand or set up new lines in Thailand and Indonesia. On the other hand, design planning and others are key factors to expand RTA. The Group's RTA sales are less than RM30m two years ago. Automation line has been introduced recently to mitigate manpower problem. In the past, the Group is not efficient in terms of production of furniture.</p>
<p>Why are you emphasising on the RTA as RTA only contribute 5% of The Group performance?</p>	
<p>Comparing year 2015 and 2016 performance of subsidiary in Indonesia, why 2016 is making loss?</p>	
<p>Why the other payables in Note 24 of Page 113 increased and requested enhancement to disclosure in audited financial statements if necessary.</p>	
<p>What are CMTP's future?</p>	
<p>Why doesn't the Company use its RM165m cash to reduce its borrowings of RM200m?</p>	
<p>How to reduce risk exposure arising from keeping excess cash?</p>	<p>The Board noted your suggestion on the strategies to be adopted to boost the performance of the Group.                      Ms KF Tee said the loss in respect of the</p>

	<p>Indonesian subsidiary was mainly due to foreign exchange as this subsidiary has loan taken in USD.</p> <p>Regard the other payables, Ms KF Tee expressed that the concern is noted and at the same time the Management would need to take into consideration the requirement of Accounting Standard.</p> <p>Mr Martin Leong replied that kiln dry plant in CMTP is rented out to a 3<sup>rd</sup> party whilst remaining space is rented out for RTA's use. Total rental income of approximately RM50,000 monthly is projected to be sufficient to cover CMTP's expenses.</p> <p>Ms KF Tee said that the Group's cash of RM165m is kept in different companies within the Group as working capital. Dividend would be paid from subsidiary if happen to have excess cash in the subsidiary. The borrowing mainly to finance investment of our new particle board line which is considered low.</p> <p>Mr Kuo Jen Chiu explained that the Group capital management of using long term financing to finance long term investment. And the RM165million is only a more than 1 month working capital reserve to the Group.</p>
<p>2. by Mr Phoon Kin Seng</p>	
<p>What are the percentage of home furniture or office furniture?</p> <p>Well established export oriented furniture companies are doing well, however, they face manpower shortage. How do you overcome the manpower shortage? You should have started this business long time ago.</p>	<p>Mr Kuo Jen Chiu replied our focus is on knocked-down home furniture that consumes MDF and particle board. To overcome manpower shortage issues, Management relies on automation through investments in new technology.</p>
<p>3. by Mr Teh Kian Lang</p>	
<p>What is the Company's hedging policy?</p>	<p>Ms KF Tee replied that the Group is focusing on natural hedging. The sales</p>

Any tax incentives for subsidiaries in overseas?	proceed received is natural hedge against payments of foreign currency loan and imported goods.  She replied that the Group make use of the Group relief and entitle for reinvestment allowances. The Group's effective tax rate is high; however our income tax rate is low. The higher effective tax rate is the result of the Group conservative approach on recognising deferred tax assets.
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Mr Tan, a proxy, congratulated the Board and Management for a detailed presentation of its operation and managing the Group's business well in view of the challenges all manufacturing companies are facing at the moment. It is commendable to keep a healthy cash position of the Group whilst the total borrowings are low. Fundamentals of the Group are maintained in view of the reasonable PE ratio and increased total net assets. Diversification needs time to bear fruits. Management has put in all efforts and cost controls to mitigate manpower problems. The Board has put in strategies to penetrate new markets despite new challenges and the Group is in the right direction in conducting its businesses.

At this juncture, Mr Chee agreed with Mr Tan and he posed so many questions earlier is to encourage Management to adopt a more aggressive approach to grow the Group's business in view of the business trend of its competitors. Noting a healthy cashflow of the Group, Mr Chee requested the Board to consider in paying more dividend to the members, which is supported by Mr Teh and the rest of the members present in today's meeting.

There were no further questions raised and the Chairman proceeded to the next item of the agenda.

The Chairman informed shareholders on the floor that the remaining agendas would require voting by poll by shareholders, pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting as to save administrative time and the results of the poll would be announced after a short break at the end of the questions and answers of all the agendas.

## **2. RESOLUTION 1 APPROVAL OF FINAL SINGLE TIER DIVIDEND OF 2 SEN**

The Chairman put the motion to the floor. As there was no question raised and Resolution 1 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **3. RESOLUTION 2**

#### **RE-APPOINTMENT OF MESSRS BAKER TILLY MONTEIRO HENG WHO RETIRES AS AUDITORS OF THE COMPANY AND AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION.**

The Chairman informed the Members present that the retiring auditors, Messrs. Baker Tilly Monteiro Heng have indicated their willingness to continue in office.

The Chairman put the motion to the floor. As there was no question raised and Resolution 2 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **3. RESOLUTIONS 3 & 4**

#### **RE-ELECTION OF DIRECTORS WHO RETIRES DURING THE YEAR IN ACCORDANCE WITH ARTICLE 101 OF THE COMPANY'S ARTICLES OF ASSOCIATION.**

The Chairman, Mr. Jonathan Law Ngee Song proceeded to the next item of the agenda, that is, the re-election of Directors.

In accordance with Article 101 of the Company's Articles of Association, Ms. Mary Henerietta Lim Kim Neo and Mr. Kuan Kai Seng shall retire from the Board at this Meeting and being eligible, have offered themselves for re-election to the Board. He put these respective motions to the floor.

As there was no question raised, Resolutions 3 & 4 have to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **4. RESOLUTION 5**

#### **NON-EXECUTIVE DIRECTORS' FEES AND ALLOWANCE**

The next item on the agenda is the Non-Executive Directors' fees and allowance. The Chairman invited questions on this motion from the shareholders present. Since there was no question raised, Resolution 5 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **5. RESOLUTION 6**

#### **RE-APPOINTMENT OF DIRECTOR**

With the coming into force of the Companies Act, 2016 on 31 January 2017, there is no age limit for directors.

At the Twenty-Fifth Annual General Meeting held on 20 May 2016, Mr Kuo Wen Chi who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act, 1965 to hold office until the conclusion of today's Annual General Meeting and he has offered himself a re-appointment. The proposed Resolution 6 would enable Mr Kuo

Wen Chi to continue to act as Director of the Company and he shall subject to retirement by rotation at a later date. The Nomination Committee of the Company has assessed the criteria and contribution of Mr Kuo Wen Chi and recommended for his re-appointment. The Board endorsed the Nomination Committee's recommendation that Mr Kuo Wen Chi be re-appointed as Director of the Company.

The Chairman invited question from the members on this motion. Since there was no question raised, Resolution 6 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

## **SPECIAL BUSINESS**

### **6. RESOLUTION 7 AUTHORITY TO ALLOT SHARES – SECTION 76**

The Chairman proceeded to the following resolution 7 in relation to the authority to issue and allot shares pursuant to Section 76 of the Companies Act, 2016 for shareholders' approval.

As there was no question being raised after the Chairman, Mr Jonathan Law Ngee Song put the motion to the floor, Resolution 7 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **7. RESOLUTION 8 PROPOSED RENEWAL OF AUTHORISATION FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY**

The Chairman proceeded with the resolution 8 in respect of proposed authority for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back Authority").

Since there was no question raised after the Chairman, Mr Jonathan Law Ngee Song put the motion to the floor, Resolution 8 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

### **8. RESOLUTION 9 CONTINUE TO DESIGNATE MR. JONATHAN LAW NGEESONG AS AN INDEPENDENT DIRECTOR**

The Chairman, Mr. Jonathan Law Ngee Song moved to the last motion for the day's meeting, which is pertaining to his office as an Independent Director of the Company. Being the interested Director for Resolution 9, he proposed to the shareholders at the floor to pass the Chair to Mr. Kuan Kai Seng to proceed with the meeting on this resolution.

On the proposal of Mr. Chee Sai Mun and seconded by Mr. Teh Kian Lang, this last item of the agenda was chaired by Mr. Kuan Kai Seng.

Mr. Kuan Kai Seng informed shareholders present that Resolution 9 was tabled in compliance with the Malaysian Code on Corporate Governance 2012 as Mr. Jonathan Law Ngee Song has served the Company for more than nine years. The Board is of the view that the Director does not cease to be independent by virtue of his long tenure on the board. The Nomination Committee has assessed and concluded that Mr Jonathan Law has and still continue to exercise his independence as a board member with integrity without any compromise and has always exercised his judgement in an unbiased manner. He still fulfills the requirements of the Listing Requirement as an Independent Director.

He invited shareholders to raise any question on the motion. Since there was no question being raised, Resolution 9 has to be voted by way of poll pursuant to Para 8.29A of the Main Market Listing Requirements which would be carried at the end of all the motion of today's meeting.

Mr Kuan Kai Seng then passed the Chair back to Mr. Jonathan Law Ngee Song to continue the meeting.

The Chairman, Mr Jonathan Law Ngee Song informed all members present that the polling would be conducted shortly simultaneously with all of the day's agendas. He also made known that the representatives of Symphony Share Registrar Sdn. Bhd. have been appointed by the Company as the Poll Administrator for the polling and BDO Chartered Accountants were appointed as Scrutineers. Members were also informed of the relevant procedures to complete the polling papers prior to polling papers being distributed to the members present in the meeting.

Upon completing collection of all polling papers from members in the meeting, the Chairman informed all that there would be a short break of 15 minutes to conduct the poll count.

After the short break, the meeting resumed where the results of polling were handed to the Chairman, Mr Jonathan Law Ngee Song. The results of the polling were read as follows:-

Resolution No.	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
1.	455,507,379	100.00	0	0.00
2.	455,507,379	100.00	0	0
3.	399,893,729	98.7460	5,078,450	1.2540
4.	438,483,829	98.8953	4,897,850	1.1047
5.	455,507,379	100.00	0	0.00

6.	438,303,229	98.8546	5,078,450	1.1454
7.	434,893,829	95.4746	20,613,400	4.5254
8.	455,326,779	99.9604	180,600	0.0396
9.	441,830,150	99.6501	1,551,379	0.3499

Mr. Jonathan Law Ngee Song declared that Resolutions 1, 2 and 5 as set out in today's agendas were unanimously carried whilst Resolutions 3, 4, 6, 7, 8 and 9 were also carried by a majority of votes.

### **TERMINATION**

The Meeting was adjourned at 11.10 a.m. with a vote of thanks to the Chairmen, Directors and Members present.

Confirmed as correct records

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Chairman