EVERGREEN FIBREBOARD BERHAD

Registration No.199101006810 (217120-W)

ANNUAL REPORT 2022

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second Annual General Meeting ("AGM") of Evergreen Fibreboard Berhad will be held on:

Day and Date	:	**Wednesday, 31st May 2023**
Time	:	**9.00 a.m.**
Broadcast Venue	:	**Virtual Annual General Meeting ("AGM")**
Event Link	:	**Online Meeting Platform via Boardroom Share Registrars Sdn. Bhd. at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657)**

A G E N D A

ON ORDINARY BUSINESS

1. **On Audited Financial Statements for the Financial Year Ended 31 December 2022**
   To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.

2. **Ordinary Resolution 1 - On Re-Appointment of External Auditor**
   To re-appoint Messrs. Baker Tilly Monteiro Heng PLT who retire as Auditors of the Company and authorise the Directors to fix their Remuneration.

3. **Ordinary Resolution 2, 3 and 4 - On Re-Election of Retiring Directors**
   To re-elect the following Directors who retire during the year in accordance to Clause 109 & 116 of the Company's Constitution:-

   Ordinary Resolution 2 – Re-election under Clause 109 for Mr. Kuan Kai Seng
   Ordinary Resolution 3 – Re-election under Clause 109 for Ms. Mary Henerietta Lim Kim Neo
   Ordinary Resolution 4 – Re-election under Clause 116 for Ms. Tan Mui Ping

4. **Ordinary Resolution 5 - On Approval of Non-Executive Directors' Fees and Allowance**
   To approve the payment of Non-Executive Directors' Fees and Allowances totalling RM420,000 for the financial year ending 31 December 2023 as follows:-

   a. To approve the payment of RM130,000 to Mr. Jonathan Law Ngee Song.
   b. To approve the payment of RM85,000 to Mr. Kuan Kai Seng.
   c. To approve the payment of RM35,000 to Dr. Henry S Kuo. (Resigned on 17 April 2023)
   d. To approve the payment of RM85,000 to Ms. Nirmala A/P Doraisamy.
   e. To approve the payment of RM85,000 to Ms. Tan Mui Ping

ON SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions:-

5. **ORDINARY RESOLUTION 6 - ON AUTHORITY TO ALLOT SHARES - SECTION 75(1) & 76(1)**

   "**THAT** pursuant to Section 75(1) and 76(1) of the Companies Act, 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time, 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 ordinary resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares), whichever is applicable, and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority conferred by this ordinary resolution shall commence upon passing this ordinary resolution until:

   (a) the conclusion of the annual general meeting held next after the approval was given;

   or

   (b) the expiry of the period within which the next annual general meeting is required to be held after the approval was given,

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

whichever occurs first,

and that the Directors are exempted from the obligation to offer such New Shares first to existing shareholders pursuant to Section 85 of the Companies Act, 2016 in respect of the issuances of the New Shares pursuant to this mandate;

THAT the New Shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such New Shares."

6. **ORDINARY RESOLUTION 7 - PROPOSED RENEWAL OF AUTHORISATION FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the provisions of the Companies Act, 2016 ("the Act"), the Constitution of the Company, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company ("Proposed Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the maximum aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;

(ii) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company; and

(iii) the authority conferred by this resolution shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time the said authority will lapse, unless the authority is renewed at that meeting, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting, whichever occurs first.

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

(i) cancel all the shares so purchased;
(ii) retain all the shares so purchased as treasury shares;
(iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares; or
(iv) deal with the treasury shares in the manners as allowed by the Act from time to time.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back Authority with full power to assent for any modifications, variations and/or amendments (if any) as may be required by the relevant authorities.

7. **To transact any other business which due notice of which shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.**

BY ORDER OF THE BOARD
TAI YIT CHAN (SSM PC No.:202008001023) (MAICSA 7009143)
SANTHI A/P SAMINATHAN, (SSM PC No.: 201908002933) (MAICSA 7069709)
Company Secretaries
27 April 2023

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting of a company shall have the same rights as the member to speak at the meeting.

2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.

6. The instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY BUSINESS:-

1. ***To receive Audited Financial Statements for the financial year ended 31 December 2022***
   The audited financial statements for the financial year ended 31 December 2022 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

2. ***Ordinary Resolution 1 on Re-Appointment of External Auditors***
   Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. Baker Tilly Monteiro Heng PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office.

   Messrs. Baker Tilly Monteiro Heng PLT, have indicated their willingness to continue their services until the conclusion of the 33rd AGM. The Audit Committee and the Board have considered the re-appointment of Messrs Baker Tilly Monteiro Heng PLT which has met the relevant prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This proposed Ordinary Resolution 1, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

3. ***Ordinary Resolution 2 to 4 on Re-election of Directors who retire in accordance with Regulation 109 & 116 of the Company's Constitution ("Constitution")***
   Regulation 109 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company shall retire by rotation at the AGM of the Company. Mr Kuan Kai Seng and Ms Mary Henerietta Lim Kim Neo are standing for re-election at the forthcoming AGM pursuant to Regulation 109 of the Company's Constitution.

   Evaluation on the performance of the retiring Directors seeking for re-election was carried out by Nomination Committee based on fit and proper criteria, salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company as well as to the Group.

   Amongst the criteria assessed was on their contribution, character in dealing with potential conflict of interest situations, on critically challenging matters, on the right questions asked during meetings and the confidence to stand up for their point of view in any matter in discussion or during meetings. The satisfactory outcomes of their assessments were reported to the Board of Directors and the Board as a whole recommended for these Directors be re-elected in the forthcoming AGM.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Regulation 116 of the Company's Constitution expressly states that any Director appointed by fill casual vacancy shall hold office only till the next following AGM and shall be eligible for re-election. Pursuant to Regulation 116, Ms Tan Mui Ping who was appointed on 1 October 2022 to fill the casual vacancy is standing for re-election. The Nomination Committee has assessed the fit and proper criteria of Ms Tan Mui Ping in recommending her for re-election. Profile of Ms. Tan Mui Ping is in page 18 of this report.

The retiring Directors had abstained from all deliberation and participation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting pertaining to their re-election.

4. ***Ordinary Resolution 5 on Approval of Non-Executive Directors' Fees and Allowance***
Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the non-executive directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Guidance 7.2 of Malaysian Code on Corporate Governance requires each and every non-executive director's fee and benefit to be table individually.

The Fees, Allowances and Benefits payable to the respective Non-Executive Directors are for the period of 1 January to 31 December 2023. The Directors' Fees, Allowance and Benefits which are estimated not to exceed RM420,000 is basically the fees and meeting allowances for Board and Board Committee meetings to be held during the financial year 2023.

Payment of benefits to the Directors will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company during the financial year 2023, if the proposed resolutions 5 is passed at the forthcoming 32nd AGM.

The Board will seek shareholders' approval at the next AGM in the event the estimated remuneration amount is insufficient due to an increase in Board/Board Committee meetings and/or increase in board size. Details of the Directors' fees and benefits paid are stated in the Company's Corporate Governance Report 2022.

EXPLANATORY NOTES ON SPECIAL BUSINESS:-

5. ***Ordinary Resolution 6 on Authority to Allot Shares – Pursuant to Section 75(1) & 76(1) of the Companies Act, 2016***
The proposed Ordinary Resolution 6, if passed, will empower and give flexibility to the Board of Directors to issue and allot shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) at any time in their absolute discretion without convening a general meeting for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in a general meeting will expire at the next Annual General Meeting.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new ordinary shares for funding future investment(s), acquisition(s) and/or working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s). The Company has not issued and allotted any shares during the year under the mandate granted to the Company at the last AGM of the Company held on 30 May 2022 and this mandate will lapse at the conclusion of this AGM of the Company.

6. ***Ordinary Resolution 7 on Proposed Renewal of Share Buy-Back Authority***
The Proposed Ordinary Resolution 7, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company.

The audited retained profits of the Company stood at RM407,734,248 as at 31 December 2022. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Statement of Share Buy-Back dated 27 April 2023.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Personal Data Protection Measures

Please refer to the Company's Compliance with the Personal Data Protection Act 2010 statement as found on page 61 of the Annual Report 2022.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the processing of the member's personal data by the Company (or its agents) for the AGM and matters related thereto, including but not limited to:

(a) for processing and administration of proxies and representatives appointed for the AGM;

(b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and

(c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the "Purposes").

(ii) undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and

iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

NOTE: the term "processing" and "personal data" shall have the same meaning as defined in the Personal Data Protection Act 2010.

CORPORATE INFORMATION

Board of Directors

Jonathan Law Ngee Song
Non-Independent Non-Executive Chairman of the Board *(re-designated from Independent Non-Executive Chairman wef 17/4/2023)*

Kuan Kai Seng
Independent Non-Executive Director

Nirmala A/P Doraisamy
Independent Non-Executive Director

Tan Mui Ping
Independent Non-Executive Director

Kuo Jen Chang
Executive Director

Kuo Jen Chiu
Executive Director

Mary Henerietta Lim Kim Neo
Executive Director

Audit Committee

Chairman
Kuan Kai Seng

Members
Jonathan Law (Resigned wef 17/4/2023)
Nirmala A/P Doraisamy
Tan Mui Ping

Nomination Committee

Chairman
Nirmala A/P Doraisamy

Members
Jonathan Law (Resigned wef 17/4/2023)
Kuan Kai Seng
Tan Mui Ping

Remuneration Committee

Chairman
Jonathan Law (Resigned wef 17/4/2023)

Members
Tan Mui Ping
Kuan Kai Seng
Nirmala A/P Doraisamy

Risk & Sustainability Management

Chairman
Nirmala A/P Doraisamy

Members
Tan Mui Ping
Jonathan Law Ngee Song

Total Number of Issued Shares and Market Capitalisation

The total number of issued shares of Evergreen Fibreboard Berhad as at 31 December 2022 was 846,423,985 (Including 1,757,200 number of shares purchased and kept by the Company as treasury shares) and the ordinary share price (Stock Code 5101) at the close of business was 39.0 sen giving a market capitalisation of RM330,105,354 on the Main Market of Bursa Malaysia Securities.

Website

Our website @ www.evergreengroup.com.my contains up-to-date information on the Group.

Company Secretaries

Ms. Tan Yit Chan (SSM PC No.: 202008001023) (MAICSA 7009143)
Ms. Santhi A/P Saminathan (SSM PC No.: 201908002933) (MAICSA NO. 7069709)

Registered Address

Boardroom Corporate Services Sdn. Bhd.
(Registration No: 196001000110(3775-X))
Suite 9D, Level 9, Menara Ansar,
65, Jalan Trus, 80000 Johor Bahru, Johor.
Tel : +607-2226536
Fax : +607-2210890

Share Registrar

Boardroom Share Registrars Sdn. Bhd.
(Registration No: 199601006647(378993-D))
11th Floor, Menara Symphony,
No. 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor.
Tel : +603-78904700
Fax : +603-78904670

External Auditors

Baker Tilly Monteiro Heng PLT
(Registration No: 201906000600 (LLP0019411-LCA) & (AF 0117))

Chartered Accountants

Baker Tilly Tower, Level 10, Tower 1,
Avenue 5, Bangsar South City, 59200 Kuala Lumpur.
Tel : +603-22971000
Fax : +603-22829980

Internal Auditors

BDO Governance Advisory Sdn. Bhd.
(Registration No: 199701018781(434278-K))
Level 8, BDO@ Menara Centara, 360 Jalan Tunku Abdul Rahman, 50100 Kuala Lumpur.
Tel : +603-26162888
Fax : +603-26162829

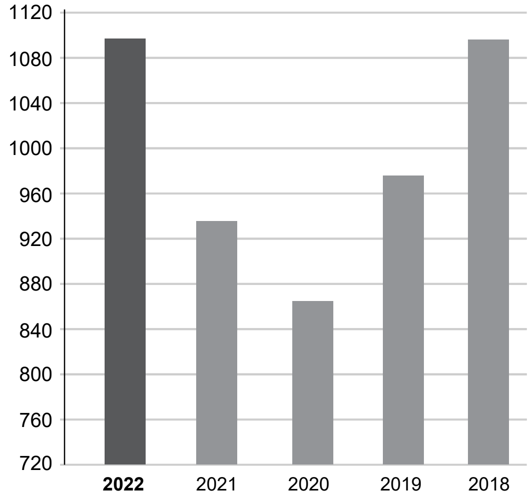
GROUP'S FINANCIAL HIGHLIGHTS

RM' MILLION	2022	2021	2020	2019	2018
FINANCIAL RESULTS					
Revenue	1,103	935	860	968	1,106
Gross Profit Margin (%)	20.1%	20.7%	15.6%	13.0%	17.2%
(Loss)/Profit Before Tax	(12)	40	(99)	(42)	26
(Loss)/Profit After Tax	(26)	34	(101)	(42)	16
(Loss)/Profit Attributable to owners of the Company	(26)	34	(103)	(42)	16
Adjusted EBIT	57	43	16	(26)	30
Adjusted EBITDA **	129	112	92	52	103
FINANCIAL POSITION					
Total Assets	1,314	1,422	1,452	1,578	1,589
Total Liabilities	302	384	430	414	403
Total Net Assets	1,012	1,037	1,022	1,164	1,186
Share Capital	345	345	345	345	345
Total Equity Attributable to Owners of the Company	1,012	1,037	1,022	1,135	1,156
BANK BORROWINGS					
Total Borrowings	147	176	264	241	209
Cash and Bank balances and Investment Securities	117	102	122	105	107
Total Net Borrowings	30	74	142	136	102
SHARE CAPITAL					
Weighted Average No. of Shares (no. of shares '000)	844,848	845,802	845,802	845,802	845,885
Share Capital (no. of shares '000)	846,424	846,424	846,424	846,424	846,424
Treasury Shares (no. of shares'000)	1,757	622	622	622	622
FINANCIAL RATIOS					
EPS (sen)	(3.09)	4.06	(12.15)	(4.96)	1.93
Return on Shareholders' Funds (%)	-2.6%	3.3%	-10.1%	-3.7%	1.4%
Return on Total Assets (%)	-0.7%	4.4%	-9.0%	-3.0%	2.7%
Share Price at Year End (RM)	0.39	0.47	0.46	0.28	0.35
PE Ratio (X)	(12.63)	11.4	(3.8)	(5.5)	18.1
DPS (sen)	-	-	-	-	0.48
Net Assets per Share (RM)	1.20	1.23	1.21	1.38	1.40
Net Gearing Ratio (%)	3.0%	7.14%	13.9%	12.0%	8.1%
Market Capitalization	330,105	393,587	389,355	232,767	296,248

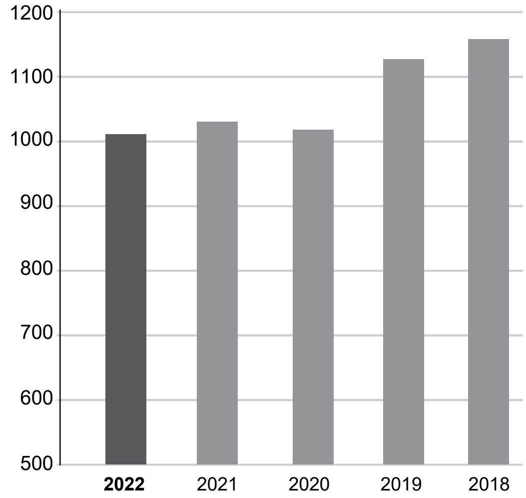
** Adjusted EBITDA - as per the Statement of Cashflows - Operating profit before changes in working capital

GROUP'S FINANCIAL HIGHLIGHTS (Cont'd)

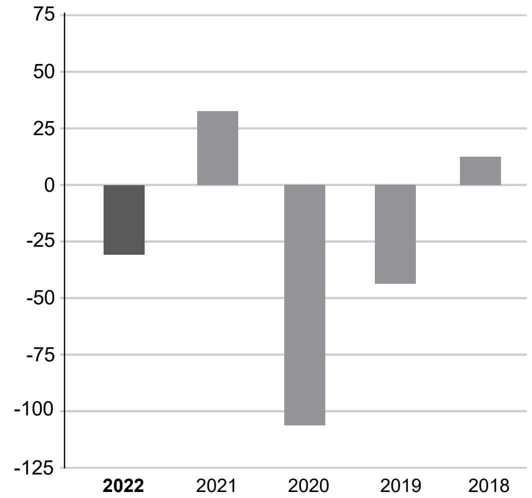
REVENUE (RM MILLION)



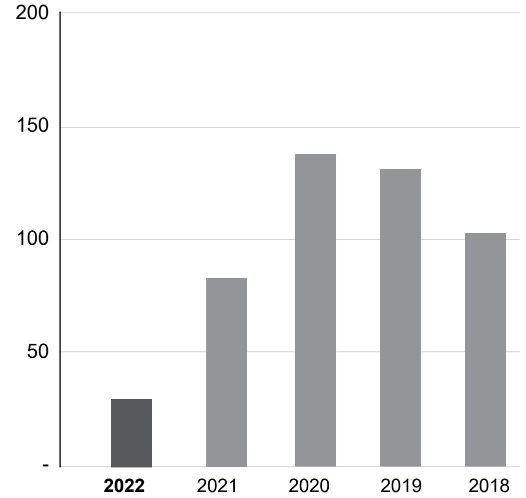
TOTAL EQUITY (RM MILLION)



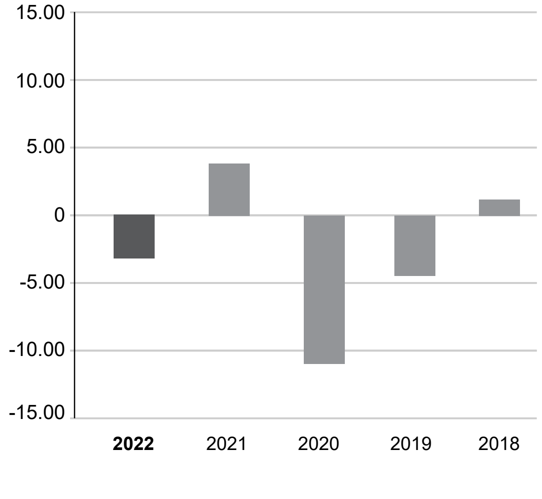
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM MILLION)



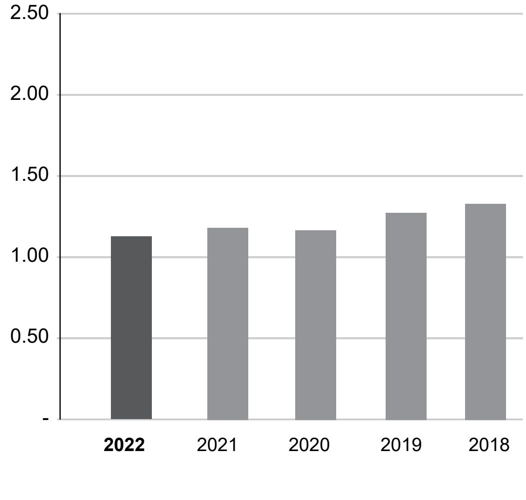
TOTAL NET BORROWINGS (RM MILLION)



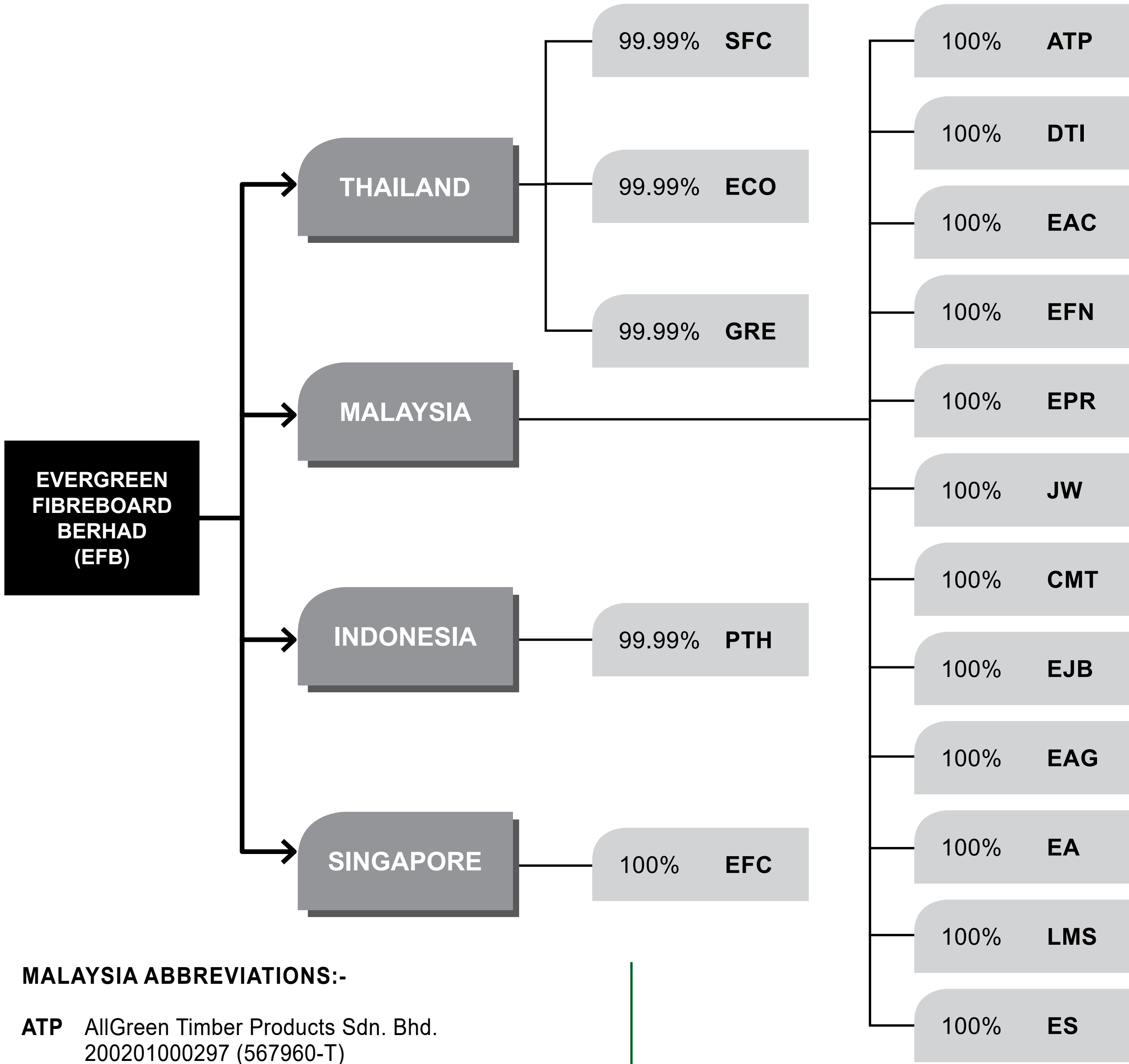
EARNINGS/(LOSS) PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



GROUP'S STRUCTURE



MALAYSIA ABBREVIATIONS:-

ATP AllGreen Timber Products Sdn. Bhd.
200201000297 (567960-T)
CMT Craft Master Timber Products Sdn. Bhd.
201101030344 (958479-K)
DTI Dawa Timber Industries (M) Sdn. Bhd.
197701001829 (32799-M)
EFB Evergreen Fibreboard Berhad
199101006810 (217120-W)
EJB Evergreen Fibreboard (JB) Sdn. Bhd.
200601031905 (751664-M)
EAC Evergreen Adhesive & Chemicals Sdn. Bhd.
200601037899 (757659-T)
EAG Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.
201001024885 (908762-W)
EFN Evergreen Fibreboard (Nilai) Sdn. Bhd.
200801020800 (822113-U)
EA Evergreen Agro Sdn. Bhd.
201101013873 (942013-D)
EPR Evergreen Plantation Resources Sdn. Bhd.
201001042861 (926789-W)
LMS Locomotion Services Sdn. Bhd.
201101024229 (952365-P)
JW Jasa Wibawa Sdn. Bhd.
199801005018 (461145-D)
ELS Everlatt Sourcing Sdn. Bhd.
201501006212 (1131544-K)

THAILAND ABBREVIATIONS:-

ECO ECO Generation Co., Ltd.
(0905549001332)
GRE GRE Energy Co., Ltd.
(0905549001341)
SFC Siam Fibreboard Co., Ltd.
(0105547007195)

INDONESIA ABBREVIATIONS:-

PTH PT Hijau Lestari Raya Fibreboard.
(8120015061789)

SINGAPORE ABBREVIATIONS:-

EFC Evergreen Furniture Co. Pte. Ltd.
(202015969N)

GROUP'S BUSINESS STRUCTURE

Medium Density Fibreboard

- Evergreen Fibreboard (Nilai) Sdn. Bhd. - Nilai, N.Sembilan
- Siam Fibreboard Co. Ltd. - Hat Yai, Thailand
- PT Hijau Lestari Raya Fibreboard - Palembang, Indonesia

Resin/Adhesive

- Evergreen Adhesive & Chemicals Sdn. Bhd. - Parit Raja, Johor
- Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd. - Gurun, Kedah

Green Energy - Biomass & Solar

- AllGreen Timber Products Sdn. Bhd. - Segamat, Johor
- Craft Master Timber Products Sdn. Bhd. - Parit Raja, Johor
- Evergreen Fibreboard (JB) Sdn. Bhd. - Segamat, Johor
- ECO Generation Co. Ltd. - Thailand
- GRE Energy Co. Ltd. - Thailand
- Evergreen Fibreboard Berhad - Parit Raja, Johor

Logistics/Warehousing

- Locomotion Services Sdn. Bhd. - Butterworth, Penang

Plantation (Rubber)

- Jasa Wibawa Sdn. Bhd. - Kahang, Johor

Added Value Products - Panel Board

- Evergreen Fibreboard (JB) Sdn. Bhd. - Pasir Gudang, Johor
- Evergreen Fibreboard Berhad - Parit Raja, Johor

Particleboard

- AllGreen Timber Products Sdn. Bhd. - Segamat, Johor

Wooden Furniture & Wood Products

- Evergreen Fibreboard Berhad - Parit Raja, Johor
- SFC Co. Ltd. - Thailand

Property Holding

- Dawa Timber Industries (M) Sdn. Bhd. - Pasir Gudang, Johor
- Evergreen Agro Sdn. Bhd. - Parit Raja, Johor

Marketing

- Everlatt Sourcing Sdn. Bhd. - Parit Raja, Johor
- Evergreen Furniture Co Pte. Ltd. - Singapore

DIRECTORS' PROFILE

JONATHAN LAW NGEE SONG,
Malaysian, Male, Age 57.
Group Non-Independent Non-Executive Board Chairman,
He was the Independent Non-Executive Chairman of the Board as well as the Remuneration Committe and Member of the Audit, Nomination and Risk & Sustainable Management Committe prior to his re-designation effective 17/4/2023.

Qualification
He graduated from Australia National University with a Bachelor of Commerce degree and Bachelor of Laws degree in 1987 and 1989 respectively.

Working Experience
He was admitted as Advocate and Solicitor, High Court of Malaya in 1991. He practiced as a legal assistant in Allen & Gledhill from 1991 to 1995 and was subsequently promoted to partner of the firm in 1995. He then became a Partner at Messrs. Nik Saghir & Ismail in 1996 and on 2 April 2019, he joined Azmi & Associates as a Partner for Merger & Acquisition/ Corporate Practice.

Date Appointed to the Board
He was appointed as an Independent Non-Executive Director on 8 January 2007 and was re-designated as Independent Non-Executive Chairman and Group Independent Non-Executive Chairman on 22 February 2010 and 15 June 2015 respectively. On 17 April 2023, he was re-designated to a Non-Independent Non-Executive Director.

Directorship in other Public Listed Companies
He is currently a Non-Executive Independent Director of Anglo-Eastern Plantations PLC, a company listed on the London Stock Exchange and was appointed to the Board of Pimpinan Ehsan Berhad on 25 February 2021 where subsequently he was re-designated as an Interim Non-Independent Non- Executive Chairman on 21 April 2021. He also sits in the board of ETA World Group Berhad, a non-listed and dormant company since year 2021.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholders of the Company.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meetings attended in the financial year 2022
He attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Remuneration Committee Meetings, 2 out of 2 Nomination Committee Meetings and 4 out of 4 Risk & Sustainability Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHANG,
Singaporean, Male, Age 60.
Group Executive Director, Group Chief Executive Officer / President.

Qualification
Bachelor Degree in Electronic Engineering from the University of Wisconsin, United States.

Working Experience
His career started in 1987 when he joined Evergreen Timber Products Pte Ltd (ETP) in Singapore as Procurement Manager. In 1989, he was appointed Director of Evergreen Décor Products (M) Sdn. Bhd. (EDP) which became a subsidiary of the Group and was overseeing the entire operations of the Company up until 1992. In the capacity of Group Chief Executive Officer / President, he is responsible for the Group's entire business directions and operations.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991. Thereon, he was appointed as Managing Director on 15 April 2004. Subsequently, he was re-designated as Group Chief Executive Officer / President on 15 June 2015.

Directorship in other Public Listed Companies
He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries
Please refer to page 163 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the son of Kuo Wen Chi and Hsu Mei Lan, brother of Kuo Huei Chen and Kuo Jen Chiu, and uncle to Henry, Justin and Jeffrey Kuo.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meetings attended in the financial year 2022
He attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHIU,
Singaporean, Male, Age 57.
Group Executive Director, Group Chief Operating Officer / Vice President.

Qualification
Degree in Computer Science from the University of Wisconsin, United States.

Working Experience & Occupation
His career started in 1990 as a Marketing Manager with Evergreen Timber Products Pte Ltd (ETP) in Singapore. In the capacity of Group Chief Operating Officer / Vice President, he oversees the Finance, Marketing and Operations of the Group and his responsibilities includes identifying opportunities and overseeing the development of new markets and products for the Group.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991. Thereon, he was appointed as Executive Director on 15 April 2004 and was re-designated as Group Chief Operating Officer / Vice President on 15 June 2015.

Directorship in other Public Listed Companies
He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries
Please refer to page 163 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the son of Kuo Wen Chi and Hsu Mei Lan, brother of Kuo Jen Chang and Kuo Huei Chen and uncle to Henry, Justin and Jeffrey Kuo.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meetings attended in the financial year 2022
He attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

MARY HENERIETTA LIM KIM NEO,
Malaysian, Female, Age 59.
Group Executive Director.

Qualification
Master in Business Administration from the University of Preston, United States.

Working Experience & Occupation
Her career started in 1984 as a Human Resources / Administrative Officer with a local Consulting Firm. In 1992, she left for the manufacturing industry and joined the Company as a Human Resources / Administrative Executive to oversee the Human Resource and Administration Department. Subsequently in 1995, she was promoted to Human Resources and Administration Manager and was also appointed as a Director in the Company. In her current capacity, she is responsible for the Administrative, Corporate Affairs and Compliance matters of the Group.

Date Appointed to the Board
She was appointed as a member of the Board of Directors on 15 December 1995 and was re-designated as Group Executive Director on 15 June 2015.

Directorship in other Public Listed Companies
She does not hold any directorship in other public listed companies. She is a Director in the Malaysian MDF Manufacturers Associates Berhad.

Interest in Securities of the Company and its Subsidiaries
She holds insignificant shares in the Company.

Family Relationship with any Directors / Major Shareholders
She does not have any family relationship with any directors or major shareholders of the Company.

Conflict of Interest with the Group
She has declared that she has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic Offences
None.

Number of Meetings attended in the financial year 2022
She attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUAN KAI SENG,
Malaysian, Male, Age 49.
Independent Non-Executive Director,
Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee.

Qualification
Bachelor Degree in Accountancy, New Zealand. Member of Institute of Chartered Accountants of New Zealand and a member of the Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia.

Working Experience
He joined Ernst & Young from March 1999 to September 2002, carrying out statutory audit on private and public listed companies. Subsequently, he became the Group Accountant in a local Group of companies. His employment with the Group of Companies included a three-year overseas posting as an Assistant General Manager cum Head of Finance for the Group's subsidiary in China. After that, he was in public practice as a Chartered Accountant in a member firm of MIA. On 3 April 2012, he joined Xian Leng Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad as an Executive Director.

Date Appointed to the Board
He was appointed as the Group Independent Non-Executive Director on 5 June 2014.

Directorship in other Public Listed Companies
He was appointed as Executive Director in Xian Leng Holdings Berhad on 3 April 2012.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholders of the Company.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meeting attended in the financial year 2022
He attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Nomination Committee Meetings and 2 out of 2 Remuneration Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

NIRMALA A/P DORAISAMY,
Malaysian, Female, Age 57.
Senior Independent Non-Executive Director,
Chairman of the Risk & Sustainability Management and Nomination Committee and
Member of the Audit and Remuneration Committee.

Qualification
Bachelor of Economics (Hons) (University Malaya), Chartered Accountant (M), Chartered Global Management Accountant and Fellow of the Chartered Institute of Management Accountants, UK MBA (International Islamic University, KL).

Working Experience
She has more than 30 years of experience in banking & finance, risk management, advisory and project management. She started her career with a local bank. She has substantial experience in credit management where she was involved in credit appraisal and approval of loans, remedial management, credit audit and developing internal risk rating.

After spending many years with local banks, she joined Credit Guarantee Corporation Bhd. (subsidiary of Central Bank, Malaysia) where she headed the risk management department. She was responsible for setting up the department and the Enterprise Risk Management framework. Her main function was to provide regular updates and recommendation to the Management and Board Risk on all risk matters and to spearhead the department to achieve KPIs set for credit, operational and investment risks. She led the project team and vendor in the development of internal risk-rating model and was involved in the development of Integrated Risk Management System and Solutions.

Date Appointed to the Board
She was appointed as an Independent Non-Executive Director 1 January 2018.

Directorship in other Public Listed Companies
She was an Independent Director of Ecobuilt Holdings Bhd. from 19 August 2013 till 15 November 2019, appointed as Independent Director of Petronas Dagangan Bhd on 15 October 2019 and appointed as Independent Director of CTOS Digital Bhd on 1 April 2021. She is also a Director of Setel Pay Sdn. Bhd. a subsidiary of Petronas Dagangan Bhd.

Interest in Securities of the Company and its Subsidiaries
She does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders
She has no family relationship with any Director or Major Shareholder of the Company.

Conflict of Interest with the Group
She has declared that she has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meeting attended in the financial year 2022
She attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Remuneration Committee Meetings, 2 out of 2 Nomination Committee Meetings and 4 out of 4 Risk & Sustainable Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

TAN MUI PING,
Malaysian, Female, Age 47.
Independent Non-Executive Director,
Member of Audit, Nomination, Remuneration and Risk & Sustainability Management Committee.

Qualification
Fellow Member of Association of Chartered Certified Accountants, Member of the Malaysian Institute of Accountants, a registered company secretary with the Companies Commission of Malaysia, as well as a member of the Institute of Corporate Directors Malaysia

Working Experience
She has over 20 years of experience in senior finance roles which covers the areas of corporate finance, investment analysis, business development partnering and investment feasibility study, and group finance matters, treasury and tax planning.

She began her career in 1998 as Audit Assistant with Shamsir Jasani Grant Thornton (now known as Grant Thornton Malaysia PLT). In 2001, she joined Wah Seong Corporation Berhad as an Accountant where she was responsible for the group reporting and corporate finance functions. In 2003, she joined Edaran Otomobil Nasional Berhad as a Manager - Group Finance where she was responsible for the group finance matters, corporate finance and tax planning. In 2007, she joined Advance Synergy Berhad ("ASB") as the Head of Finance. During her tenure in ASB, she was involved in various corporate exercises.

In 2012, she joined Weida (M) Bhd ("Weida") as a Senior Manager-Corporate Development and was promoted to the position of General Manager in the Group Managing Director's Office in 2014, a position she assumes to present date. Throughout her tenure in Weida, she supports the Group Executive Chairman and works closely with other team members and strategic partners on Group Executive Chairman related tasks and projects. She was also the acting Financial Controller of Weida's property development division from 2013 to 2016.

Date Appointed to the Board
She was appointed as an Independent Non-Executive Director on 1 October 2022.

Directorship in other Public Listed Companies
She was appointed as an Independent Non-Executive Director of Infoline Tec Group Bhd on 1 November 2021.

Interest in Securities of the Company and its Subsidiaries
She does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders
She has no family relationship with any Director or Major Shareholder of the Company.

Conflict of Interest with the Group
She has declared that she has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

Number of Meeting attended in the financial year 2022
She attended 1 out of 5 Board Meetings, 1 out of 5 Audit Committee Meetings, 1 out of 2 Remuneration Committee Meetings, 1 out of 2 Nomination Committee Meetings and 1 out of 4 Risk & Sustainable Management Committee Meetings.

KEY OFFICERS' PROFILE

LEONG TING SIONG @ MARTIN LEONG,
Malaysian, Male, Age 46.
Group Chief Financial Officer.

Qualification & Membership
Degree with double major in Accounting and Management from the University of Technology Sydney, Australia.

Working Experience & Occupation
His career started in 1999 as an Auditor with KPMG where he completed his CPA Australia examinations and joined MIA as a qualified accountant in 2002. Subsequently, he was appointed the Group Accountant of a local group of companies where he successfully led them to their listing on Bursa Malaysia Securities Berhad in 2004. He joined the Company as a Finance Manager in 2009 before being promoted to his current position in 2021. In his present capacity, he analyses the performance of the Group, develops the Group's finance capabilities and implementation of special projects. His responsibilities include identifying business development and strategic financing opportunities, develop relationships with the investment community and working with operations. He has with him, an accumulated 23 years of working experience in the field of accounts and finance. Of the 23 years, 19 years were at senior management level. He has much experience in accounts preparation, tax planning and accounting standards, treasury and fund raising, Bursa Malaysia Listing Requirements, budgeting and analysis, tax and insurance planning, engaging with the finance and investment communities to develop a successful long-term relationship with bankers and stakeholders.

Date of Employment
16 October 2009.

Directorship in other Public Listed Companies
He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

KEY OFFICERS' PROFILE (Cont'd)

TEE KIM FOOM
Malaysian, Female, Age 56.
Group Financial Controller.

Qualification & Memberships
Master of Business Administration major in Finance from Multimedia University, Malaysia. Fellow of Association of Chartered Certified Accountants, United Kingdom and member of the Malaysian Institute of Accountants (MIA).

Working Experience
She has over 30 years of experience holding various positions in a number of companies whose business activities spanned over professional services, manufacturing, construction, trading and agriculture. She started her career in an audit firm from 1991 and thereafter held various management positions as Accountant, Cost Accountant and Finance & Administration Manager before joining Evergreen Group in 1997. She was promoted in 2005 and served as Financial Controller (re-designated as Group Financial Controller) to oversee the finance and accounting functions in the Group.

In 2021, she was also tasked to head the Group's in-house Compliance Team to oversee the compliance matters in all Companies within the Group.

Date of Employment
1 October 1997.

Directorship in other Public Listed Companies
She does not hold any directorship in any public listed companies.

Interest in Securities of the Company and its Subsidiaries
She holds insignificant shares in the Company.

Family Relationship with any Directors / Major Shareholders
She does not have any family relationship with any directors or major shareholder of the Company.

Conflict of interest with the Group
She has declared that she has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offence
None.

KEY OFFICERS' PROFILE (Cont'd)

PHILIP WONG HWEE LIH,
Malaysian, Male, Age 55.
Group General Manager.

Qualification
Bachelor of Laws from the University of East London, United Kingdom.

Working Experience
His career started in 1994 as Sales Officer with Mieco Chipboard Sdn. Bhd. He then joined Mitsui Co Ltd. as a Sales Executive in 1995 and was promoted to Sales Assistant Manager in 1999. He joined the Company on 16 June 2000 as Sales and Marketing Manager and subsequently in January 2005 he was promoted to General Manager. Thereafter in January 2014, he was promoted to Group General Manager.

In 2020, he was also tasked to oversee the Enterprise Risk Management of the Group and report to the Risk Management Committee of the Board.

Date of Employment
16 June 2000.

Directorship in other Public Listed Companies
He does not hold any directorship in any public listed companies.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

KEY OFFICERS' PROFILE (Cont'd)

JEREMY TAN KIAN MING,
Malaysian, Male, Age 52.
Group Cost Controller.

Qualification & Memberships
Bachelor Degree in Accountancy.

Working Experience
He has over 27 years of experience holding various positions in a number of manufacturing companies whose business activities spanned over audit and manufacturing. He started his career in an audit firm from 1994 and thereafter venturing into various manufacturing companies from ceramic, mechatronic and polymer industry before joining Evergreen Group in 2017.

Date of Employment
1 March 2017.

Directorship in other Public Listed Companies
He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offence
None.

KEY OFFICERS' PROFILE (Cont'd)

LEE TAK HIN,
Malaysian, Male, Age 40.
Group Accounts Manager.

Qualification
Bachelor of Accountancy degree from the University Putra Malaysia and member of the Malaysian Institute of Accountants (MIA).

Working Experience
He is responsible for the accounting functions of the Company. He was Finance Manager of Abundance International Limited, a listed company in Singapore before he joined the Company. He started in the Company as Accounts Manager in 2017 and was subsequently promoted to Group Accounts Manager in 2021.

Date of Employment
2 May 2017.

Directorship in other Public Listed Companies
He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries
He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
He has declared that he has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 5 years other than traffic offences
None.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group's Business & Operations

Established in 1991, Evergreen Fibreboard Berhad (EFB) began manufacturing Medium Density Fibreboard (MDF) in July 1993. Since then, the Group has expanded its operations from a single manufacturing facility to a total of eight sites, including four in Johor, one in Negeri Sembilan, one in Kedah, one in Thailand, and one in Indonesia. EFB and its subsidiaries have been listed on the main board of Bursa Malaysia since March 11, 2004.

As of the end of the financial year 2022, the Group's total workforce consisted of 2,056 employees, with 1,215 in Malaysia, 619 in Thailand, and 222 in Indonesia. Foreign labour accounted for 20.82% of the workforce in Malaysia and 14% in Thailand, while the Indonesian operations employed 100% local employees.

Throughout the financial year, the Group's core activities remained in the manufacturing of Panel Boards, which include Medium Density Fibreboard (MDF) and Particle Board (PB), as well as Added Value Panel Boards such as Laminated MDF & PB. The Group focused on Ready-to-Assemble Furniture (RTA), Solid Wood Products (Furniture/Parts), Resin/Adhesive, Wood Pellets, Green Energy, and Rubber Tree Plantation.

In terms of revenue contribution during the reporting financial year, the Malaysian subsidiaries accounted for approximately 44% of the Group's total revenue, with Thailand and Indonesia contributing 45% and 10% respectively. These revenues were primarily derived from Panel Boards, RTA, and Pellet products. Revenue from Resin/Adhesive products and Biomass Energy were exclusively generated to be supplied within the Group, while the plantation did not contribute any revenue to the reporting financial year.

In terms of business segment, Panel Boards constituted 80% of total revenue, while Added Value Products contributed 5%, RTA Furniture 10%, and the combined share of Wood Products and Biomass Products made up the remaining 5%.

Over the past years, the Group's market presence has spanned across five continents, primarily serving customers with Panel Boards. The majority of these clients are furniture manufacturers and building material suppliers.

Group's Market Distribution by Region

South East Asia	–	32%
Middle East	–	35%
United States	–	16%
Europe	–	1%
Others	–	16%

Group's Business Objectives

The Group's objective for the reporting year was to maintain a positive financial performance, similar to that of the previous financial year, in order to enhance shareholder value. Our ultimate goal is to establish ourselves as a renowned, one-stop producer of panel boards, offering a diverse range of products with various specifications to meet the unique needs of our customers.

Group's Business Strategies

The Group's strategy for the reporting year involved maintaining a strong focus on maximizing productivity at each of our panel board manufacturing facilities, leveraging each operation's capabilities, efficiency, and cost-effectiveness to achieve the highest possible profit margins. This was especially important given the significant increase in costs resulting from the drastic minimum wage hike during the current reporting year, which the Group was required to shoulder.

Group's Financial Review

The Group's Financial Statements for the year ended on December 31, 2022 were prepared in accordance with the Malaysian Financial Reporting Standards and the requirements set forth by the Companies Act, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group's Revenue

During the current financial year, the Group's Malaysia segment experienced a notable 15% increase in revenue, reaching RM490 million, up from RM426 million in the previous financial year. This growth was primarily driven by higher average selling prices for panel boards and downstream products, as well as ready-to-assemble furniture.

The Thailand segment also saw a significant increase in revenue, with a growth of 22% to RM500 million compared to RM410 million in the previous financial year. This increase was attributed to both higher average selling prices and sales volume.

Similarly, the Indonesia segment's revenue for the current financial year increased by 13.7% to RM113 million compared to RM99 million in the previous financial year, largely due to higher average selling prices of panel boards, despite lower sales volume.

Overall, the Group's revenue for the financial year ended 2022 increased by 17.9% or RM167.64 million to RM1,102.69 million, up from RM935.05 million in the previous financial year. This growth was primarily due to higher average selling prices and sales volume of panel board products, as well as higher sales volume of ready-to-assemble furniture products.

Group's Profit/(Loss) before Tax

During the financial year ended 2022, our Malaysia segment recorded a loss before tax of RM68 million, a significant increase of losses from a profit of RM2 million in the previous financial year ended 2021. This rise in losses before tax was primarily driven by higher raw material costs (wood and resin), increases in minimum wages, and write-offs and write-down of plant, machinery, and inventory amounting to RM45 million, along with a goodwill impairment of RM4.7 million.

However, our Thailand segment reported a profit before tax of RM46 million, which represents a significant increase from the profit before tax of RM23 million reported in the previous financial year ended in 2021. This increase in profit before tax was primarily driven by higher profit margins from the average selling price, as well as higher foreign exchange gains, despite the increase in the cost of raw materials and non-cash losses.

Non-cash losses included a loss on disposal of subsidiary (AOC) amounting to RM6.3 million as a result from the reversal of past consolidation level adjustments, as well as the impairment of AOC's related inventories of RM7.9 million. Excluding the impact of these non-cash losses, our Thailand segment would have reported a profit before tax of RM60 million instead of RM46 million for the financial year ended 31 December 2022.

Meanwhile, for our Indonesia segment, profit before tax for the current year decreased by RM5 million to RM10 million, down from RM15 million in the previous financial year ended in 2021. This decrease in profit was mainly caused by higher raw material costs and losses in foreign exchange amounting to RM1.58 million, compared to a foreign exchange gain of RM0.28 million in the previous financial year.

Overall, the Group reported losses before tax of RM12.5 million for the current financial year ended 2022, a significant drop from profit before tax of RM39.8 million in the previous financial year ended 2021. This losses before tax was primarily due to non-cash losses associated with the write-off of plant, machinery, write down on inventory, and impairment on goodwill, amounting to RM57.6 million, as well as a loss on disposal of subsidiary (AOC) of RM6.3 million.

Excluding the impact from these non-cash losses, the Group would have reported a profit before tax of RM51.4 million for the financial year ended 2022, compared to profit before tax of RM39.8 million recorded in the previous financial year.

Group's Consolidated Profit/(Loss) After Tax

The Group's financial statements for the year ended 2022 reveal a consolidated loss after tax of RM26.1 million, a significant decrease from a profit after tax of RM34.4 million recorded in the previous financial year 2021. These losses after tax were mainly due to the write-off, write down made for plant, machinery, inventory, and goodwill against certain MDF production facilities in Malaysia, which was a one-off and non-cash event. Specifically, write off were carried out on plant and machinery that had remained idle since the Movement Control Order (MCO), due to the loss of our market share during shutdowns and during this time, most customers took their orders to our neighbouring countries.

Additionally, due to the significant increase in electricity ICPT costs in Malaysia and shrinking orders, especially from furniture manufacturers, prospects of restarting these production facilities are currently unclear.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Shareholders' Equity

As at the end of the current financial year ended 2022, the Group's total equity decreased to RM1,012 million from RM1,037 million in the previous financial year 2021. This is caused by the negative financial results in the current financial year.

Total Assets

The Group's total assets decreased by 7.6% from RM1,422 million in the previous financial year 2021 to RM1,314 million in the current financial year ended in 2022. This decline was mainly due to impairments, depreciation, and amortization made during the current financial year.

Trade and other receivables for the Group decreased by 44% to RM70 million in the current financial year ended 2022 compared to RM125 million in the previous financial year 2021. The decrease is attributed to prompt payments made by customers during the current financial year.

On the other hand, the Group's inventories increased by 3% from RM222 million in the previous financial year 2021 to RM229 million in the current financial year ended 2022. The increase was partly due to the roll-over of export shipments at the year end to the next financial year and the slowdown in orders that slightly increased our inventory holdings in the current financial year.

Despite a reduction in bank borrowings, the Group's bank balances remain strong with an increase of 14.6% to RM117 million for the financial year ended 2022 compared to RM102 million in the previous financial year 2021. This increase in the Group's bank balances was due to cash generated from profitable operations in the first to the third quarter of the current financial year 2022.

Total Liabilities

The Group's total liabilities for the current financial year ended 2022 decreased by 21.5% to RM302 million from RM384 million in the previous financial year 2021, primarily due to repayments made on bank borrowings and payments made for project work payables.

In addition, the Group's trade and other payables decreased by 24.1% to RM90 million in the current financial year ended 2022 compared to RM118 million in the previous financial year ended 2021, which was due to full payments made for projects that were completed during the current financial year.

Borrowings

Borrowings in the Group has decrease by approximately 16.4% from RM176 million in the previous financial year ended 2021 to RM147 million in the current financial year ended 2022. This is our repayment schedule with the aim of reducing interest expenses.

Gearing Ratios (Net & Gross %)

The Group's gross gearing ratio for current financial year ended 2022 recorded at 0.15 showing a decrease of 11.8% compared to 0.17 in the previous financial year ended 2021. The net gearing ratio for current financial year was 0.03 showing a decrease of 57.1% compared to 0.07 in the previous financial year ended 2021 mainly due to the repayments of the Group's borrowings made possible by increased cash inflow from the Group's operating activities.

Earnings per share

The Group's net loss per share for the current financial year ended 2022 was 3.09 sen, which is a significant difference from the earnings of 4.06 sen in the previous financial year 2021. The decrease in earnings was mainly due to the Group's losses after tax in the current financial year ended 2022 due to one-off non-cash impairment and write-offs.

Group's Net Assets Per Share

The Group's net assets per share for the current financial year ended 2022 was RM1.20, which is lower compared to RM1.23 in the previous financial year 2021. The decrease in net assets per share is primarily due to the impairment carried out on the Group's assets during the current financial year, resulting in a lower value of the assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Financial Position

As of the financial year ended on 31 December 2022, the Group's balance sheet remained robust with a total net worth of RM1,012 million. The Group's borrowings of RM147 million exceeded its cash and cash equivalents of RM117 million, resulting in a net debt of RM30 million. This is a significant improvement compared to the previous financial year 2021, which had a net debt of RM74 million.

The Group is optimistic about sustaining a solid financial standing, and the Board is confident that the Group will be able to maintain its operations and fulfil its obligations in the foreseeable future.

Key Result Areas (KRAs)

The Key Result Areas (KRAs) for financial performance were established in tiers for each Business Unit/Company, and some business units/companies met the first and second level of the established tiers. However, most of our Malaysia operations failed to meet their KRAs as they had faced challenges in their supply chain due to a reduction in the harvesting of wood/logs caused by a shortage of foreign labour in plantations and unpredictable wet weather, which restricted harvesting.

On KRAs for non-financial performance, Key Performance Indicators (KPIs) were established for Economic, Environmental, Social, and Governance initiatives to be implemented by each business unit/company. These KPIs were also linked to financial performance rewards, and all business units/companies made efforts to decrease the Group's negative impact.

Review of our Operating Activities

In the first to the third quarter of the current financial year 2022, our Malaysia operations faced disruptions in the supply of raw materials due to reduced harvesting caused by a lack of foreign manpower and extended rainy weather, leading to a cost increase of approximately 18-20% in raw material prices compared to pre-COVID. To address this disruption, we resorted to using mixed wood chips with a cost equivalent to rubber wood, but this temporary measure led to higher maintenance costs due to increased wear and tear on our equipment. The cost of resin for producing MDF and particleboard also increased by almost 80-85% in the first quarter of 2022 due to a shortage of methanol, urea, and melamine. Additionally, all companies in Malaysia had to bear the burden of the minimum wage increase from RM1,200 to RM1,500 per employee in May 2022, resulting in a significant increase costs. As a result of these increases, most of our Malaysia business segment recorded losses in the current financial year ended 2022.

Given these negative factors, the Board and Management agreed to prioritize the Group's MDF operations in Thailand and Indonesia due to the abundance of raw materials and lower costs, which will enable the Group to remain competitive in the international markets. Based on these reasons, the Group decided to relocate one of our running MDF production lines in Parit Raja, Johor, to Indonesia, which we had ceased production in September 2022 in preparation for this move. Our existing plant will focus more on added value MDF and particleboard, RTA furniture, and other non-MDF products that still have a competitive advantage in Malaysia. The Group will still maintain some MDF production capacity in Malaysia to meet local demand and complement its downstream operations, which have potential for future growth.

In Thailand, there was only a minimal increase in operational costs due to resin cost increases during the current financial year. For our internal business synergy, we merged the operations of Asian Oak Co. Ltd. (AOC) into Siam Fibreboard Co. Ltd. in the current financial year which was completed in November 2022.

As for our Indonesian operations, there was a minimum cost increase similar to Thailand in resin costs and with an upcoming adjustment in the minimum wage for the coming financial year 2023.

Our capital expenditures in the Group slightly increased from RM24 million in the previous financial year 2021 to RM28 million in the current financial year 2022, mainly for the replacement of parts due to wear and tear of machinery for the entire Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Risks - Operational Risk

Risk on Disruption on Raw Material Supply

The Group's primary operational risk is associated with the supply of raw materials, particularly wood, as branches and waste of rubber wood & mixed tropical wood are the main raw materials used by the Group. This risk was crystallised in 2022 when a disruption in the supply of wood occurred due to reduced harvesting caused by a shortage of manpower and prolonged monsoon season that caused flooding in plantations. Additionally, if there is any change in government policies due to the nation's commitment to international bodies may increase the risk of disruption in supply.

The disruption of supply caused by reduced harvesting and prolonged monsoon season is a temporary issue that happens annually, and shortage of manpower is a one-off event. These disruptions can lead to a shortage of wood supply to industries, resulting in higher raw material costs and lower production output due to insufficient wood supply during this period. These risks are inherent and faced by all wood industries, including the Group.

To maintain the quality of our products, rubber wood is processed within 2 to 3 weeks of being harvested, and our stockpile for rubber wood can only last for approximately one month. Any disruption in the supply chain exceeding two weeks can cause a disruption in our production line and delivery of our products, ultimately affecting the Group's financial performance.

The Group mitigates this risk by increasing the intake of wood supply at each mill before the rainy season. However, if the monsoon season is prolonged, as encountered during the current financial year, risk may not be able to be mitigated at all.

Risk on Hike in Cost of Production

In Malaysia, the shortage of foreign manpower and the recent wet weather have led to a reduced supply of wood to industries, resulting in a increase in the cost of wood due to high demand and low supply. This will impact the entire industry and may cause production costs to rise. While this risk cannot be completely eliminated, it can be partially mitigated by using mix wood chips as a temporary alternative material.

The extension of coverage on overtime pays for salaries up to RM4,000, as part of the Employment Act changes, will increase production costs, particularly as many plants operates on a 12-hour shift. To mitigate this risk, basic salaries and allowances are increased to the ceiling level, and overtime work are strictly controlled and limited only when necessary.

The increase in ICPT costs on electricity usage can be mitigated by consuming less energy or by having an alternative source of energy. The government has provided a limited quota of Green Energy that can be applied for, and the Company has partially mitigated this risk by having its own solar panel that is able to generate 1 mWh energy, purchasing solar energy from third-party power generators, and obtaining 840kwh Green Energy Tariff from the National Electricity Board (TNB).

Financial Risk

Risk on Foreign Exchange

The Group may be exposed to financial risk due to the fluctuation of the Malaysian Ringgit, Thai Baht, and Indonesian Rupiah against the US Dollar and Euro. The Group's export sales are mainly in US dollars, so any strengthening or weakening of the US dollar against these currencies can have a positive or negative impact on the Group's financial performance.

The Group also has foreign currency borrowings in US dollars and Euros, so any fluctuations in these currencies can lead to foreign exchange impacts. If the US dollar weakens or the Euro strengthens, currency translation losses may be realized, which can negatively affect the Group's financial performance.

To mitigate this risk, the Group continuously monitors currency fluctuations. The Group currently does not practice any hedging, but it aims to maintain a natural hedge between foreseeable payments and collections. However, the Management will consider any form of hedging when necessary. In the current financial year, the Group had a foreign exchange gain of RM7.9 million, compared to RM7.7 million in the previous financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Forward Looking Statement – Prospect

During the current financial year ended 2022, the Group experienced losses primarily as a result on write-off, write-down and impairment which related to plants, machinery, inventory, and goodwill associated with certain Malaysian MDF production facilities. If not for these impairments, the Group would have achieved a favourable financial outcome for the year ended in 2022.

Looking ahead to the financial year 2023, as we progress into the first quarter, the market demand for the Group's products, particularly panel boards and RTA furniture, is displaying marginal improvements.

In Malaysia, the weather has recently transitioned from an exceptionally wet period to drier conditions. However, the wood supply situation has not yet shown signs of improvement, and costs remain elevated. Although resin prices appear to be gradually decreasing, it is anticipated that it will not return to covid levels.

Additionally in Malaysia, business segments are facing additional cost pressures due to amendments to the Employment Act, which include an extension of overtime pay eligibility for salaries up to RM4,000 from RM2,100, and an increase in the ICPT cost for electricity usage from 0.037 to 0.50 sen per kWh.

In Indonesia, a modest cost increase has occurred due to an average 6.5% adjustment to minimum wages, effective January 2023.

To mitigate these cost increases, the Group implemented plans for restructuring production costs, leveraging its diversified operations across Malaysia, Thailand, and Indonesia. By relocating one of our MDF production lines to Indonesia, we aim to increase competitiveness, penetrate new markets, and achieve lower production costs and higher productivity levels with the abundant wood supply in the country.

However, the Group intends to retain a certain volume of MDF production capacity in Malaysia to fulfil the requirements of local furniture manufacturers, as well as to support its downstream operations in producing higher value-added products, which are part of the Group's future growth plans.

In light of the weak market demand and increased production costs, particularly in the Malaysian business segment, the Board expects a more challenging year ahead for the Group. However, with the implementation of strategic plans and measures, the Board remains optimistic about achieving a reasonable financial performance for the Group in the upcoming financial year 2023, despite the obstacles faced.

Dividend Policy

Considering the Group's unfavourable financial results for the fiscal year ended December 2022, coupled with the expected challenging economic climate, the Board of Directors will not be recommending any dividend distribution during the upcoming Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board or BOD") of Evergreen Fibreboard Berhad ("EFB") takes this opportunity to provide an insight into the Group's Corporate Governance ("CG") practices during the financial year ended 31 December 2022 ("FY2022").

This Corporate Governance Overview Statement ("Statement") sets out the principles and features of EFB's corporate governance framework and the main areas of focus and priorities. The Board hereby presents the Group's CG Overview Statement below:-

ON BOARD LEADERSHIP & EFFECTIVENESS

Practice 1.1

The Board in setting the strategic direction of the Group, the Board carried out the following activities during the financial year:-

a) approved the Group's Annual Corporate Management Plans (which includes the Budget Plans) that are linked to the strategic financial and non-financial objectives for the financial year 2023 presented to the Board by Management in November 2022 meeting;

b) oversees the performance of the Group's Businesses through regular updates (other than BOD meetings) by Management on the financial and non-financial performance of individual company/business units and thereon advised management accordingly;

c) reviews and approves the ethical standards in the Code of Conduct on appropriate behaviours and obtain Management's assurance for any non-adherence during Board Meetings;

d) reviews and approves the revised Enterprise Risk Management and Sustainability Framework for changes made in view of the current business environment and changes in the Corporate Governance & Listing Requirements;

e) together with Management, set the Group's strategies and policies that oversees risk, sustainability and corporate governance including monitoring the progress towards the Group meeting its set objectives and annual budget plans; and

f) reviews and approves Stakeholders' Communication Policy to ensure that it is as what being practice by management.

Practice 1.2

Mr. Jonathan Law Ngee Song is our Independent Non-Executive Chairman and his main role and responsibilities are strictly on matters of the Board. He provides the Board with the needed directions and strategic insights and he is able to represent the same to our Stakeholders. He fosters good corporate governance practices by ensuring the Company's adoption of required policies and practices in compliance to the Malaysian Code on Corporate Governance ("MCCG"). Together with the Company's Secretary and Management, he regularly reviews the compliance level of the Company on corporate governance, the Securities Commission and the Listing Requirements of Bursa Malaysia.

Practice 1.3

The positions of our Chairman and the Chief Executive Officer are held by different individuals, i.e., Mr. Jonathan Law Ngee Song and Mr. Kuo Jen Chang. Our Board Chairman's main role and responsibilities are strictly on matters of the Board which is entirely a different role from our Chief Executive Officer.

Practice 1.4

The Company has departed from this practice as Mr. Jonathan Law Ngee Song who is our Board Chairman, is also our Remuneration Committee Chairman as well as a member of other Board Committees.

As made known in the previous year, the Board was in the midst of sourcing for additional director to be able to apply this practice and the Company has appointed one in October 2022. The Board is currently in the midst of re-structuring and this practice will be applied by the 2H2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 1.5

Our Company is being supported by 2 (two) qualified and competent Company Secretaries namely Ms. Tan Yit Chan (MAICSA 7009143) and Ms. Santhi A/P Saminathan (MAICSA NO. 7069709). They are capable of providing the required sound governance advice, ensure adherence to rules and procedures by the Company and advise on the adoption of corporate governance during our Board meetings and as and when required.

Practice 1.6

All members of the Board & Committees receive meeting papers containing minutes of previous meeting, agenda of the coming meeting together with all relevant papers for the agenda in advance of 6 (six) days prior to actual meeting date.

Upon conclusion of each meeting, Minutes of Meeting are prepared and circulated via electronic mail to all members in draft form. The amended draft minutes are re-circulated via electronic mail for final confirmation in readiness for signing at the next meeting.

Practice 2.1

Our Board Charter was last reviewed in September 2022 and is made available on the Company's website at www.evergreengroup.com.my. Contents clearly indicated the respective roles and responsibilities of Members of the Board and Committees which includes issues and decisions that are strictly reserved for the Board's discussion and approval.

Practice 3.1

The Board together with Management reviewed our Code of Conduct & Business Ethics ("the Code") in October 2022 to enhance the ethical standards set for Employees and Directors in the Group.

Accessibility to the Code, is made available to the general public on the Company's website www.evergreengroup.com.my and Policies & Procedures is made available in the Company's Document Management System (DMS) on the cloud-based storage and is accessible to all Head of Departments/Operations in the Group at any point in time.

Practice 3.2

Policy on Whistleblowing was reviewed in November 2022 which is fully implemented throughout the Group and is made available on the Company's Document Management System (Cloud Base) which is accessible to approved employees in the Group at any point in time and on the Company's website at www.evergreengroup.com.my.

Practice 4.1

In view of the Board and Management's responsibilities in addressing the governance of sustainability matters in the Company, the Sustainability Management Committee within the Risk Management Committee together with the Senior Management Committee drives Sustainability Matters in the group.

Practice 4.2

The Board through the RSMC and together with Senior Management sets sustainability strategies and reviews the processes of material sustainability matters against the set targets thereon are communicated to internal stakeholders. Communication on these matters to external stakeholders are in progress.

Practice 4.3

The Board has kept themselves abreast and understands the sustainability issues relevant to the Company and its business which include climate-related risk and opportunities through Sustainability Training attended and regular updates on any change in the Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Trainings attended by Directors during the current financial year 2022 is as follows:-

Director	Trainings/Fairs Attended
JONATHAN LAW NGEE SONG	Updates to the Malaysian Code on Corporate Governance 2021 Edition; and Workshop on ESG in Malaysia & United Kingdom.
KUO JEN CHANG	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
KUO JEN CHIU	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
KUAN KAI SENG	Updates to the Malaysian Code on Corporate Governance 2021 Edition.
MARY HENERIETTA LIM KIM NEO	Sustainability Reporting Requirements; Enterprise Risk Management; Sustainability Management; Risk Management and due diligence; Sustainability Reporting Practitioner; Paving the way for profitability through Sustainability; and The Sustainability Accelerator.
NIRMALA A/P DORAISAMY	Updates to the Malaysian Code on Corporate Governance 2021 Edition; ESG Oversight for Boards; MICG - The Audit Committee; Risk Management in Technology: Sharing of Insights and Discussion on the Strategic Aspects of IT Risks; Advocacy Sessions for Directors and Senior Management of Main Market Issuers; Ethics, Integrity & Trust Conference; ESG oversight for Boards; FCD Series Module E: Digital awareness and upskilling for Board; Sustainability and its impact on organisations: what directors need to know; Ethical Finance Asean 2022; The Audit Committee: Unpacking the roles of the committee & honing its effectiveness discharging its responsibilities holistically; RMIT - Sharing of insights & discussion on the strategic aspects of it risk building a formidable tax governance framework; MIA Conference; Advocacy Session for Directors & Senior Management of Main Market Listed Issuers; International Directors Summit; and Audit Oversight Board Conversation with Audit Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Director	Trainings/Fairs Attended
TAN MUI PING	Mandatory Accreditation Programme (MAP); BNRC Dialogue & Networking - Session #1; Talent Uprising : How Board Should Rethink Their Talent Strategy in this Era of Opportunity; 12th ACCA Asia Pacific Thought Leadership Forum: Sustainability Reporting: get ready for New ISSB Standards; MAICSA Annual Conference 2022- Challenging the Challenges in Governance; Updates to the Malaysian Code on Corporate Governance 2021 Edition; ACCA Evening Talk Series 2022: Young Professionals on Corporate; Board is a Game Changer; AOB's Conversation with Audit Committees; Board Risk Committee Dialogue & Networking - Session #1; and Business and Tax Conference : Moving Forward 2023.

Practice 4.4

Annual Evaluation of the Board and Senior Management includes sustainability matters and Sustainability elements have been added into the KRAs/KPIs of the Executive Directors & Senior Management to address the Company's Material Sustainability Risk and Opportunities.

Practice 4.5 – Step Up

The Board has identified and designated a person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.

Practice 5.1

Nomination Committee carried out Annual Performance Assessment to review and evaluate the composition and effectiveness. Evaluation on the performance of Directors was carried out by the Nomination Committee based on salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group including their tenure.

Satisfactory outcomes of their assessments were reported where the Board recommended Directors to be re-elected accordingly.

Practice 5.2

The Board consist of eight (8) directors whereby four (4) are Independent, one (1) non-independent non-executive and three (3) are executive.

Practice 5.3

It is a practice that for Independent Directors in service beyond nine years and in retaining him/her as an independent director, the use of the two-tier voting process to seek shareholders' approval is carried out.

Practice 5.4 – Step Up

The Board do not have a policy which limits the tenure of its independent directors to nine years without further extension.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 5.5

Appointment of Board Members and Senior Management are based on criteria such as the required skills for the boardroom, relevant experience, age, background, culture and gender that have been set by the Board for the Nomination Committee, to ensure a mixture of skills. Background screening on successful candidate is carried out by Management for Senior Management as well as Board appointments. Board appointment are also based on the established Fit and Proper Policy in place.

Practice 5.6

On sourcing and identifying candidates for the Board, the Nomination Committee seeks recommendation of potential candidates from existing board members, management, stakeholders and at the same time the Company uses the services of Lead Women Directors Registry for potential female candidates and the Institute of Corporate Directors Malaysia (ICDM).

Practice 5.7

Our Annual Report provides clear information to shareholders on appointment and re-appointment of Directors consisting among others:-

1) New Director - A complete profile of Director;

2) For Re-appointment - Evaluation on the performance of the retiring Directors and the criteria on assessment done together with their key strengths and weaknesses if any; and

3) The justification on why the Board recommended for Director to be re-elected.

Practice 5.8

Our Nomination Committee is Chaired by our Senior Independent Director, Ms. Nirmala A/P Doraisamy.

Practice 5.9

Our Board Members consist of eight (8) members whereby five (5) are male and three (3) are women which is 37.5%.

Practice 5.10

The Group's Policy on Diversity is disclosed in our annual report as follows:-

a) For gender diversity, the Board shall strive to achieve female composition of 30% on the overall Board and Senior Management's composition;

b) To ensure independence of Independent Directors on Board, any Independent Director remaining on Board beyond 12 years shall be re-designated as a non-independent director;

c) To have an active and dynamic board, the minimum and maximum age for a Director to be appointed shall be taken into consideration; and

d) To ensure a mix of skills in Board Members, the sourcing and recruitment of directors shall be source from a diverse pool of candidates and not just recommendation by other directors or shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 6.1

Nomination Committee carried out Annual Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, performance of Individual Directors (including Independent Directors), Key Officers and the Company Secretary. Elements of annual evaluation were on skills, experience, diversity, core competencies and risk and sustainability management.

The evaluation process was carried out through forms established by NC based on the recommendation in the corporate governance guide. Forms were distributed by the Company Secretary on the instructions of the Nomination Committee Chairman who is also the Senior Independent Director, Ms. Nirmala A/P Doraisamy who led the annual assessment process.

Practice 7.1

The Remuneration Policy for NEDs, Key Officers as well as Senior Management are made available on the Company's website at www.evergreengroup.com.my.

Practice 7.2

The Remuneration Committee's written Terms of Reference deals with its authority and duties and these are made available on our Company's website at www.evergreengroup.com.my.

Practice 8.1

The fees, allowances and benefits of RM365,000 was formally approved by shareholders on 30 May 2022. The amount paid to non-executive directors for the financial year ended 31 December 2022 is RM348,409 and the details to these payments is stated in the Company's Corporate Governance Report 2022.

Practice 8.2

The Company has departed from this practice as the Board disclosed its 5 (five) Senior Management by Name but not in remuneration bands but in a total lump sum in the Company's Corporate Governance Report 2022.

Nonetheless, the Board gives their assurance that the Company's remuneration and benefit package for its Senior Management is comparable against the same industry and the Company is able to retain the needed talents.

Practice 8.3 - Step Up

The Company has departed from this practice recommended due to sensitivity reasons in the Group as well as to safeguard the confidentiality of information.

Practice 9.1

Our Audit Committee Chairman in the current financial year is Mr. Kuan Kai Seng and he does not hold the position of the Board Chairman.

Practice 9.2

A policy on the appointment of former key audit partners or former employees of the external auditor's firm has been put in place. In this policy the external auditor's key audit partners cannot be offered employment or be appointed as a member of the audit committee by the Company within 2 (two) years of undertaking any role in the audit work of the Company or its subsidiaries.

Additionally, any offer of employment to a former employee of the audit firm in respect of a senior management position must be pre-approved by the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 9.3

Policies and Procedures for evaluating the external auditors are in place and being practiced by the Audit Committee together with the Nomination Committee in terms of accessing the suitability and the independence of external auditors. The annual evaluation process on external auditors is led by the Nomination Committee Chairman in discussion with the Audit Committee.

Practice 9.4 - Step Up

Our Audit Committee comprises solely of Independent Directors and all of whom are Non-Executive Directors ("NED") and this is in line with the test of independence under Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"); Paragraph 15.09(1) (a) and (b).

Practice 9.5

Members of the Audit Committee possess a wide range of skills from legal, accounting, finance, audit and similar business experience. All members are financially literate and understands their roles, responsibilities and functions as a Member of the Audit Committee. They continuously keep themselves abreast on all relevant developments and changes in the accounting and audit standards.

Practice 10.1

Our Enterprise Risk Management and Internal Control Framework has been established and was last reviewed by the Committee and approved by the Board in November 2022.

Practice 10.2

1. Our Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards which is an objective-centric based approach that ties with the risk of the Group's Business Strategies and Objectives to keep risk level within the Group's approved risk appetite and tolerance level. Risk is identified and assessed twice yearly and Risk Registers are updated accordingly;

2) Our Internal Control System in place for the Group consists of policies, operating procedures and limit of authorities in all operation processes and these are reviewed yearly and thereon updated into the Group's Document Management System;

3) The Group's Internal Audit functions for the financial year 2022 was outsourced to BDO Governance Advisory Sdn. Bhd. ("BDO") to carry out review and assess the adequacy and integrity of the Group's internal control system; and

4) BDO assists the Audit Committee of the Board in discharging their responsibilities by reviewing the adequacy and integrity of the internal control system in place for the Group including the level of compliance with applicable laws, regulations, rules, directives and guidelines.

Practice 10.3 - Step Up

Our Risk & Sustainability Management Committee comprises of four (4) members with three (3) being Independent Non-Executive Directors and is chaired by Ms. Nirmala A/P Doraisamy. Executive Directors are invited to attend meetings to present updates on Group's risk profile, mitigations, actions, policies and framework. Committee Members provides advice and directions on matters presented at each meeting.

Practice 11.1

Based on their audit plans approved by the Audit Committee yearly, Internal Auditors perform audit works to close the gaps in the Group's Internal Control System and they report the weaknesses directly to the Audit Committee. They take instructions directly from the Audit Committee Chairman especially on areas to be audited as per their audit plans.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 11.2

BDO and their Personnel(s) have confirmed in writing that they are free from any relationships or conflict of interest with the Group's Directors and Senior Management Staffs and therefore there is no impairment to their independence. BDO's function team is headed by its Executive Director who possess the required relevant qualification and experience and is assisted by 3 (three) other staff including a manager. The Internal Audit Functions carried out by BDO are in accordance with the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors.

Practice 12.1

A policy on communication with our Stakeholders is in practice and policy was reviewed in November 2022. Any feedback from Stakeholders is made known to the Board for their advice and necessary action to be taken by Management.

As to ensure that information is fairly communicated to all shareholders, the Company maintains its corporate website at www.evergreengroup.com.my containing information on the Group as well as its financial and non-financial announcements made to the Stock Exchange. Any presentation slides given or communicated to shareholders in general meetings, investors meeting and road shows are being posted on to our website to be accessed by all stakeholders and the general public at any point in time.

Practice 13.1

Our Shareholders are notified of our Annual General Meetings through our website and they are provided by mail with a Notice and a softcopy of the Company's Annual Report 28 (twenty-eight) days prior to the date of our annual general meeting.

Practice 13.2

Annual General Meeting is the principal forum for dialogue with our shareholders/stakeholders and our directors demonstrate their accountability by being available to respond to shareholders' queries to provide sufficient explanation and clarification on issues and concerns raised.

Practice 13.3

Our Annual General Meeting are carried out virtually and voting process is carried out online.

Practice 13.4

In our Annual General Meeting, our Group Chief Financial Officer presents the Company's financial performance and nonfinancial performance including the Company's strategies and allows shareholders to pose their question. We also encourage shareholders to write in their questions earlier.

Practice 13.5

During our annual general meetings, all question raised by shareholders are firstly flashed out and then read out by our Group Chief Financial Officer and thereon responded accordingly with the answers.

Our Annual General Meeting is held virtually and this Platform is made available by Boardroom Share Registrars Sdn. Bhd. [Company No. 199601006647 (378993-D)] 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

Practice 13.6

Minutes of our annual general meeting for the financial year 2021 was uploaded onto our website within 30 (thirty) business days after our 31st annual general meeting being conducted.

The Board of Directors has approved this statement on 18 April 2023.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Pursuant to 15.26(b) of the Listing Requirements, sufficient and meaningful information needed by shareholders to make an informed assessment of the main features and adequacy of the company's risk management and internal control system has been included in this statement by the Board as follows:-

Features of our Risk Management and Internal Control System

1. Our Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards which is an objective-centric based approach that ties with the risk of the Group's Business Strategies and Objectives to keep risk level within the Group's approved risk appetite and tolerance level.

2. Our Governance on Risk Management consist of a Framework, Risk Appetite & Tolerance Level and a Three Lines of Defence. This "Three Lines of Defense" model provides a simple and effective way to enhance communications on risk management by clarified essential roles and duties as follows:-

   1st Line of Defence – Head of Department and Head of Operations/Business Units

   The Risk Management Working Group ("RMWG") is responsible to identify risk and carry out risk assessment for implementation of internal controls whilst ensuring risk are within the appetite level set by the board through the risk management committee. RMWG are also be responsible for implementing corrective actions to address process deficiencies or any corrective actions needed. Head of Department reports to Head of Operations/ Business Unit.

   Head of Operations/Business Unit is responsible for the entire business unit or company. He/she is responsible for risk matters in all departments and business unit or the company. He/she reports to Management and take instructions from Management on all risk matters. Head of Department and Head of Business Units/ Head of Operations serves as the first line of Control (1st Line of Defence) in a Business Unit or a Company.

   2nd Line of Defence – Risk Compliance Officer/Manager of Group (RCO/RCM), Executive Directors and Senior Management (Key Officers)

   Risk Officer/Manager appointed by the Group Chief Executive Officer and Group Chief Operating Officer. RO/RM reports to the CEO/COO and the Risk Management Team ("RMT") on all Risk matters and the risk performance activities of each company and business units.

   RMT monitor risk activities in the Group through RO/RM who is tasked to facilitate and monitor the implementation for effective risk management practices by Head of Operations/Business units and assists risk owners (Oms & HODs) in defining the target risk exposure. RMT thereon reports to the Risk Management Committee ("RMC") of the Board.

   3rd Line of Defense – Internal Auditor (Outsourced)

   Internal auditor (IA) which is outsource by the Group provides independent assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the 1st and 2nd line of defense had achieve risk management and control objectives.

   Internal Auditors directly to the Audit Committee of the Board on all internal audit matters and takes instructions for internal audit to be carried from the Audit Committee.

3. In order to achieve the Group's set objective and strategies, Risk identification and assessments are carried out twice a year by RMWG at each business unit / company level by taking into considerations the changes in regulatory requirements, the industry and the current business environment situation. The process described below has been in place for the year under review and is being practice up to the date of approval of this statement for inclusion in the annual report.

4. Firstly, all Companies and Business units in the Group will identify Risk within their operations and thereon assess the impact and likelihood of the inherent risk on the Identified risk. Thereon, analysis will be carried out to the Risk Indicators, Root Causes and the Effects of Risk.

5. Analysis is then carried out on the Mitigations and Controls whereby Existing Controls measures and the effectiveness of these Controls are measured to weigh if additional controls are needed. Lastly, Residual Risk will remain for action by Management.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (Cont'd)

6. After Risk Register is received by Risk Officer, RO shall present all Risk findings to RMT for their consideration on the Residual Risk action. Upon presentation of Residual Risk by RO, Management Team will give their decision on action to be taken on Residual Risk if it is to be accepted, transferred or terminated. RO will then inform all Head of Operations and set a timeline for completion of Action on Residual Risk.

7. Thereafter, RO shall compile all risk submitted by Subsidiaries/Business Units and establish a Group Risk Register ("GRR").

8. From this GRR, all significant risk (High Risk based on the Heat Map) which may potentially derail the Group's Objective and Strategies shall be presented to the RMC for their review and action.

9. Thereon, the monitoring on timeline for internal controls to be put in place for Residual Risk are done at each subsidiary/business unit's and presented in monthly performance meeting whereby Management is kept informed on the status of completion.

10. Key material risks from the Group's Risk Register will be compiled thereon and presented to the Risk & Management Committee ("RMC") on a half yearly basis. A report of any event on incidents of risk that may have triggered the threshold, review for changes of Risk Framework, Policies and procedures will also be presented to the RSMC for their review, approval and directions at each RMC meeting held.

11. The process of reviewing the risk management and internal control system by RMC and by RMT confirming that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from the review carried out.

12. The review on the adequacy and effectiveness of the risk management and internal control system is undertaken by BDO Governance.

Internal Control System Activities

1. Compliance audit activities carried out in the current financial year 2022 by in-house Compliance Team in the Group in the following areas of :-

   a) Regulatory Requirements – Valid Work Permits & Maximum Working Hours;
   b) Anti-Bribery and Anti-Corruption – Compliance to the Policy;
   c) Transfer Pricing – Required TP Documentations;
   d) Foreign Exchange Policy – Adherence & Controls; and
   e) Fraud – Preventive Measures.

2. As a result of the review on the Internal Controls findings from audit carried of which was presented to Management, corrective action and enhancement to policies and procedures were carried out as follows:-

   a) Review of our Anti-Bribery and Anti-Corruption Policy where enhancement to the Online Declaration for Receiving and Giving of Gift & Entertainment were done and the Roll Out of the Online Training and Awareness on Anti-Bribery/Corruption Policies and Procedure for Employees and Vendors which also includes acknowledgement for all companies in Malaysia;

   b) Review of our Code of Conduct & Business Ethics Policy for inclusion of clauses on Insider Trading, Abuse of Power and Human Rights;

   c) Review of our Whistle Blowing Policy for enhancement to the definition of Unethical Conduct was carried in order for the Group to have a clearer understanding to this definition;

   d) Review on the Group's Limit of Authority on enhancement to the existing authority given based on the Internal Auditor's recommendation; and

   e) Review and approval by the Board on the Risk Appetite and Tolerance Level for the Group including the reporting of any breaches by each company/business unit.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (Cont'd)

Internal Audits

For the current financial year and based on the internal audit plans, there were 4 (four) internal audits carried out as follows:-

1) First cycle of internal audit actually started in April 2021 where the Board had received emails from a Whistle-blower. The Whistle-blower had claimed that there were misconducts in one of the Company which breached the international and local laws. In view of such allegation in the whistle-blower's email to the Board, the Audit Committee engaged BDO Governance Advisory Sdn. Bhd. services to carry out an agreed upon procedures to independently review and assess the validity of the allegations made and thereon recommend the area of improvements. Summary of allegation raised by the Whistle-blower were review by BDO and the report on findings was then presented by BDO to the Audit Committee of the Board. As there were no evidence of allegations made by Whistle-blower, AC reviewed the recommendations made by BDO on the weakness discovered and gave management a timeframe to completely rectify those weaknesses.

2) Second cycle of the internal audit was carried out on the Anti-Bribery and Anti-Corruption ("ABAC") Corporate Liabilities Procedures for the Group in accordance with the Internal Audit Plan 2022. The objectives were to assess the adequacy and test the integrity of the system of internal controls, assess the level of compliance with policies and procedures and for Internal Auditor to recommend for best practices and identify any potential areas for improvement in the effectiveness and efficiency of the processes. Following areas were reviewed:-

    a) Assessment on senior management commitment to promote culture of integrity within the organisation and ensure lines of authority for overseeing the anticorruption compliance programme are appropriate;
    b) Assessment on corruption risk register;
    c) On-boarding due diligence for entering into any business relationship/hiring;
    d) Conflict of interest declaration mechanism;
    e) Mechanism in place for declaration, tracking and monitoring of any procurement/payments involving gifts, hospitality, entertainment expenses and other facilitation received or given, e.g., Vendor & Employee Declaration and Anti-Corruption Clauses in Letter of Award;
    f) Communication and awareness of ABAC to stakeholders; and
    g) Whistleblowing procedures on reported ABAC incidences.

3) Third cycle of the internal audit was an Internal Control Review on Customer Management and Sales & Marketing for Evergreen Fibreboard Berhad ("EFB") in accordance with the Internal Audit Plan 2022. Reason for audit only carried out in EFB instead of the Group is because the Group's Sales and Marketing transactions are handled by EFB. The objectives of the review were to assess the adequacy and test the integrity of the system of internal controls and the level of compliance with policies and procedures including for Internal Auditor to recommended best practices; and identify any potential areas for improvement in the effectiveness and efficiency of the processes. Following areas were reviewed:-

    a) Anti-Bribery and Anti-Corruption procedures for salesperson and sales agent;
    b) Evaluation, approval and acceptance of new customers;
    c) Credit evaluation and credit limits granted to new and existing customers;
    d) Sales order and invoice processing;
    e) controls over return, refund, write-off, discount, cancellation and adjustment;
    f) Customer complaints; and
    g) Sales commission policy and procedures.

4) Fourth cycle of the internal audit was carried out on the Environment, Social and Governance to assess the adequacy of the Company's sustainability disclosures and practices against Bursa's Main Market Listing Requirements("MMLR") as well as to assess the compliance readiness of the company's sustainability disclosures and practices against the Malaysia Code on Corporate Governance 2021("MCCG") and identify any potential areas for improvement in the effectiveness and efficiency of the disclosures and practices. Following are the areas that were reviewed:-

    a) Company's sustainability disclosures against Bursa's existing MMLR;
    b) Company's sustainability disclosures against Bursa's new MMLR (as at 26 Sept 2022);
    c) Company's implementation on sustainability disclosures based on Bursa's existing MMLR;
    d) Company's disclosures and implementation against MCCG2021 on Practice 4.1 to 4.5; and
    e) The reporting metrics for relevancy, accuracy, timeliness and consistency.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (Cont'd)

The AC noted the gaps that was reported including the recommendations made by BDO on weakness that was identified including advising management of immediate action that required to be taken to rectify those weaknesses for all reviews carried out and completed during the financial year ended 2022.

Review by the Board

The Board reviewed the Audit Committee's report for each audit cycle's findings by the Internal Auditors and is aware of the additional controls that was advised to be put in place including the assurance given by Management that the necessary actions recommended will be carried out within the timeline indicated.

The Board have received assurance from the Group Chief Executive Officer/President and the Group Chief Financial Officer in the board meeting, noting that the Group's Risk Management and Internal Control System is in line with the Group's policies and practices in all material aspects.

The Board also reviewed the Group's Risk Management Framework and Internal Control System through the Audit Committee and the internal audits report from the out- sourced internal auditors (BDO) together with the assurance from the Group Chief Executive Officer/President and the Group Chief Financial Officer and are assured on the adequacy and integrity of the Group's Internal Control System.

Weaknesses in the Internal Controls that resulted in Material Losses

During the current financial year 2022, there were no major non-compliance issues in the Group except for some minor weaknesses which has been fully addressed by enhancement to some policies and procedures.

There was no failure in our System of Internal Control that had resulted in any material losses or omission within the Group. Nevertheless, the BOD together with Management will continuously take additional measures to further enhance the Group's Internal Control System.

Review by External Auditors

Our External Auditors has reviewed this Statement on Risk Management & Internal Control. The review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants where the AAPG 3 does not require the external auditor to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

The Board of Directors approved this Statement on 18th April 2023.

AUDIT COMMITTEE'S REPORT

The Board hereby presents the Audit Committee Report which provides insights into the manner in which the Audit Committee (AC) discharged its functions for the Group in the current financial year ended 2022.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee's official role is defined in its terms of reference accessible on our website at www.evergreengroup.com.my.

COMPOSITION AND ATTENDANCE

1) The AC has four (4) members, all of whom are independent NEDs, meeting the independence criteria set by Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR) and in compliance with the Malaysian Corporate Governance Guideline (MCGG) during the current financial year.

2) Mr. Kuan Kai Seng being our AC Chairman is a member of Chartered Accountants Australia and New Zealand and the Malaysian Institute of Accountants, ensuring compliance with MMLR paragraph 15.09. Other AC members include Ms. Nirmala Doraisamy, Mr. Jonathan Law Ngee Song and Ms. Tan Mui Ping. Their profiles and attendance records are recorded in the Directors' profile section of this Annual Report and Financial Statements.

3) The Board evaluates the AC members' terms of office and performance through an annual Board Committee effectiveness assessment under the Nomination Committee. The Board is satisfied with the AC and its members' performance, as they fulfilled their roles according to the AC's Terms of Reference and supported the Board in maintaining proper Corporate Governance (CG) standards. AC members are encouraged to attend seminars and training programs for professional development to updated themselves on recent developments.

MEETINGS

1) The AC conducted five (5) meetings in 2022, with the Group Executive Director and Group Chief Finance Officer being invited to facilitate direct communication and provide clarification on audit issues and the Group's financial and operational matters.

2) The Group's External Auditor, Baker Tilly Monteiro Heng (BT), attended three (3) of the five (5) AC meetings.

3) BDO Governance Advisory Sdn. Bhd. (BDO) representatives, who carry out EFB Group's Internal Audit functions, attended four (4) AC meetings to present respective Internal Audit (IA) reports.

4) Minutes of each AC meeting were recorded and presented for confirmation at subsequent AC meetings by the Company Secretary.

5) The AC Chairman presented recommendations for approval of financial statements and conveyed significant concerns and changes to the Board.

External Audit

1) During the current financial year , the AC examined BT's external audit committee memorandum for the year ended December 31, 2021, assessed the final draft account for the 2021 financial year alongside BT and management, evaluated BT's limited reviews of the Q4 2021 and Q3 2022 Condensed Consolidated Financial Statements, conducted an assessment of the external auditor following MCGG guidelines, and reviewed BT's 2022 audit startegy including considering the auditor's effectiveness and efficiency. The Audit Committee also put forth for any decision to open the External Auditor's services to tender, with no contractual obligations limiting the company's current choice of external auditor.

2) To ensure the reliability and compliance of EFB Group's quarterly Condensed Consolidated Financial Statements for 2021 and 2022 with relevant Financial Reporting Standards and to keep BT updated on EFB Group's financial performance, BT conducted limited reviews of EFB Group's Q4 2021 and Q3 2022 Condensed Consolidated Financial Statements before their presentation to the AC for review and recommendation for the Board's approval.

AUDIT COMMITTEE'S REPORT (Cont'd)

3) On an unspecified date, the AC discussed the external auditor evaluation as prescribed by the MCGG conducted by the AC. In addition to the evaluation, AC assessed the ongoing effectiveness and quality of the external auditor and the audit process based on meetings and internal discussions with group finance personnel, senior management, and other Board members.

4) On November 25, 2022, BT sought the AC's approval for the proposed audit and non-audit fee for 2022 as part of the Annual Audit Plan. The AC reviewed BT's proposed audit, audit-related, and other services fees for 2022, considering the nature and level of all services provided by BT when annually reviewing the external auditor's independence. Fees paid to the auditor for audit, audit-related, and other services are detailed in the financial statement notes. After BT confirmed their independence in conducting the audit engagement per relevant professional and regulatory requirements, including the Malaysia Institute of Accountants' By-laws, the AC recommended BT's fee to the Board for approval.

5) On the same date, the Group Chief Financial Officer sought the AC's approval for the proposed audit, audit-related, and other services fees to be provided by the external auditors for the Group's subsidiary companies in Indonesia (JMMR, a member firm of BT) and Thailand (ICPOCL) not audited by the Group's External Auditors, BT, for 2022. The AC reviewed the proposed audit, audit-related, and services fees for 2022 from JMMR and ICPOCL, taking into account the nature and level of all services provided when reviewing the external auditor's independence annually. Fees paid for audit, audit-related, and other services are detailed in the financial statement notes. With written confirmation by JMMR and ICPOCL of their independence in conducting the audit engagement per the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants, the AC recommended their audit fees to the Board for approval.

Financial Statements and Reporting

1) The AC reviewed the Q4 2021 and Q1, Q2, and Q3 2022 quarterly Condensed Consolidated Financial Statements, prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting," International Accounting Standards 34 "Interim Financial Reporting," and Paragraph 9.22, including Appendix 9B of the MMLR, during meetings on February 23, 2022, May 20, 2022, August 19, 2022, and November 25, 2022, and subsequently recommended them to the Board for approval.

2) To ensure the integrity of the information, the Group Chief Finance Officer presented the 2022 quarterly Condensed Consolidated Financial Statements to the AC on February 23, 2022, May 20, 2022, August 19, 2022, and November 25, 2022, and provided assurances that:-

    i) Appropriate accounting policies were consistently adopted and applied;
    ii) The going concern basis applied in the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements was appropriate;
    iii) Prudent judgment and reasonable estimates were made following MFRS requirements;
    iv) Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under MFRSs and MMLR; and
    v) The quarterly Condensed Consolidated Financial Statements contained no material misstatements and provided a true and fair view of the Group's and individual companies' financial positions within the Group.

3) On February 23, 2022, BT presented their interim audit findings to the AC regarding the audit of the Financial Statement ended December 31, 2021, primarily to ensure that the Q4 Condensed Consolidated Financial Statements ended December 31, 2021, did not significantly differ from the final published Financial Statement ended December 31, 2021, and to resolve any outstanding audit-related issues.

4) On November 25, 2022, BT presented the 2022 Audit Planning Memorandum for EFB Group for the financial year ending December 31, 2022. The AC reviewed the 2022 Audit Plan and highlighted specific areas of concern for BT to address during their audit. The AC then recommended the audit plan to the Board for approval.

5) The AC went on to meet with BT without the presence of any Group Executive Directors and management on February 23, 2022, and November 25, 2022. No critical issues were brought to the AC's attention during these meetings.

AUDIT COMMITTEE'S REPORT (Cont'd)

Internal Audit

1) As a company listed on Bursa Malaysia Securities Berhad, EFB must ensure that it maintains a robust and effective risk management and internal control system. To fulfil this obligation, EFB has outsourced its internal audit function to BDO to evaluate and ensure the adequacy and integrity of EFB Group's internal control system. The fee for each audit cycle is RM25,000 (excluding sale tax and out-of-pocket expenses).

2) On February 23, 2022, and March 31, 2022, the IA presented independent reviews and recommended improvements, where possible, on "foreign workers and subcontractor management" for the Group.

3) On March 31, 2022, the IA also presented the 2022 audit plan, and the AC agreed on the review areas as recommended by the IA.

4) On August 19, 2022, the IA presented the internal audit on customer management, sales, and marketing procedures' internal control review for the Group.

5) On November 25, 2022, the IA presented the internal audit on the internal control review of Environment, Social and Governance current processes by the company against the existing and new requirements of MCGG and MMLR.

6) The AC reviewed all recommendations made by BDO on identified weaknesses and management actions taken to address them.

Platform for IA and External Auditor (EA) Communication

As required by MCGG to establish a communication platform between the IA and EA, the AC agreed with the IA and EA that a formal copy of the IA report would be forwarded to the EA upon the AC's approval of the report. If necessary, the EA will address any issues with the IA. The IA has consented to the release of the IA report to the EA.

Related Party Transactions

The AC noted that there were no related party transactions reported or declared during the four AC meetings on February 23, 2022, May 20, 2022, August 19, 2022, and November 25, 2022, except for inter-company transactions within the Group, compensation for key management personnel and independent NEDs, and non-independent NED directors' fee calculations, is reported in the 2022 Financial Statements.

NOMINATION COMMITTEE'S REPORT

The Board hereby presents the Report of the Nomination Committee ("NC") that provides insights on the manner in which the NC has discharged its functions for the current financial year ended 2022.

ROLE OF THE NOMINATION COMMITTEE

The formal role of the Nomination Committee is set out in its Terms of Reference made available on our website at www.evergreengroup.com.my.

COMPOSITION AND ATTENDANCE

Our NC comprises of 4 (four) members, all are Independent Non-Executive Directors which is in compliance with Paragraph 15.08A of the Listing Requirements and the Malaysian Code on Corporate Governance ("MCCG") for the current financial year.

Ms. Nirmala A/P Doraisamy served as the NC Chairman for the financial year 2022, and she also held the position of Senior Independent Director. The other members of the NC were Mr. Jonathan Law Ngee Song, Mr. Kuan Kai Seng, and Ms. Tan Mui Ping. Detailed information about their profiles and meeting attendance can be found in the Directors' profile section of this Annual Report.

MEETINGS

Two NC meetings were conducted in the financial year 2022, one on 23 February and the other on 25 November 2022. During these meetings, the Executive Directors were invited to promote open communication and to address any concerns and present the Group's Succession plan for the year.

The Company Secretary documented the minutes of each NC meeting and presented them for confirmation at the following NC meeting. They were then presented to the Board for notation.

SUMMARY OF ACTIVITIES

In compliance with Paragraph 15.08A(3) of Bursa Securities Listing Requirements, the Board conducted a review of the NC's terms of office and evaluated the performance of NC members during the current financial year 2022. The annual evaluation concluded that the NC members have fulfilled their duties and responsibilities in accordance with the NC's Terms of Reference and have supported the Board in upholding appropriate Corporate Governance ("CG") standards for the Group. The NC carried out various activities in fulfilling their obligations and responsibilities, which include:

On Succession Planning

The Executive Directors presented the Succession Plans for the year to the NC which was then assessed and recommended as follows:

1. The Succession Plans for Members of the Board, Chief Executive Officer, Chief Operating Officer, Group Executives Director, and Key Officers of the Company were presented to the NC, and the changes made to the previous year's plans were noted and subsequently approved by the Board.

2. Training plans for the candidates in the succession line, which included on-the-job training, were also presented, and the Committee was informed that all the identified candidates are capable of performing their job duties when necessary.

3. The NC acknowledged the changes made to the proposed Succession Plans and advised Management to ensure that candidates in the succession plans receive the necessary training to prepare them for their future roles.

NOMINATION COMMITTEE'S REPORT (Cont'd)

Annual Performance Assessment / Evaluation

In line with MCCG Practice 5.1, the Nomination Committee carried out annual performance evaluation in the following manner:-

1) In December 2022, Nomination Committee carried out Annual Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, performance of Individual Directors, Key Officers and the Company Secretary. Elements of annual evaluation were on skills, experience, diversity, core competencies and risk and sustainability management.

2) The evaluation process was carried out through forms established by NC based on the recommendation in the corporate governance guide. Forms were distributed by the Company Secretary on the instructions of the Nomination Committee Chairman who is also the Senior Independent Director, Ms. Nirmala A/P Doraisamy who led the annual assessment process.

3) Annual Evaluation Forms were sent via email to all concern to carry out their review on Individual Directors, Key Officer, Company Secretary, the Chairman of the Board, the board as a whole and Board Committee(s). A timeframe was also given for review to be completed and email back to the Company Secretary for tabulation of scores.

4) The results of the evaluation were then emailed to the Nomination Committee Chairman and further discussed with the Board Chairman where it was tabled at the 4Q2022 Nomination Committee meeting held in February 2023.

5) Board Chairman made known to all Members on the outcome of the annual evaluation carried out which had a satisfactory score on individuals as well as the board and committees.

6) Board Chairman further advised NC Chairman on the actions to be taken to the weaknesses from the evaluation results based on:-

   i) the improvements needed on the Board, Board Committee or Individuals; and
   ii) the trainings needed by the Board, Board Committee or Individuals.

7) Evaluation form and results from evaluation carried out by the Nomination Committee was recorded and all documents are treated confidential and filed and kept by the Company Secretary.

8) NC requested to the Board Chairman to consider engaging an external and independent party to facilitate the assessment process as independent party who is expected to deliver a neutral view of the board's strengths and areas for improvement, and can also add insights from evaluations carried out by others.

9) Summary of training needs for the subsequent year to be attended by directors and key officers were tabled for discussion and Human Resource Department were tasked to arrange the relevant trainings for directors and key officers.

Appointment of Director

1) During the financial year 2022, NC had been actively sourcing for additional female candidates for appointment of additional director to fulfil the Corporate Governance recommendation of 30% gender diversity on the Board.

2) Profiles of female candidates were obtained from Institute of Corporate Directors Malaysia (ICDM) and Lead Women NC's evaluation where 3 (three) out of 5 (five) candidates were selected for interview.

3) Interview was carried out in July online by NC to evaluate them based on the criteria set for appointment of board members that includes the company's fit and proper policy and Ms Tan Mui Ping was the candidate that was found to have met most of the criteria set.

4) NC unanimously agreed the appointment of Ms. Tan Mui Ping to the Board effective October 2022 subject to a clean finding on her financial, integrity, litigation, criminal and bankruptcy screening carried out prior to her appointment.

NOMINATION COMMITTEE'S REPORT (Cont'd)

Re-election of Directors

1) Evaluation on the performance of the retiring Directors seeking for re-election was carried out by Nomination Committee based on fit and proper criteria, salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group.

2) Amongst the criteria assessed was on their contribution, character and integrity, dealing with potential conflict of interest situations, on critically challenging matters, on the right questions asked and the confidence to stand up for their point of view in any matter during meetings and time commitment.

3) Based on the annual evaluation and fit and proper criteria assessment carried out by Nomination Committee, key strengths noted on retiring directors were mainly on their area of expertise which they were able to provide valuable opinion to the Board during meetings while the weaknesses were on limited trainings attended to keep themselves updated with latest development.

4) Board was made known by the Nomination Committee Chairman on retiring director's strength and weakness and the Board advised Directors to keep themselves updated with the necessary measures to address their weaknesses.

5) The satisfactory outcome of their assessments was reported to the Board and the Board recommended that these Directors be re-elected according to the respective resolutions put forth in the forthcoming AGM.

The retiring Directors had abstained from all deliberation and participation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting.

REMUNERATION COMMITTEE'S REPORT

The Board presents the Remuneration Committee Report, offering an overview of the ways in which the Remuneration Committee ("RC") has fulfilled its responsibilities during the financial year 2022.

ROLE OF THE REMUNERATION COMMITTEE

The official role of the Remuneration Committee is outlined in its Terms of Reference, which can be accessed on our website at www.evergreengroup.com.my.

COMPOSITION AND ATTENDANCE

The RC consist of four (4) Independent Non-Executive Directors, in accordance with Practice 6.2 of the Malaysian Code on Corporate Governance (MCCG). The Chairman of the RC is Mr. Jonathan Law Ngee Song, and the other members are Mr. Kuan Kai Seng, Ms. Nirmala A/P Doraisamy, and Ms. Tan Mui Ping. The profiles and attendance records of each member can be found in the Directors' profile section of this Annual Report.

MEETINGS

The RC convened two meetings during the financial year 2022 on February 23 and November 25. Executive Directors were invited to attend these meetings to facilitate direct communication and provide clarification on Senior Management remuneration matters.

Minutes of each RC meeting were documented and confirmed at the subsequent RC meeting by the Company Secretary before being presented to the Board for notation.

SUMMARY OF ACTIVITIES

In the financial year 2022, the Board reviewed the RC's terms of office and assessed the performance of RC Members through an annual evaluation conducted by the Nomination Committee. The Board determined that the RC members had effectively executed their functions, duties, and responsibilities in line with the RC's Terms of Reference, supporting the Board in ensuring the Group maintains appropriate Corporate Governance (CG) standards. The Remuneration Committee's activities in fulfilling its duties are as follows :-

Review of Framework & Policy

1) The Remuneration Committee reviewed the framework on remuneration policy for Non-Executive Directors' fees and allowances, which was approved by the Board in November 2022. This policy is incorporated into the Remuneration Terms of Reference Remuneration Policy.

2) The framework for Executive Directors and Key Officer/Senior Management remuneration was last reviewed and approved by the Board in November 2022.

Review on Remuneration of Board, Committees, and Key Officers

1) During the RC meeting on February 23, 2022, Management provided the RC with the final results of the financial and non-financial performance of all companies and business units for 2021. The RC was then informed of the bonus quantum and increment rate entitlement as per the remuneration policy for each company/business unit based on their financial key performance indicator achievement for the year.

   Management also presented the Group's overall financial and non-financial performance, which had achieved the lowest tier of the Key Performance Indicators set. Consequently, a minimal bonus and increment were proposed for Senior/Key Management.

2) The RC discussed the fees and allowance for Non-Executive Directors for the current year and any revisions to the existing framework. The members agreed that no revision would be made due to economic uncertainty.

   All Directors abstained from participating in and deliberating on their own remuneration.

REMUNERATION COMMITTEE'S REPORT (Cont'd)

3) Based on the performance results presented, the RC Chairman obtained the Board's approval for the increment and bonus package for subsidiaries' employees, Senior Management and Executive Directors.

4) During the meeting on November 25, 2022, and based on the existing remuneration framework approved, Executive Directors presented the draft financial performance of each Company/Business Unit to determine the approximate financial performance achievement for year 2022. Management informed the Board through the RC of the minimal tentative bonus quantum and salary increment for the group, seeking pre-approval for the Bonus and Increment to be paid in January of the following year.

5) The Board acknowledged that there was no salary increment or bonus for Executive Directors and Senior Management been decided for the year 2022, and any decision to award such would require prior approval from the RC.

6) Management will circulate the final results along with the payment list in the Committee/Board meeting papers for approval by the RC and Board during the upcoming 4Q 2022 meeting in February 2023.

STATEMENT ON SUSTAINABILITY

INTRODUCTION

The Board of Directors (the “BOD”) of Evergreen Fibreboard Berhad (“EFB” or the “Company” or “the Group”) presents this Sustainability Statement, addressing the significant risks related to Economic, Environmental, Social, and Governance (EESG) aspects of the Group’s businesses and operations across all countries.

The preparation of this Sustainability Statement adheres to Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”), along with Paragraph 6.1, Practice Note 9 of the Listing Requirements, concerning the statement on management of material economic, environmental, and social risks and opportunities (“Sustainability Statement”), as prescribed by the Exchange. In developing this Statement, the Company has also taken into account the Sustainability Reporting Guide and its accompanying Toolkits, provided by Bursa.

OBJECTIVE

This Sustainability Statement provides sufficient information for our stakeholders to gain a comprehensive understanding of Material Topics concerning Economic, Environmental, Social, and Governance aspects that substantially influence the Group’s Business Sustainability. Additionally, it showcases the steps undertaken by the Group to address these risks and capitalize on any opportunities that arise during our sustainability journey.

ORGANISATIONAL PROFILE

Evergreen Fibreboard Berhad – 199101006810 (217120-W) is an organization incorporated under the Companies Act in Malaysia, with its shares listed on the Main Board of Bursa Malaysia Securities. Established in 1992, the company is headquartered in the Batu Pahat district, Johor, West Malaysia.

The Group conducts business in three countries, with the majority of its operations in Malaysia (50%), followed by Thailand (40%) and Indonesia (10%).

The Group’s primary operations involve manufacturing, and its product range includes Panel Boards - Medium Density Fibreboard (“MDF”), Particle Board (“PB”), Value-Added Panel Boards, Ready-to-Assemble Furniture (“RTA”), Solid Wood Products (Furniture/Parts), Wood Pellets, Resin/Adhesive, and Green Energy.

REPORTING PERIOD, FREQUENCY AND CONTACT POINT

Sustainability reporting to the Board’s Committee takes place during the Risk & Sustainability meetings held quarterly. The Group’s financial statement reporting period concludes in December, with the Company’s Annual Report being published each year in April.

For any inquiries related to the Group’s Financial Performance, our Group Chief Financial Officer, who also serves as the Group’s Investor Relations representative, is the designated point of contact. He can be reached via email at martin@efb.com.my.

RESTATEMENTS OF INFORMATION

There is no substantial information regarding restatements from the previous year’s reporting period, except for a minor adjustment. The projected increase in Solar Energy volume is now being procured from a third-party rather than being self-generated, as previously stated, due to changes in the investment. Additionally, there was a minor error in the unit of measures for electricity consumption.

EXTERNAL ASSURANCE

The Company is yet to pursue external assurance for its sustainability statement but will consider doing so in the coming financial year 2023.

However, during the financial year ended 2022, the Company engaged its outsourced Internal Auditor to conduct an internal audit. The audit’s objective was to review the Company’s sustainability disclosures against Bursa’s current and new MMLR, assess the Company’s implementation of sustainability disclosures based on Bursa’s existing MMLR, evaluate the Company’s disclosures and implementation against MCCG 2021 Practice 4.1-4.5, and examine the reporting metrics for relevance, accuracy, timeliness, and consistency.

STATEMENT ON SUSTAINABILITY (Cont'd)

ACTIVITIES, VALUE CHAIN AND OTHER BUSINESS RELATIONSHIPS

The Company's product sector falls under the Industrial Products category, with the Group's primary value chain focused on manufacturing panel boards in various specifications, sizes, and thicknesses. This process is carried out at Siam Fibreboard Co., Ltd, Evergreen Fibreboard (Nilai) Sdn. Bhd, AllGreen Timber Products Sdn. Bhd, and PT Hijau Lestari Raya Fibreboard.

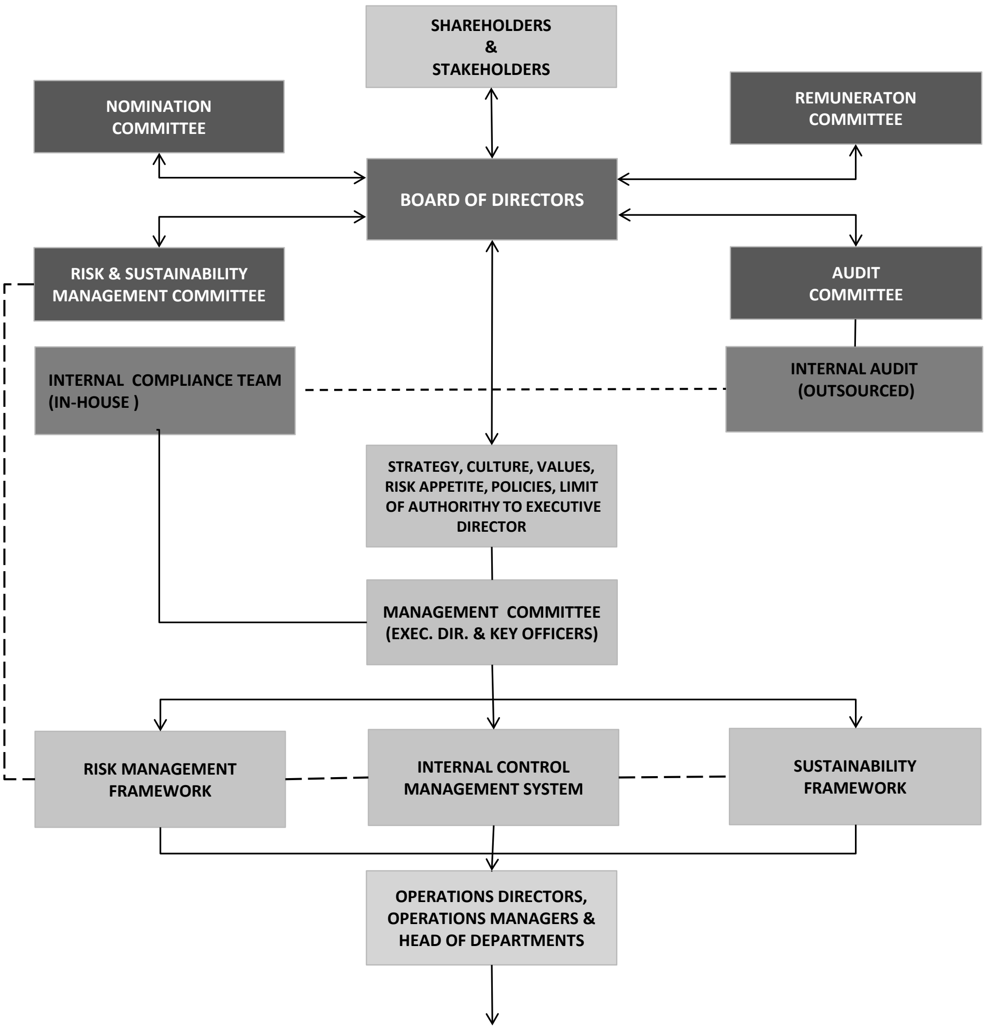
Value-added panel board activities are conducted by Evergreen Fibreboard Berhad and Evergreen Fibreboard (JB) Sdn. Bhd., while RTA Furniture activities are carried out by Evergreen Fibreboard Berhad and partially marketed by Everlatt Sourcing Sdn. Bhd.

Upstream activities include manufacturing Resin/Adhesive, which are performed by Evergreen Adhesive and Chemicals Sdn. Bhd. and Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd., mainly supplying the panel board business segment within the Group. Biomass Wood Pellets are produced by Craft Master Products Sdn. Bhd., AllGreen Timber Products Sdn. Bhd, and Evergreen Fibreboard (JB) Sdn. Bhd.

Panel Board segment accounts for 80% of the total revenue for the group, Added Value Products contribute 5%, RTA Furniture 10%, and Biomass Products make up the remaining 5%. Revenue from Resin/Adhesive products and Green Energy primarily comes from within the Group, with an insignificant amount from third parties.

The Group's geographical market presence has remained consistent across five continents over the past years, with its core product customers, being primarily furniture manufacturers and building material suppliers.

GOVERNANCE STRUCTURE



STATEMENT ON SUSTAINABILITY (Cont'd)

SCOPE

The coverage of our Sustainability Statement spans from 1st January 2022 to 31st December 2022 for all our manufacturing entities located in Malaysia, Thailand, and Indonesia.

BUSINESS SEGMENTS

Our business segments on Panel Boards and Added Value Panel Boards account for 85% of the Group's operations, while Ready-to-Assemble Furniture contributes 10%, and the remaining 5% pertains to Resin and Green Energy, which are supplied to companies within the group.

Resin is supplied within the Group of companies as it is the primary raw material for manufacturing panel boards, and green energy production are to reduce reliance on electricity from the National Electricity Board.

The Group's Rubber Plantation business segment is excluded from this statement, as the Board has determined that its impacts, whether positive or negative, are minimal on both the Group's financial performance and stakeholders, given its insignificant contribution to the Group's overall business performance.

Although this business segment is not included in our Sustainability Statement, the Group's financial performance is based on consolidated financial statements conducted at the group level, encompassing all entities and business segments within the group.

No apportionment for minority interest is made, as all our subsidiaries within the group are wholly owned.

Sustainability Material Matters reporting from all subsidiaries is consolidated at the Group Level, and the impacts caused by business segments not covered by this sustainability statement do not have any significant effects on the environment, social, and governance aspects at this time.

These business segments will be incorporated into the statement once the necessary information becomes available for the Company to include them.

SUSTAINABLITY COMMITTMENT & STRATEGY

The Group is committed to managing its Sustainability Material Matters with the aim of contributing to addressing global environmental challenges which is ***"To reduce the Group's adverse impact and increase its positive impact on the environment, economic and society by 3% in year 2026"***.

STRATEGY AND TARGETS

As part of the group's effort "To reduce our adverse impact and increase our positive impact by 3% in 5 years from year 2022" we will be measuring and tracking the following parameters: -

1. On the source of our raw material (wood);
2. On the group's compliance level to the International Labor Organization;
3. On the group's energy consumption;
4. On incidents of emission smoke and dust from our processes;
5. On water source and discharge from our processes; and
6. On Corporate Liability (Bribery & Corruption).

STATEMENT ON SUSTAINABILITY (Cont'd)

THE PROCESS TO DETERMINE MATERIAL TOPICS OF THE GROUP

1) The Group's material topics were identified by first determining the most pertinent material sustainability matters ("MSM") related to Economic, Environment, and Society ("EES") and evaluating their importance to the group's business and stakeholders. Through this process, we identified the following MSM that are most significant to the Group's Business Sustainability:-

   On the Economic
   Product Regulatory Compliance (Formaldehyde Emission level); and
   Availability of Raw Material (wood).

   On Environment
   Energy Consumption;
   Emission incidents from processes (Smoke & Dust); and
   Water Consumption & Water Discharge from processes.

   Social
   Compliance to the 11 International Labour Organisation (ILOs)

   Governance
   Corporate Liability (Bribery & Corruption)
   Compliance to Laws and Regulations

2) Based on the aforementioned material matters, an assessment was conducted by each subsidiary to prioritize them and determine which MSM is most significant to the subsidiary, the group, and its stakeholders' influence on the business/company. The MSM were prioritized as follows:-

   For operations in Malaysia
   a. Availability of Raw Material;
   b. Energy Consumption;
   c. Compliance to the 11 International Labour Organisation (ILOs);
   d. Emission from processes (Smoke & Dust); and
   e. Corporate Liability (Bribery & Corruption).

   For operations in Thailand
   a. Emission from processes (Smoke & Dust);
   b. Compliance to the 11 International Labour Organisation (ILOs);
   c. Availability of Raw Material;
   d. Water Discharge from processes; and
   e. Corporate Liability (Bribery & Corruption).

   For operations in Indonesia
   a. Corporate Liability (Bribery & Corruption);
   b. Compliance to the 11 International Labour Organisation (ILOs);
   c. Energy Consumption;
   d. Emission from processes (Smoke & Dust); and
   e. Water Discharge from processes.

3) Based on the prioritization conducted in each country, we selected the top 4 (four) material sustainability matters from each country. These matters are compiled into the Register of each subsidiary, and initiatives and targets are established to be achieved accordingly.

4) The progress of sustainability initiatives and target achievements are monitored and reported to Senior Management on a quarterly basis, which is then reported to the Committee/Board for review and oversight.

STATEMENT ON SUSTAINABILITY (Cont'd)

RISK AND OPPORTUNITIES

On the Economic Matters
Availability of Raw Materials (Wood)

The primary raw materials used for panel board manufacturing are rubber wood and tropical wood waste. The availability of rubber wood and tropical wood has been identified as a material and significant issue in Malaysia due to supply disruptions experienced by the Malaysian plant. The disruptions in wood supply have been caused by reduced harvesting, attributed to a shortage of foreign labor and the prolonged monsoon season, which led to floods in plantations. Although these supply disruption factors may be temporary, the diminishing availability of rubber and tropical wood plantations remains a concern. Insufficient supply for the plants can lead to operational disruptions, causing the company to be unable to fulfill its obligations as a supplier, potentially forcing the plant to halt or slow down production. This would have a material impact on the company's financial performance.

To manage this material matter in Malaysia, we will closely monitor the supply trends while taking action to implement mass planting of fast-growing wood species. Our aim is to establish our own supply from our plantation, fulfilling at least 30% - 40% of our requirements. This strategy will help reduce our dependency on our wood suppliers and may provide us with greater bargaining power over prices.

DESCRIPTION OF WOOD	YEAR	TOTAL M/ TONS	SOURCE			
			PLANTATION	PEFC AREA	FSC AREA	OTHERS
Rubber / Mix Wood	2021	**1,067,114**	888,582	61,748	10,056	106,728
	2022	**1,449,892**	1,300,992	58,384	1,996	88,520

On the Social Matters
On compliance to the International Labor Organization

The Group adheres to the following indicators: Abuse of vulnerability, Deception, Restriction of movement, Isolation, Physical and sexual violence, Intimidation and threats, Retention of identity documents, With-holding of wages, Debt bondage, and Abusive working and living conditions. This also encompasses overtime hours, as the Social Audit requirement of SMETA limits working hours to 60 hours per week, including overtime.

Compliance with legal and regulatory requirements concerning anti-corruption and human rights is fundamental to our business operations, regardless of the location. Therefore, Heads of Operations are responsible for strictly adhering to legal practices, taking preventive action, and ensuring that relevant training is provided.

Employees within the Group
As for the employees within the Group, the total workforce totaling to 2,056 employees at the end of the current financial reporting period. Foreign workforce includes employees with work permits but does not cover expatriate employees, as described below:-

DESCRIPTION	YEAR 2020		YEAR 2021		YEAR 2022	
BY COUNTRY	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**
MALAYSIA	1423	65.52%	1368	64.90%	1215	59.10%
THAILAND	662	30.48%	655	31.07%	619	30.10%
INDONESIA	87	4.00%	85	4.03%	222	10.80%
TTL	**2172**	**100.00%**	**2108**	**100.00%**	**2056**	**100%**
BY COUNTRY	**FOREIGN LABOUR**	**IN PERCENTAGE**	**FOREIGN LABOUR**	**IN PERCENTAGE**	**FOREIGN LABOUR**	**IN PERCENTAGE**
MALAYSIA	462	32.45%	317	23.17%	253	20.82%
THAILAND	110	16.61%	105	16.03%	89	14.38%
INDONESIA	0	0.00%	0	0.00%	0	0%
TTL	**572**		**422**		**342**	
BY GENDER	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**
Male employees	1748	80.48%	1698	80.55%	1681	81.76%
Female employees	424	19.52%	410	19.45%	375	18.24%
TTL	**2172**	**100.00%**	**2108**	**100.00%**	**2056**	**100%**
DESCRIPTION	**YEAR 2020**		**YEAR 2021**		**YEAR 2022**	

STATEMENT ON SUSTAINABILITY (Cont'd)

BY COUNTRY	TTL FEMALE	IN PERCENTAGE	TTL FEMALE	IN PERCENTAGE	TTL FEMALE	IN PERCENTAGE
MALAYSIA	248	17.42%	238	17.40%	219	18.02%
THAILAND	158	23.86%	157	23.97%	142	22.94%
INDONESIA	18	20.69%	15	17.64%	14	6.30%
TTL	**424**		**410**		**375**	
BY AGE GROUP	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**	**TTL WORKFORCE**	**IN PERCENTAGE**
< 30 years	565	26.01%	592	28.08%	457	22.23%
30-50 years	1278	58.84%	1168	55.41%	1335	65.00%
>50 years	329	15.15%	348	16.51%	264	12.77%
TTL	**2172**	**100.00%**	**2108**	**100.00%**	**2056**	**100%**
BY EMPLOYMENT	**PERMANENT IN %**	**TRMPORARY IN %**	**PERMANENT IN %**	**TRMPORARY IN %**	**PERMANENT IN %**	**TRMPORARY IN %**
MALAYSIA	98.59%	1.41%	98.49%	1.51%	100%	0%
THAILAND	89.12%	10.88%	91.45%	8.55%	100%	0%
INDONESIA	100.00%	0.00%	100%	0.00%	57%	43%

During the reporting period, there have been no considerable changes in the number of employees, and all personnel are directly managed by the Company in which they are employed. Except for Indonesia where they have approximately 95 temporary workers supplied by contractor for carrying out odd jobs. Nevertheless, these workers are all local Indonesians and are paid according to the laws in Indonesia.

Remuneration Policies

A Remuneration Policy for the Board and Senior Management has been established as in Remuneration Committee Terms of Reference which is available on the company's website.

Annual Total Compensation

ANNUAL COMPENSATION						
Compensation Category	**Year 2020**	**%**	**Year 2021**	**%**	**Year 2022**	**%**
Employee's Compensation	RM96,111,659	96.54%	RM90,339,329	96.78%	RM93,367,279	95.78%
Executive Director's Compensation	RM3,093,612	3.11%	RM2,662,651	2.85%	RM3,765,728	3.86%
Non-Executive Director's Compensation	RM347,625	0.35%	RM347,636	0.37%	RM348,409	0.36%
Total	**RM99,552,896**	**100%**	**RM93,349,616**	**100%**	**RM97,481,416**	**100%**

The increase in compensation is mainly due to the resumption of operations after the lifting of the Movement Control Order in Malaysia, which enabled all companies to resume normal operations. Furthermore, the restoration of salaries for Management level and Executive Directors, which were reduced during the shutdown period, also played a part in the rise.

Types & Rate of Injury, Occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Occupational health and safety are included in the 11 ILOs, and given the nature of the industry we are in, the Group's employees are often exposed to occupational health and safety risks. The Group's Occupational Safety & Health Policy focuses on preventing adverse effects and is committed to safeguarding employees with the goal of ensuring they leave the workplace in the same condition as when they started work.

At each subsidiary or business unit level, the Head of Operations is responsible for helping the group achieve its objectives related to occupational safety and health management, as well as setting and accomplishing local goals accordingly. The following accident statistics illustrate the occurrences within the Group and the Group's safety policy aims for a lost-time injury of no more than 3 days and zero fatalities.

STATEMENT ON SUSTAINABILITY (Cont'd)

For the financial year ended 31 December 2022, the Group's accident records are as follows:-

INDUSTRIAL ACCIDENTS

Accidents by Gender	2020 No of Cases	2021 No of Cases	2022 No of Cases
Male	5	38	71
Female	1	4	1

Accidents by Nationality	2020 No of Cases	2021 No of Cases	2022 No of Cases
Local	2	38	63
Foreigner	4	4	9

The Group was unable to achieve its goal of zero fatalities, as one fatal case occurred during the reporting year in its Thailand energy due to employee failing to adhere to the safety procedure and climb up a running machine to check instead of using the monkey ladder provided beside the machine. Following this incident, a safety audit was conducted, and the company involved has implemented preventive measures focusing on the area of the accident to prevent such incidents from happening again in the future.

Average Hours of Training

With a workforce of 2,056 employees, the Group places great importance on training and education as a crucial tool for retaining and developing its talent. As such, the Group offers a wide variety of internal and external training programs, engaging external trainers to conduct courses in operations, sustainability, risk management, quality improvement, sales and marketing, safety and health, and technical areas.

While the Group does not have a specific target for training and education, it aims to provide each employee with at least 8 hours of training annually. But due to the number of accident that have increased, the Group will carry out safety audits on the high accident rate plant as to reduce the number of accidents including increasing the trainings specifically on Safety.

Human Rights Policy

The Group has established a Human Rights Policy, which is accessible to all companies within the Group through the Company's Cloud-based Document Management System.

This policy is based on International Human Rights Principles and acknowledges the Group's responsibility towards the communities where it operates. The policy is applicable to the Group and also to its contractors and suppliers, who are expected to adhere to the same policy in their dealings with the Group.

On the Environment Matters
On Energy Consumption, incidents of Smoke and Dust from processes and Water Discharge from processes.

Energy Consumption
In 2022, the Group's total energy consumption reached 422,612 MWh including solar energy usage that increased by approximately 25% compared to 337,844 MWh in 2021. This increase is approximately 25% higher than the volume consume in year 2021 due to the full run of operations after MCO shutdown but at lower productivity. Lower productivity was due to machinery problems on start-up.

The production of panel boards demands significant energy for generating steam through boilers powered by electricity. As a result, energy consumption is a crucial concern for businesses in Malaysia, particularly with the increasing cost from the ICPT rate. The Group is dedicated to reducing its energy usage and dependence on the main grid by implementing strategic plans that aim to decrease energy consumption, lessen reliance on grid supply, and increase the use of green energy.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our Group's Energy consumption:-

Energy Consumed	Year 2021	Year 2022
Electricity Consumed from National Grid	241,254 MWh	289,459 MWh
Solar Energy Consumed	1,900 MWh	6,562 MWh
Biomass Energy Consumed	94,690 MWh	126,591 MWh
Total Consumption	**337,844 MWh**	**422,612 MWh**

The Group consumed a total of 289,459 MWh electricity from the National Grid which is equivalent to 184,964 tonnes of CO^2 emission. The net tonnes of CO_2 emitted by the Group based on the energy consumed after taking into account the renewal energy generated by the group is 99,879 tonnes of CO^2.

During the financial year 2022, the Group Biomass energy plant and photo-voltaic panels generate energy as follows:-

RENEWABLE ENERGY

Type of Energy Generated/Purchased	2020	2021	2022
Solar PV	733 MWh	1,900 MWh	1,900 MWh
Biomass Energy	105,760 MWh	94,690 MWh	126,591 MWh
Solar Energy Purchased	NIL	NIL	4,662 MWh

Regarding the installation of photovoltaic solar panels, this installation is by a third party and there is zero investment cost to the company. Solar energy generated from these panels will be purchase from third party for our consumption.

Our Group's total production and purchase of renewal energy for the reporting year was 133,153 MWh which is equivalent to 85,085 tonnes of CO^2 being able to be avoided.

We anticipating a rise in our solar energy volume as we are exploring additional locations for potential solar panel installations, and green energy tariff which is to be purchase from Tenaga Nasional Berhad in the forthcoming financial year 2023.

Emission From our Processes

Emissions from our processes primarily consist of smoke and dust, and each country has its own emission standards. In Malaysia, all companies are subject to the Environment Quality Act (Clean Air) Regulation 2014, which stipulates that emission levels should not exceed 20% for more than five (5) continuous minutes and the total emission for 24 hours should not exceed 15 accumulated minutes. If emissions of dust or smoke surpass these allowable limits, a fine of RM100,000 can be imposed on the premises owner.

Following are incidents on emission experience by the Group:-

COMPOUND & FINES

For Emission / Discharge	2020	2021	2022
Dust	2	0	0
Smoke	1	0	0
Water	0	2	1
Penalties/Fines	0	2	1

STATEMENT ON SUSTAINABILITY (Cont'd)

Water Usage and Water Discharge from our Processes

Water is used by the Group primarily for generating steam in boilers that are crucial to the production process, with additional usage for cooling and sanitary facilities across all plants. Given the company's reliance on steam from the boilers for the production of panel boards, water supply is a significant factor and without boiler operations, the plant cannot function.

Details regarding water consumption and the source of water supply are outlined below:-

SOURCE OF WATER CONSUMPTION

Water Supply Source	2021	2022
From Government Supply	105,152 m3	183,793 m3
From Nearby Stream / River	921,780 m3	881,955 m3
From Underground	267,281 m3	132,731 m3
From Water Treatment (Re-cycle Water)	113 m3	128,847 m3
Total	**1,294,326 m3**	**1,327,326 m3**

On Discharge of water, we are measuring the volume of water being discharge after being treated into the public drainage system.

WATER DISCHARGE

Discharge Point	2021	2022
Water Discharge to Public Drains	17,920 m3	3,493 m3

Significant Spills

The Group has no notable instances of spillage causing environmental harm. Through diligent monitoring and management practices, the Group has successfully maintained a clean and safe operating environment. Any minor spills that occurred were promptly addressed and properly contained to prevent any potential negative impacts on the environment.

Non-compliance with Environmental Laws and Regulations

In the year 2022, the Group has adhered to environmental laws and regulations, with no significant fines incurred for non-compliance. The Group's commitment to full compliance is evident in the implementation of processes across its subsidiaries to monitor and understand regulatory requirements and changes. Compliance to all laws and regulations is regularly audited by the Compliance Team and Internal Audit, while Heads of Operations are obligated to strictly adhere to applicable legislation and ensure their subsidiaries comply accordingly.

To ensure ongoing compliance, management teams hold monthly performance meetings with Heads of Operations to confirm the compliance level in. The Group remains committed to its environmental responsibilities and will continue to strive for full compliance with all applicable laws and regulations.

ON BOARD COMPOSITION

Our highest governing entity is the Board of Directors, which is composed of seven (7) members: three (3) Independent Directors and Executive Directors. Among the seven (7) board members, three are women and to guarantee efficient governance, the Board has designated Ms. Nirmala A/P Doraisamy as the Senior Independent Director, who also holds the position of Chairman for our Nomination Committee.

STATEMENT ON SUSTAINABILITY (Cont'd)

NOMINATION AND SELECTION OF GOVERNANCE BODY

The Board, via the Nomination Committee, identifies potential candidates for director appointments. To find suitably qualified candidates, the Nomination Committee employs independent sources such as:-

a. Directors' registry or Institute of Corporate Directors Malaysia;
b. Lead Women (Lead Women Sdn. Bhd.);
c. Open advertisements (National Newspapers); and
d. Independent search firms.

Conflicts of Interest

The Company has implemented a Conflict-of-Interest policy for its Directors and Employees across the Group to prevent undisclosed conflicts of interest. This policy also applies to conflicts involving Vendors and Customers, and clearly states that Directors/Employees who have a conflict of interest must disclose any obligation, commitment, relationship, or interest that may conflict or could be perceived as conflicting with their duties. They should make this disclosure using the Conflict-of-Interest Disclosure document available online through the provided link:-

https://docs.google.com/forms/d/e/1FAIpQLSeE5xI6BfNow6Tlk9h9vKCDkiQA8Zc1Q20OjNi34JNPiDM9bQ/viewform

MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS

Employees can also report suspected policy violations of Evergreen Fibreboard Group Human Rights Policy through the internet website at www.evergreengroup.com.my.

To report issues under the Human Rights Policy, contact the Top Management at:-
a. Group Executive Director: mary@efb.com.my
b. Group Chief Operating Officer: jenchiu@efb.com.my
c. Group Chief Executive Officer: jenchangkuo@gmail.com

Or for Whistleblowing any matter to:-
a. Whistleblowing Committee: whistleblower.efb@bakertilly.my
b. Whistle-blower Complain Form: https://evergreengroup.com.my/en/formmail-report-of-improper-conduct

Or for other enquiries:-
Contact HR Manager at pagan@efb.com.my / feedback@efb.com.my

COMPLIANCE WITH LAWS AND REGULATIONS

During the reporting period, the companies within the Group experienced no significant non-compliance, with the exception of dust emissions, water leaks, and safety incidents. However, these events did not have a substantial effect on the Group's operational and financial performance in the reporting period.

STAKEHOLDER ENGAGEMENT

Approach to Stakeholder Engagement

For the Group of companies, typical stakeholder categories include business partners, consumers, customers, employees, governments, local communities, non-governmental organizations, shareholders and other investors, suppliers, and trade unions.

Stakeholder engagement is conducted according to each company's prioritization of stakeholder categories. The primary goal of our stakeholder engagement is to identify real and potential impacts, as well as to establish preventive and mitigative responses to potential negative effects.

Engagement methods primarily consist of online or in-person discussions, correspondence, and survey responses.

STATEMENT ON SUSTAINABILITY (Cont'd)

COLLECTIVE BARGAINING AGREEMENTS

In Malaysia certain companies have collective bargaining agreements in place, while our operations in Thailand and Indonesia do not have any such agreements. Out of the 1,215 employees in Malaysia, 633 are covered by the collective agreement. Their working hours, wages, and employment terms comply with the Employment Act and align with the International Labour Organisation's indicators.

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

The Compliance Team and Internal Auditors have evaluated all companies within the Group in terms of their implementation of anti-corruption practices and any corruption incidents. All existing and new vendors have signed the Vendor's Code of Conduct, committing to adhere to the Group's zero-tolerance policy on bribery and corruption.

The Company conducts supplier audits and evaluations to monitor and assess compliance with the Company's requirements and the Vendor's Code of Conduct and Vendors are required to promptly notify the Company of any known breaches of the Code of Conduct.

Communication and Training on Anti-corruption Policies and Procedures

The Group conducts its Anti-Bribery/Corruption training and communication through an online portal at efb.no-bribery.com, which houses the Company's Policy on Anti-Bribery/Corruption, Code of Conduct and Business Ethics, Conflict of Interest, and Whistleblowing. This is a crucial component of the employment contract and onboarding process for each EFB employee. They are required to complete this e-training online and must pass an Anti-Bribery/Corruption test at least once annually.

Confirmed Incidents of Corruption and Actions Taken

There were no instances of corruption being reported within the Group during the year 2022.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

As part of their duties and responsibilities, each Head of Operations is obligated to adhere to the Code of Conduct and Business Ethics. Within the Group, there have been no instances of fines or legal actions related to anti-competitive behaviour, anti-trust, or monopoly practices.

IN CONCLUSION

The Group recognizes the importance of addressing material sustainability matters that could negatively affect its business strategies and objectives. As such, the Group is committed to taking the necessary measures for improvement in the upcoming reporting year.

The Board has reviewed the sustainability efforts process of the Group and has approved this Statement on 18 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

1) MATERIAL CONTRACTS

None of the Directors or Major Shareholders of the Company has had any material contract with the Company and/or its subsidiaries during the current financial year ended 2022.

2) UTILISATION OF PROCEEDS

There was no corporate proposal in the current financial year ended 2022.

3) NON-AUDIT FEES

The amount of RM8,000 is for non-audit fees on services of reviewing the Company's Statement on Risk Management & Internal Control for the current financial year ended 2022.

4) CONTRACTS RELATING TO LOAN

Other than from financial institutions, there were no contracts relating to loan by the Company or its subsidiaries during the current financial year ended 2022.

5) RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions in the Group during the current financial year ended 2022 except for inter-company transactions which are carried out on an arm-length basis.

6) COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

The Company recognises the importance of protecting and securing shareholders' and customers' personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 ("PDPA 2010").

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2022

In compliance to the requirements under Paragraph 15.26(a) of the Main Market Listing Requirement of Bursa Securities, the Directors are to ensure that the financial statements prepared for each financial year give a true and fair view on the state of affairs of the Company and of the Group including the income statement and cash flows of the Group and the Company.

The Board of Directors ("the Board") of EFB are of the view that, in preparing the financial statements of the Group and of the Company for the year ended 31 December 2022, the Group and the Company have adopted the recommended accounting policies that are consistently applied and supported by reasonable, prudent judgments and estimates. The Board have also ensured that all applicable accounting standards have been complied during the preparation of the audited financial statements of the Group and of the Company.

The Board is also aware of their responsibilities and they are confident that the Group and the Company keeps adequate accounting records which disclose reasonable accuracy of the financial position of the Group and of the Company. Hence, this has enabled them to ensure that the financial statements comply to the requirements of the Companies Act, 2016 and the Malaysian Financial Reporting Standards.

The Board have also ensured timely release of the quarterly and annual financial results of the Group for the financial year ended 31 December 2022 to Bursa Securities and the Securities Commission that enable the public and investors to be well informed of the Group's financial position.

The Board is also fully aware of their general responsibilities in taking steps which are reasonably open to them to safeguard the assets of the Group and to detect and prevent any fraud and other irregularities within the Group.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the manufacture of medium density fibreboard and wooden furniture (knock-down). The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, net of tax	(26,082,791)	33,320,527
Attributable to:		
Owners of the Company	(26,082,791)	33,320,527

DIVIDENDS

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

	RM
Single tier final dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 18 August 2022	12,670,003

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2022.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (Cont'd)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (Cont'd)

TREASURY SHARES

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

During the financial year, the Company repurchased 1,135,200 of its issued and paid up ordinary shares from the open market at an average price of RM0.53 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM603,994.

As at 31 December 2022, the Company held 1,757,200 treasury shares out of its 846,423,985 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,086,893. Further details are disclosed in Note 19 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Kuan Kai Seng	
Kuo Jen Chang*	
Kuo Jen Chiu*	
Law Ngee Song	
Mary Henerietta Lim Kim Neo*	
Nirmala A/P Doraisamy	
Tan Mui Ping	(Appointed on 1 October 2022)
Henry S Kuo	(Resigned on 17 April 2023)

* Directors of the Company and certain subsidiaries

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

Chieng Heng Nang
Jeffrey S Kuo
Justin S Kuo
Kuo Huei Chen
Zuhairi Bin Ozir

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

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

		Number of ordinary shares			
		At 1.1.2022	Bought	Sold	At 31.12.2022
Interests in the Company					
Direct interests:					
Kuo Jen Chang		142,355,865	-	-	142,355,865
Kuo Jen Chiu		124,120,141	-	-	124,120,141
Mary Henerietta Lim Kim Neo		6	-	-	6
Henry S Kuo		17,320,864	-	-	17,320,864
Indirect interests:					
Kuo Jen Chang	*	159,173,720	-	-	159,173,720
Kuo Jen Chiu	*	177,409,444	-	-	177,409,444
Henry S Kuo	*	34,641,730	-	-	34,641,730

* Deemed interested by virtue of the interest of siblings.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Kuo Jen Chang and Kuo Jen Chiu are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits of the Group and of the Company were as follows:

	Group RM	Company RM
Directors of the Company		
Salaries, bonus and emoluments	3,670,578	3,670,578
Defined contribution plan	57,908	57,908
Fees	246,488	246,488
Allowances	98,265	98,265
Benefits-in-kind	40,898	40,898
	4,114,137	4,114,137
Directors of subsidiaries		
Salaries, bonus and emoluments	242,339	121,260
	4,356,476	4,235,397

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

DIRECTORS' REPORT (Cont'd)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company and its subsidiaries were RM10,000,000 and RM29,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year were RM597,218 and RM163,000 respectively.

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

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

………………………………………………
KUO JEN CHIU
Director

………………………………………………
MARY HENERIETTA LIM KIM NEO
Director

Date: 18 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	792,726,892	863,380,300	138,459,248	142,962,500
Right-of-use assets	6	35,588,833	34,901,761	7,806,465	7,902,241
Biological assets	7	40,000,000	39,100,000	-	-
Goodwill on consolidation	8	4,893,264	9,584,046	-	-
Other intangible assets	9	75,103	48,057	-	-
Investment properties	10	-	-	3,544,365	3,698,898
Investment in subsidiaries	11	-	-	493,840,310	494,411,080
Deferred tax assets	12	2,808,482	5,151,043	2,808,482	3,347,621
Other receivable	13	211,599	683,244	7,537,959	13,745,466
Total non-current assets		876,304,173	952,848,451	653,996,829	666,067,806
Current assets					
Inventories	14	228,926,715	222,317,573	40,488,306	49,565,294
Trade and other receivables	13	69,539,313	125,074,870	56,557,887	53,794,160
Other current assets	15	20,255,208	16,525,046	2,391,001	4,859,485
Tax assets		1,999,345	3,251,991	-	441,352
Deposits, cash and bank balances	16	116,640,561	92,398,688	55,197,456	29,749,027
Short-term fund	17	-	9,424,273	-	9,424,273
Total current assets		437,361,142	468,992,441	154,634,650	147,833,591
TOTAL ASSETS		1,313,665,315	1,421,840,892	808,631,479	813,901,397
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	344,749,212	344,749,212	344,749,212	344,749,212
Treasury shares	19	(1,086,893)	(482,899)	(1,086,893)	(482,899)
Other reserves	20	91,529,451	77,892,951	-	-
Retained earnings		576,925,294	615,332,090	407,734,248	387,083,724
TOTAL EQUITY		1,012,117,064	1,037,491,354	751,396,567	731,350,037

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (Cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current liabilities					
Loans and borrowings	21	27,557,963	48,815,384	8,188,760	14,176,862
Lease liabilities	22	1,671,252	1,169,079	67,975	-
Deferred tax liabilities	12	24,240,518	31,196,736	-	-
Retirement benefits obligation	23	16,400,912	15,831,434	6,249,543	6,175,379
Total non-current liabilities		69,870,645	97,012,633	14,506,278	20,352,241
Current liabilities					
Loans and borrowings	21	119,712,733	127,314,219	26,056,692	28,177,220
Lease liabilities	22	1,115,491	1,114,107	62,600	-
Trade and other payables	24	89,552,387	117,994,314	16,212,540	32,422,371
Contract liabilities	25	11,408,780	33,147,362	373,036	1,599,528
Tax liabilities		9,888,215	7,766,903	23,766	-
Total current liabilities		231,677,606	287,336,905	42,728,634	62,199,119
TOTAL LIABILITIES		301,548,251	384,349,538	57,234,912	82,551,360
TOTAL EQUITY AND LIABILITIES		1,313,665,315	1,421,840,892	808,631,479	813,901,397

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	26	1,102,686,221	935,047,371	221,679,560	165,453,184
Cost of sales	27	(880,807,723)	(741,715,363)	(206,349,040)	(159,130,994)
Gross profit		221,878,498	193,332,008	15,330,520	6,322,190
Other income	28	25,516,828	14,397,838	37,940,829	52,604,813
Selling and administrative expenses		(203,479,814)	(157,859,189)	(15,122,404)	(15,731,976)
Net impairment losses on financial assets		(232,961)	(277,869)	-	-
Other operating expenses	29	(50,278,643)	(3,600,762)	(2,420,384)	(10,081,983)
		(253,991,418)	(161,737,820)	(17,542,788)	(25,813,959)
(Loss)/Profit from operations		(6,596,092)	45,992,026	35,728,561	33,113,044
Finance costs		(5,897,093)	(6,213,914)	(1,454,693)	(1,833,293)
(Loss)/Profit before tax	30	(12,493,185)	39,778,112	34,273,868	31,279,751
Tax (expense)/credit	32	(13,589,606)	(5,409,623)	(953,341)	2,979,379
(Loss)/Profit for the financial year		(26,082,791)	34,368,489	33,320,527	34,259,130
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		12,045,182	(18,107,497)	-	-
Reclassification adjustments of exchange translation reserve		1,591,318	-	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefits obligation, net of deferred tax liabilities		345,998	(289,861)	-	-
Other comprehensive income/(loss) for the financial year		13,982,498	(18,397,358)	-	-
Total comprehensive (loss)/income for the financial year		(12,100,293)	15,971,131	33,320,527	34,259,130

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (Cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit attributable to:					
Owners of the Company		(26,082,791)	34,368,489	33,320,527	34,259,130
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(12,100,293)	15,971,131	33,320,527	34,259,130
(Loss)/Profit per share attributable to ordinary shareholders of the Company					
Basic and diluted (loss)/earnings per share (sen)	33	(3.09)	4.06	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
		Attributable to owners of the Company					
At 1 January 2022		344,749,212	(1,892,270)	79,785,221	(482,899)	615,332,090	1,037,491,354
Total comprehensive loss for the financial year							
Loss for the financial year		-	-	-	-	(26,082,791)	(26,082,791)
Other comprehensive income for the financial year		-	-	13,636,500	-	345,998	13,982,498
Total comprehensive loss		-	-	13,636,500	-	(25,736,793)	(12,100,293)
Transactions with owners							
Dividend paid on shares	34	-	-	-	-	(12,670,003)	(12,670,003)
Shares repurchased	19	-	-	-	(603,994)	-	(603,994)
Total transactions with owners		-	-	-	(603,994)	(12,670,003)	(13,273,997)
At 31 December 2022		344,749,212	(1,892,270)	93,421,721	(1,086,893)	576,925,294	1,012,117,064

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

Group	Attributable to owners of the Company					
	Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2021	344,749,212	(1,892,270)	97,892,718	(482,899)	581,253,462	1,021,520,223
Total comprehensive income for the financial year						
Profit for the financial year	-	-	-	-	34,368,489	34,368,489
Other comprehensive loss for the financial year	-	-	(18,107,497)	-	(289,861)	(18,397,358)
Total comprehensive income	-	-	(18,107,497)	-	34,078,628	15,971,131
At 31 December 2021	344,749,212	(1,892,270)	79,785,221	(482,899)	615,332,090	1,037,491,354

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

Company	Note	← Attributable to owners of the Company → Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2021		344,749,212	(482,899)	352,824,594	697,090,907
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	34,259,130	34,259,130
At 31 December 2021		344,749,212	(482,899)	387,083,724	731,350,037
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	33,320,527	33,320,527
Transactions with owners					
Dividend paid on shares	34	-	-	(12,670,003)	(12,670,003)
Shares repurchased	19	-	(603,994)	-	(603,994)
Total transactions with owners		-	(603,994)	(12,670,003)	(13,273,997)
At 31 December 2022		344,749,212	(1,086,893)	407,734,248	751,396,567

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(12,493,185)	39,778,112	34,273,868	31,279,751
Adjustments for:					
Amortisation of intangible assets	9	9,931	10,667	-	-
Bad debts written off		605,785	404,331	500,550	117,717
Bad debts recovered		-	(351)	-	-
COVID-19-related rent concession income		-	(68,700)	-	-
Depreciation of:					
- property, plant and equipment	5	70,213,630	66,713,346	9,245,372	9,011,906
- right-of-use assets	6	2,024,962	2,101,940	250,093	279,898
- investment properties	10	-	-	154,533	154,533
Interest expense		5,897,093	6,213,914	1,454,693	1,833,293
Interest income		(2,054,532)	(1,127,774)	(2,028,521)	(1,775,281)
Dividend income received from subsidiaries		-	-	(27,000,000)	(37,551,038)
Fair value gain on short-term fund		-	(1,869)	-	(1,869)
Gain arising from fair value adjustment on biological assets	7	(900,000)	(2,200,000)	-	-
Gain on lease modification		(59,023)	(1,692)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(1,412,123)	(623,216)	(73,495)	31,664
Goods and services tax receivable written off		10,181	-	-	-
Loss on disposal of a subsidiary	11	6,279,003	-	-	-
Loss on voluntary winding-up of a subsidiary		-	438,467	-	-
Impairment losses on:					
- goodwill	8	4,690,782	-	-	-
- investment in subsidiaries	11	-	-	570,771	5,648,048
- trade receivables	13	302,961	277,869	-	-
Inventories written down	14	17,019,624	-	-	-
Property, plant and equipment written off	5	35,924,125	2,725,733	910,046	-
Provision for retirement benefits obligation	23	1,861,595	1,588,189	537,471	527,985
Reversal of impairment losses on:					
- investment in subsidiaries	11	-	-	-	(7,432,626)
- trade receivables	13	(70,000)	-	-	-
Unrealised loss/(gain) on foreign exchange		1,578,942	(4,420,809)	439,017	4,284,554
Waiver of debts by trade creditors		-	(186,049)	-	-
		141,922,936	71,843,996	(15,039,470)	(24,871,216)
Operating profit before changes in working capital, carried forward		129,429,751	111,622,108	19,234,398	6,408,535

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2022 (Cont'd)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash flows from operating activities (cont'd)					
Operating profit before changes in working capital, brought forward		129,429,751	111,622,108	19,234,398	6,408,535
Changes in working capital:					
Inventories		(21,440,720)	(19,015,663)	9,076,988	(3,905,676)
Trade and other receivables		46,475,597	(46,130,074)	4,019,425	17,820,069
Trade and other payables		(51,690,069)	49,271,776	(17,246,211)	(12,938,966)
		(26,655,192)	(15,873,961)	(4,149,798)	975,427
Net cash generated from operations		102,774,559	95,748,147	15,084,600	7,383,962
Payment of retirement benefits obligation		(718,196)	(828,255)	(463,307)	(290,542)
Interest paid		(5,897,093)	(6,213,914)	(1,454,693)	(1,833,293)
Tax (paid)/refunded, net		(15,211,143)	(6,106,037)	50,916	(161,784)
Real property gain tax		(120,000)	-	-	-
Net cash from operating activities		80,828,127	82,599,941	13,217,516	5,098,343
Cash flows from investing activities					
Acquisition of additional interests in subsidiaries	11	-	-	(1)	(11,000,000)
Disposal of a subsidiary	11	(116,988)	-	-	-
Investment in a subsidiary	11	-	-	-	(3)
Repayments from subsidiaries		-	-	1,363,381	21,397,515
Dividend income received from subsidiaries		-	-	27,000,000	37,551,038
Interest received		2,054,532	1,127,774	2,028,521	1,775,281
Purchase of property, plant and equipment	5(a)	(28,375,255)	(23,513,203)	(6,971,200)	(5,211,714)
Purchase of other intangible assets	9	(36,358)	(12,078)	-	-
Proceeds from disposal of property, plant and equipment		2,544,924	1,435,785	1,392,529	10,137
Placement of time deposit	16	(14,996)	(7,376)	(2,915)	(3,466)
Withdrawal/(Placement) of short-term fund	(c)	9,424,273	(171,630)	9,424,273	(171,630)
Net cash (used in)/from investing activities		(14,519,868)	(21,140,728)	34,234,588	44,347,158

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2022 (Cont'd)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from financing activities	(b)				
Repayments from/(Advances to) subsidiaries		-	-	17	(1,939,690)
Drawdown of trade facilities		99,549,632	108,771,802	19,324,000	20,019,350
Drawdown of term loans		1,360,000	-	-	-
Dividend paid to owners of the Company	34	(12,670,003)	-	(12,670,003)	-
Payments of lease liabilities		(2,113,553)	(1,137,059)	(23,742)	-
Purchase of treasury shares	19	(603,994)	-	(603,994)	-
Repayments of hire purchase		(123,577)	(171,994)	(66,251)	(121,064)
Repayments of term loans		(21,409,619)	(20,641,226)	(7,953,725)	(6,945,733)
Repayments of trade facilities		(108,877,469)	(169,805,602)	(20,019,350)	(51,719,500)
Net cash used in financing activities		(44,888,583)	(82,984,079)	(22,013,048)	(40,706,637)
Net increase/(decrease) in cash and cash equivalents		21,419,676	(21,524,866)	25,439,056	8,738,864
Cash and cash equivalents at the beginning of the financial year		91,470,767	112,301,299	29,528,939	20,788,928
Effects of exchange rate changes on cash and cash equivalents		2,807,201	694,334	6,458	1,147
Cash and cash equivalents at the end of the financial year	16	115,697,644	91,470,767	54,974,453	29,528,939

(a) Total cash outflows for leases as a lessee:

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Included in net cash from operating activities:					
Payments relating to short-term leases and low-value assets	30	8,817,957	7,241,911	1,627,113	1,367,375
Interest paid in relation to lease liabilities	30	90,761	107,035	4,158	1,227
Included in net cash used in financing activities:					
Payments of lease liabilities		2,113,553	1,137,059	23,742	-
Total cash outflows for leases		11,022,271	8,486,005	1,655,013	1,368,602

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2022 (Cont'd)

(b) Reconciliations of liabilities arising from financing activities

				←	Non-cash	→	
	Note	1.1.2022 RM	Cash flows RM	Acquisition RM	Foreign exchange movement RM	Others RM	31.12.2022 RM
Group							
Trade facilities	21	108,771,802	(9,327,837)	-	105,667	-	99,549,632
Term loans	21	67,079,204	(20,049,619)	-	536,459	-	47,566,044
Hire purchase payables	21	278,597	(123,577)	-	-	-	155,020
Lease liabilities	22	2,283,186	(2,113,553)	3,480,650	2,139	(865,679)	2,786,743
		178,412,789	(31,614,586)	3,480,650	644,265	(865,679)	150,057,439
Company							
Trade facilities	21	20,019,350	(695,350)	-	-	-	19,324,000
Term loans	21	22,113,461	(7,953,725)	-	606,696	-	14,766,432
Hire purchase payables	21	221,271	(66,251)	-	-	-	155,020
Lease liabilities	22	-	(23,742)	154,317	-	-	130,575
Amount owing to a subsidiary	24	4,583	17	-	-	-	4,600
		42,358,665	(8,739,051)	154,317	606,696	-	34,380,627

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR 31 DECEMBER 2022 (Cont'd)

(b) Reconciliations of liabilities arising from financing activities (cont'd):

	Note	1.1.2021 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Foreign exchange movement RM	Non-cash Others RM	31.12.2021 RM
Group							
Trade facilities	21	172,866,200	(61,033,800)	-	(3,060,598)	-	108,771,802
Term loans	21	87,567,038	(20,641,226)	-	153,392	-	67,079,204
Hire purchase payables	21	450,591	(171,994)	-	-	-	278,597
Lease liabilities	22	3,374,340	(1,137,059)	187,344	4,192	(145,631)	2,283,186
		264,258,169	(82,984,079)	187,344	(2,903,014)	(145,631)	178,412,789
Company							
Trade facilities	21	51,719,500	(31,700,150)	-	-	-	20,019,350
Term loans	21	28,061,084	(6,945,733)	-	998,110	-	22,113,461
Hire purchase payables	21	342,335	(121,064)	-	-	-	221,271
Amounts owing to subsidiaries	24	1,944,273	(1,939,690)	-	-	-	4,583
		82,067,192	(40,706,637)	-	998,110	-	42,358,665

(c) The short-term fund is an integral part of the Group's and the Company's capital management as disclosed in Note 41.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Evergreen Fibreboard Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Ta'zim.

The principal place of business is located at PLO 22, Parit Raja Industrial Estate, 86400 Batu Pahat, Johor Darul Ta'zim.

The principal activity of the Company is of manufacture of medium density fibreboard and wooden furniture (knock-down). The principal activities of its subsidiaries are disclosed in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (cont'd)

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

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(a) Translation of foreign currency transactions (cont'd)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

3.4 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss ("FVPL")**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(b) 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 because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Freehold land improvement and buildings	20 - 60
Plant and machinery	5 - 25
Factory and office equipment, furniture and fittings	8
Motor vehicles	5
Computers and communication system	8

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Property, plant and equipment (cont'd)

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 and lease liabilities in Note 22.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs 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 incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases (cont'd)

(b) Lessee accounting (cont'd)

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 by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

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

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Company uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

All properties are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Terrace house	50
Leasehold land and factory building	50 - 60

3.8 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

(b) Computer software

Computer software that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

(c) Amortisation

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives (years)
Computer software	Straight-line	10

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

3.9 Biological assets

Biological assets include mature plantations, immature plantations and nurseries that are established or acquired by the Group.

Plantations are stated on initial recognition and at the end of each reporting period, at fair value less estimated point-of-sale costs. Any resultant gains or losses arising from changes in fair value are recognised in profit or loss.

Nurseries are recognised at fair value which is normally the costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance. The accumulated costs will be transferred to immature plantations at the time of planting.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.
- consumables and spare parts: purchase costs on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.12 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event;
- the lender(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and biological assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(b) Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plan

The Group and the Company operate an unfunded post-employment benefit plan to employees as provided in the employment agreements between the companies in the Group and the Company and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of 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 defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation.

The Group and the Company recognise the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

3.15 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

(a) Sale of goods – manufacturing

The Group and the Company manufacture and sell a range of medium density fibreboards, particleboards and ready to assemble furniture to local and foreign customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 15 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts where applicable. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better predict the estimated volume discounts to which it will be provided to the customers.

The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Revenue and other income (cont'd)

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are 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.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.18 Income tax (cont'd)

(b) Deferred tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.21 Fair value measurements

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 the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a 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.

3.22 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use.

The Group estimated the fair value of the property, plant and equipment based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

The carrying amounts of the property, plant and equipment are disclosed in Note 5.

(b) Write-down of obsolete or slow-moving inventories

The Group and the Company write down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 14.

(c) Fair value of biological assets

Judgement is required in determining the value on remaining lifepan and after lifepan of rubber trees and estimated remaining acres of forest land. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The fair value of the tropical wood trees and rubber trees have been determined based on valuations by an independent professional valuer.

The carrying amount of the Group's biological assets and the key assumptions used to determine the fair value less costs to sell are disclosed in Note 7.

(d) Impairment of investment in subsidiaries

The Company assesses impairment of investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverable amount is measured at the higher of the fair value less cost of disposal and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical trends and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Company's investment in subsidiaries are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold land improvement and buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2022								
Cost								
At 1 January 2022	28,314,552	227,128,347	1,488,329,445	27,754,607	25,590,226	4,912,048	29,096,510	1,831,125,735
Additions	63,940	551,052	10,358,511	585,680	344,514	60,887	16,410,671	28,375,255
Disposals	-	(1,206,091)	(998,841)	(4,328)	(1,366,229)	-	-	(3,575,489)
Written off	-	-	(162,606,023)	(1,916)	-	-	(145,014)	(162,752,953)
Reclassification	-	2,643,414	27,632,832	-	-	-	(30,276,246)	-
Exchange differences	483,454	2,300,350	17,810,827	255,917	476,194	4,349	267,316	21,598,407
At 31 December 2022	28,861,946	231,417,072	1,380,526,751	28,589,960	25,044,705	4,977,284	15,353,237	1,714,770,955
Accumulated depreciation								
At 1 January 2022	-	98,216,681	795,550,917	19,863,486	24,586,541	3,692,345	-	941,909,970
Depreciation charge for the financial year (Note 30)	-	6,220,313	62,595,178	475,328	492,063	430,748	-	70,213,630
Disposals	-	(522,208)	(549,924)	(4,328)	(1,366,228)	-	-	(2,442,688)
Written off	-	-	(126,826,912)	(1,916)	-	-	-	(126,828,828)
Exchange differences	-	1,369,812	11,660,167	271,606	454,715	4,515	-	13,760,815
At 31 December 2022	-	105,284,598	742,429,426	20,604,176	24,167,091	4,127,608	-	896,612,899
Accumulated impairment loss								
At 1 January 2022	-	2,972,977	20,454,758	1,086,181	11,971	-	1,309,578	25,835,465
Exchange differences	-	(52,408)	(309,450)	(19,147)	(211)	-	(23,085)	(404,301)
At 31 December 2022	-	2,920,569	20,145,308	1,067,034	11,760	-	1,286,493	25,431,164
Carrying amount								
At 31 December 2022	28,861,946	123,211,905	617,952,017	6,918,750	865,854	849,676	14,066,744	792,726,892

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM	Freehold land improvement and buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2021								
Cost								
1 January 2021	27,078,303	234,266,883	1,486,222,298	28,504,256	28,869,042	4,884,245	56,877,120	1,866,702,147
Additions	2,807,762	135,699	3,735,445	99,049	125,364	43,776	16,566,108	23,513,203
Disposals	-	-	(6,362,095)	(9,964)	(2,331,710)	-	-	(8,703,769)
Written off	-	(1,139,053)	(6,562,472)	(56,599)	-	-	-	(7,758,124)
Reclassification	-	131,077	43,205,343	-	-	-	(43,336,420)	-
Exchange differences	(1,571,513)	(6,266,259)	(31,909,074)	(782,135)	(1,072,470)	(15,973)	(1,010,298)	(42,627,722)
At 31 December 2021	28,314,552	227,128,347	1,488,329,445	27,754,607	25,590,226	4,912,048	29,096,510	1,831,125,735
Accumulated depreciation								
1 January 2021	-	96,749,234	764,944,171	19,984,174	27,133,725	3,270,655	-	912,081,959
Depreciation charge for the financial year (Note 30)	-	6,450,954	58,406,272	561,722	857,517	436,881	-	66,713,346
Disposals	-	-	(4,380,385)	(5,997)	(2,331,709)	-	-	(6,718,091)
Written off	-	(1,064,013)	(3,928,622)	(39,756)	-	-	-	(5,032,391)
Exchange differences	-	(3,919,494)	(19,490,519)	(636,657)	(1,072,992)	(15,191)	-	(25,134,853)
At 31 December 2021	-	98,216,681	795,550,917	19,863,486	24,586,541	3,692,345	-	941,909,970
Accumulated impairment loss								
At 1 January 2021	-	3,189,757	22,908,244	1,165,382	12,844	-	1,405,068	28,681,295
Disposal	-	-	(1,173,109)	-	-	-	-	(1,173,109)
Exchange differences	-	(216,780)	(1,280,377)	(79,201)	(873)	-	(95,490)	(1,672,721)
At 31 December 2021	-	2,972,977	20,454,758	1,086,181	11,971	-	1,309,578	25,835,465
Carrying amount								
At 31 December 2021	28,314,552	125,938,689	672,323,770	6,804,940	991,714	1,219,703	27,786,932	863,380,300

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2022								
Cost								
At 1 January 2022	4,883,644	35,324,337	238,831,253	1,797,246	3,917,630	3,734,488	5,404,905	293,893,503
Additions	-	349,000	1,990,735	23,870	102,408	51,295	4,453,892	6,971,200
Disposals	-	-	(136,818)	-	(511,292)	-	(1,279,129)	(1,927,239)
Write off	-	-	(62,696,762)	-	-	-	-	(62,696,762)
Reclassification	-	-	5,275,492	-	-	-	(5,275,492)	-
At 31 December 2022	4,883,644	35,673,337	183,263,900	1,821,116	3,508,746	3,785,783	3,304,176	236,240,702
Accumulated depreciation								
At 1 January 2022	-	11,886,548	131,178,649	1,749,749	3,560,914	2,555,143	-	150,931,003
Depreciation charge for the financial year (Note 30)	-	626,200	7,915,519	15,657	293,247	394,749	-	9,245,372
Disposals	-	-	(96,913)	-	(511,292)	-	-	(608,205)
Written off	-	-	(61,786,716)	-	-	-	-	(61,786,716)
At 31 December 2022	-	12,512,748	77,210,539	1,765,406	3,342,869	2,949,892	-	97,781,454
Carrying amount								
At 31 December 2022	4,883,644	23,160,589	106,053,361	55,710	165,877	835,891	3,304,176	138,459,248

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2021								
Cost								
1 January 2021	4,883,644	35,324,337	238,865,605	1,801,665	3,917,630	3,700,680	239,969	288,733,530
Additions	-	-	12,970	-	-	33,808	5,164,936	5,211,714
Disposals	-	-	(47,322)	-	-	-	-	(47,322)
Written off	-	-	-	(4,419)	-	-	-	(4,419)
At 31 December 2021	4,883,644	35,324,337	238,831,253	1,797,246	3,917,630	3,734,488	5,404,905	293,893,503
Accumulated depreciation								
1 January 2021	-	11,265,194	123,488,290	1,740,749	3,268,727	2,166,077	-	141,929,037
Depreciation charge for the financial year (Note 30)	-	621,354	7,695,880	13,419	292,187	389,066	-	9,011,906
Disposals	-	-	(5,521)	-	-	-	-	(5,521)
Written off	-	-	-	(4,419)	-	-	-	(4,419)
At 31 December 2021	-	11,886,548	131,178,649	1,749,749	3,560,914	2,555,143	-	150,931,003
Carrying amount								
At 31 December 2021	4,883,644	23,437,789	107,652,604	47,497	356,716	1,179,345	5,404,905	142,962,500

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM28,375,255 (2021: RM23,513,203) and RM6,971,200 (2021: RM5,211,714) respectively which are satisfied by the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash payments	28,375,255	23,513,203	6,971,200	5,211,714

(b) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 21 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Freehold land	22,375,272	19,039,188	-	-
Freehold buildings	16,286,950	17,827,903	-	-
Plant and machinery and other assets	201,643,928	242,897,840	21,173,162	47,693,462
Motor vehicles	211,629	382,133	37,147	185,740
	240,517,779	280,147,064	21,210,309	47,879,202

6. RIGHT-OF-USE ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost				
At 1 January	49,668,280	50,125,270	11,923,482	12,099,642
Additions	3,480,650	187,344	154,317	-
Derecognition*	(2,643,843)	(672,013)	-	(176,160)
Exchange differences	38,944	27,679	-	-
At 31 December	50,544,031	49,668,280	12,077,799	11,923,482
Accumulated depreciation				
At 1 January	14,766,519	13,260,990	4,021,241	3,917,503
Depreciation charge for the financial year (Note 30)	2,024,962	2,101,940	250,093	279,898
Derecognition*	(1,837,187)	(596,774)	-	(176,160)
Exchange differences	904	363	-	-
At 31 December	14,955,198	14,766,519	4,271,334	4,021,241
Carrying amount				
At 31 December	35,588,833	34,901,761	7,806,465	7,902,241

* Derecognition of the right-of-use assets during the financial year was a result of termination of certain leases.

The Group and the Company lease several assets including leasehold land, warehouses, equipment and hostels.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. RIGHT-OF-USE ASSETS (cont'd)

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

	Group			
	Leasehold land RM	**Warehouse/ Equipment RM**	**Hostels RM**	**Total RM**
Carrying amount				
At 1 January 2021	33,543,783	2,923,760	396,737	36,864,280
Additions	-	-	187,344	187,344
Depreciation	(855,565)	(958,690)	(287,685)	(2,101,940)
Derecognition	-	-	(75,239)	(75,239)
Exchange differences	24,034	-	3,282	27,316
At 31 December 2021	32,712,252	1,965,070	224,439	34,901,761
Additions	860,680	2,174,744	445,226	3,480,650
Depreciation	(855,565)	(978,403)	(190,994)	(2,024,962)
Derecognition	-	(769,909)	(36,747)	(806,656)
Exchange differences	34,983	-	3,057	38,040
At 31 December 2022	32,752,350	2,391,502	444,981	35,588,833

Information about leases for which the Group and the Company are lessees is presented below (cont'd):

	Company		
	Leasehold land RM	**Hostels RM**	**Total RM**
Carrying amount			
At 1 January 2021	8,126,775	55,364	8,182,139
Depreciation	(224,534)	(55,364)	(279,898)
At 31 December 2021	7,902,241	-	7,902,241
Additions	-	154,317	154,317
Depreciation	(224,534)	(25,559)	(250,093)
At 31 December 2022	7,677,707	128,758	7,806,465

The Group and the Company lease land and warehouses for their office space and operation sites over a few plots of stated-owned land in Malaysia and Indonesia. The leases for office space and operation sites generally have lease terms between 50 to 60 years. The Group also lease equipment with lease terms of 2 years.

The Group and the Company also lease hostels for their worker welfare. The leases for worker welfare generally have lease terms between 2 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS

The Group has two categories of biological assets, namely rubber trees and tropical wood trees of various species. The tropical wood trees will be felled as and when the Group clears the land for planting of rubber trees. The matured rubber trees will subsequently be used for the manufacturing of panel boards.

	Group	
	2022 RM	2021 RM
At fair value:		
Rubber trees	34,000,000	33,500,000
Tropical wood trees	6,000,000	5,600,000
At 31 December	40,000,000	39,100,000

Fair value information

The fair value measurements for the produce growing on bearer plants have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	Group	
	2022 RM	2021 RM
Rubber trees		
At 1 January	33,500,000	32,100,000
Gain recognised in profit or loss (Note 28)	500,000	1,400,000
At 31 December	34,000,000	33,500,000
Tropical wood trees		
At 1 January	5,600,000	4,800,000
Gain recognised in profit or loss (Note 28)	400,000	800,000
At 31 December	6,000,000	5,600,000

(a) The biological assets of the Group consist of rubber trees and tropical wood trees of various species. Rubber trees and tropical wood trees are measured using the discounted cash flows of the trees.

(b) The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Tropical wood trees	Discounted cash flows	Estimate of future cash flows (20 hoppus tons of tropical wood of various species with an average sale value of RM1,060 (2021: RM1,000) per hoppus ton)	The higher the average sale value, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS (cont'd)

Fair value information (cont'd)

Level 3 fair value (cont'd)

(c) The Group had planted on 2,758 (2021: 2,758) acres of land with rubber trees as at the end of financial year. The rubber trees planted on 2,167 acres (2021: 1,792 acres) of land had matured at the end of the financial year while the remaining planted rubber trees will attain maturity upon the sixth to seventh year of planting.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Rubber plantations and rubber seedlings	Discounted cash flows	Estimated yield of rubber latex per acre (2022: 800-1,350kg; 2021: 800-1,300kg); and Estimated latex selling price (2022: RM5.01/kg; 2021: RM5.06/kg)	The higher the estimated yield of rubber latex per acre, the higher the fair value The higher the latex selling price, the higher the fair value

Valuation processes applied by the Group

The fair value of biological assets is determined by external independent valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd., a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The valuation company provides the fair value of the Group's biological assets on a yearly basis. Changes in Level 3 fair values are analysed by the management every year after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

8. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM	**2021 RM**
Cost		
At 1 January/31 December	19,590,250	19,590,250
Accumulated impairment loss		
At 1 January	(10,006,204)	(10,006,204)
Impairment loss	(4,690,782)	-
At 31 December	(14,696,986)	(10,006,204)
Carrying amount		
At 31 December	4,893,264	9,584,046

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. GOODWILL ON CONSOLIDATION (cont'd)

Impairment of goodwill

Goodwill arising from business combination has been allocated to the Group's cash generating units ("CGUs") identified according to the country of operation for impairment testing as follows:

	Group	
	2022	**2021**
	RM	**RM**
Thailand operations - CGU 1	4,893,264	4,893,264
Malaysia operations - CGU 2	-	4,690,782
	4,893,264	9,584,046

CGU 1

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU 1 significantly exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU.

CGU 2

The estimated recoverable amount of the CGU 2 is lower than its carrying amount. As a result of the analysis, the management had recognised an impairment loss of RM4,690,782 for this CGU.

Key assumptions used in value-in-use calculations

The recoverable amount of CGU of Malaysia and Thailand operations as at 31 December 2022 and 31 December 2021 are determined based on value-in-use calculations using cash flow projections based on financial budgets. The key assumptions used for value-in-use calculations are as follows:

Group	**Malaysia operations**	**Thailand operations**
2022		
Key assumptions used in value-in-use calculations		
Growth rate	11.00%	3.00%
Gross margin	13.00%	33.00%
Discount rate	13.00%	15.00%
2021		
Key assumptions used in value-in-use calculations		
Growth rate	10.00%	6.00%
Gross margin	14.00%	35.00%
Discount rate	14.00%	15.00%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. GOODWILL ON CONSOLIDATION (cont'd)

Key assumptions used in value-in-use calculations (cont'd)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the gross margin achieved in years preceding the start of the budget period, adjusted for projected market conditions and machine capability.

(b) Discount rate

The discount rate used is based on the pre-tax weighted average cost of capital and an appropriate risk premium.

(c) Growth rate

Growth rate is the forecasted annual growth rate over the projection period. It is based on the average growth levels experienced over the past years.

9. OTHER INTANGIBLE ASSETS

	Group	
	2022 RM	2021 RM
Computer software		
Cost		
At 1 January	395,576	411,900
Additions	36,358	12,078
Disposal of a subsidiary	(22,191)	-
Exchange differences	8,944	(28,402)
At 31 December	418,687	395,576
Accumulated amortisation		
At 1 January	347,519	361,802
Amortisation charge for the financial year (Note 30)	9,931	10,667
Disposal of a subsidiary	(21,246)	-
Exchange differences	7,380	(24,950)
At 31 December	343,584	347,519
Carrying amount		
At 31 December	75,103	48,057

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. INVESTMENT PROPERTIES

	Company 2022 RM	Company 2021 RM
At cost		
At 1 January/31 December	5,636,660	5,636,660
Accumulated depreciation		
At 1 January	(1,937,762)	(1,783,229)
Depreciation charge for the financial year (Note 30)	(154,533)	(154,533)
At 31 December	(2,092,295)	(1,937,762)
Carrying amount		
At 31 December	3,544,365	3,698,898

(a) The Company's investment properties comprise a number of commercial properties that are leased to its subsidiaries.

(b) The following are recognised in the profit or loss in respect of investment properties:

	2022 RM	2021 RM
Rental income	799,704	799,704
Direct operating expenses	98,284	101,398

Fair value information

The fair value of investment properties of the Company is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Terrace house	-	-	600,000	600,000
Leasehold land and factory building	-	-	11,950,000	11,950,000
	-	-	12,550,000	12,550,000
2021				
Terrace house	-	-	616,000	616,000
Leasehold land and factory building	-	-	19,825,000	19,825,000
	-	-	20,441,000	20,441,000

The valuation of Level 3 investment properties as at 31 December 2022 and 31 December 2021 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

There were no transfers between Level 1 and Level 2 during the financial years ended 31 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
At cost		
Unquoted shares, at cost		
At 1 January	536,161,241	515,161,238
Additions during the financial year	1	21,000,003
At 31 December	536,161,242	536,161,241
Accumulated impairment loss		
At 1 January	(41,750,161)	(43,534,739)
Impairment loss during the financial year (Note 29)	(570,771)	(5,648,048)
Reversal of impairment loss (Note 28)	-	7,432,626
At 31 December	(42,320,932)	(41,750,161)
	493,840,310	494,411,080

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest 2022	Effective equity interest 2021
Allgreen Timber Products Sdn. Bhd.	Malaysia	Manufacture of particleboard	100%	100%
Siam Fibreboard Co., Ltd.*	Thailand	Manufacture of medium density fibreboard	99.99%	99.99%
GRE Energy Co., Ltd.**	Thailand	Cogeneration of electricity	99.99%	99.99%
ECO Generation Co., Ltd.*	Thailand	Cogeneration of electricity	99.99%	99.99%
PT Hijau Lestari Raya Fibreboard#	Indonesia	Manufacture of medium density fibreboard, glue and resin	99.99%	99.99%
Evergreen Fibreboard (JB) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard with & without lamination	100%	100%
Evergreen Adhesive & Chemicals Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Evergreen Fibreboard (Nilai) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest 2022	2021
Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Dawa Timber Industries Sdn. Bhd.	Malaysia	Manufacturing of fancy plywood	100%	99.99%
Evergreen Agro Sdn. Bhd.	Malaysia	Planters, cultivators and buyers of rubber and every kind of produce of the soil	100%	100%
Locomotion Services Sdn. Bhd.	Malaysia	Provide warehouse and logistics services	100%	100%
Evergreen Plantation Resources Sdn. Bhd.	Malaysia	Managing of plantation	100%	100%
Craft Master Timber Products Sdn. Bhd.	Malaysia	Manufacture of wood pellets	100%	100%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	100%
Evergreen Furniture Co Pte. Ltd.+	Singapore	Dormant	100%	100%
Subsidiary of Craft Master Timber Products Sdn. Bhd.				
Asian Oak Co., Ltd.*^	Thailand	Producing and distributing wood products	-	99.99%
Subsidiary of Evergreen Plantation Resources Sdn. Bhd.				
Jasa Wibawa Sdn. Bhd.	Malaysia	Dealing in sawn-logs and cultivation of rubber trees	100%	100%

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.
\# Audited by an independent member firm of Baker Tilly International.
^ Disposed of during the current financial year.
\+ Consolidated using unaudited management financial statements, auditors' report is not available.

(a) Incorporation of a subsidiary

In the previous financial year, the Company had incorporated a wholly-owned subsidiary, namely Evergreen Furniture Co Pte. Ltd. with an issued and paid-up share capital of 1 ordinary shares of RM3 each.

(b) Acquisition of additional interest in Dawa Timber Industries Sdn. Bhd.

On 8 June 2022, the Company had acquired additional 4 ordinary shares, representing additional 0.01% equity interest in Dawa Timber Industries Sdn. Bhd. for a total consideration of RM1. Consequently, the Company's effective equity interest in Dawa Timber Industries Sdn. Bhd. had increased from 99.99% to 100%.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Subscription for additional interests in subsidiaries

2021

(i) On 31 December 2021, the Company had further subscribed for 11,000,000 ordinary shares of Allgreen Timber Products Sdn. Bhd. for a total cash consideration of RM11,000,000.

(ii) On 31 December 2021, the Company had further subscribed for 10,000,000 ordinary shares of Craft Master Timber Products Sdn. Bhd. by way of capitalising the amount owing to the Company of RM10,000,000.

(d) Disposal of a subsidiary

On 8 September 2022, Craft Master Timber Products Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement ("SSA") with third parties to dispose its subsidiary, namely Asian Oak Co., Ltd. ("AOC") for a total consideration of RM2.

On 30 September 2022, AOC had entered into a debt settlement agreement with a subsidiary of the Company, namely Siam Fibreboard Co., Ltd. ("SFC") to settle the debts with its property, plant and equipment and inventories.

(i) Summary of the effects of disposal of Asian Oak Co., Ltd.:

	RM
Recognised:	
Cash consideration received	2
Derecognised:	
Fair value of identifiable net liabilities at disposal date	(4,687,687)
Reclassification adjustment of exchange translation reserve	(1,591,318)
Loss on disposal of Asian Oak Co., Ltd.	(6,279,003)

(ii) Effects of disposal on cash flows:

	RM
Cash consideration received	2
Less: Cash and cash equivalents of subsidiary disposed	(116,990)
Net cash outflows on disposal	(116,988)

(e) Impairment loss and subsequent reversal

During the financial year, an impairment loss of RM570,771 (2021: RM5,648,048) was recognised in profit or loss under other operating expenses, in view of the carrying amount of the investment is more than the recoverable amount. In the previous financial year, the reversal of impairment losses of RM7,432,626 is made as a result of improvement in the recoverable amount of the investment in certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets/(liabilities)				
At 1 January	(26,045,693)	(32,724,383)	3,347,621	-
Recognised in:				
- profit or loss (Note 32)	4,810,176	6,766,688	(539,139)	3,347,621
- other comprehensive income	(97,590)	-	-	-
Exchange differences	(98,929)	(87,998)	-	-
At 31 December	(21,432,036)	(26,045,693)	2,808,482	3,347,621

(a) Presented after appropriate offsetting as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	2,808,482	5,151,043	2,808,482	3,347,621
Deferred tax liabilities	(24,240,518)	(31,196,736)	-	-
	(21,432,036)	(26,045,693)	2,808,482	3,347,621

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	2022 RM	2021 RM
Deferred tax assets		
Provisions	2,289,384	3,126,351
Unabsorbed capital allowances	46,207,168	49,955,963
Unutilised tax losses	3,120,477	3,177,921
Unabsorbed reinvestment allowances	11,834,548	11,834,548
Unrealised loss on foreign exchange	194,634	108,767
Others	551,290	482,698
	64,197,501	68,686,248
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax bases	(76,007,074)	(84,893,020)
Changes in fair value of biological assets	(9,600,000)	(9,384,000)
Unrealised gain on foreign exchange	(22,018)	(454,921)
Others	(445)	-
	(85,629,537)	(94,731,941)
	(21,432,036)	(26,045,693)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows: (cont'd)

	Company	
	2022	**2021**
	RM	**RM**
Deferred tax assets		
Provisions	1,765,064	2,021,828
Unutilised tax losses	885,697	885,697
Unabsorbed capital allowances	11,716,732	10,708,055
Unabsorbed reinvestment allowances	11,834,548	11,834,548
Unrealised loss on foreign exchange	194,634	92,714
Others	436	-
	26,397,111	25,542,842
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	(23,588,629)	(22,195,221)
	2,808,482	3,347,621

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Provisions	4,677,295	1,967,453
Unabsorbed capital allowances	100,895,387	78,620,024
Unutilised tax losses	78,400,802	64,760,952
Unabsorbed increased export allowances	598,667	598,667
Unabsorbed investment tax allowances	76,051,303	76,051,303
Unabsorbed reinvestment allowances	109,794,130	109,794,130
Others	2,804,546	2,428,772
	373,222,130	334,221,301
Potential deferred tax assets not recognised at 24% (2021: 24%)	89,573,311	80,213,112

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows: (cont'd)

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unutilised tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unutilised tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2022	**2021**
	RM	**RM**
2028	58,399,938	58,399,938
2029	464,414	464,414
2030	4,787,957	5,265,757
2031	630,843	630,843
2032	14,117,650	-
	78,400,802	64,760,952

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current:					
Non-trade					
Amounts owing by subsidiaries	(a)	-	-	7,537,959	13,745,466
External party	(b)	211,599	683,244	-	-
		211,599	683,244	7,537,959	13,745,466
Current:					
Trade					
External parties	(c)	64,086,117	116,812,878	2,144,120	7,435,246
Subsidiaries		-	-	5,994,390	12,502,837
		64,086,117	116,812,878	8,138,510	19,938,083
Less: Impairment losses on trade receivables	(c)	(2,764,610)	(2,414,461)	-	-
		61,321,507	114,398,417	8,138,510	19,938,083
Non-trade					
Amounts owing by subsidiaries	(d)	-	-	42,223,955	32,280,379
Other receivables		1,782,725	2,864,999	167,249	1,147,525
Deposits	(e)	3,720,826	1,838,723	6,028,173	428,173
Goods and services/value added tax refundable		2,714,255	5,972,731	-	-
		8,217,806	10,676,453	48,419,377	33,856,077
Total trade and other receivables (current)		69,539,313	125,074,870	56,557,887	53,794,160
Total trade and other receivables (non-current and current)		69,750,912	125,758,114	64,095,846	67,539,626

(a) Amounts owing by subsidiaries represent advances to subsidiaries which are non-trade in nature, unsecured, interest bearing at rates ranging from 1.91% to 6.29% (2021: 1.90% to 2.21%) per annum and is expected to be settled in cash. However, this amount is not expected to be settled within the 12 months after the reporting date.

(b) During the financial year, long-term other receivable is measured at amortised cost at imputed interest rate at 7% (2021: 7%) per annum and repayable within 24 months (2021: 36 months) after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Trade receivables

The Group's and the Company's trading terms with their customers are mainly on credit for local customers and payment in advance for overseas customers. The normal credit terms granted ranging from 15 to 90 days (2021: 15 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

<u>Receivables that are impaired</u>

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

		Group	
	Note	2022 RM	2021 RM
At 1 January		2,414,461	4,905,727
Charge for financial year			
- Individually assessed	30	302,961	277,869
Reversal of impairment loss	30	(70,000)	-
Written off		-	(2,768,856)
Exchange differences		117,188	(279)
At 31 December		2,764,610	2,414,461

The information about the credit exposures are disclosed in Note 37(b)(iv).

(d) Amounts owing by subsidiaries represent advances to subsidiaries which are non-trade in nature, unsecured, interest bearing at rates ranging from 1.91% to 6.80% (2021: 1.90% to 3.13%) per annum and is expected to be settled in cash.

(e) Included in deposits of the Company is a non-refundable deposit of RM5,600,000 (2021: RM Nil) paid to a subsidiary for purchase of logs.

14. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Raw materials	48,352,286	39,478,961	13,563,808	12,078,741
Work-in-progress	7,969,008	30,136,508	442,405	861,017
Finished goods	75,174,228	53,905,510	7,453,166	16,293,030
Factory supplies	2,306,812	4,393,131	700,236	2,411,714
Fertilizer, chemicals and consumables	47,073	42,178	-	-
Packing materials	3,634,887	3,417,614	1,341,727	1,534,454
Spare parts	91,442,421	90,943,671	16,986,964	16,386,338
	228,926,715	222,317,573	40,488,306	49,565,294

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. INVENTORIES (cont'd)

(a) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM863,788,099 (2021: RM741,715,363) and RM206,349,040 (2021: RM159,130,994) respectively.

(b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories was RM17,019,624 (2021: RM Nil).

15. OTHER CURRENT ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current:				
Prepayments	6,362,324	7,008,401	1,533,339	1,840,191
Advance payments to suppliers	13,892,884	9,516,645	857,662	3,019,294
	20,255,208	16,525,046	2,391,001	4,859,485

16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	90,699,299	75,248,427	31,716,129	14,324,249
Deposits placed with licensed banks (Note (a))	24,998,345	16,222,340	23,258,324	15,204,690
Time deposits (Note (b))	942,917	927,921	223,003	220,088
Deposits, cash and bank balances as reported in the statements of financial position	116,640,561	92,398,688	55,197,456	29,749,027
Less: Time deposits	(942,917)	(927,921)	(223,003)	(220,088)
Cash and cash equivalents as reported in the statements of cash flows	115,697,644	91,470,767	54,974,453	29,528,939

(a) The deposits placed with licensed banks are placements with periods of less than 3 months, interest bearing at rates ranging from 1.50% to 3.25% (2021: 1.50% to 1.70%) per annum and mature within 3 months.

(b) Time deposits are deposits placed with licensed banks for periods of more than 3 months, interest bearing at rates ranging from 1.55% to 3.05% (2021: 1.55% to 1.70%) per annum and mature within one year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

17. SHORT-TERM FUND

	Group and Company	
	2022	2021
	RM	RM
Current:		
Financial assets at fair value through profit or loss ("FVPL")		
- Quoted money market fund	-	9,424,273

Short-term fund is a fund invested in money market which is managed by investment bank and it is redeemable at any point in time.

It is an integral part of the Group's and the Company's capital management as disclosed in Note 41.

18. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		← Amounts →	
	2022	2021	2022	2021
	Unit	Unit	RM	RM
Issued and fully paid up (no par value):				
At 1 January/31 December	846,423,985	846,423,985	344,749,212	344,749,212

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

19. TREASURY SHARES

	Group and Company			
	Number of treasury shares		← Amounts →	
	2022	2021	2022	2021
	Unit	Unit	RM	RM
At 1 January	622,000	622,000	482,899	482,899
Shares repurchased	1,135,200	-	603,994	-
At 31 December	1,757,200	622,000	1,086,893	482,899

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was approved by the Company's shareholders in the Annual General Meeting held on 30 May 2022 for the Company to repurchase up to 10% of its issued ordinary shares. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company repurchased 1,135,200 shares of its issued shares from the open market. The average price paid for the shares repurchased was RM0.53 per share.

There were no resale, cancellation or distribution of treasury shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. OTHER RESERVES

(a) Equity transaction reserve

The equity transaction reserve comprises the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(b) Foreign exchange reserve

The foreign exchange reserve comprises all foreign currency 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. LOANS AND BORROWINGS

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Non-current:				
Secured:				
Term loans	14,299,359	28,218,810	8,103,352	13,522,308
Hire purchase payables	85,408	155,020	85,408	155,020
Unsecured:				
Term loans	13,173,196	20,441,554	-	499,534
	27,557,963	48,815,384	8,188,760	14,176,862
Current:				
Secured:				
Trade facilities	-	37,440,000	-	-
Term loans	13,006,893	9,521,501	6,163,080	5,841,619
Hire purchase payables	69,612	123,577	69,612	66,251
Unsecured:				
Trade facilities	99,549,632	71,331,802	19,324,000	20,019,350
Term loans	7,086,596	8,897,339	500,000	2,250,000
	119,712,733	127,314,219	26,056,692	28,177,220
Total loans and borrowings				
Trade facilities	99,549,632	108,771,802	19,324,000	20,019,350
Term loans	47,566,044	67,079,204	14,766,432	22,113,461
Hire purchase payables	155,020	278,597	155,020	221,271
	147,270,696	176,129,603	34,245,452	42,354,082

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. LOANS AND BORROWINGS (cont'd)

(a) Term loans and trade facilities of the Group and of the Company are secured by the following:
- (i) Debentures over fixed and floating charges over the present and future assets of the Company and certain subsidiaries;
- (ii) Legal charge over the freehold land, buildings and plant and machinery of certain subsidiaries as disclosed in Note 5(b);
- (iii) Priority and security sharing agreement;
- (iv) Negative pledge;
- (v) Corporate guarantee by the Company; and
- (vi) Corporate guarantee by a subsidiary of the Company.

(b) Hire purchase payables

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Minimum lease payments:				
Not later than 1 year	75,353	133,526	75,353	75,353
Later than 1 year and not later than 2 years	75,353	75,353	75,353	75,353
Later than 2 years and not later than 5 years	12,505	87,858	12,505	87,858
	163,211	296,737	163,211	238,564
Less: Future finance charges	(8,191)	(18,140)	(8,191)	(17,293)
Present value of minimum lease payments	155,020	278,597	155,020	221,271
Present value of minimum lease payments:				
Not later than 1 year	69,612	123,577	69,612	66,251
Later than 1 year and not later than 2 years	72,973	69,612	72,973	69,612
Later than 2 years and not later than 5 years	12,435	85,408	12,435	85,408
	155,020	278,597	155,020	221,271
Less: Amount due within 12 months	(69,612)	(123,577)	(69,612)	(66,251)
Amount due after 12 months	85,408	155,020	85,408	155,020

Hire purchase payables of the Group and of the Company of RM155,020 (2021: RM278,597) and RM155,020 (2021: RM221,271) respectively are secured by the Group's and the Company's motor vehicles under hire purchase arrangements as disclosed in Note 5(b).

(c) The interest rates of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	2022 % per annum	2021 % per annum	2022 % per annum	2021 % per annum
Trade facilities	1.53 - 6.01	0.90 - 3.50	4.02 - 5.00	0.90 - 2.95
Term loans	3.34 - 6.29	0.90 - 3.49	4.96 - 6.29	1.90 - 3.20
Hire purchase payables	2.68	2.52 - 2.68	2.68	2.68

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. LEASE LIABILITIES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Non-current:				
Unsecured:				
Lease liabilities	1,671,252	1,169,079	67,975	-
Current:				
Unsecured:				
Lease liabilities	1,115,491	1,114,107	62,600	-
Total lease liabilities	2,786,743	2,283,186	130,575	-

The incremental borrowing rate applied to lease liabilities ranging from 3.20% to 6.01% (2021: 3.20% to 4.35%).

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Minimum lease payments:				
Not later than 1 year	1,239,390	1,178,902	68,399	-
Later than 1 year and not later than 2 years	751,500	970,491	54,900	-
Later than 2 years and not later than 5 years	1,048,500	225,000	15,600	-
	3,039,390	2,374,393	138,899	-
Less: Future finance charges	(252,647)	(91,207)	(8,324)	-
Present value of minimum lease payments	2,786,743	2,283,186	130,575	-
Present value of minimum lease payments:				
Not later than 1 year	1,115,491	1,114,107	62,600	-
Later than 1 year and not later than 2 years	674,685	942,227	52,833	-
Later than 2 years and not later than 5 years	996,567	226,852	15,142	-
	2,786,743	2,283,186	130,575	-
Less: Amount due within 12 months	(1,115,491)	(1,114,107)	(62,600)	-
Amount due after 12 months	1,671,252	1,169,079	67,975	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RETIREMENT BENEFITS OBLIGATION

The movements in the defined benefits obligation in the statements of financial position are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	15,831,434	14,887,105	6,175,379	5,937,936
Current service costs and interest expense (Note 31)	1,861,595	1,588,189	537,471	527,985
Remeasurement of actuarial gain from financial assumption	(443,588)	289,861	-	-
Benefits paid	(718,196)	(828,255)	(463,307)	(290,542)
Disposal of a subsidiary	(77,107)	-	-	-
Exchange differences	(53,226)	(105,466)	-	-
At 31 December	16,400,912	15,831,434	6,249,543	6,175,379

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefits pension plan are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Discount rate	2.57 - 7.30	2.57 - 7.50	3.70	3.70
Salary increase rate	2.60 - 7.00	3.00 - 7.00	3.00 - 5.00	3.00 - 5.00

Sensitivity analysis

The sensitivity of the defined benefits obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption	Group		Company	
		Effect on defined benefits obligation			
		Increase RM	Decrease RM	Increase RM	Decrease RM
2022					
Discount rate	1%	(1,304,665)	1,515,463	(561,498)	651,910
Salary increase rate	1%	1,945,106	(1,676,466)	880,378	(756,974)
2021					
Discount rate	1%	(1,322,305)	1,541,481	(561,160)	653,477
Salary increase rate	1%	1,807,994	(1,562,770)	806,888	(696,162)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. TRADE AND OTHER PAYABLES

		Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Current:					
Trade					
Third parties	(a)	51,087,196	64,137,452	5,589,035	9,831,079
Amounts owing to subsidiaries	(a)	-	-	3,493,800	9,335,623
		51,087,196	64,137,452	9,082,835	19,166,702
Non-trade					
Amount owing to a subsidiary	(b)	-	-	4,600	4,583
Other payables		6,087,509	12,980,173	2,436,654	4,373,236
Goods and services/value added tax payable		914,607	1,639,187	446	454
Deposits		788,834	777,913	-	-
Accruals		30,674,241	38,459,589	4,688,005	8,877,396
		38,465,191	53,856,862	7,129,705	13,255,669
Total trade and other payables		89,552,387	117,994,314	16,212,540	32,422,371

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company are ranging from 7 to 90 days (2021: 7 to 90 days).

(b) The amount owing to a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand in cash and cash equivalents.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 37(b)(iii).

25. CONTRACT LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Contract liabilities relating to sales of goods	11,408,780	33,147,362	373,036	1,599,528

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. CONTRACT LIABILITIES (cont'd)

(a) Significant changes in contract balances

	Contract liabilities (increase)/decrease 2022 RM	2021 RM
Group		
Revenue recognised that was included in contract liability at the beginning of the financial year	32,818,378	8,588,634
Increases due to advances received from customers, but revenue not recognised	(11,079,796)	(32,635,739)
Company		
Revenue recognised that was included in contract liability at the beginning of the financial year	1,339,024	1,360,466
Increases due to advances received from customers, but revenue not recognised	(112,532)	(1,099,141)

26. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At a point in time:				
Sales of fibreboard and furniture parts	1,049,824,920	892,889,638	221,679,560	165,453,184
Sales of urea formaldehyde concentrate and adhesive products	12,582,682	10,537,290	-	-
Sales of wood pellet	39,564,818	31,296,728	-	-
Others	713,801	323,715	-	-
	1,102,686,221	935,047,371	221,679,560	165,453,184

27. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. OTHER INCOME

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Bad debts recovered		-	351	-	-
COVID-19-related rent concession income		-	68,700	-	-
Dividend income received from subsidiaries		-	-	27,000,000	37,551,038
Fair value gain on short-term fund		-	1,869	-	1,869
Gain arising from fair value adjustment of biological assets	7	900,000	2,200,000	-	-
Gain on disposal of property, plant and equipment		1,412,123	623,216	73,495	-
Gain on lease modification		59,023	1,692	-	-
Interest income		2,054,532	1,127,774	2,028,521	1,775,281
Insurance compensation		7,946,003	169,611	7,250,000	169,611
Net realised foreign exchange gain		9,439,380	3,237,555	305,035	4,382,201
Net unrealised foreign exchange gain		-	4,420,809	-	-
Rental income		1,667,687	1,264,327	1,283,778	1,283,778
Reversal of impairment losses on investment in subsidiaries	11	-	-	-	7,432,626
Waiver of debts by trade creditors		-	186,049	-	-
Others		2,038,080	1,095,885	-	8,409
		25,516,828	14,397,838	37,940,829	52,604,813

29. OTHER OPERATING EXPENSES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Bad debts written off		605,785	404,331	500,550	117,717
Goods and services tax receivable written off		10,181	-	-	-
Impairment losses on					
- goodwill	8	4,690,782	-	-	-
- investment in subsidiaries	11	-	-	570,771	5,648,048
Loss on disposal of a subsidiary	11	6,279,003	-	-	-
Loss on disposal of property, plant and equipment		-	-	-	31,664
Loss on voluntary winding-up of a subsidiary		-	438,467	-	-
Property, plant and equipment written off	5	35,924,125	2,725,733	910,046	-
Net unrealised foreign exchange loss		1,578,942	-	439,017	4,284,554
Others		1,189,825	32,231	-	-
		50,278,643	3,600,762	2,420,384	10,081,983

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. (LOSS)/PROFIT BEFORE TAX

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

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Amortisation of intangible assets	9	9,931	10,667	-	-
Auditors' remuneration:					
- auditors of the Company					
- statutory audit					
- current year		403,800	342,300	155,000	136,000
- non-statutory audit		8,000	8,000	8,000	8,000
- component auditors of the Group		185,418	225,039	-	-
Depreciation of:					
- property, plant and equipment	5	70,213,630	66,713,346	9,245,372	9,011,906
- investment properties	10	-	-	154,533	154,533
- right-of-use assets	6	2,024,962	2,101,940	250,093	279,898
Employee benefits expenses	31	97,481,416	93,349,616	25,040,201	24,873,588
Impairment losses on financial assets:					
- Impairment losses on trade receivables	13	302,961	277,869	-	-
- Reversal of impairment losses on trade receivables	13	(70,000)	-	-	-
Interest expense:					
- hire purchase payables		11,146	20,398	9,102	12,462
- lease liabilities		90,761	107,035	4,158	1,227
- trade facilities		3,995,110	3,817,076	736,098	1,260,258
- term loans		1,800,076	2,269,405	705,335	559,346
Inventories written down	14	17,019,624	-	-	-
Expenses relating to short-term leases and low value assets		8,817,957	7,241,911	1,627,113	1,367,375

31. EMPLOYEE BENEFITS EXPENSES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Wages and salaries		87,295,172	83,689,092	21,377,093	21,080,245
Defined contribution plan		4,485,729	4,257,511	2,167,974	2,137,090
Social security contribution		1,173,080	1,251,343	327,270	322,806
Other staff related expenses		2,665,840	2,563,481	630,393	805,462
Retirement benefits obligation	23	1,861,595	1,588,189	537,471	527,985
		97,481,416	93,349,616	25,040,201	24,873,588

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. EMPLOYEE BENEFITS EXPENSES (cont'd)

Included in employee benefits expense are:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Directors of the Company				
Executive directors:				
Salaries, bonus and emoluments	3,670,578	2,578,093	3,670,578	2,549,939
Defined contribution plan	57,908	47,316	57,908	47,316
Benefits-in-kind	37,242	37,242	37,242	37,242
	3,765,728	2,662,651	3,765,728	2,634,497
Non-executive directors:				
Fees	246,488	327,390	246,488	327,390
Allowances	98,265	14,490	98,265	14,490
Benefits-in-kind	3,656	5,756	3,656	5,756
	348,409	347,636	348,409	347,636
Directors of subsidiaries				
Executive directors:				
Salaries, bonus and emoluments	242,339	213,737	121,260	-
	4,356,476	3,224,024	4,235,397	2,982,133

32. TAX EXPENSE/(CREDIT)

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Statement of comprehensive income				
Current income tax:				
Current income tax charge	18,230,170	12,013,726	418,954	368,242
Adjustment in respect of prior years	49,612	162,585	(4,752)	-
Real property gain tax	120,000	-	-	-
	18,399,782	12,176,311	414,202	368,242
Deferred tax (Note 12):				
(Reversal)/Origination of temporary differences	(5,667,354)	(3,531,460)	811,435	(1,367,731)
Adjustment in respect of prior years	857,178	(3,235,228)	(272,296)	(1,979,890)
	(4,810,176)	(6,766,688)	539,139	(3,347,621)
Tax expense/(credit) recognised in profit or loss	13,589,606	5,409,623	953,341	(2,979,379)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021:24%) of the estimated assessable (loss)/profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. TAX EXPENSE/(CREDIT) (cont'd)

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	(12,493,185)	39,778,112	34,273,868	31,279,751
Tax at Malaysian statutory income tax rate of 24%	(2,998,364)	9,546,747	8,225,728	7,507,140
Different tax rates in other countries	(1,890,529)	(1,063,660)	-	-
Income not subject to tax	(2,073,260)	(3,568,390)	(8,236,277)	(10,862,055)
Expenses not deductible for tax purposes	10,164,770	5,787,282	1,240,938	2,355,426
Utilisation of previously unrecognised deferred tax assets	(114,672)	(2,618,966)	-	-
Deferred tax assets not recognised during the financial year	9,474,871	399,253	-	-
Adjustments in respect of prior years:				
- current income tax	49,612	162,585	(4,752)	-
- deferred tax	857,178	(3,235,228)	(272,296)	(1,979,890)
Real property gain tax	120,000	-	-	-
Tax expense/(credit)	13,589,606	5,409,623	953,341	(2,979,379)

33. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2022	2021
(Loss)/Profit attributable to ordinary shareholders of the Company (RM)	(26,082,791)	34,368,489
Weighted average number of ordinary shares for basic (loss)/earnings per share	844,847,947	845,801,985
Basic (loss)/earnings per ordinary share (sen)	(3.09)	4.06

(b) The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. DIVIDENDS

	Company	
	2022	**2021**
	RM	**RM**
Single tier final dividend of 1.50 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 18 August 2022	12,670,003	-

35. COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
In respect of capital expenditure property, plant and equipment:				
- Contracted but not provided for	1,780,270	4,213,907	1,466,287	454,429

36. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries; and

(ii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. RELATED PARTIES (cont'd)

(b) Significant related party transactions

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

	Company	
	2022 RM	2021 RM
Transactions with subsidiaries are as follows:		
- Sale of products and rendering of service	(98,520,802)	(69,769,001)
- Dividend income	(27,000,000)	(37,551,038)
- Rental income	(1,283,778)	(1,283,778)
- Interest income	(1,428,981)	(1,251,691)
- Sale of spare parts	(864,022)	(195,138)
- Sales of property, plant and equipment	(1,279,129)	(10,137)
- Management fees	(10,205,367)	(7,938,042)
- Purchase of products	35,000,569	32,913,505
- Purchase of property, plant and equipment	-	548,000
- Purchase of spare parts	-	74,591
- Expenses relating to short-term leases	115,200	115,200

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employees benefits	4,315,578	3,181,026	4,194,499	2,939,135
Benefits-in-kind	40,898	42,998	40,898	42,998
	4,356,476	3,224,024	4,235,397	2,982,133

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Amortised cost
(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM	Amortised cost RM	FVPL RM
2022			
Financial assets			
Group			
Trade and other receivables, excluding goods and services/ value added tax refundable	67,036,657	67,036,657	-
Deposits, cash and bank balances	116,640,561	116,640,561	-
	183,677,218	183,677,218	-
Company			
Trade and other receivables, excluding non-refundable deposit	58,495,846	58,495,846	-
Deposits, cash and bank balances	55,197,456	55,197,456	-
	113,693,302	113,693,302	-
Financial liabilities			
Group			
Trade and other payables, excluding goods and services/value added tax payable	88,637,780	88,637,780	-
Loans and borrowings	147,270,696	147,270,696	-
	235,908,476	235,908,476	-
Company			
Trade and other payables, excluding goods and services/value added tax payable	16,212,094	16,212,094	-
Loans and borrowings	34,245,452	34,245,452	-
	50,457,546	50,457,546	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (cont'd)

	Carrying amount RM	Amortised cost RM	FVPL RM
2021			
Financial assets			
Group			
Trade and other receivables, excluding goods and services/value added tax refundable	119,785,383	119,785,383	-
Deposits, cash and bank balances	92,398,688	92,398,688	-
Short-term fund	9,424,273	-	9,424,273
	221,608,344	212,184,071	9,424,273
Company			
Trade and other receivables	67,539,626	67,539,626	-
Deposits, cash and bank balances	29,749,027	29,749,027	-
Short-term fund	9,424,273	-	9,424,273
	106,712,926	97,288,653	9,424,273
Financial liabilities			
Group			
Trade and other payables, excluding goods and services/value added tax payable	116,355,127	116,355,127	-
Loans and borrowings	176,129,603	176,129,603	-
	292,484,730	292,484,730	-
Company			
Trade and other payables, excluding goods and services/value added tax payable	32,421,917	32,421,917	-
Loans and borrowings	42,354,082	42,354,082	-
	74,775,999	74,775,999	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in deposits with licensed banks.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and (loss)/profit for the financial year.

	Change in basis points	Effect on (loss)/profit for the financial year RM	Effect on equity RM
Group:			
2022	+ 100	(1,118,079)	(1,118,079)
	- 100	1,118,079	1,118,079
2021	+ 100	(1,336,468)	(1,336,468)
	- 100	1,336,468	1,336,468
Company:			
2022	+ 100	(259,087)	(259,087)
	- 100	259,087	259,087
2021	+ 100	(320,209)	(320,209)
	- 100	320,209	320,209

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate and the Group's net investments in foreign subsidiaries. The currency giving rise to this risk are primarily United States Dollar ("USD") and Euro ("EUR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	USD RM	EUR RM	Total RM
Functional currency of the Group			
2022			
Ringgit Malaysia	10,720,503	(19,497,969)	(8,777,466)
Thai Baht	21,173,442	(134,461)	21,038,981
Indonesian Rupiah	11,225,324	19,466	11,244,790
	43,119,269	(19,612,964)	23,506,305
2021			
Ringgit Malaysia	(13,309,975)	(26,397,668)	(39,707,643)
Thai Baht	33,239,652	1,299,986	34,539,638
Indonesian Rupiah	8,002,889	(159,714)	7,843,175
	27,932,566	(25,257,396)	2,675,170
Functional currency of the Company			
2022			
Ringgit Malaysia	(3,442,116)	270,284	(3,171,832)
2021			
Ringgit Malaysia	(19,017,370)	350,935	(18,666,435)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR, with all other variables held constant on the Group's and the Company's total equity and (loss)/profit for the financial year.

		Effect on (loss)/profit after tax for the financial year			
		Group		Company	
	Change in rate	2022 RM	2021 RM	2022 RM	2021 RM
- USD	+ 3%	983,119	636,863	(78,480)	(433,596)
	- 3%	(983,119)	(636,863)	78,480	433,596
- EUR	+ 3%	(447,176)	(575,869)	6,162	8,001
	- 3%	447,176	575,869	(6,162)	(8,001)

(iii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are committed to funding from both capital markets and financial institutions and balance their portfolios with some short-term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis

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

		Contractual undiscounted cash flows			
Group	**Carrying amount RM**	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
2022					
Financial liabilities:					
Trade and other payables	88,637,780	88,637,780	-	-	88,637,780
Loans and borrowings	147,270,696	122,418,610	28,426,465	328,051	151,173,126
Lease liabilities	2,786,743	1,239,390	1,800,000	-	3,039,390
	238,695,219	212,295,780	30,226,465	328,051	242,850,296
2021					
Financial liabilities:					
Trade and other payables	116,355,127	116,355,127	-	-	116,355,127
Loans and borrowings	176,129,603	136,667,886	43,115,320	-	179,783,206
Lease liabilities	2,283,186	1,178,902	1,195,491	-	2,374,393
	294,767,916	254,201,915	44,310,811	-	298,512,726

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis (cont'd)

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

		← Contractual undiscounted cash flows →		
Company	**Carrying amount RM**	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**Total RM**
2022				
Financial liabilities:				
Trade and other payables	16,212,094	16,212,094	-	16,212,094
Loans and borrowings	34,245,452	26,851,796	8,547,763	35,399,559
Lease liabilities	130,575	68,399	70,500	138,899
Financial guarantee contracts	-	113,025,244	-	113,025,244
	50,588,121	156,157,533	8,618,263	164,775,796
2021				
Financial liabilities:				
Trade and other payables	32,421,917	32,421,917	-	32,421,917
Loans and borrowings	42,354,082	28,566,681	14,495,695	43,062,376
Financial guarantee contracts	-	133,718,195	-	133,718,195
	74,775,999	194,706,793	14,495,695	209,202,488

(iv) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's credit risk is primarily attributable to trade receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant.

The credit risk of the Group's and of the Company's other financial assets, which comprise deposits, cash and bank balances arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables

Exposure to credit risk

As at the end of the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:
- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- An amount of RM113,025,244 (2021: RM133,718,195) relating to a corporate guarantee provided by the Company to bank for subsidiaries' bank borrowings.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided.

The Group and the Company determine concentrations of credit risk by monitoring the country and industry sector profile of their trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables at the reporting date are as follows:

	Group			
	2022		2021	
	RM	%	RM	%
By country:				
Malaysia	33,742,088	55%	54,752,031	48%
Thailand	11,503,231	19%	43,320,000	38%
Other countries	16,076,188	26%	16,326,386	14%
	61,321,507	100%	114,398,417	100%

	Company			
	2022		2021	
	RM	%	RM	%
By country:				
Malaysia	7,490,445	92%	17,497,276	88%
Other countries	648,065	8%	2,440,807	12%
	8,138,510	100%	19,938,083	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

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

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

	Gross carrying amount at default RM
Group	
2022	
Current	53,423,544
1-30 days past due	4,914,460
31-60 days past due	65,943
61-90 days past due	746,718
91-120 days past due	4,147
>120 days past due	2,166,695
	61,321,507
Individually impaired	2,764,610
	64,086,117
Company	
2022	
Current	3,660,406
1-30 days past due	1,484,003
31-60 days past due	1,924,700
61-90 days past due	1,069,401
	8,138,510

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

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

	Gross carrying amount at default RM
Group	
2021	
Current	48,806,299
1-30 days past due	57,524,473
31-60 days past due	7,512,649
61-90 days past due	391,639
91-120 days past due	102,321
>120 days past due	61,036
	114,398,417
Individually impaired	2,414,461
	116,812,878
Company	
2021	
Current	14,983,290
1-30 days past due	4,043,678
31-60 days past due	911,115
	19,938,083

Other receivables and other financial assets

For other receivables and other financial assets (including short-term fund and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Other receivables and other financial assets (cont'd)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low risk and did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM113,025,244 (2021: RM133,718,195) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 37(b)(iii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

(c) Fair value measurement

The carrying amounts of deposits, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The fair value of the short-term fund is determined by reference to redemption price at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement (cont'd)

The carrying amounts of long-term floating rate term loans is reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (2021: no transfer in either directions).

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

Group and Company	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021					
Financial assets					
Fair value through profit or loss					
- short-term fund	9,424,273	9,424,273	-	-	9,424,273

Group	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022					
Financial liabilities					
Hire purchase payables	155,020	-	-	150,408	150,408
2021					
Financial liabilities					
Hire purchase payables	278,597	-	-	270,685	270,685
Company					
2022					
Financial liabilities					
Hire purchase payables	155,020	-	-	150,408	150,408
2021					
Financial liabilities					
Hire purchase payables	221,271	-	-	214,559	214,559

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. LEASE COMMITMENTS

The Group had entered into commercial lease for its sites, office premises, equipment and hostels. These leases had tenure 1 to 4 years (2021: 1 to 4 years) with a renewal option included in the contract. There were no restrictions placed upon the Group by entering into these leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Not later than 1 year	1,015,001	1,284,422	74,400	166,100
Later than 1 year but not later than 5 years	1,129,955	1,155,047	118,800	193,200
	2,144,956	2,439,469	193,200	359,300

39. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by the local economic environment in which it operates. Segmental reporting by business has not been presented as the Group's operations are within similar activities.

The Group is organised into three major geographical segments:

Malaysia	manufacture of medium density fibreboard, wooden furniture part and furniture, particleboard, glue, resin, as well as trading and managing of plantation.
Thailand	production and distribution of medium density fibreboard and wood products.
Indonesia	manufacture of medium density fibreboard, glue and resin.
Others	distributing the household products made of rubber wood.

The directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

Segment profit

Segment performance is used to measure performance as Group Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group Chief Executive Officer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2022	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Revenue							
Revenue from external customers		490,054,970	500,015,600	112,615,651	-	-	1,102,686,221
Inter-segment revenue	(a)	311,463,288	84,221,494	510,888	-	(396,195,670)	-
Total revenue	(c)	801,518,258	584,237,094	113,126,539	-	(396,195,670)	1,102,686,221
Results							
Segment (loss)/profit		(35,534,453)	44,701,868	11,432,566	(2,557)	(27,193,516)	(6,596,092)
Finance costs		(6,116,101)	(3,142,644)	(15,638)	-	3,377,290	(5,897,093)
(Loss)/Profit before tax		(41,650,554)	41,559,224	11,416,928	(2,557)	(23,816,226)	(12,493,185)
Tax expense		5,260,524	(13,001,761)	(3,676,396)	-	(2,171,973)	(13,589,606)
(Loss)/Profit for the financial year		(36,390,030)	28,557,463	7,740,532	(2,557)	(25,988,199)	(26,082,791)
Assets:							
Segment assets		1,472,344,390	420,796,346	124,217,131	-	(703,692,552)	1,313,665,315
Liabilities:							
Segment liabilities		343,876,964	224,494,487	25,562,003	10,059	(292,395,262)	301,548,251

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2022 (cont'd)	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Other information:	(b)						
Amortisation of intangible assets		-	9,931	-	-	-	9,931
Bad debts written off		500,550	105,235	-	-	-	605,785
Capital expenditures	(d)	22,305,165	24,150,605	7,185,663	-	(21,749,170)	31,892,263
Depreciation of:							
- property, plant and equipment		34,782,452	25,556,798	9,503,942	-	370,438	70,213,630
- right-of-use assets		1,978,122	-	90,102	-	(43,262)	2,024,962
Gain arising from fair value adjustment of biological assets		(900,000)	-	-	-	-	(900,000)
Gain on disposal of property, plant and equipment		(1,435,509)	(263,634)	-	-	287,020	(1,412,123)
Gain on lease mofidication		(59,023)	-	-	-	-	(59,023)
Interest income		(2,296,088)	(3,076,091)	(79,985)	-	3,397,632	(2,054,532)
Inventory written down		9,165,741	7,853,883	-	-	-	17,019,624
Impairment losses on:							
- goodwill		4,690,782	-	-	-	-	4,690,782
- trade receivables		240,000	296,776	-	-	(233,815)	302,961
Insurance compensation		(7,316,278)	-	(629,725)	-	-	(7,946,003)
Loss on disposal of a subsidiary		1	-	-	-	6,279,002	6,279,003
Net unrealised foreign exchange loss		(2,623)	(1,099,397)	-	-	2,680,962	1,578,942
Property, plant and equipment written off		35,924,125	-	-	-	-	35,924,125
Provision for retirement benefits obligation		954,669	370,856	417,612	-	118,458	1,861,595
Reversal of impairment losses on trade receivables		(70,000)	-	-	-	-	(70,000)
Expenses relating to low value assets and short-term leases		8,047,918	1,173,479	1,010,418	-	(1,413,858)	8,817,957

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2021	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Revenue							
Revenue from external customers		426,107,646	409,886,254	99,053,471	-	-	935,047,371
Inter-segment revenue	(a)	227,688,598	54,947,807	-	-	(282,636,405)	-
Total revenue	(c)	653,796,244	464,834,061	99,053,471	-	(282,636,405)	935,047,371
Results							
Segment profit/(loss)		42,697,972	23,281,144	14,928,098	(6,991)	(34,908,197)	45,992,026
Finance costs		(5,980,162)	(4,138,166)	(6,534)	-	3,910,948	(6,213,914)
(Loss)/Profit before tax		36,717,810	19,142,978	14,921,564	(6,991)	(30,997,249)	39,778,112
Tax expense		3,974,678	(6,019,439)	(3,364,862)	-	-	(5,409,623)
(Loss)/Profit for the financial year		40,692,488	13,123,539	11,556,702	(6,991)	(30,997,249)	34,368,489
Assets:							
Segment assets		1,569,785,881	423,334,888	112,760,460	22,675	(684,063,012)	1,421,840,892
Liabilities:							
Segment liabilities		377,665,028	252,061,818	23,709,089	180,150	(269,266,547)	384,349,538

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2021 (cont'd)	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Other information:	(b)						
Amortisation of intangible assets		-	10,667	-	-	-	10,667
Bad debts recovered		(351)	-	-	-	-	(351)
Bad debts written off		117,717	239,336	-	-	47,278	404,331
Capital expenditures	(d)	10,656,703	8,638,234	5,307,602	-	(889,914)	23,712,625
Depreciation of:							
- property, plant and equipment		35,010,010	23,083,175	8,641,369	-	(21,208)	66,713,346
- right-of-use assets		1,997,853	-	55,325	-	48,762	2,101,940
Gain arising from fair value adjustment of biological assets		(2,200,000)	-	-	-	-	(2,200,000)
Gain on disposal of property, plant and equipment		(571,606)	(300,389)	-	-	248,779	(623,216)
Interest income		(2,120,252)	(2,731,096)	(187,757)	-	3,911,331	(1,127,774)
Impairment losses on trade receivables		277,869	531,502	-		(531,502)	277,869
Insurance compensation		(169,611)	-	-	-	-	(169,611)
Loss on voluntary winding-up of a subsidiary		-	230,194	-	-	208,273	438,467
Net unrealised foreign exchange loss		(2,666,026)	(2,544,421)	(3,561,802)	-	4,351,440	(4,420,809)
Property, plant and equipment written off		2,725,733	-	-	-	-	2,725,733
Provision for retirement benefits obligation		945,486	567,470	365,094	-	(289,861)	1,588,189
Waiver of debts by trade creditors		-	(186,049)	-	-	-	(186,049)
Expenses relating to short-term leases and low value assets		6,621,213	1,081,118	987,918	-	(1,448,338)	7,241,911

(a) Inter-segment revenue are eliminated on consolidation.

(b) Inter-segment income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

(c) The following table provides an analysis of the Group's revenue by products:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2022				
Sales of fibreboard and furniture parts	437,193,669	500,015,600	112,615,651	1,049,824,920
Sales of urea formaldehyde concentrate and adhesive products	12,582,682	-	-	12,582,682
Sales of wood pellet	39,564,818	-	-	39,564,818
Others	713,801	-	-	713,801
	490,054,970	500,015,600	112,615,651	1,102,686,221
2021				
Sales of fibreboard and furniture parts	383,949,913	409,886,254	99,053,471	892,889,638
Sales of urea formaldehyde concentrate and adhesive products	10,537,290	-	-	10,537,290
Sales of wood pellet	31,296,728	-	-	31,296,728
Others	323,715	-	-	323,715
	426,107,646	409,886,254	99,053,471	935,047,371

(d) Additions to non-current assets consist of:

	2022 RM	2021 RM
Intangible assets	36,358	12,078
Property, plant and equipment	28,375,255	23,513,203
Right-of-use assets	3,480,650	187,344
	31,892,263	23,712,625

(e) Geographical information

(i) The following table provides an analysis of the Group's revenue by geographical segment:

	2022 RM	2021 RM
Revenue from sales to external customers by location of the customers		
United States	174,173,732	95,391,814
Africa	126,227,864	122,578,089
Europe	6,992,220	9,561,980
Far East Asia	51,460,900	59,546,275
Middle East	383,786,991	243,419,973
South Asia	2,508,986	6,026,419
South East Asia	357,535,528	398,522,821
	1,102,686,221	935,047,371

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

(e) Geographical information (cont'd)

(ii) The following is the analysis of non-current assets other than financial instruments, deferred tax assets and goodwill on consolidation, which is analysed by the Group's geographical location:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2022				
Property, plant and equipment	504,114,271	226,443,736	62,168,885	792,726,892
Right-of-use assets	33,950,937	-	1,637,896	35,588,833
Biological assets	40,000,000	-	-	40,000,000
Other intangible assets	-	75,103	-	75,103
Total non-current assets	578,065,208	226,518,839	63,806,781	868,390,828
2021				
Property, plant and equipment	557,261,847	243,337,815	62,780,638	863,380,300
Right-of-use assets	34,215,088	-	686,673	34,901,761
Biological assets	39,100,000	-	-	39,100,000
Other intangible assets	-	48,057	-	48,057
Total non-current assets	630,576,935	243,385,872	63,467,311	937,430,118

40. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:

	As previously classified RM	Reclassifications RM	As reclassified RM
Group			
2021			
Statements of financial position			
Non-current assets			
Property, plant and equipment	863,194,560	185,740	863,380,300
Right-of-use assets	35,087,501	(185,740)	34,901,761
Non-current liabilities			
Loans and borrowings	48,660,364	155,020	48,815,384
Lease liabilities	1,324,099	(155,020)	1,169,079
Current liabilities			
Loans and borrowings	127,190,642	123,577	127,314,219
Lease liabilities	1,237,684	(123,577)	1,114,107

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. COMPARATIVE FIGURES (CONT'D)

	As previously classified RM	Reclassifications RM	As reclassified RM
Company			
2021			
Statements of financial position			
Non-current assets			
Property, plant and equipment	142,776,760	185,740	142,962,500
Right-of-use assets	8,087,981	(185,740)	7,902,241
Non-current liabilities			
Loans and borrowings	14,021,842	155,020	14,176,862
Lease liabilities	155,020	(155,020)	-
Current liabilities			
Loans and borrowings	28,110,969	66,251	28,177,220
Lease liabilities	66,251	(66,251)	-

41. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, lease liabilities and trade and other payables, less short-term fund, deposits, cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group and the Company.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loans and borrowings	147,270,696	176,129,603	34,245,452	42,354,082
Lease liabilities	2,786,743	2,283,186	130,575	-
Trade and other payables	89,552,387	117,994,314	16,212,540	32,422,371
Deposits, cash and bank balances	(116,640,561)	(92,398,688)	(55,197,456)	(29,749,027)
Short-term fund	-	(9,424,273)	-	(9,424,273)
Net debt/(cash)	122,969,265	194,584,142	(4,608,889)	35,603,153
Equity attributable to the owners of the Company				
Total equity	1,012,117,064	1,037,491,354	751,396,567	731,350,037
Capital and net debt	1,135,086,329	1,232,075,496	746,787,678	766,953,190
Gearing ratio	11%	16%	*	5%

* Not meaningful as the Company is in net cash position.

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

We, **KUO JEN CHIU** and **MARY HENERIETTA LIM KIM NEO**, being two of the directors of Evergreen Fibreboard Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 69 to 153 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 2022 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:

………………………………………………
KUO JEN CHIU
Director

………………………………………………
MARY HENERIETTA LIM KIM NEO
Director

Batu Pahat

Date: 18 April 2023

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

I, **LEONG TING SIONG**, being the officer primarily responsible for the financial management of Evergreen Fibreboard Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 69 to 153 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.

…………………………………………
LEONG TING SIONG
MIA Membership No.: 20345

Subscribed and solemnly declared by the abovenamed at Batu Pahat in the State of Johor Darul Ta'zim on 18 April 2023.

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Evergreen Fibreboard Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 153.

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 2022, 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 B*y-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Group

Property, plant and equipment (Notes 4(a) and 5 to the financial statements)

The Group has significant balances of property, plant and equipment relating to its manufacturing operations of a subsidiary in Malaysia. The Group assesses the impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group estimated the fair value of the property, plant and equipment based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd)
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

Property, plant and equipment (Notes 4(a) and 5 to the financial statements) (cont'd)

Our audit response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation;
- reading the valuation reports for all significant plant and equipment and discussed with external valuers on their valuation approach and the significant judgements they made; and
- assessing the valuation approach used and appropriateness of the key assumptions.

Inventories (Notes 4(b) and 14 to the financial statements)

The Group has significant inventories amounting to RM228,926,715 as at 31 December 2022. The valuation of the Group's inventories is stated at the lower of cost and net realisable value. The review of saleability and valuation of inventories at the lower of cost and net realisable value are an area of significant judgement and estimate. The Group and the Company write down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

We focused on the valuation of inventories due to the significance of the value of inventories as part of the total assets and the multiple locations in which the inventories are located.

Our audit response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with the monitoring and detection and write down/off of slow-moving inventories;
- observing year end physical inventory count to examine the physical existence and condition of the inventories;
- checking subsequent sales and evaluating the Group's assessment on estimated net realisable values on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd)
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

Biological assets (Notes 4(c) and 7 to the financial statements)

The Group has a significant balance of biological assets amounting to RM40,000,000 as at 31 December 2022. The biological assets comprise tropical wood trees and rubber trees. The biological assets of the Group are required to be measured at fair value less costs to sell in accordance with MFRS 141 Biological Assets.

Judgement is required in determining the value on remaining lifespan and after lifespan of rubber trees and estimated remaining acres of forest land. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The fair value of the tropical wood trees and rubber trees have been determined based on valuations by an independent professional valuer.

Our audit response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the independent professional valuer, including consideration of their qualifications and experience;
- comparing the key inputs to the model, including commodity prices and yield against market data;
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the biological assets; and
- checking the mathematical accuracy of the discounted cash flow calculations.

Company

Investment in subsidiaries (Notes 4(d) and 11 to the financial statements)

The Company assesses impairment of investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverable amount is measured at the higher of the fair value less cost of disposal and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical trends and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

Our audit response:

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budgets to assess the performance of the business;
- comparing the Company's assumptions to our assessment of key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- analysing the sensitivity of key assumptions by assessing the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd)
(Incorporated in Malaysia)

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

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

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 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 contents of this report.

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

Ng Boon Hiang
No. 02916/03/2024 J
Chartered Accountant

Kuala Lumpur

Date: 18 April 2023

STATEMENT OF SHAREHOLDINGS
AS AT 14 APRIL 2023

Total Number of Issued Shares	:	*844,666,785 ordinary shares
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	Percentage of Shares
Less than 100	293	4,792	0.00
100 - 1,000	683	380,967	0.05
1,001 - 10,000	3,894	22,130,428	2.62
10,001- 100,000	3,050	103,455,417	12.24
100,001 to less than 5% of issued shares	608	434,898,305	51.49
5% and above of issued shares	24	283,796,876	33.60
	8,532	844,866,785	100.00

**** excluding a total of 1,757,200 ordinary shares bought back and retained as treasury shares.***

THIRTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares	Percentage of Shares
1. KUO JEN CHANG	142,355,865	16.85
2. KUO JEN CHIU	124,120,141	14.69
3. KUO HUEI CHEN	32,526,790	3.85
4. LAI CHEE CHONG	17,663,600	2.09
5. KUO JEFFREY S	17,320,865	2.05
6. KUO JUSTIN S	17,320,865	2.05
7. KUO HENRY S	17,320,864	2.05
8. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG PAIK PHENG (PB)	13,640,600	1.61
9. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM	10,177,600	1.20
10. CHAN KENG CHUNG	8,600,000	1.02
11. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR MGF CAPITAL LIMITED	7,780,000	0.92
12. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	7,128,950	0.84
13. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI	7,000,000	0.83
14. CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD	6,577,200	0.78

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 14 APRIL 2023

THIRTY LARGEST SHAREHOLDERS (Cont'd)

Shareholders	Number of Shares	Percentage of Shares
15. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	6,000,000	0.71
16. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG	5,890,000	0.70
17. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	5,784,500	0.68
18. SUSY DING	5,299,950	0.63
19. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	5,190,800	0.61
20. CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	4,313,501	0.51
21. HO POH TUCK	4,255,000	0.50
22. GUAN TAK CHUAN	3,833,000	0.45
23. CHEE CHEN KAI	3,704,600	0.44
24. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG	3,600,000	0.43
25. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	3,474,700	0.41
26. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,450,000	0.41
27. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEAN HOOI KHIM	2,942,000	0.35
28. WONG YEE HUI	2,900,000	0.34
29. LIM PEI TIAM @ LIAM AHAT KIAT	2,603,000	0.31
30. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK	2,563,100	0.30

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 14 APRIL 2023

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company: -

Substantial Shareholders	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1. KUO JEN CHANG	142,355,865	16.85	159,173,720 (1)	18.84
2. KUO JEN CHIU	124,120,141	14.69	177,409,444 (1)	21.00
3. KUO HUEI CHEN	35,053,579	4.15	266,476,006 (1)	31.55

Notes:
(1) *Deemed interested by virtue of the interest of his or her siblings.*

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 59 of the Companies Act, 2016, the following are the shareholdings of the Directors of the Company:

Directors	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1. KUO JEN CHANG	142,355,865	16.85	159,173,720 (1)	18.84
2. KUO JEN CHIU	124,120,141	14.69	177,409,444 (1)	21.00
3. MARY HENERIETTA LIM KIM NEO	6	0.00	0	0.00
4. LAW NGEE SONG	0	0.00	0	0.00
5. KUAN KAI SENG	0	0.00	0	0.00
6. HENRY S KUO (2)	17,320,864	2.05	34,641,730 (1)	4.10
7. NIRMALA A/P DORAISAMY	0	0.00	0	0.00

Notes:
(1) *Deemed interested by virtue of the interest of his or her siblings.*
(2) *Henry S Kuo has resigned wef 17 April 2023.*

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FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We ____

being a member/members of **Evergreen Fibreboard Berhad**, hereby appoint (1) Mr/Ms ____________________

____ (NRIC No. ____________________) of

____ or

failing whom, ____ (NRIC No. ____________________) of

* (2) Mr./Ms. ____ (NRIC No. ____________________) of

____ or

failing whom, ____ (NRIC No. ____________________) of

____

as my/our proxy to vote for *me/us and on *my/our behalf at the **Thirty Second Annual General Meeting** of the Company to be held Online Meeting Platform via Boardroom Share Registrars Sdn. Bhd. at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657) on **Wednesday, 31 May 2023 at 9.00 a.m.** and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

The proportion of *my/our proxies are as follows:

(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) ____________________)%   First Proxy (2) ____________________)%

*My/Our proxy is to vote as indicated below:-

Agenda	Resolution	For*	Against*
Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	1		
Re-election of Mr. Kuan Kai Seng – Clause 109	2		
Re-election of Mary Henerietta Lim Kim Neo – Clause 109	3		
Re-election of Ms Tan Mui Ping – Clause 116	4		
Approval of Non-Executive Directors' fees and allowances up to an amount of RM420,000 for the financial year ending 31 December 2023.	5		
Approval of authority to issue shares pursuant to Sections 75(1) & 76(1)	6		
Approval of Proposed Authority for the Company to purchase its own shares of up to 10%	7		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

As witness my hand this ____ day of ______ 2023

____
Signature of Member(s)

NOTES:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

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Affix Stamp

The Secretary
EVERGREEN FIBREBOARD BERHAD (Reg No: 199101006810) (217120-W)
11th Floor, Menara Symphony,
No: 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor.

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Evergreen Fibreboard Berhad
Registration No.199101006810 (217120-W)

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Malaysia.

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