EVERGREEN FIBREBOARD BERHAD

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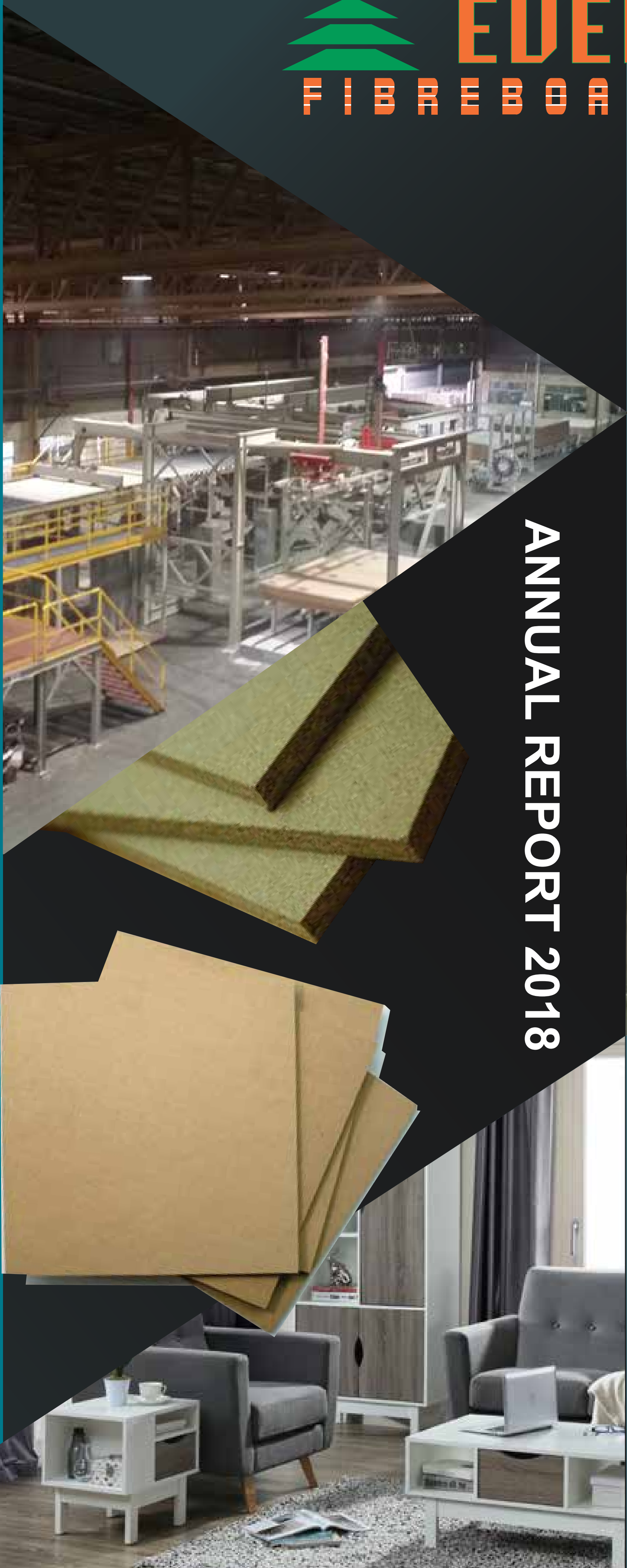

ANNUAL REPORT 2018

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting of Evergreen Fibreboard Berhad will be held at Forest City Phoenix International Golf Hotel, Jalan Persiaran Golf 5, Forest City Golf Resort, 81550 Gelang Patah, Johor Darul Takzim, Malaysia on Friday, 24 May 2019 at 9.00 a.m. for the following purposes: -

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.

2. To approve the payment of a final single tier dividend of 0.48 sen per ordinary share for the financial year ended 31 December 2018. **ORDINARY RESOLUTION 1**

3. To re-appoint Messrs Baker Tilly Monterio Heng PLT. who retires as Auditor of the Company and authorise the Directors to fix their remuneration. **ORDINARY RESOLUTION 2**

4. To re-elect the following Directors who retire during the year in accordance with Article 101 of the Company's Articles of Association:

   a. Mr. Jonathan Law Ngee Song - Article 101 **ORDINARY RESOLUTION 3**

   b. Mr. Henry S Kuo - Article 101 **ORDINARY RESOLUTION 4**

5. To approve the payment of Directors' fees and allowances amounting to RM390,660 to the Non-Executive Directors for the financial year ended 31 December 2018. **ORDINARY RESOLUTION 5**

6. To approve the payment of Directors' fees and allowances to the Non-Executive Directors up to an amount of RM400,000 for the financial year ending 31 December 2019. **ORDINARY RESOLUTION 6**

SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT SHARES - SECTIONS 75 & 76** **ORDINARY RESOLUTION 7**

"**THAT** pursuant to Sections 75 and 76 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 resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being 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 resolution shall commence upon passing of this 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,

whichever occurs first."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

8. **PROPOSED RENEWAL OF AUTHORITY 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 Authority On Share Buy-Back") **ORDINARY RESOLUTION 8**

"**THAT** subject to the provisions of the Companies Act 2016 ("the Act"), the Articles of Association 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 in 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 a 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 shares; or
(iv) deal with the treasury shares in the manner 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."

9. **DESIGNATION AS INDEPENDENT DIRECTOR** **ORDINARY RESOLUTION 9**

"**THAT** authority be and is hereby given to continue to designate Mr. Jonathan Law Ngee Song as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

10. **PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY** **SPECIAL RESOLUTION 1**

    "THAT the existing Memorandum and Articles of Assocation of the Company be and is hereby replaced in its entirety and that the New Constitution of the Company as set out in Appendix I, accompanying the Annual Report for the financial year ended 31 December 2018 be and is hereby adopted as the New Constitution of the Company **AND THAT** the Board Directors of the Company be and is hereby authorised to assent to any conditions, modifications and/or amendments as may be deemed fit or necessary or required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

11. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT
FINAL SINGLE TIER DIVIDEND OF 0.48 SEN PER ORDINARY SHARE

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Twenty-Eighth Annual General Meeting, the final single tier dividend of 0.48 sen per ordinary share in respect of the financial year ended 31 December 2018 will be payable on 16 August 2019 to Depositors registered in the Record of Depositors at the close of business on 1 August 2019.

A Depositor shall qualify for entitlement only in respect of:

a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 1 August 2019 in respect of transfer; and
b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

LEONG SIEW FOONG, MAICSA NO. 7007572
SANTHI A/P SAMINATHAN, MAICSA NO. 7069709
Company Secretaries

Johor Bahru
26 April 2019

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/ her 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/she specifies the proportions of his/her 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.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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. (378993-D) (formerly known as Symphony Share Registrars Sdn. Bhd.) Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

ORDINARY BUSINESS: -

1. **Audited Financial Statements for financial year ended 31 December 2018**
   The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA 2016") for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

2. **Final Single Tier Dividend**
   Ordinary Resolution 1, with reference to Section 131 of the CA 2016, a company may only make dividend distribution to its shareholders out of available retained profits of the company if the company is solvent. On 5 April 2019, the Board had considered the amount of dividend and decided to recommend the same for shareholders' approval.

   The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 16 August 2019 in accordance with the requirements under Section 132(2) and (3) of the CA 2016.

3. **Appointment of Auditors**
   Ordinary Resolution 2, pursuant to Section 273(b) of the Act, the terms of office of the present Auditor Messrs Baker Tilly Monterio Heng PLT, (converted from a conventional partnership, Messrs Baker Tilly Monteiro Heng on 5 March 2019) shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. Messrs Baker Tilly Monterio Heng PLT, have indicated their willingness to continue their services until the conclusion of the 29th AGM. The re-appointment of Messrs Baker Tilly Monterio Heng PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Resolution 2, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

4. **Re-election of Directors who retire in accordance with Article 101 of the Company's Articles of Association ("AA")**
   Ordinary Resolution 3 & 4, Article 101 of the AA provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of eight (8), three (3) Directors are to retire in accordance with Article 101 of the AA. However, Mr Kuo Wen Chi who retires by rotation in accordance with Article 101 of the of the Articles of Association has notified the Board that he does not wish to seek for re-election at the 28th AGM. Hence, he shall retire at the conclusion of the 28th AGM.

   Nomination Committee has assessed the performance of these Directors seeking for re-election under Article 101 based on salient criterias of their contribution to the Board's desicion making and their individual performance of their roles and responsibilities to the Company/Group.

   The satisfactory outcome of the assessment was reported to the Board of Directors and the Board recommends these Directors to be re-elected according to the resolutions put forth in the forthcoming AGM.

   These Directors has abstained from deliberation and partcipation of their own agenda in both the Nomination Committee meeting as well as the Board of Directors' meeting.

5. **Directors' Fees and Allowance**
   Ordinary Resolution 5 & 6, pursuant to Section 230(1) of the CA 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be pre-approved at a general meeting. In this respect, the Board shall seek shareholders' approval at the 28th Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below: -

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- Ordinary Resolution 5 on payment of Directors' fees and allowance amounting to RM390,660 to the Non-Executive Directors for financial year ended 31 December 2018; and

- Ordinary Resolution 6 on payment of Directors' fee and allowance up to an amount of RM400,000 to the Non-Executive Directors for financial period 1 January to 31 December 2019 .

The Directors' benefits derived from the Company which is estimated not to exceed RM400,000 is basically the fee and meeting allowances for Board and Board Committee meetings to be attended for period from 1 January 2019 until the conclusion of the next AGM. The Board will seek shareholders' approval at the next AGM in the event the amount approved is insufficient due to any increase in Board/Board Committee meetings and/or increase in Board size. Details of the Directors' fees and benefits paid to the Non-Executive Directors are disclosed on page 32 in the Statement on Corporate Governance of this Annual Report.

SPECIAL BUSINESS: -

6. **Authority to Allot Shares - Sections 75 & 76**
Ordinary Resolution 7, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate where the Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund-raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

7. **Proposed Renewal of Share Buy-Back Authority**
Ordinary Resolution 8, if passed, will empower the Board of Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company at any point in 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 RM333,206,913 as at 31 December 2018. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the 29th Annual General Meeting.

Please refer to Statement of Share Buy-Back dated 26 April 2019.

8. **Designation as Independent Director**
Ordinary Resolution 9, Mr. Jonathan Law Ngee Song is an Independent Director of the Company who has served the Company for more than nine years. In line with the Malaysian Code on Corporate Governance, the Nomination Committee has assessed his independence as defined in Bursa Securities Listing Requirements which has not been compromised. Mr Jonathan has exercised his judgment in an independent and unfettered manner, discharge his duties with reasonable care, skill and diligence at all times. He brings independent thought and experience to the Board's deliberations and decision-making process at all times and this is valuable to the Company. In that respect, the Board has recommended for Mr. Jonathan Law Ngee Song to continue to be designated as an Independent Director according to the resolution put forth in this forthcoming Annual General Meeting and to be voted via the 2 tier voting in Compliance to the MCCG

9. **Proposed adoption of the Constitution of the Company**
The Memorandum and Articles of Association of the Company shall have effect and enforceable pursuant to Section 619(3) of the Companies Act 2016. The Company is proposing a New Constitution to replace its existing Memorandum & Articles of Association (deemed as Constitution by Companies Act 2016) in order to bring the Constitution in line with the Companies Act 2016 and Bursa Securities Malaysia Berhad Listing Requirement and to enhance administrative efficiency. The proposed new Constitution is attached hereto and identified as Appendix I. The Appendix I on the Proposed alteration and/or amendment of the Constitution of the Company which is circulated together with the Notice of the 28th Annual General Meeting (AGM) dated 26 April 2019, shall take effect once the Proposed Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the forth coming AGM.

CORPORATE INFORMATION

Total Number of Issued Shares and Market Capitalisation

The total number of issued shares of Evergreen Fibreboard Berhad as at 31 December 2018 was 846,423,985 and the ordinary share price (Stock Code 5101) at the close of business was RM0.35 giving a market capitalisation of RM296,248,394.75 in the Main Market of Bursa Malaysia Securities.

Our Website

Our website, www.evergreengroup.com.my contains up to date details and information on the Group and its operations, together with all the key historical financial and regulatory information. Regular updates pertaining to all the Company's Announcements, other relevant changes and developments in the Group are being carried out.

Our Registered Address

Boardroom Corporate Services Sdn. Bhd.
(Formerly known as Boardroom
Corporate Services (KL) Sdn. Bhd.)
Company No. 3775-X)
Suite 9D, Level 9, Menara Ansar,
65, Jalan Trus, 80000 Johor Bahru,
Johor.
Tel: 607-2226536
Fax: 607-2210890

Our Company Secretaries

Ms Leong Siew Foong (MAICSA NO: 7007572)
Ms Santhi A/P Saminathan
(MAICSA NO: 7069709)

Our Share Registrar

Boardroom Share Registrars Sdn Bhd
(Company No: 378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor.
Tel : 03-7481 8000
Fax: 03-7481 8151

Our External Auditors

Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.
Tel: 03-22971000
Fax: 03-22829980

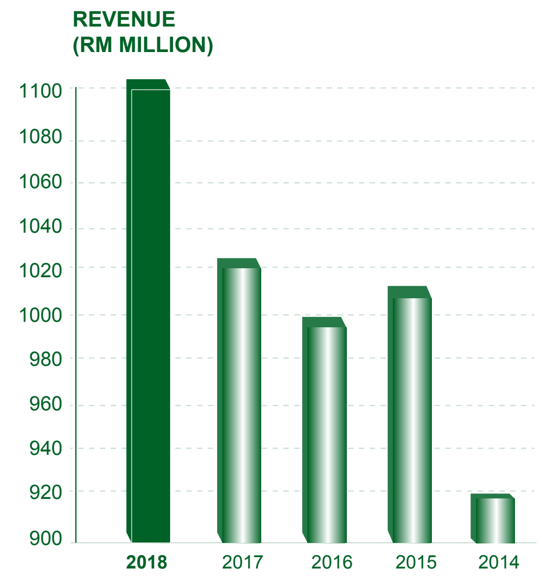
Our Internal Auditors

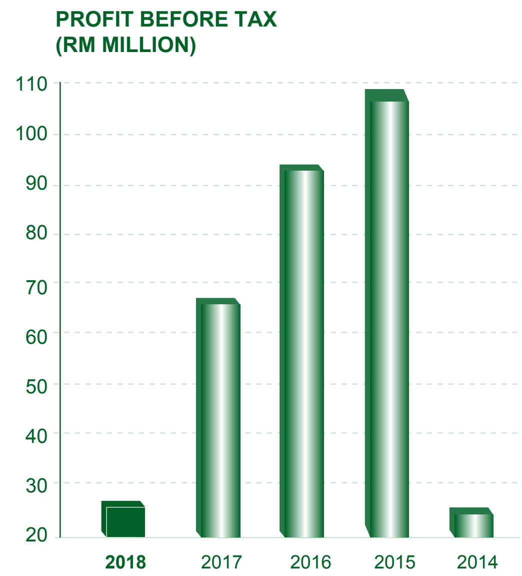
BDO Governance Advisory Sdn. Bhd.
Level 8, BDO@ Menara Centara,
360 Jalan Tunku Abdul Rahman,
50100 Kuala Lumpur.
Tel : 03-26162888
Fax : 03-2616 2829

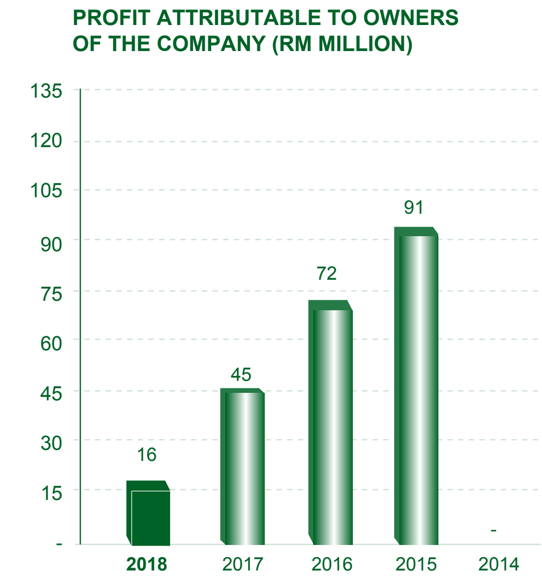
GROUP'S FINANCIAL HIGHLIGHTS

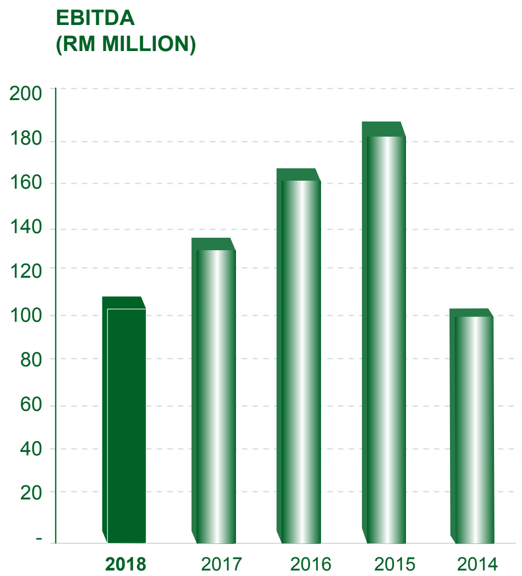
RM' Million	2018	2017	2016	2015	2014
FINANCIAL RESULTS					
Revenue	1,106	1,024	998	1,012	919
Gross Profit Margin (%)	17.2%	22.0%	26.8%	28.4%	20.1%
Profit Before Tax	26	68	93	109	25
Profit After Tax	16	47	68	94	22
Profit Attributable to Owners of the Company	16	45	72	91	-
EBIT	32	74	100	119	38
EBITDA	106	137	164	184	102
FINANCIAL POSITION					
Total Assets	1,589	1,591	1,561	1,447	1,286
Total Liabilities	403	422	409	377	456
Total Net Assets	1,186	1,169	1,152	1,070	830
Share Capital	345	345	212	141	128
Total Equity Attributable to Owners of the Company	1,156	1,139	1,124	1,038	802
BANK BORROWINGS					
Total Borrowings	209	217	205	199	288
Cash and Bank balances and Investment Securities	107	121	160	117	74
Total Net Borrowings	102	96	45	82	214
SHARE CAPITAL (No. of shares '000)					
Weighted Average	845,885	846,002	827,152	517,356	513,000
Share Capital	846,424	846,424	846,424	564,290	513,000
Treasury Shares	622	422	422	22	22
FINANCIAL RATIOS					
EPS (sen)	1.93	5.31	8.66	17.57	0.03
Return on Shareholders' Funds (%)	1.4%	3.9%	6.4%	8.8%	0.0%
Return on Total Assets (%)	2.7%	6.3%	8.7%	11.1%	4.6%
Share Price at Year End (RM)	0.35	0.65	0.96	2.36	0.605
PE Ratio (X)	18.1	12.2	11.1	13.4	2,016.7
DPS (sen)	0.48	1.38	2.00	1.00	-
Net Assets per Share (RM)	1.40	1.38	1.39	2.07	1.62
Net Gearing Ratio (%)	8.1	7.8	3.8	7.3	21.1
Market Capitalisation (RM'000)	296,248	550,176	812,567	1,331,724	310,365

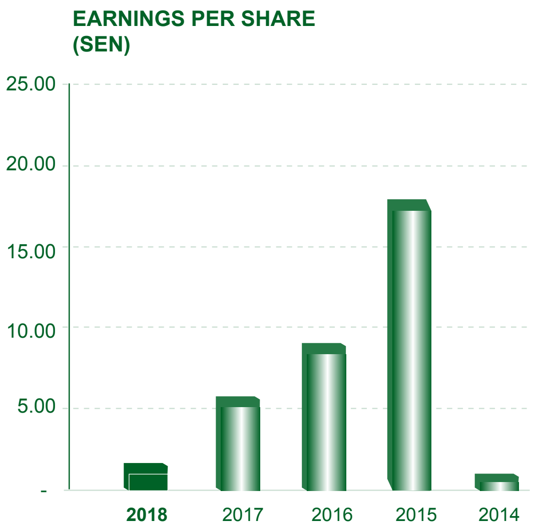
GROUP'S FINANCIAL HIGHLIGHTS (Cont'd)

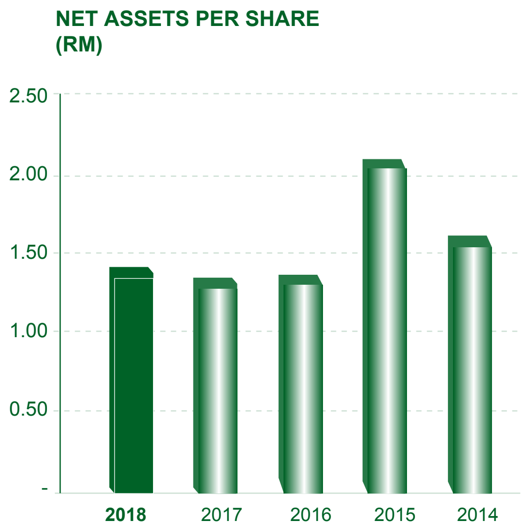




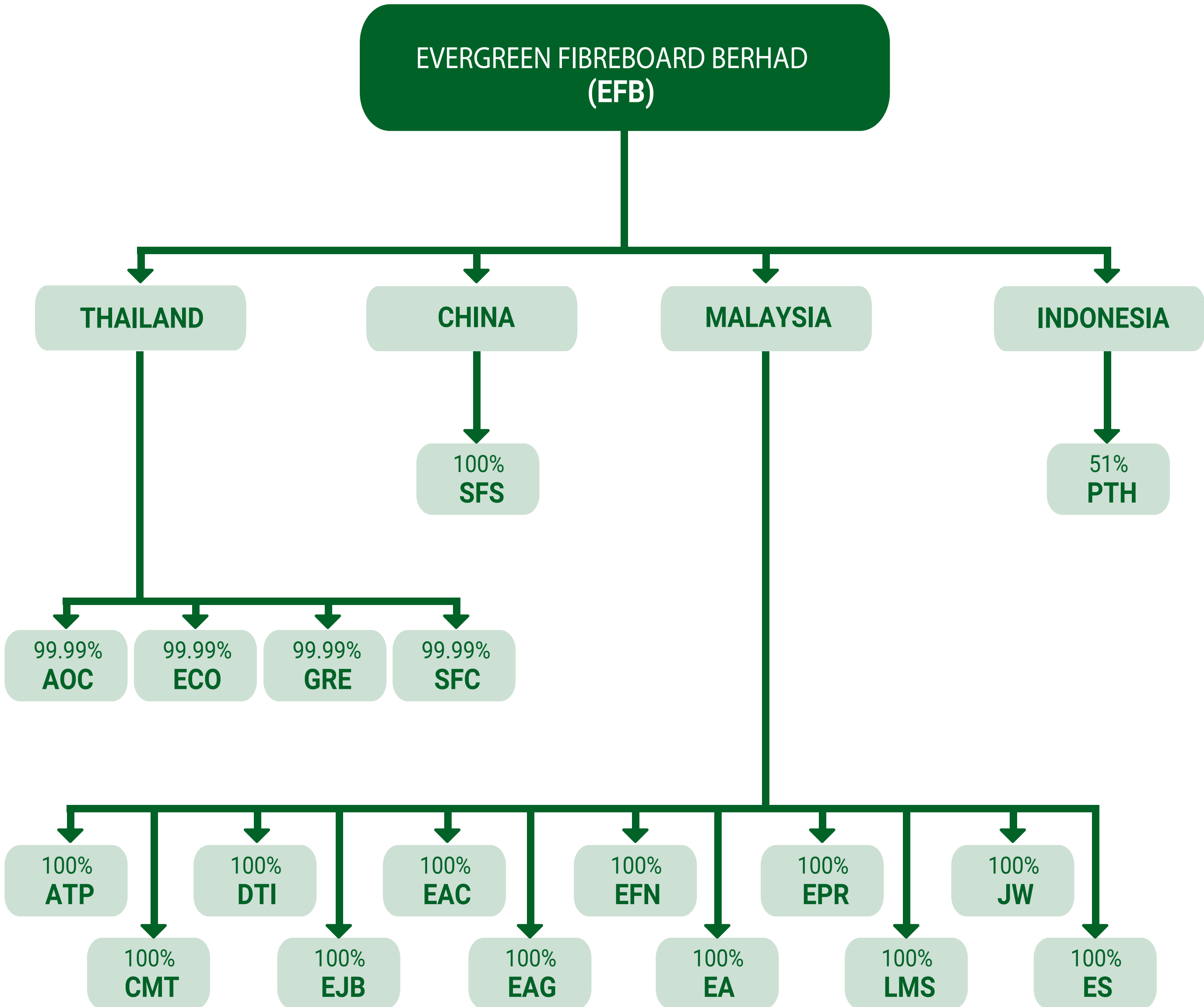








GROUP'S STRUCTURE



MALAYSIA ABBREVIATIONS :-

ATP AllGreen Timber Products Sdn. Bhd.
CMT Craft Master Timber Products Sdn. Bhd.
DTI Dawa Timber Industries (M) Sdn. Bhd.
EFB Evergreen Fibreboard Berhad
EJB Evergreen Fibreboard (JB) Sdn. Bhd.
EAC Evergreen Adhesive & Chemicals Sdn. Bhd.
EAG Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.
EFN Evergreen Fibreboard (Nilai) Sdn. Bhd.
EA Evergreen Agro Sdn. Bhd.
EPR Evergreen Plantation Resources Sdn. Bhd.
LMS Locomotion Services Sdn. Bhd.
JW Jasa Wibawa Sdn. Bhd.
ES Everlatt Sourcing Sdn. Bhd.

THAILAND ABBREVIATIONS :-

AOC Asian Oak Co., Ltd.
ECO ECO Generation Co., Ltd.
GRE GRE ENergy Co., Ltd.
SFC Siam Fibreboard Co., Ltd.

INDONESIA ABBREVIATIONS :-

PTH PT Hijau Lestari Raya Fibreboard

CHINA ABBREVIATIONS :-

SFS – Siam Furniture (Shanghai) Co. Ltd.

GROUP'S BUSINESS STRUCTURE

Medium Density Fibreboard

- Evergreen Fibreboard Berhad - Parit Raja, Johor
- Evergreen Fibreboard (JB) Sdn. Bhd. - Segamat, Johor
- Evergreen Fibreboard (Nilai) Sdn. Bhd. - Nilai, Negeri Sembilan
- Siam Fibreboard Co. Ltd. - Thailand
- PT Hijau Lestari Raya Fibreboard - Indonesia

Resin / Adhesive

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

Energy / Biomass

- AllGreen Timber Products Sdn. Bhd. - Segamat, Johor
- ECO Generation Co. Ltd. - Thailand
- GRE Energy Co. Ltd. - Thailand

Logistics/Warehousing

- Locomotion Services Sdn. Bhd. - Butterworth, Penang

Plantation (Rubber)

- Jasa Wibawa Sdn. Bhd. - Kahang, Johor

Laminated 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 (RTA)

- Evergreen Fibreboard Berhad - Parit Raja, Johor
- Everlatt Sourcing Sdn. Bhd. - Parit Raja, Johor

Property Holding

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

Wood Products

- Asian Oak Co. Ltd. - Thailand
- Evergreen Fibreboard (Nilai) Sdn. Bhd. - Nilai, Negeri Sembilan
- Siam Furniture (Shanghai) Co. Ltd. - China
- Craft Master Timber Products Sdn. Bhd. - Parit Raja, Johor

DIRECTORS' PROFILE

JONATHAN LAW NGEE SONG,
Malaysian, Male, Age 53.
Group Independent Non-Executive Board Chairman,
Chairman of Remuneration Committee, Member of the Nomination and Risk Management Committee.

Qualification
Bachelor of Commerce and Bachelor of Laws.

Working Experience
Since graduation, he has been practicing as a Legal Assistant in Allen & Gledhill (1991 to 1995) and subsequently promoted as a Partner (1995 to 1996) of the firm. He has been a Partner of Messrs Nik, Saghir & Ismail up until 31 March 2019 and has joined Azmi & Associates as a Partner for Merger & Acquisition / Corporate Practice on 2nd April 2019.

Date Appointed to the Board
He was appointed as a 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.

Directorship in other Public Listed Companies
He was appointed as an Independent Non-Executive Director of Karex Berhad on 30 Nov 2012 and Anglo Eastern Plantation PLC on 4 July 2013.

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 2018
He attended 6 out of 6 Board Meetings, 2 out of 2 Remuneration Committee Meeting, 2 out of 2 Nomination Committee Meetings and 4 out of 4 Risk Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO WEN CHI,
Singaporean, Male, Age 85.
Group Executive Director / Vice Chairman

Qualification
Completed Primary Education.

Working Experience
His career started in 1957 as a Production Supervisor at Lin Shan Hao Plywood Co Ltd in Taiwan. He brought a wealth of experience from the wood-based industry with him when he moved to Singapore in 1972 to establish his own business with the incorporation of Evergreen Timber Products Co. Pte. Ltd (ETP). He was then appointed the Managing Director and was responsible for the overall management of ETP. In 1977, he ventured into Malaysia to establish the Evergreen Group of Companies and was the main driving force behind the growth and development of the Group. His current responsibilities include strategic business planning and developing strategic directions for the Group.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991 and was appointed as Non-Executive Deputy Chairman on 15 April 2004. Subsequently, he was re-designated as Group Executive Director / Vice Chairman on 16 March 2006 and 15 June 2015 respectively.

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 157 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the husband of Hsu Mei Lan, father of Kuo Jen Chang, Kuo Huei Chen, Kuo Jen Chiu and grandfather to Henry, Justin and Jeffrey Kuo.

Conflict of Interest with the Group
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 2018
Attended 5 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHANG,
Singaporean, Male, Age 56.
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 responsible for sourcing and negotiation of machinery for the upgrading and expansion of the company. 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 157 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 2018
He attended 6 out of 6 Board Meetings.

KUO JEN CHIU,
Singaporean, Male, Age 53.
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 157 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 for the Financial year 2018
He attended 6 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

MARY HENERIETTA LIM KIM NEO,
Malaysian, Female, Age 55.
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.

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 2018
She attended 6 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUAN KAI SENG,
Malaysian, Male, Age 45.
Independent Non-Executive Director,
Chairman of the Nomination Committee and Member of the Audit 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 a 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 2018
He attended 6 out of 6 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)

HENRY S KUO,
American, Male, Age 35.
Non-Independent Non-Executive Director.

Qualification
Bachelor of Science in Economics and Mathematics (Wheaton College - IL, USA) Master of Arts in Economics (Illinois – Chicago, USA) and Master of Philosophy (Princeton – Princeton, USA).

Working Experience
Currently a doctoral candidate in philosophy at the University of California in Berkeley, focusing on research and studies on business ethics, political philosophy and philosophy of economics.

Date Appointed to the Board
He was appointed as Non-Independent-Non-Executive Director on 4 March 2016.

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 157 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the grandson of Kuo Wen Chi and Hsu Mei Lan, nephew of Kuo Jen Chang, Kuo Huei Chen, and Kuo Jen Chiu and brother to 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 Meeting attended in the Financial year 2018
He attended 5 out of 6 Board Meetings.

NIRMALA A/P DORAISAMY
Malaysian, Female, Age 53.
Independent Non-Executive Director,
Chairman of the Risk Management Committee, Member of the Audit and Nomination 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 29 years of experience in banking, risk management and project management. She started her career with a local bank. Her vast experience encompasses various aspects of banking such as corporate, commercial and SME lending. 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 17 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. The rating model was successfully rolled out in 2010 and integrated with the Loan Origination system. She also spearheaded her team that was involved in the development of Integrated Risk Management System and Solutions. Currently she is a Director of Credience Malaysia Sdn. Bhd. and Advisor of CN & Associates (Audit Firm).

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

Directorship in other Public Listed Companies
She was appointed as an Independent Non-Executive Director of Ecobuilt Holdings Bhd (formerly known as M-Mode Bhd) on 19 August 2013.

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 2018
She attended 6 out of 6 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Nomination Committee Meetings and 4 out of 4 Risk Management Committee Meetings.

KEY OFFICERS' PROFILE

TEE KIM FOOM
Malaysian, Female, Age 52.
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 25 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.

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 51.
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.

Date of Employment
16 June 2000.

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)

LEONG TING SIONG @ MARTIN LEONG,
Malaysian, Male, Age 42.
Group Corporate Controller / Investor Relation 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. Subsequently, he became the Group Accountant of a local group of companies listed 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 2016. 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.

Date of Employment
16 Oct 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.

MANAGEMENT'S DISCUSSION & ANALYSIS

Our Group's Business & Operations

The Company was incorporated in 1992 and commenced its operations in July 1993 with a single production line manufacturing Medium Density Fibreboard in Johor, Malaysia. The Group's operations have since expanded to have 8 (eight) manufacturing sites with 10 (ten) panel board production lines located in the region of Johor, Negeri Sembilan, Kedah, Thailand and Indonesia and with a total workforce of approximately 2525 employees.

Our key operation activities are in manufacturing and our Core Products are Medium Density Fibreboard ("MDF") & Particle Board ("PB") with and without Overlay (Downstream process). An insignificant portion of our manufacturing is in Ready to Assemble Indoor Furniture ("RTA"), Wood Products (Furniture Parts), Resin/Adhesive which are mainly manufactured/supplied to our related companies producing panel boards, energy and warehousing services. Our rubber plantation does not generate any revenue currently and is expected to contribute in the financial year 2019.

For the current financial year, our Malaysia subsidiaries contributed approximately 58% of the Group's revenue while Thailand and Indonesia contributed 35% and 7% respectively. The principal business activities of the Group remained in manufacturing of Panel Boards which contributed 86% of our revenues while the downstream processes (Value Added MDF) contributed 7%, and the Ready to Assemble Indoor Furniture and Wood Products contributed the remaining 7%.

The Group's geographical market presence spreads throughout 5 continents consisting over 40 countries and with a customer base of over 600 customers, mainly furniture makers and building material suppliers.

Our Main Market Share

Asia	-	50%
Middle East	-	40%
United States	-	4%
Europe	-	2%
Others	-	4%

Our Business Objectives

Our Group's Business Objective remains to be a one stop recognised supplier/producer Panel Board Industry through a wide range of products with specifications that meets every customer's needs in a 3 (three) years period commencing financial year 2018.

Our Business Strategies

Our long-term business strategy remains in line with our business objectives, focusing to manufacture different range and specification of products by each manufacturing plant, based on their production capabilities, cost efficiency and ability to compete in the current market and economic condition.

In view of the influx of additional volume of panel board from the recent commencement of newly installed production lines especially in the Asian region, the Group is focusing on its core competency, which is in deriving the maximum value out of each of its manufacturing facilities. As the panel board market is over-saturated, the strategy would be to compete effectively by ensuring the Group's production lines are running efficiently and generating products which are of quality and at the most competitive cost.

Financial Review

Our Group's Financial Statements have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and in accordance to the requirements of the Company Act 2016.

Revenue

For the year ended 31 December 2018, the Group's revenue was RM1,106 million which is higher by approximately 8% compared to RM1,024 million reported in 2017. This was mainly due to the full commercial run of our particle board plant and the recovery of sales volume from our Thailand Plant which was not in full production partially due to the fire and upgrade works in 2017.

The Group's utilisation capacity rate in the current financial year increased by 11% mainly contributed by the full year run of our Particleboard line and the resume of full production line in Thailand which is in line with the increase in revenue.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

Gross Profit & Profit before Tax

The current gross profit margin for the Group was RM191 million, a decrease of 15% from the previous financial year of RM225 million.

Profit before tax for the current financial year was RM26 million showing a decrease of 62% compared to financial year 2017 of RM68 million. The decrease was mainly due to lower average selling price which is caused by severe competition from surrounding regions and prices of raw materials.

Selling and Administrative expenses showed an increase of 20% equivalent to RM32 million due to the increase in volume sold and higher freight cost incurred for Group's products that were delivered to farther markets.

The Group's finance cost for the current financial year increased by 12% compared to the previous financial year due to interest on borrowings for our Particle Board Plant that had taken effect in the current financial year.

Profit after Tax

The Group's profit after tax in the financial year showed a decrease of 65% compared to the previous financial year, mainly was due to higher cost of raw materials coupled with a lower selling price caused by weak market demand of panel boards.

Shareholders' equity

The total equity of the Group stood at RM1,186 million at the end of the current financial year end with an increase of 1.5% compared to the previous financial year.

Total Assets

The Group's total assets decreased from RM1,591 million in the previous financial year to RM1,589 million in the current financial year are mainly from goodwill written off as a result of land disposal in our subsidiary.

Our Trade and other receivables increased by 3% to RM115 million in the financial year due to the increase in particle board sales volume as it is the first full year run in the production.

On our inventories, there was an increase to RM253 million in the financial year from RM227 million at the end of the previous financial year. The increase was due to the weaker demand of our products commencing 3Q2018 and this has contributed to the increase in investory.

The Group's bank balances decreased by 12% to RM107 million from RM121 million in the previous financial year was due to payment of capital expenditure incurred in the current financial year and repayments of bank borrowings.

Total Liabilities

The Group's total liabilities decreased from RM422 million in the financial year 2017 to RM403 million in the current financial year mainly due to lower in other payables and loans due to repayments made during the year.

The Group's trade and other payables in the financial year decreased by 7% from RM148 million in the previous financial year to RM138 million. This was caused by lower deposits being held by the Group due to completion of land disposal transaction in our subsidiary as well as payments made to vendors for completion of particleboard project.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

Borrowings

Borrowings in the Group decreased by approximately 4% from RM217 million at the end of the previous financial year to RM209 million in the current financial year due to repayment of term loans made based on the agreed loan repayment schedules.

Gearing Ratio (%)

The Group's gross gearing ratio showed a 1% decrease to 17% in the current financial year compared to 18% in the previous financial year.

The Group's net gearing ratio showed an increase from 8.3% in the previous financial year to 8.6% in the current financial year due to lower in cash and bank balances.

Earnings per share

The net earnings per share for the current financial year was at 1.93 sen compared to 5.31 sen in the previous financial year due to the Group's lower net profit.

Net assets per share

The net assets per share in the current financial year was RM1.40 compared to RM1.38 in the previous financial year. The slight increase in net assets per share was from higher net assets.

Financial Position

The Group's balance sheet remains strong as at 31 December 2018 and the Group's cash and cash equivalents of RM107 million against its borrowings of RM209 million gives a net debt of RM102 million compared to RM96 million in 2017, where a slight increase of RM6 million is seen.

The Group's borrowings for the financial year 2018 decrease to RM209 million compared to RM217 million in 2017. The Group remains confident in maintaining a sound financial position and the Board believes that the Group will be able to continue its operations and meet its liabilities for the foreseeable future.

Our Internal Key Results Areas (KRA)/Key Performance Indicators (KPI)

KRAs / KPIs given to each subsidiary was based on Financial Targets and Non-Financial. Financial targets set for the Group in 2018 was as follows: -

Targets	Achievement
Profit Before Tax – RM37 million	RM26 million
Profit After Tax – RM30 million	RM16 million

Financial targets were set but was unable to achieve due to higher cost of raw materials, lower production volume and drop in selling price due to the weak demand in the overall market / industry.

The Non - financial targets were on KPIs for internal process improvement which the Group managed to achieve an average of 80% of what was targeted due to non-financial KPIs were partially link to financial performance in some manner.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

Review of our Operating Activities

During the financial year, the Group had placed its emphasis on operational efficiency and productivity for each of its panel board production lines focusing on individual plant's strength and capabilities.

Due to the abundance supply of Panel Board in the market, there has been a decline in sales of panel board towards the third quarter of 2018 and to compete more effectively, the Group has invested in improving cost efficiency in its production lines.

Capital expenditures in the financial year for the Group was RM65 million mainly to enhance operation efficiency and normal maintenance approximately RM39 million for Malaysia operations and RM22 million for upgrades and normal maintenance in our Thailand Plant while the remaining amount of RM4 million was for our Indonesia Plant and other smaller divisions.

Risks

Competition risk

The wood panel industry is expected to face extreme challenges especially from Thailand and Indonesia for their new/ additional production lines that has commenced commercial run during the financial year. In fact, the market has yet to absorb the excess supply and the oversupply has caused a price war amongst the manufacturers of panel boards.

In addressing to this risk, the Group have further reinforced its position to be a one stop recognised supplier/producer of Panel Board by having a range in specification that is able to meet every customer's requirements including an increase in premium and added value products.

As the Group is still in the midst of executing our planned strategies in the current financial year, the Group has yet to fully mitigate the effects of the oversupply of the products and weak demand and this has significantly affected the Group's financial performance for the current year.

Operational Risk

Our operational risk is in the supply chain for rubber wood which is our main raw material for the manufacture of panel board and furniture products in all our plants. The Group's raw material supply can and may be affected drastically during the monsoon season and in this period, plantations areas can and may be flooded which can prevent the works on land clearing and cutting of matured rubber trees being delayed for a period of time. Any shortage of rubber wood supply to manufacturers will lead to higher cost of raw materials or lower productivity due to insufficient of wood supply.

In order to ensure the quality level of our products are maintained, rubber wood must be processed within 2-3 weeks from being harvested and therefore our stock pile for rubber wood can only be stored to last for this period of time. Any break in the supply chain exceeding 2 (two) weeks will cause disruption to our production and delivery of our products that will eventually affect our financial performance.

This is an inherent risk faced by the Group / industry players and by having increased additional stock pile, we can only minimise the risk but not fully eliminate it. However, we will need to compromise on the quality of our products including an increase in the consumption of glue (higher cost involved) due to wood being kept for a longer period before use in production as wood has lost its natural contents.

Financial Risk

The Financial Risk of the Group remains in the fluctuation of the Malaysia Ringgit, Thai Baht and Indonesian Rupiah against the US Dollar. Our Group's export sales proceeds are mainly derived in US dollar and therefore the weakening or strengthening of the US Dollar against the Malaysian Ringgit, Indonesian Rupiah and the Thai Baht can affect the Group's financial performance. The fluctuation of currencies is constantly being monitored as the Group does not practice any hedging and it is the Group's policy to have a natural hedge. Hedging of any form will be considered as and when the need arises.

The Group's foreign currency borrowings consist of US and Euro dollars and any fluctuation of US dollar against the Euro dollar will lead to foreign exchange differences. Moreover, due to our major shareholdings in Indonesia and Thailand, the currency translation losses can and may be realised should the US dollar weaken and this can have negative impact to the Group's financial performance or vice versa. In the current financial year, foreign exchange gains were RM7 million compared to a loss of RM4.5 million in the previous financial year.

Forward Looking Statement – Prospect

The panel board market has not cease weakening which is caused by the global economy and the sudden influx of additional volume from newly installed production lines in the surrounding regions. Thus, making the market over-saturated and driving the selling price to the lowest level while creating a price war between the manufacturers of panel board.

Looking at this situation, the Board do not foresee a major improvements in the panel board market and selling prices based on the current oversupply for financial year 2019 or even 2020. However, the Board is optimistic that with the strengthening of their strategy to overcome the challenging environment focusing on achieving the right specification for quality, productivity and a competitive cost, the Group will be able to achieve its set objectives on key results area and financial targets for 2019 despite the tough challenges ahead.

Dividend Policy

The Board of Directors had for the financial year 2016 onwards, approved a dividend pay-out policy of not less than 25% of its consolidated profit after tax (excluding exceptional items). However, such amount of payments is to be depended upon a number of factors, such as, the earnings, capital commitments, general financial conditions, distributable reserves and other factors that may have to be considered by the Board at the point of dividend declaration.

In 2018, the Company made a dividend pay-out of 1.38 sen per ordinary share equivalent to 25% of its consolidated profits for the financial year 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP & EFFECTIVENESS

The Board of Directors ("BOD") has the obligations to its stakeholders in ensuring the sustainability of the Group businesses. In discharging their fiduciary duties and leadership functions, the BOD sets the Group's Strategic Objectives, monitors management performance and ensure needed resources are provided in view of achieving set objective.

I. BOARD RESPONSIBILITIES

1.1 The BOD deliberated and set the Group's Strategic Objectives including Key Operational matters and thereon: -

a) approved the Group's annual Corporate Management Plans which is linked to the set strategic financial and non-financial objectives presented by Management;

b) oversee the performance of businesses in the Group by obtaining regular updates from the Executive Directors on the financial and non-financial performance of individual company / business units especially during the current weak economic and business situation;

c) reviewed and approved the ethical standards in the Code of Conduct for appropriate behaviour on 30 June 2018 and obtained Executive Director's assurance for any incident of non-adherence;

d) reviewed and approved the Risk Management Framework on 16 November 2018 to ensure a sound Enterprise Risk Management system put in place and discussed the updates on latest Risk Register that consist of new emerging risk in the Group;

e) reviewed findings by Internal Auditor on the adequacy of the Group's Internal Controls (Policies and Procedures) and advises Management of improvements needed;

f) reviewed the succession plans for Key Officers, Executive Directors and the Board Members in February 2018 including the plans for specific trainings needed; and

g) reviewed the stakeholders communication policy in November 2018 to ensure that it is put in practice.

1.2 Our Board Chairman, Mr. Jonathan Law Ngee Song is an Independent Non-Executive Chairman and his main role and responsibilities are strictly on Board's matters. He possesses the Leadership Skills required and he is able to provide the Board with the directions and strategic insights needed. He fosters good corporate governance by ensuring adoption and practices in compliance to the MCCG by the Company at all times. He furthers reviews with the Company Secretary on the compliance level of the Company on corporate governance including the step-ups on a regular basis. Mr Jonathan Law assumes a leadership figure in the boardroom and is able to represent the same to our stakeholders.

1.3 The position and function of our Board Chairman is different and is entirely a separate role from the President / Chief Executive Officer.

1.4 The Company is being supported by qualified and competent company secretaries, Madam Leong Siew Foong (MAICSA NO: 7007572) and Santhi A/P Saminathan (MAICSA NO: 7069709) and they are capable of carrying out their duties attached to the post.

1.5 All Board Members receives their meeting papers containing minutes of previous meeting, agenda of the coming meeting together with all relevant reports based on the agenda in advance of 6 (six) days prior to meeting date.

Minutes of Meeting are prepared and circulated via electronic mail to all directors in draft form within 14 (fourteen) days from meeting date. The amended draft minutes are circulated again via electronic mail for final confirmation in readiness for signing at subsequent meeting.

1.6 Our Board Charter reviewed and approved on 30 June 2018, clearly designated the respective roles and responsibilities of the Board, its Committees, Individual Directors of the Company including issues and decisions that are reserved for the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

1.7 The established Code of Conduct & Business Ethics ("the Code") reviewed on 30 June 2018 formalises the ethical standards for Employees and Directors of the Group and it is also to enhance Corporate Governance practices towards achieving a culture of Integrity, Accountability and Transparency.

For easy accessibility to the "Code" or its revision, the code is being made available on the Company's website and in the Company's Policies & Procedures shared folders in the cloud server of which is made accessible to certain level of employees in the Group at any point in time.

1.8 Policy on Whistleblowing was established and review by the Board together with Management in November 2018 and it is made available on the Company's website.

II. BOARD COMPOSITION

2.1 There were 6 (six) Board Meetings carried out during the financial year and Board's decisions in these meetings were made objectively, in the best interest of the Company / Group taking into consideration the business perspectives and the industry economic insights.

2.2 Our current board's composition of 8 (eight) members are made out of three (3) Independent Directors, four (4) Executive Directors and 1 (one) Non-Independent Non-Executive Director all of whom has wide expertise in the field of Audit, Accounting, Economics, Legal, Risk, Manufacturing and Administration. They objectively & independently deliberate for views and decision making on all Board's decision.

2.3 To enhance the oversight of Management, the Board as a whole had reviewed its size and composition of the Board and targets to achieve 50% of independent directors on board by the end of financial year 2019.

2.4 The current practice in retaining an independent director beyond the cumulative term of nine years is by obtaining shareholder's approval commencing the tenth year onwards with justification on review carried out to determine any impairment to the independence of said director.

2.5 In line with Practice 4.2 of the Malaysian Code on Corporate Governance, the Company shall obtain shareholder's approval for retaining an Independent director beyond the 9th year onwards and shall use the two -tier voting process in order to seek shareholders' approval, for retaining a Director as Independent after the 12th year onwards.

2.6 The recruitment and appointment of Board Members is the responsibility of the Nomination Committee and the guidelines to selection of Board Members has been pre-determined in the Terms of Reference of the Nomination Committee.

The criteria such as the required skills for the boardroom, relevant experience, age, background culture and gender are set by the Board to ensure a mixture of skill sets to be able to contribute different ideas in board's discussion and decision.

The recruitment and appointment of Senior Management / Key Officers are the responsibility of the Executive Directors and the basis of selection are on the required skills and experience based on the designation and job scope.

2.7 The Board currently has 2 (two) women Directors on board and the Board is committed in maintaining the required number of female representations. The Nomination Committee is responsible to ensure diversity on skills, experience and gender as and when making recommendation for Board appointments.

On gender diversity for Senior Management, it is a practice and is known within the Group on no barriers for women succeeding at the highest levels and currently the percentage of women in executive positions have outnumbered the percentage of males in the group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

2.8 When 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 potential candidates are being sourced from the Lead Women Directors Registry and the Institute of Corporate Directors Malaysia (ICDM).

2.9 Our Nomination Committee comprises of 3 (three) members all of whom are Independent Non- Executive Directors and was chaired by our Senior Independent Non- Executive Director, Mr Kuan Kai Seng during the current financial year. Executive Directors attends on invitation only for clarification on matters in discussion.

2.10 Succession Plans for the Chairman, Chief Executive Officer, Chief Operating Officer, Executive Director and Independent Directors are the responsibilities of the Nomination Committee whereas the Key Officers and Senior Management are the responsibility of the Executive Directors.

2.11 As required under Paragraph 15.08A(3)(b) of Bursa Securities Listing Requirements on the activities of the Nomination Committee in discharging its duties for the current financial year is reported on page 43 of this Annual Report.

TRAININGS ATTENDED BY DIRECTORS

DIRECTOR	TRAINING ATTENDED
JONATHAN LAW NGEE SONG	CORPORATE GOVERNANCE BRIEFING SESSION - MSSG REPORTING & CORPORATE GOVERNANCE GUIDE
	IMPLEMENTATION OF CORPORATE GOVERNANCE AS REQUIRED BY SECURITY COMMISSIONS OF MALAYSIA
	INDEPENDENT DIRECTORS' PROGRAMME "THE ESSENCE OF INDEPENDENCE"
KUO JEN CHANG	MALAYSIAN INTERNATIONAL FURNITURE FAIR IN KL
	39TH INTERNATIONAL FAMOUS FURNITURE FAIR DONGGUAN, IN DONGGUAN CHINA
	40TH INTERNATIONAL FAMOUS FURNITURE FAIR DONGGUAN, IN DONGGUAN CHINA
	IFFC, IN CHENGDU CHINA
	1ST FOSHAN FURNITURE FAIR IN FOSHAN, CHINA
KUO JEN CHIU	BUSINESS CONTINUITY PLAN
	INSTALLING A CULTURE OF CORPORATE GOVERNANCE
KUAN KAI SENG	NATIONAL TAX CONFERENCE BY LHDN
	BUDGET SEMINAR 2018 BY LHDN

DIRECTOR	TRAINING ATTENDED
MARY HENERIETTA LIM KIM NEO	BUSINESS CONTINUITY PLAN
	BURSA REQUIREMENT-FINANCE FOR NON-FINANCE DIRECTORS
	MCCG AND BURSA LISTING REQUIREMENTS
	CORPORATE GOVERNANCE BRIEFING SESSION - MSSG REPORTING & CG GUIDE
	SUSTAINABILITY ENGAGEMENT SERIES FOR DIRECTORS / CHIEF EXECUTIVE OFFICERS
	MANAGING AN EFFECTIVE WHISTLEBLOWING COMMITTEE: AN OVERVIEW OF THE WHISTLEBLOWER PROTECTION ACT 2010
	THE RETURN OF SALES & SERVICE TAX SEMINAR
	STRATEGIC ENTERPRISE RISK MANAGEMENT: GOALS & OBJECTIVE AND OBJECTIVE CENTRIC RISK REGISTER WORKSHOP
	NATIONAL TAX SEMINAR 2018
NIRMALA A/P DORAISAMY	CHANGE YOUR MINDSET: MOVING FROM COMPANIES ACT 1965 TO COMPANIES ACT 2016
	MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) – A BROAD OVERVIEW AND THE BUSINESS IMPLICATIONS
	THE ANNUAL REPORT OF TOMORROW GUIDE TO FORWARD - LOOKING INFORMATION
	INTERNAL AUDIT FOR BOARD AND AUDIT COMMITTEE
	MIA INTERNATIONAL ACCOUNTANTS CONFERENCE 2018
	ACIIA CONFERENCE - EXCLUSIVE AUDIT COMMITTEE PACKAGE
	MIA - RISK MANAGEMENT CONFERENCE 2018
	CORPORATE GOVERNANCE GUIDE, 3RD EDITION: MOVING FROM ASPIRATION TO ACTUALISATION

III. REMUNERATION

3.1 Our Remuneration Committee comprises 3 (three) members all of whom are Independent Non-Executive Directors and is chaired by Mr Jonathan Law Ngee Song. Executive Directors attends meeting on invitation only for clarification on matters in discussion.

3.2 The main responsibility of the Remuneration Committee is to review the Independent Non-Executive Directors' Fees, Allowances and the Remuneration of Executive Directors including Key Officers of the Company as to ensure that they are being appropriately remunerated for their contributions.

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

3.3 A formal framework and structure on fees and allowances for its Non-Executive Directors ("NED") which approved by the Board is being used for rewarding NEDs. The framework on fees structure and allowances takes into consideration the responsibilities of each individual director their role and their contribution to the Board as well as the Board Committees they sit in. This framework and fee structure was reviewed and updated in February 2018.

3.4 A formal remuneration framework and salary structure for Executive Directors and Key Officer / Senior Management were reviewed and revised in February 2019 according to the economic situation and the anticipated performance of the Group. This framework and salary structure are based on the Financial Performance and Key Results Area set for each subsidiary / business units and takes into account the performance of individual Executive Directors and Key Officers and their contribution towards the financial and non- financial performance of the Group as a whole. Remuneration framework are made available on the Company's website at www.evergreengroup.com.my.

3.5 The Fee, Allowance and Remuneration payable to our Non-Executive Directors for the current financial year are as follows:-

Type of Fee	Company	Allowance/ Benefits	Subsidiary
For the Board			
Jonathan Law Ngee Song	RM86,100	RM8,880	NIL
Kuan Kai Seng	RM49,350	RM4,725	NIL
Yap Peng Leong	RM49,350	RM4,725	NIL
Henry S Kuo	RM49,350	RM3,675	NIL
Nirmala A/P Doraisamy	RM49,350	RM4,725	NIL
For the Audit Committee			
Yap Peng Leong	RM21,000	NIL	NIL
Kuan Kai Seng	RM10,500	NIL	NIL
Nirmala A/P Doraisamy	RM10,500	NIL	NIL
Nomination Committee			
Kuan Kai Seng	RM5,250	NIL	NIL
Jonathan Law Ngee Song	RM3,780	NIL	NIL
Nirmala A/P Doraisamy	RM3,780	NIL	NIL
Remuneration Committee			
Jonathan Law Ngee Song	RM5,250	NIL	NIL
Kuan Kai Seng	RM3,780	NIL	NIL
Yap Peng Leong	RM3,780	NIL	NIL
Risk Management Committee			
Nirmala A/P Doraisamy	RM5,250	NIL	NIL
Jonathan Law Ngee Song	RM3,780	NIL	NIL
Yap Peng Leong	RM3,780	NIL	NIL

Components to the remuneration and benefits paid to each individual Executive Director for the current financial year is as stated below:-

Directors	Company	Subsidiary
Kuo Wen Chi	RM885,480	Nil
Kuo Jen Chang	RM1,279,389	RM658,181
Kuo Jen Chiu	RM1,952,131	RM92,160
Mary H. Lim KN	RM519,587	NIL

3.6 The remuneration and benefits package of our top five (5) Senior Management & Key Officers for the current financial year is not being declared in bands of RM50,000 due to sensitivity reasons in the Group as well as to safeguard our key staffs against being recruited by our competitors. Nevertheless, the Board gives its assurance that the remuneration and benefit package given is comparable against the same industry and is able to retain the needed talent.

As an Alternative, the Remuneration Committee and the Board believe that the disclosure of Executive Director's remuneration, that includes the 3 numbers of Key Officer/Senior Management, in the audited financial statements is adequate (in compliance with requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures as Indicated in page 131 of this Annual Report"), for the information of stakeholders on how well the key management personnel are being remunerated which is in tandem with the Group's performance and the Board's quest in attracting, motivating and retaining talents in the Group.

IV. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

4.1 The Chairman of our Audit Committee for the current financial year was Mr Yap Peng Leong who was appointed on the 4th May 2016 and he does not hold the position of the Board Chairman.

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

4.3 Members of our 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 in the Audit Committee. They have continuously kept themselves abreast on all relevant developments and changes in the accounting and audit standards by attending seminars and updates on accounting standards.

4.4 Our Audit Committee reviews objectively the independence and effectiveness of the External Auditor yearly. A policy on appointment of former key audit partners or former employees of the External Auditor firm has been put in place and under 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.

Hence, 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.

4.5 Policies and Procedures on Evaluation of External Auditors has been put in place and being practice by the Audit Committee together with the Nomination Committee in terms of accessing the suitability, and independence of the external auditors. The annual evaluation process of External Auditors is led by the Audit Committee Chairman together with the Nomination Committee.

V. RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

5.1 Our Risk Management Committee comprises 3 (three) members all of whom are Independent Non-Executive Directors and is chaired by Ms Nirmala A/P Doraisamy. Executive Directors attends meetings to present update of Group's risk profile, mitigations, actions, policies and framework. RMC Members then provide advice and directions to the above said matters.

5.2 The Enterprise Risk Management Framework was reviewed and approved by the Board in November 2018 and is based on the Risk Management Principles and Guidelines of ISO 31000 Standards that ties Risks to the Company's Business Strategies & Objectives.

5.3 Activities of the Risk Management Committee for the financial year are reported in the Statement of Risk Management & Internal Control on pages 35 to 37 of this Annual Report.

5.4 The Group had outsourced its Internal Audit functions for the current financial year to BDO Governance Advisory Sdn. Bhd ("BDO") to review and assess the adequacy and integrity of the internal control system in place.

The Internal Audit Functions carried out was in accordance with the International Professional Practice Framework ("IPPF") of the Institute of Internal Auditors Malaysia.

5.5 Internal Auditors and their Personnel(s) have confirmed that they are free from any relationships or conflict of interest with the Group's Directors and Senior Management Staffs and therefore there are no impairment to their independence.

5.6 The Internal Audit function team is headed by its Executive Director who possess the required relevant qualification and experience and is assisted by three (3) other staff including a Manager.

5.7 The Internal Auditor assist the Risk Management Committee of the Board in discharging their responsibilities by reviewing, the adequacy and integrity of the system of internal control in place including the level of compliance with applicable laws, regulations, rules, directives and guidelines by the company.

5.8 Internal Auditors reports directly to the Audit Committee and takes instructions from the Audit Committee on areas to be audited from time to time. Internal Audit reports on the findings, recommendations together with management action plans are presented to the Audit Committee by the Internal Auditors (BDO) and subsequently the Chairman of Audit Committee reports to the Board.

5.9 Activities carried out by the Internal Auditors in the current financial year are reported in the Audit Committee Report on pages 38 to 42 of this Annual Report.

VI. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

6.1 A policy on communication with shareholders' has been established on 30 June 2018 and put in practice. Revision including the feedback from Shareholders / Stakeholders are discussed at Board meetings for necessary action to be taken by Management.

6.2 Regular quarterly communication with certain principal shareholders are carried by our Group's Investor Relation Officer to understand their concerns and views on the Company's plans and performance. All feedbacks and concerns raised are communicated to the Board to ensure that the Board/Management is mindful of its shareholders' concerns.

6.3 In ensuring that information is fairly communicated to all shareholders, the Company maintains a 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 road shows are being updated in this website and it is accessible by all stakeholders and the general public at all times.

Stakeholders and the general public can send in their feedbacks on any matter(s) that they have concerns through the feedback column on our website.

Conduct of General Meetings

6.4 Shareholders are notified of the Annual General Meetings on our website and being provided with a softcopy of the Company's Annual Report twenty-eight (28) days prior to the date of meeting.

6.5 The Annual General Meeting is the principal forum for dialogue with our shareholders and it is where our Directors demonstrate their accountability by being available to respond to queries and provide sufficient clarification on issues and concerns raised by shareholders.

6.6 Our Annual General Meeting voting process is carried out through the manual balloting and the Board is in the process of understanding the available technologies to implement electronic balloting by 2021.

The Board of Directors has approved this statement on 5 April 2019.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Board's Responsibility

In compliance to the requirements under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") acknowledges its responsibility in ensuring a sound Risk Management & Internal Controls System in place for the Group, and that the system has been reviewed on its adequacy and integrity.

In line with the Malaysian Code on Corporate Governance, the Board had on 18 August 2017 established a Risk Management Committee ("RMC") of the Board comprising a majority of Independent Directors and the Terms of Reference of RMC was revised accordingly. The RMC is being assisted by a Risk Management Working Group ("RMWG") made up of Operation Directors / Managers from all operation sites and RMWG is being led by the Executive Directors.

Our Enterprise Risk Management System

The Enterprise Risk Management Framework reviewed and approved by the Board in November 2018 is guided by the Risk Management Principles of ISO 31000 Standards. It is an Objective-centric based approach that enables the Group to leverage on Value Creation and ties Risks with the Group's Business Strategies & Objectives to keep it within its risk appetite.

Risks faced by the Group are identified and thereon appropriate internal controls to manage or minimise these risks are put in place. The process for identifying and managing significant risks faced within the Group are reviewed in line with the changes in the regulatory, business and external environment. Risks are identified and categorised into four (4) areas: -

- Strategic
- Operational
- Compliance
- Financial

Responsibilities of the Risk Management Committee (RMC)

The duties and responsibilities of the RMC consist of: -

(i) Reviewing and make recommendations to the Board with regard to all possible and current risks in the Group presented by the Executive Directors;

(ii) Ensuring the resources and systems are in place for an effective risk management;

(iii) Ensuring the staff responsible for risk management systems and Head of each RMWC perform their duties and all identified risks are updated in the risk register at least twice yearly;

(iv) Attending Meetings timely to deliberate on risks and to make known to Management / RMWC on action or steps that will be implemented to remedy any risk or weak control areas or any plans for further improvement and its timetable for completion; and

(v) Ensuring that Risk Management Working Committee are functioning and Risk Management Committee are constantly being updated on action plans and controls being implemented on all identified risk in the group.

Risk Management Activities

During the financial year, RMC reviewed the Risk Management Framework to coincide with the migration process from COSO Standards to ISO 31000 Standards and reported for it to be approved by the Board.

RMC had requested RMWG to focus on the establishment of the Business Continuity ("BCP") and Crisis Management Plans ("CMP") for the Group. In order to have the same understanding towards establishment of BCP / CMP, trainings were conducted Group wide. Thereon, BCP / CMP Policy and Plans was established and a draft was presented to the RMC for their views and comments in the 2Q2018. BCP/CMPs policies for the Group were completed in the 4Q2018 which were presented to the Board for approval.

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

RMC closely monitored the migration process from the COSO Standards to the ISO 31000 Standards. During each quarterly meeting, RMC is provided with updates on the revised framework and trainings for the Group on the newly adopted Risk Management Standards.

RMWG from all production sites underwent Risk Management trainings for the requirement on ISO 31000 Standards. Upon completion of all trainings, RMWG at all sites carried out risk identification with the Objective base approach and thereon categorised risks identified into the four categories of Strategic, Operational, Financial and Compliance.

Thereon, Heads of RMWG presented to Senior Management on their draft risk register complete with mitigation action plans. In this meeting, Management voiced out their comments on the risk identified as well as their views on mitigation plans and requested for further improvements for corrective actions and timelines for completion. Previously identified risks which remained as high-risk level was again reviewed to determine if it was still applicable to the current business environment.

In November 2018, after consolidation of all site's Risks into the Group Risk Register, Executive Directors presented the consolidated Group Risk Register to the Risk Management Committee detailing out the Group's critical risks together with its mitigation plans. During this meeting, RMC Members gave their comments and view for improvements needed and thereon, RMC Chairman, presented the same to the Board for approval.

Based on the finalised Group Risk Register, Internal Auditors will conduct audits in the following financial year.

System of Internal Control

The Internal Control System in place for the Group consist of group wide standardise policies, operating procedures and limit of authority in all operation processes. The policies, procedures and controls put in place are reviewed and revised in view of risks identified in the Group's processes from time to time.

Hence, the Internal Control System put in place by the Group, which is reviewed by the Internal Auditor is able to give assurance to the BOD as well as our stakeholders that the company's assets are safe guarded including the reliability of the Company's financial statements whilst assuring the confidence on adherence to the legal compliances by the Company and its Subsidiaries.

Internal Control Activities

Internal Control activities in the current financial year was in the Standardisation of all Standard Operating Procedures in subsidiaries with the Company. Hence, a software system (Blue Ocean) consisting of shared folders in the cloud system for all new or revised Policies and Procedures directed by Management to be stored in these folders was established. These shared folders are accessible to the entire group's higher-level personnel / Head of Department. They will be sent a message indicating a new or a revised policy or procedure has taken place and they will need to amend their policies or procedures on changes within a certain period of time. Approval for any amendments or new policy or procedure in all companies goes through an approval flow system set by management in this software system.

Another Internal Control activity during the financial year was the establishment of the Business Continuity and Crisis Management Plans for the Group. This was to prepare all subsidiaries in times of crisis to be able to manage and take the necessary planned actions. Policies detailing out on who (Head of Operations) makes the decision and calls for actions in times of crisis and policy also addresses the procedures for operations to resume within the shortest time possible.

Internal Audit

During the current financial year, internal audit was carried out on the Company and its subsidiaries AOC, the Furniture Division in Evergreen Fibreboard Berhad for Inventory Management and AllGreen Timber Products Sdn. Bhd. on area of Capital Expenditure and on PT Hijau for Procure to Pay, Inventory Management and Sales & Administrative Expenses.

Based on the findings of the internal audit carried out and after the Audit Committee had reviewed the recommendations made by the Internal Auditor on the weaknesses that were identified, Management has put in place additional controls especially on the areas of Inventory Management based on Internal Auditor's recommendation.

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

Our Internal Audits function for the financial year was outsourced and carried out by external professional advisor, BDO Governance Advisory Sdn. Bhd. ("BDO"). The responsibilities of the Internal Auditors are mainly to assist the Risk Management Committee of the Board in discharging their responsibilities by reviewing the adequacy and the integrity of the Group's System of Internal Control in place including the level of compliance with applicable laws, regulations, rules, directives and guidelines by the Group.

For a detail description of the Internal Auditor's works carried out in 2018, please refer to the Audit Committee's Report on pages 38 to 42 of this Annual Report.

All Internal Audit reports on the findings, recommendations together with management actions are presented to the Audit Committee by Internal Auditors and thereon reported to the Board by the Audit Committee Chairman.

Review by the Board

The Board, after reviewing the Audit Committee's report on the findings by the Internal Auditors including controls to be put in place, is given assurance by Management that the necessary actions has been carried out within the timeline indicated.

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

The Board having reviewed the Group's Risk Management Framework on the System of Internal Controls together with the reports on internal audits by Internal Auditors together with the assurance from the Group Chief Executive Officer / President and the Group Financial Controller is assured on the adequacy and integrity of the System of Internal Control in place for the Group.

Weaknesses in the Internal Controls that resulted in Material Losses

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

Review by External Auditors

External Auditor 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 system of internal controls.

The Board of Directors has approved this Statement on 5 April 2019.

AUDIT COMMITTEE'S REPORT

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

ROLE OF THE AUDIT COMMITTEE

The formal role of the Audit Committee is set out in its terms of reference of Evergreen Fibreboard Berhad's ("EFB") Board Charter and is made available on our website at www.evergreengroup.com.my.

CHANGES IN THE AUDIT COMMITTEE

On 1 January 2018, Ms Nirmala A/P Doraisamy, an Independent Non-Executive Director (NED) was appointed to the AC replacing Mr Jonathan Law Ngee Song who resigned from the AC. Mr Jonathan Law Ngee Song was reappointed as a member of the AC on 15 February 2019. Mr Yap Peng Leong resigned as AC Chairman on 2 January 2019 and is being replace by Mr Kuan Kai Seng effective 15 February 2019.

COMPOSITION AND ATTENDENCE

The AC comprises three (3) members, all are Independent Non-Executive Director. This satisfies the test of independence under Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"); Paragraph 15.09(1) (a) and (b) and in compliance with the Malaysian Corporate Governance Guideline ("MCGG").

The AC Chairman for the current financial year was Mr Yap Peng Leong who is a member of the Institute of Chartered Accountant in England and Wales and the Malaysian Institute of Accountants. Accordingly, EFB complies with Paragraph 15.15(3)a of the MMLR. Mr Yap Peng Leong resigned as the AC Chairman on the 2 January 2019 and was succeeded by Mr Kuan Kai Seng with effect from 15 February 2019. Other members of the AC are Ms Nirmala A/P Doraisamy and Mr Jonathan Law Ngee Song. The profiles and attendance records of the AC members are set out in the Directors' profile section of this Annual Report.

The Board reviewed the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation under the Nomination Committee. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference, and supported the Board in ensuring the Group upholds appropriate Corporate Governance ("CG") standards.

Based on the assessment of its AC members by the Board, members were encouraged to attend seminars and training programmes to upgrade their respective professional development and to keep abreast of recent development. The seminars and training programmes attended by AC members are outline in the CG Statement section of this Annual Report.

MEETINGS

The AC held five meetings on 22 February 2018, 6 April 2018, 24 May 2018, 20 August 2018 and 14 November 2018. The Executive Directors, Group Financial Controller and Group Corporate Controller were invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and Group's financial and operational matters.

EFB Group's External Auditor Messrs. Baker Tilly Monteiro Heng PLT ("BT") attended three out of five AC meetings held on 22 February 2018, 6 April 2018 and 14 November 2018.

The partner and key members of staff of BDO Governance Advisory Sdn. Bhd. ("BDO"), a professional service firm that carry out EFB Group's Internal Audit functions attended four out of the five AC meetings held on 22 February 2018, 18 May 2017, 18 August 2017 and 13 November 2017 to table the respective Internal Audit ("IA") reports. The relevant responsible Management member of the respective auditee was invited to brief the AC on specific issues arising from the IA reports.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting by the Company Secretary. On 26 February 2018, 25 May 2018, 20 August 2018 and 16 November 2018, the AC Chairman presented to the Board the AC's recommendation to approve one quarterly Condensed Consolidated Financial Statements 2017 and three quarterly Condensed Consolidated Financial Statements 2018. The AC Chairman also conveyed to the Board matters of significant concern and changes.

APPOINTMENT OF AUDITORS

The current overall tenure of the auditor dates from 2015. BT has been reappointed as Auditor of EFB at its Annual General Meeting held on 25 May 2018. Since its appointment the lead audit partner has remained the same. There is currently no intention of the AC to consider opening the external auditor for tender.

SUMMARY OF ACTIVITIES

A. EXTERNAL AUDIT

1. From 1 January 2018 to 31 December 2018, the AC reviewed the external audit review memorandum presented by BT for the year ended 31 December 2017, reviewed the final draft account for financial year ended 2017 with BT and management, BT's limited review of the fourth quarterly Condensed Consolidated Financial Statements 2017, BT's limited review of the third quarterly Condensed Consolidated Financial Statements 2018, undertaken an evaluation of the external auditor as prescribed by the MCGG, reviewed the external audit strategy of BT for the 2018 audit and has taken into account the auditor's effectiveness and efficiency. Any decision to open the external auditor to tender is taken on recommendation of the Audit Committee. There are no contractual obligations that restrict the Company's current choice of external auditor.

2. As part of the AC's efforts to ensure the reliability of EFB Group's quarterly Condensed Consolidated Financial Statements 2017 and 2018 and compliance with applicable Financial Reporting Standards and to keep BT informed of EFB Group's financial performance and operations, BT undertook a limited review of EFB Group's fourth quarterly Condensed Consolidated Financial Statements 2017 and third quarterly Condensed Consolidated Financial Statements 2018 before these were presented to the AC for review and recommendation for the Board's approval and adoption.

3. On 6 April 2018, the AC discussed with BT the outcome of evaluation of the external auditor as prescribed by the MCGG conducted by the AC. Apart from the evaluation the AC assessed the ongoing effectiveness and quality of the external auditor and the audit process on the basis of meetings and internal discussion with group financial personnel, senior management and other Board members.

   On 14 November 2018, BT sought the AC's approval for the proposed audit and non-audit fee services to be provided for 2018 for the Annual Audit Plan. The AC reviews BT's the proposed audit, audit related and other services fee to be provided for 2018. The nature and level of all the services provided by BT is a factor taken into account by the Audit Committee when it reviews annually the independence of the external auditor. Fee paid to the auditor for audit, audit related and other services are analysed in notes to the financial statements. On the confirmation by BT of their independence in the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysia Institute of Accountants the AC thereafter recommend BT's fee to the Board for approval.

4. On 14 November 2018, the Group Corporate Controller and the Group Financial Controller sought the AC's approval for the proposed audit, audit related and other services fee to be provided by the External Auditors for the Group's subsidiary companies in Indonesia, Messrs. Purwantono, Suherman and Surja ("PSS") and Thailand, Messrs. INTADIT CPA Office Company Limited ("ICPOCL") that are not audited by the Group's External Auditors, BT for 2018. The AC reviewed PSS's and ICPOCL's the proposed audit, audit related and services fee to be provided for 2018. The nature and level of all the services provided by the PSS and ICPOCL is a factor taken into account by the Audit Committee when it reviews annually the independence of the external auditor. Fee paid to the auditor for audit, audit related and other services fee are analysed in notes to the financial statements. On the confirmation by PSS and ICPOCL of their independence in the conduct of the audit engagement in accordance with International Ethics Standards Board of Accountants, Code of Ethics of Professional Accountants, the AC thereafter recommend their audit fee to Board for approval.

AUDIT COMMITTEE'S REPORT (Cont'd)

FINANCIAL STATEMENTS AND REPORTING

1. The quarterly Condensed Consolidated Financial Statements for the fourth quarter of 2017 and the first, second and third quarters of 2018, which were 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, were reviewed at the AC meetings on 22 February 2018, 24 May 2018, 20 August 2018 and 14 November 2018 (after a limited review of the fourth quarter Condensed Consolidated Financial Statements ended 31 December 2017 and third quarter Condensed Consolidated Financial Statements ended 30 September 2018 by BT), and thereafter recommends it to the Board for approval.

   In ensuring the Integrity of the information, the Group Financial Controller and the Group Corporate Controller had on 22 February 2018, 24 May 2018, 20 August 2018 and 14 November 2018, through the presentation of the quarterly Condensed Consolidated Financial Statements 2017 to the AC has given assurance to the AC that:

   i. Appropriate accounting policies had been adopted and applied consistently;

   ii. The going concern basis applied in the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements was appropriate;

   iii. Prudent judgement and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;

   iv. Adequate process 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 did not contain material misstatement and gave a true and fair view of the financial position of the Group and the respective companies within the Group.

2. On 22 February 2018, BT presented their interim auditing findings to the AC for their audit of the Financial Statement ended 31 December 2017 primarily to ensure that the fourth quarter Condensed Consolidated Financial Statements ended 31 December 2017 does not vary significantly from the final published Financial Statement ended 31 December 2017 and to resolved any outstanding issues arising from the audit.

3. On 14 November 2018, BT presented the Audit Planning Memorandum 2018 of EFB Group for the financial year ending 31 December 2018. The AC reviewed the Audit Plan 2018 and after highlighting certain areas of concerns where BT has to pay attention to during the course of their audit. The AC thereafter recommended to the Board for approval.

4. The AC met with BT without the presence of any Group Executive Directors and Management on 6 April 2018 and 14 November 2018. No critical issues where highlighted to the AC in these meetings.

B. INTERNAL AUDIT

INTERNAL AUDITOR APPOINTMENT AND RISK MANAGEMENT COMMITTEE

1. The Board of Directors have set up a Risk Management Committee with the terms of reference distinct from the AC. The Risk Management Committee report is set out on pages 35 to 37.

2. EFB listed on Bursa Malaysia Securities Berhad, has the obligations to ensure that it has in place a sound and effective system of risk management and internal control. In fulfilling its obligations, EFB has outsourced its internal audit function to BDO to review and assess the adequacy and integrity of internal control system of EFB Group.

3. BDO on 9 November 2015 was appointed to provide internal audit services to EFB for a two years period of 2016 and 2017 and reporting directly to the AC. This satisfies Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"); Paragraph 15.27 (1) and (2).

With the lapsing of the appointment of BDO as Internal Auditor ("IA") of the EFB Group on 31 December 2017 the AC have renegotiated the term of engagement with BDO as follows: -

i. Renewal of BDO's duration as IA of EFB Group shall be for the calendar year 2018 only.

ii. BDO is required to carry out three audit cycles for 2018 with the option of an additional cycle if the Risk Management Committee recommends an additional cycle on a need to basis.

iii. The fee would be RM32,500 per audit cycle (excluding GST and out of pocket expenses) which represent a 4% increase in fee per cycle compared to the 2016 and 2017 audit fee.

iv. The reporting deadline for these 3 audits was for the AC meetings to be held in May, August and November 2018.

The AC thereafter tabled the new terms of engagement of BDO for the Board's approval.

4. On 24 May 2018, the AC discussed with BDO the outcome of evaluation of the IA as prescribed by the MCGG conducted by the AC. Apart from the evaluation the AC assessed the ongoing effectiveness and quality of the IA and the audit process on the basis of meetings and internal discussion with the Group's financial personnel, Senior Management and other Board members.

INTERNAL AUDIT ACTIVITIES 2018

1. On 22 February 2018 BDO presented the Siam Fibreboard Co. Ltd following internal audit undertaken in 2017 on: -

   a) Payroll Processing and
   b) Sales and Administrative Expenses.

   The AC reviewed the recommendations made by BDO on the weakness that was identified and management's action taken to rectify those weaknesses. The AC noted the Audit Plan set out for 2018 to be carried out by BDO.

2. On 24 May 2018 BDO presented the internal audit on the internal control review of procurement to pay, inventory management and sales & administrative expenses of PT Hijau Lestari Raya Fibreboard ("PT"). The AC reviewed the recommendations made by BDO on the weakness that was identified and management's action taken to rectify those weaknesses.

3. On 20 August 2018 BDO presented the internal audit undertaken on Capital Expenditure on AllGreen Timber Products Sdn. Bhd. ("AGTP"). The AC reviewed the finding and noted that the capital expenditure for the Particle Board Project undertaken is not in full compliance with the Group's Board Charter and the Group's standard operating procedures as those projects had commenced prior to the establishment of the enhanced standard operating procedures for Capital Expenditure.

4. On 14 November 2018, the IA presented the internal audit on the inventory Management process of Asian Oak Company Limited ("AOC"). The AC reviewed the recommendations made by BDO on weakness that was identified and management action taken to rectify those weaknesses.

   The AC on 16 November 2018 recommend to the Board that the Management table to the Board on capital expenditure projects undertaken by AGTP, AOC and EFB with the different cost component incurred and its overall performance for the Board's review.

5. As part of the AC review of EFB Group's operation, new AC member visited the Group's Fibreboard plant under Evergreen Fibreboard (Nilai) Sdn. Bhd. in Nilai, Negeri Sembilan and the Ready to Assemble furniture plant under Evergreen Fibreboard Berhad in Parit Raja, Batu Pahat, Johor.

AUDIT COMMITTEE'S REPORT (Cont'd)

C. PLATFORM FOR IA AND EXTERNAL AUDITOR ("EA") COMMUNICATION.

As required by MCGG to establish a platform for communication between IA and EA, the AC has agreed with IA and EA that a formal copy of the IA report shall be forwarded to the EA upon the approval of the report by the AC. Any issues shall be taken up by the EA with IA if necessary. The IA has given consent to the release of the IA report to the EA.

D. RELATED PARTY TRANSACTION

1. The AC has taken note that there were no related party transactions reported or declared during the course of the four AC meetings on 22 February 2018, 24 May 2018, 20 August 2018 and 14 November 2018 except for inter-company transactions undertaken between companies within the EFB Group, compensation of key Management Personnel, the Independent Non-Executive Directors and the Non-Independent Non-Executive Directors fees computation which are reported in the Financial Statements 2018.

   The AC on 16 November 2018 recommended to the Board that the Group's employment of Mr Justin Kuo and Mr Jeffery Kuo be disclosed in the Corporate Governance Overview Statement of the Annual Report and to include a note the remuneration paid is in accordance with the Group's pay policy and guideline for Group's employees.

NOMINATION COMMITTEE'S REPORT

The Board presents the Nomination Committee Report which provides insights into the manner in which the Nomination Committee ("NC") discharged its functions for the Group in 2018.

ROLE OF THE NOMINATION COMMITTEE

The formal role of the Nomination Committee is set out in its Terms of Reference of Evergreen Fibreboard Berhad's ("EFB") Board Charter, which is made available at www.evergreengroup.com.my.

COMPOSITION AND ATTENDANCE

The NC comprises three (3) 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").

The NC Chairman for the current with financial year is Mr Kuan Kai Seng who is also the Senior Independent Director. He resigned as the NC Chairman with effect from 15 February 2019 and other members of the NC are Mr Jonathan Law Ngee Song and Ms Nirmala A//P Doraisamy. Appointment of the new NC Chairman will take place after the Company's fourth coming AGM. The profiles and attendance records of the NC members are set out in the Directors' profile section of this Annual Report.

The Board reviewed the terms of office of NC members and assessed the performance of the NC and its members through an annual Board and Committee effectiveness evaluation carried out by the Nomination Committee. The Board was satisfied that the NC members has discharged their functions, duties and responsibilities in accordance with the NC's Terms of Reference, and have supported the Board in ensuring that the Group upholds appropriate Corporate Governance ("CG") standards.

Based on the assessment of NC members by the Board, members were encouraged to attend seminars and training programmes to upgrade their respective professional development and to keep themselves abreast of recent development. The seminars and training programmes attended by NC members are outlined in the CG Statement section in this Annual Report.

MEETINGS

The NC held 2 (two) meetings during the current financial year and the Executive Directors were invited to the meetings when needed to facilitate direct communication as well as to provide clarification on issues and presentation of the Group's Succession plans. Minutes of each NC meeting were recorded and tabled for confirmation at the subsequent NC meeting by the Company Secretary and thereon presented to the Board for notation by the NC Chairman.

SUMMARY OF ACTIVITIES

As required under Paragraph 15.08A(3) of Bursa Securities Listing Requirements on the activities carried out by the Nomination Committee in discharging its duties for the financial year are as follows: -

On Succession Plans

Succession Plans were presented by Executive Directors to the Nomination Committee for their comments and recommendation for any changes needed on potential candidates being proposed in the Succession Plans as well as trainings being arranged / carried out for the potential candidates in line for succession. The NC noted the proposed Succession Plans and advised Management to complete the Succession Plans and training required for all levels indicated and forward for the Board's approval.

Annual Assessment

1) In December 2018, Nomination Committee undertook Annual Performance Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, Individual Directors and Key Officers of the Company.

2) NC Chairman, Mr Kuan Kai Seng, together with the Members of the Nomination Committee led the annual assessment process.

3) The process begins with Annual Assessments Forms being sent out through email by Nomination Chairman to all individuals to carry out evaluation on the Board as a whole, the Committees, Individual Directors and Key Officers of the Company and giving them a timeline for assessments to be completed.

4) Completed evaluation forms was emailed directly to the Senior Independent Director designated email address and he tabulated all Assessment Forms received.

5) The evaluation results showed a positive outcome with all obtaining improved performance for the current financial year.

6) Senior Independent Director then forwarded to the Board Chairman the results of the assessment carried out. Board Chairman informed all on the results including individuals and made known the minor improvements and trainings needed to be attended in the following year.

7) Human Resource Department was given a copy on the Summary of training needs for Directors & Key Officers / Senior Management to take necessary steps to ensure needed trainings indicated are sourced for directors to attend in the coming year.

RE-ELECTION OF DIRECTORS

1) NC reviewed the evaluation of the retiring Directors and recommended to the Board for re-election of Mr Henry S Kuo and Mr Jonathan Law Ngee Song at the forthcoming Annual General Meeting.

2) Mr. Kuo Wen Chi has express his intention to step down and therefore will not seek re-election in this fourth coming AGM.

3) NC carried out assessment on the independence of Mr Jonathan Law Ngee Song due to the fact that he has exceeded his ninth-year term. Based on the results of the evaluation, Mr. Jonathan Law has exercised his judgement an independent and unfettered manner, discharge his duties with reasonable care, skill and diligence at all time. He brings independent thought and experience to the Board's deliberation and decision-making process at all times and this is valuable to the Company. The Nomination Committee therefore recommended Mr. Jonathan Law to the Board, to continue office as an Independent Director and to seek shareholders' approval in the forthcoming Annual General Meeting in compliance to Practice 6.1 of the MCCG.

REMUNERATION COMMITTEE'S REPORT

The Board presents the Remuneration Committee Report that provides insights into the manner in which the Remuneration Committee ("RC") discharged its functions for the Group in 2018.

ROLE OF THE REMUNERATION COMMITTEE

The formal role of the Remuneration Committee is set out in its terms of reference of Evergreen Fibreboard Berhad's ("EFB") Board Charter, which is available on the Company's website at www.evergreengroup.com.my.

CHANGES IN THE REMUNERATION COMMITTEE

On 2 January 2019, Mr Yap Peng Leong resigned as a member and Mr Kuan Kai Seng was appointed as a member on 15 February 2019.

COMPOSITION AND ATTENDANCE

The RC comprises three (3) members, all are Independent Non-Executive Directors which is in compliance with Practice 6.2 of the Malaysian Code on Corporate Governance ("MCCG").

The RC Chairman, is Mr Jonathan Law Ngee Song and the other members of the RC are Mr Yap Peng Leong (resigned on 2 January 2019) and Mr Kuan Kai Seng. The profiles and attendance records of the RC members are set out in the Directors' profile section of this Annual Report.

The Board reviewed the terms of office of the RC members and assessed the performance of the RC members through an annual Board and Committee effectiveness evaluation carried out by the Nomination Committee. The Board is satisfied that the RC members discharged their functions, duties and responsibilities in accordance with the RC's Terms of Reference, and supported the Board in ensuring that the Group upholds appropriate Corporate Governance ("CG") Standards.

Based on the assessment carried out, members were encouraged to attend seminars and training programmes to upgrade their respective professional development and to keep themselves abreast of recent development. The seminars and training programmes attended by RC members are outlined in the CG Overview Statement section of this Annual Report.

MEETINGS

The RC held two (2) meetings during the financial year and the Executive Directors were invited to the meeting on issues or matters to facilitate direct communication as well as to provide clarification pertaining to the remuneration of Key Officers.

Minutes of each RC meeting were recorded and tabled for confirmation at the following RC meeting by the Company Secretary and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES

The activities carried out by the Remuneration Committee in discharging its duties in the current financial year are as follows:

Review of Framework

1) The Company has in place a formal framework on fees and allowances for all Non-Executive Directors which was established by the Remuneration Committee and approved by the Board in year 2016. In February 2018, the framework was reviewed and approved by the Board with minor revision to the fee structure. The revised fee structure will take effect for fees and allowance payable for the year 2018. Framework on fees and allowances takes consideration the responsibilities of each individual director, their role and their contribution to the Board as well as in the Board Committees that they sit in.

REMUNERATION COMMITTEE'S REPORT (Cont'd)

2) Framework on Remuneration for Executive Directors and Key Officer / Senior Management was established and put in place in 2016. In February 2018, framework was reviewed and approved by the Board. Framework was revised according to the economic situation and the anticipated performance of the Group in the current financial year. Framework is designed based on the Financial Performance and Key Results Area set for each business units and takes into account the performance of individual executive directors and key officers and their contribution towards the financial and non- financial performance of the Group as a whole.

Review of Remuneration

1) Based on the approved framework, Executive Directors had reviewed the performance of each Company / Business Unit to determine the tentative financial performance achievement for the year and requested from the Board through the RC pre-approval on the Bonus and Increment which was to be paid in January for each subsidiary.

2) Upon completion of tabulating the performance results, Executive Directors shall seek full approval from the Remuneration Committee on the performance achievement of each business units together with the possible salary increment rate and the bonus quantum that is out.

3) Based on the final results, Remuneration Committee Chairman had obtained the Board's approval for the increment and bonus package for each Business Units, the Executive Directors and Key Officers / Senior Management.

4) Remuneration Committee deliberated on the fees and allowance to be paid to Non-Executive Directors and also any revision to the framework in place and it was agreed by the Board that the revision made known in February 2018 shall take effect accordingly. All Directors abstained from participation and deliberation of their own remuneration.

SUSTAINABILITY STATEMENT

The Board of Directors ("Board") of Evergreen Fibreboard Berhad ("Evergreen" or the "Company") hereby presents the detailed Sustainability Statement ("Statement") for Evergreen and its subsidiaries (the "Group"), which discusses the material economic, environmental and social aspects of the Group's business.

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), as well as Practice Note 9 of the Listing Requirements regarding the manner of sustainability disclosure as prescribed by Bursa. In the preparation of this Statement, the Company has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits, issued by Bursa.

Governance

The Board of Evergreen holds ultimate responsibility in ensuring sustainability, i.e. economic, environmental and social aspects, is considered in the Company's corporate strategy.

In its effort to enable a more integrated consideration of the Group's risks and opportunities, the Company has integrated its existing sustainability governance structure with its enterprise risk management governance structure. With the current integrated governance structure, the Risk Management Committee, which is a Board Committee, will in 2019, enhance its role in assisting the Board to review the sustainability strategies of the Group and review the management of the Group's material sustainability matters. The implementation of sustainability strategies and overseeing of management of material sustainability matters are the responsibilities of the Risk Management Working Group, which comprises Key Officers and Operation Directors/ Managers, and is led by Executive Directors. In addition, the Risk Management Working Group is also responsible for developing sustainability strategies, guided by the corporate strategy, for the Risk Management Committee's recommendation for Board approval.

The Board has directed the Executive Directors to assist the Risk Management Working Group in providing management leadership to relevant departments and functions in managing the Group's material economic, environmental and social matters.

Materiality Process and Scope

In order to enhance the Group's materiality assessment process, it has engaged an external consultant to provide trainings and facilitate a comprehensive materiality assessment process to identify the Group's material sustainability matters, considering sustainability matters which reflects the Group's significant economic, environmental and social impacts and those which substantively influence the assessments and decisions of the Group's stakeholders.

As the Group undertakes a more detailed approach towards sustainability, it intends to focus its resources on the key revenue contributors of the Group. Therefore, the scope of this Statement will include the two largest operating segments of the Group, i.e. Malaysia and Thailand, and will focus on the Panel Board manufacturing business in these locations. The scope of this Statement represents approximately 93% of the contribution to the Group's revenue.

While the Group has investment in other businesses such as furniture manufacturing, rubber plantation and biomass power generation, Management has considered and deemed the impact, either positive or negative, of these businesses as currently minimal to the Group as well as its stakeholders.

Moving forward, the Board will continue to evaluate the Group's maturity of sustainability management processes, as well as resources availability, and consider expanding the scope to put in place systematic sustainability management and reporting processes for the broader scope of businesses of the Group.

As part of its materiality assessment process, the Group has conducted a stakeholder assessment to identify, assess and prioritise key stakeholders and to understand each stakeholder group's influence and dependence on the Group's business. The key stakeholders of the Group include, amongst others, customers, employees, regulators and authorities, community, suppliers and financial institutions. The materiality assessment was performed by senior management of the Group, led by representatives of the Risk Management Working Group.

Through its materiality assessment, the Group has identified its Material Sustainability Matters ("MSMs") which are discussed in detail in the following sections.

SUSTAINABILITY STATEMENT (Cont'd)

Evergreen Group's Material Sustainability Matters

Products Emission Compliance

The manufacturing of the Group's core products, namely Panel Boards, involves the use of adhesive which contains formaldehyde. Formaldehyde is a chemical substance found in adhesive that gives panel boards structural strength. Formaldehyde is emitted from products made from engineered wood which uses formaldehyde-based adhesive, such as Medium-Density Fibreboard ("MDF") or particle boards. High-level of formaldehyde in indoor environment may have adverse health impact on users.

The Group is able to ensure safe levels of emission in its products according to the requests of its customers and its products is able to meet the regulations standards on formaldehyde emission especially for products sold to the United States of America ("US") and Europe, which requires adherence to European Standards and the California Air Resources Board ("CARB") Airborne Toxic Control Measure ("ATCM") Phase II ("CARB P2") standards.

The Group has obtained certifications by US-based CARB and Environmental Protection Agency ("EPA") for its products emission level. With the said certifications, Evergreen is qualified to label its products as CARB P2 compliant. The certifications are to be renewed on an annual basis and relevant operations within the Evergreen Group have successfully obtained renewals during the financial year under review.

As at the financial year ended 31 December 2018, approximately 30% of the Group's products ordered and produced based on the request of the Group's customers, met with the requested standards of either E1 or CARB P2.

In order to ensure product emission level meets the required standards, the Group has an in-house lab-testing as a control measure and sends its products to a 3rd party lab every quarter to ensure emission levels are within the permitted level.

Occupational Safety and Health

As the Group's business largely involves manufacturing operations, the Group's employees are required to work with machinery and equipment and are exposed to hazards such as sharp tools, crush points, fire hazards, exposure to dust and chemicals, etc. Therefore, it is important for the Group to ensure risks relating to occupational safety and health are managed to prevent injuries and illnesses, and even loss of lives.

The Group has put in place necessary safety and health-related controls as part of its standard operating procedures ("SOPs") guiding the manufacturing processes. SOPs are being reviewed on an annual basis and additionally on the need to basis. These includes the provision for issuance of personal protection equipment ("PPE") such as safety goggles, safety masks, safety boot and gloves, for all employees to protect them against hazards at work.

Further, the Group utilises automation technology in part of its manufacturing operation, especially for upstream operation, to minimise the use of labour and thereby reduce occupational safety and health risks. The Group also ensures all machinery and equipment operators are appropriately trained.

The Group is also required by law to also establish a Safety Committee for each manufacturing plant, comprising management-level personnel tasked to manage and review the safety and health conditions and controls at operation sites which the Group has compiled. In addition, in-house safety audits are performed by the Safety Officer and a Team of Safety Auditors at each location on a monthly basis and the audit results and findings, including action plans to address any safety control weaknesses, are presented to the Safety Committees and thereafter to relevant personnel to carry out the action plans.

Apart from controls in place to prevent the materialisation of occupational safety and health risks, the Group also provides trainings to employees across all levels. For the financial year under review, the Group has provided employees with safety and health trainings, including on the following subjects:

- firefighting;
- training for Safety Officer at Management level;
- training for Safety Committee;
- radiation safety;
- safety management;
- first aid
- forklift safety;
- electrical safety;
- hot work safety;
- boiler controller;
- handling of chemicals, etc.

The Group has adopted a Group-wide policy to target:

- zero case of lost-time injury of not more than 3 days; and
- zero fatality.

For the financial year ended 31 December 2018, the Group's accident records are summarised as follows:

No of case	FY2016	FY2017	FY2018
Fatalities	0	0	1
Accidents (> 3 days lost-time)	28	40	40
Accidents (0 – 3 days lost-time)	16	17	3

Despite of the efforts and controls established by the Group, it remains to observe the occurrence of accidents especially at its manufacturing plants which operates 24 hours. During the financial year ended 31 December 2018, the Group was unable to achieve its policy target of zero case. Extensive reviews and investigations were conducted for these cases and the Group noted that the occurrences of accidents were largely due to breach of safety and health standard operating procedures, while a few were due to weaknesses in control measures.

That said, even though the Group noted slight improvement in the number of occurrences as compared to preceding years, its subsidiary had a fatal occurrence involving a truck driver of a log Supplier in the log yard during the financial year and was summoned to the court in 2019 with a fine of RM20,000.

For improvements, the Group have increased in its weekly enforcement audits and other correction measure will continue to be carried out more effectively.

The Group acknowledges that more safety trainings and awareness is required especially amongst employees performing labour works and that enforcement of controls and policies needs to be further tightened. The Group is currently developing an awareness program for all its employees to heighten safety and health awareness with an aim to enforce the adherence to the Group's established safety and health policies and procedures. The Group also intends to increase its efforts in monitoring implementation of safety and health policies and procedures as well as to consider implementing more severe disciplinary actions against individual breaching Group policies and procedures.

Further to that, the Group will also continue to increase efforts in reviewing the adequacy and effectiveness of its safety and health controls for ongoing improvements in its processes including implementing of a regular tool box safety briefings in each department.

SUSTAINABILITY STATEMENT (Cont'd)

Environmental Matters

The following section discusses the matters on dust emissions and water discharge and management which are both identified as material environmental matters to the Group. The Group has established Environmental Policy and Procedures which clearly highlights the Group's commitment in preventing pollution to the environment as well as to ensure compliance to local laws and regulations pertaining to environmental protection. On an ongoing basis, Environment Officers ("EOs") from various operation sites of the Group, led by the EO at the Group-level and the ED, discuss and set the Group's environmental policies and procedures with the objective of creating a consistent, standardised approach towards environmental management and culture where all employees share the same commitment.

Dust Emission

The process of manufacturing panel boards includes processing of rubber wood in log form into wood fibres/ chips/ particles, via processes including chipping, refining or flaking, that generates significant amount of dust which could adversely affect the air quality of the communities surrounding the manufacturing plants.

The Group's panel board processing plants are mostly contained within enclosed systems installed with filter-house to capture and collect dust and particles generated from chipping, refining or flaking processes. Supervisors conduct daily monitoring of the processes and shutdown maintenance is performed on a monthly basis. Air quality of the surroundings is also measured to monitor and ensure emission level do not exceed the regulated levels set by local authorities.

During the financial year under review, the Group's manufacturing plant at Nilai, Negeri Sembilan had experienced a malfunction of its filter-house, resulting in higher than usual levels of dust emitted from the plant. The incident was not able to be resolved instantaneously as the technology involved in the system requires performance of work by overseas Original Equipment Manufacturer ("OEM") expert. As a result, the manufacturing line concerned was halted momentarily by the Department of Environment of Malaysia while the Group engaged the overseas expert to assist in the rectification of the issue. The Group had conducted the necessary engagements with authorities, and had submitted relevant reports on rectification measures and continuous monitoring to the Department of Environment of Malaysia before resuming operations.

The Group's manufacturing plant at Parit Raja, Johor had also encountered an event of filter-house malfunction, resulting in higher than usual levels of dust emissions. In this case, the problem was able to be resolved quickly as the filter-house employs a simpler technology.

The Group has since included a more rigorous monitoring and maintenance plan on its dust emission management systems to prevent recurrence of such events. as part of the Group's effort, it has installed Continuous Emission Monitoring System to facilitate more efficient, real-time emission monitoring for its plants in Nilai and Parit Raja.

Aside from extraordinary events such as those disclosed above, the Group's manufacturing plants in Malaysia and Thailand, covered within the scope of this Statement, generally maintain emission levels within the regulated levels. The Group did not receive any penalties or fines from authorities for matters pertaining to emissions, particularly on dust emissions, for the financial year under review.

Water Discharge and Management

Water is also used in the manufacturing process such as for washing woodchips as well as in boilers for the refining of woodchips. Wastewater generated may contain chemicals or may be acidic and needs to be treated before discharge. The Group has established treatment procedures and facilities for non-hazardous wastewater, such as treatment ponds, before it can be discharged into the public water system. The Group conducts tests to ensure treated wastewater achieves the intended water quality before discharge. The test results are also required to be submitted to the Department of Environment of Malaysia on a periodic basis

For the financial year ended 31 December 2018, the Group was fined RM20,000 for overflow of water treatment tank at its manufacturing plant in Nilai. The incident occurred due to a breakdown of pump during a raining day, despite regular check and maintenance being carried out. The Group had addressed the issue and subsequently performed further upgrading works on its treatment plant, which is in the process of obtaining approval from the Department of Environment of Malaysia.

The Group did not received any other penalties or fines from the authorities pertaining to wastewater discharge and management for the financial year under review.

Supply Chain

The main raw material for the Group's key products is rubber wood, and the availability of rubber wood supply significantly affects the Group's productivity and consequently profitability. During monsoon seasons, rubber wood plantations or concession areas are commonly flooded, causing clearing works to be delayed or halted and thereby affecting the supply of raw material for manufacturing. As a result, productivity will be impacted due to supply chain disruption.

The Group has in place strategies to manage its inventory to address supply shortage due to monsoon seasons to reduce the impact of supply chain disruption and it also has reasonable capacity to manage the inventory during such periods. Considering the fact that rubber wood quality deteriorates overtime and the possibility of prolonged monsoon seasons, the Group's inventory management strategy mitigates the supply chain disruption by reducing, but not eliminating, the adverse impact.

Conclusion

The Board of Evergreen has reviewed the sustainability management process of the Group and has approved this Statement on 5 April 2019. The Group will continue to monitor and manage the material sustainability matters identified, including the management of these matters, to enhance the Group's sustainability performance in creating long-term value for its stakeholders.

ADDITIONAL COMPLIANCE INFORMATION

1) Conflict of Interest

None of the Directors or Major Shareholders of the Company has had any personal interest in any business dealings / arrangement involving the Company and/or Group during the current financial year.

2) 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.

3) Utilisation of Proceeds

There was no corporate proposal in the current financial year.

4) Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors for the current financial year is stated on page 128 of this Annual Report.

5) Contracts relating to Loan

There were no contracts relating to loan by the Company or its subsidiaries during the current financial year.

6) Recurrent Related Party Transactions

There were no recurrent related party transactions in the Group during the current financial year except for Inter-Company transactions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2018

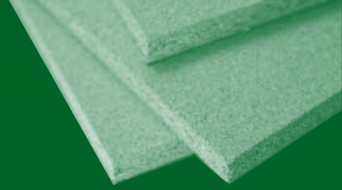
In compliance to the requirements under Paragraph 15.26(a) of the Main Market Listing Requirement of Bursa Securities, the Directors are to ensure that the financial statements prepared for each financial year give a true and fair view on the state of affairs of the Company and of the Group including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

The Board of Directors ("the Board") of EFB are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2018, the Company and the Group 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 Company and the Group.

The Board is also aware of their responsibilities and they are confident that the Company and the Group keeps adequate accounting records which disclose reasonable accuracy of the financial position of the Company and the Group. 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 2018 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.



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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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
Profit for the financial year	16,178,497	25,770,037
Attributable to:		
Owners of the Company	16,353,691	25,770,037
Non-controlling interests	(175,194)	-
	16,178,497	25,770,037

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 1.38 sen per ordinary share in respect of the financial year ended 31 December 2017	11,672,067

At the forthcoming Annual General Meeting, a single tier final dividend of 0.48 sen per ordinary share, amounting to RM4,059,850 in respect of current financial year, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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 have satisfied themselves that there were no known bad debts 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 it necessary to write off any bad debts or render 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 except for as disclosed in the financial statements,

(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.

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 200,000 of its issued and paid up ordinary shares from the open market at an average price of RM0.445 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM89,594.

As at 31 December 2018, the Company held 622,000 treasury shares out of its 846,423,985 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM482,899. Further details are disclosed in Note 20 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 the report are:

Henry S Kuo
Kuan Kai Seng
Kuo Jen Chang *
Kuo Jen Chiu *
Kuo Wen Chi *
Law Ngee Song
Mary Henerietta Lim Kim Neo *
Nirmala A/P Doraisamy
Yap Peng Leong (Resigned on 2 January 2019)

* 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 the report are:

Chieng Heng Nang
Erik Setiawan
Jeffrey S Kuo
Justin S Kuo
Kuo Huei Chen
Lee Kwok Choy
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 1.1.2018	Additions	Transferred	At 31.12.2018
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
Indirect interests:					
Kuo Jen Chang	*	211,136,314	-	51,962,594	159,173,720
Kuo Jen Chiu	*	229,372,038	-	51,962,594	177,409,444
Kuo Wen Chi	**	353,492,179	-	51,962,594	301,529,585
Henry S Kuo	*	13,553,093	34,641,730	13,553,093	34,641,730

* Deemed interested by virtue of the interests to parent(s) and/or siblings.
** Deemed interested by virtue of the shareholdings in a corporation and children.

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, Kuo Jen Chiu, Kuo Wen Chi and Henry S Kuo are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year did not have 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 disclosed in Note 30 to the financial statements) 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.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM10,000,000 and RM20,000 respectively.

SUBSIDIARIES

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

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

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

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

Date: 5 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,014,247,006	1,011,950,671	151,378,081	154,312,971
Land use rights	6	34,495,136	35,321,019	6,951,149	7,136,743
Biological assets	7	34,300,000	33,300,000	-	-
Goodwill on consolidation	8	9,584,046	17,584,046	-	-
Other intangible assets	9	111,137	84,788	-	-
Investment properties	10	-	-	4,162,497	4,317,030
Investment in subsidiaries	11	-	-	401,158,704	401,548,400
Deferred tax assets	12	1,803,422	4,589,578	-	-
Amounts owing by subsidiaries	14	-	-	87,204,706	79,802,480
Total non-current assets		1,094,540,747	1,102,830,102	650,855,137	647,117,624
Current assets					
Inventories	13	252,845,274	227,256,804	40,127,242	43,611,661
Trade and other receivables	14	115,170,989	111,843,023	45,647,741	49,213,309
Other current assets	15	17,173,517	16,222,704	3,038,063	979,653
Tax assets		2,758,859	3,108,594	138,113	524,474
Deposits, cash and bank balances	16	106,921,908	120,873,762	24,537,449	20,438,875
		494,870,547	479,304,887	113,488,608	114,767,972
Non-current asset classified as held for sale	17	-	8,551,701	-	-
Total curent assets		494,870,547	487,856,588	113,488,608	114,767,972
TOTAL ASSETS		1,589,411,294	1,590,686,690	764,343,745	761,885,596
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
Share premium	19	-	-	-	-
Treasury shares	20	(482,899)	(393,305)	(482,899)	(393,305)
Other reserves	21	81,143,382	68,242,705	-	-
Retained earnings		730,881,446	726,229,984	333,206,913	319,108,943
		1,156,291,141	1,138,828,596	677,473,226	663,464,850
Non-controlling interests		30,011,056	29,994,550	-	-
TOTAL EQUITY		1,186,302,197	1,168,823,146	677,473,226	663,464,850

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (Cont'd)

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Liabilities					
Non-current liabilities					
Loans and borrowings	22	86,762,577	123,587,150	14,854,027	34,532,321
Deferred tax liabilities	12	42,202,900	45,057,036	2,980,234	5,391,250
Retirement benefits obligation	23	11,489,445	10,534,022	4,219,513	3,871,110
Total non-current liabilities		140,454,922	179,178,208	22,053,774	43,794,681
Current liabilities					
Loans and borrowings	22	122,547,297	93,721,793	38,903,270	21,127,040
Trade and other payables	24	138,303,282	148,244,035	25,913,475	33,499,025
Tax liabilities		1,803,596	719,508	-	-
Total current liabilities		262,654,175	242,685,336	64,816,745	54,626,065
TOTAL LIABILITIES		403,109,097	421,863,544	86,870,519	98,420,746
TOTAL EQUITY AND LIABILITIES		1,589,411,294	1,590,686,690	764,343,745	761,885,596

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	25	1,105,543,484	1,024,136,952	249,755,406	245,208,941
Cost of sales	26	(914,912,122)	(798,668,514)	(231,687,038)	(209,554,716)
Gross profit		190,631,362	225,468,438	18,068,368	35,654,225
Other income	27	47,979,817	51,273,399	36,341,687	42,499,209
Selling and administrative expenses		(197,271,822)	(164,912,866)	(27,103,631)	(24,843,091)
Net impairment loss on financial assets		(501,707)	(557)	-	-
Other expenses	28	(8,408,984)	(38,022,077)	(896,935)	(6,289,438)
		(206,182,513)	(202,935,500)	(28,000,566)	(31,132,529)
Profit from operations		32,428,666	73,806,337	26,409,489	47,020,905
Finance costs		(6,674,573)	(5,970,926)	(2,322,988)	(3,423,630)
Profit before tax	29	25,754,093	67,835,411	24,086,501	43,597,275
Tax (expense)/credit	31	(9,575,596)	(21,002,608)	1,683,536	(2,098,801)
Profit for the financial year		16,178,497	46,832,803	25,770,037	41,498,474
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		12,900,677	(12,329,421)	-	-
Fair value loss of available-for-sale financial assets		-	(38,800)	-	-
		12,900,677	(12,368,221)	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit plans		161,538	(863,137)	-	-
Other comprehensive income/(loss) for the financial year		13,062,215	(13,231,358)	-	-
Total comprehensive income for the financial year		29,240,712	33,601,445	25,770,037	41,498,474

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Profit attributable to:					
Owners of the Company		16,353,691	44,971,407	25,770,037	41,498,474
Non-controlling interests		(175,194)	1,861,396	-	-
		16,178,497	46,832,803	25,770,037	41,498,474
Total comprehensive income attributable to:					
Owners of the Company		29,224,206	31,792,240	25,770,037	41,498,474
Non-controlling interests		16,506	1,809,205	-	-
		29,240,712	33,601,445	25,770,037	41,498,474
Basic and diluted earnings per share (sen)	32	1.93	5.31	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company							
At 1 January 2018		344,749,212	383,083	67,859,622	(393,305)	726,229,984	1,138,828,596	29,994,550	1,168,823,146
Total comprehensive income for the financial year									
Profit for the financial year		-	-	-	-	16,353,691	16,353,691	(175,194)	16,178,497
Other comprehensive income for the financial year		-	-	12,900,677	-	(30,162)	12,870,515	191,700	13,062,215
Total comprehensive income		-	-	12,900,677	-	16,323,529	29,224,206	16,506	29,240,712
Transactions with owners									
Share repurchased	20	-	-	-	(89,594)	-	(89,594)	-	(89,594)
Dividend paid on shares	33	-	-	-	-	(11,672,067)	(11,672,067)	-	(11,672,067)
Total transactions with owners		-	-	-	(89,594)	(11,672,067)	(11,761,661)	-	(11,761,661)
At 31 December 2018		344,749,212	383,083	80,760,299	(482,899)	730,881,446	1,156,291,141	30,011,056	1,186,302,197

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

Group	Note	Share capital RM	Share premium RM	Equity transaction reserve RM	Foreign exchange reserve RM	Fair value reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company									
At 1 January 2017		211,605,996	133,143,216	383,083	80,189,043	38,800	(393,305)	699,052,165	1,124,018,998	28,122,743	1,152,141,741
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	44,971,407	44,971,407	1,861,396	46,832,803
Other comprehensive loss for the financial year		-	-	-	(12,329,421)	(38,800)	-	(810,946)	(13,179,167)	(52,191)	(13,231,358)
Total comprehensive income/(loss)		-	-	-	(12,329,421)	(38,800)	-	44,160,461	31,792,240	1,809,205	33,601,445
Transactions with owners											
Changes in ownership interest in a subsidiary		-	-	-	-	-	-	(62,602)	(62,602)	62,602	-
Dividend paid on shares	33	-	-	-	-	-	-	(16,920,040)	(16,920,040)	-	(16,920,040)
Total transactions with owners		-	-	-	-	-	-	(16,982,642)	(16,982,642)	62,602	(16,920,040)
Transition to no-par value regime	18	133,143,216	(133,143,216)	-	-	-	-	-	-	-	-
At 31 December 2017		344,749,212	-	383,083	67,859,622	-	(393,305)	726,229,984	1,138,828,596	29,994,550	1,168,823,146

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

Company	Note	Share capital RM	Share premium RM	Treasury shares RM	Distributable retained earnings RM	Total equity RM
At 1 January 2017		211,605,996	133,143,216	(393,305)	294,530,509	638,886,416
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		-	-	-	41,498,474	41,498,474
Transaction with owners						
Dividend paid on shares, representing total transaction with owners	33	-	-	-	(16,920,040)	(16,920,040)
		211,605,996	133,143,216	(393,305)	319,108,943	663,464,850
Transition to no-par value regime	18	133,143,216	(133,143,216)	-	-	-
At 31 December 2017		344,749,212	-	(393,305)	319,108,943	663,464,850
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		-	-	-	25,770,037	25,770,037
Transactions with owners						
Share repurchased	20	-	-	(89,594)	-	(89,594)
Dividend paid on shares	33	-	-	-	(11,672,067)	(11,672,067)
Total transactions with owners		-	-	(89,594)	(11,672,067)	(11,761,661)
		344,749,212	-	(482,899)	333,206,913	677,473,226
At 31 December 2018		344,749,212	-	(482,899)	333,206,913	677,473,226

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities				
Profit before tax	25,754,093	67,835,411	24,086,501	43,597,275
Adjustments for:				
Amortisation of:				
- land use rights	840,721	851,704	185,594	185,594
- intangible assets	34,776	32,343	-	-
Bad debts written off	-	51,535	-	-
Depreciation on property, plant and equipment	72,555,473	62,017,592	14,314,675	11,923,963
Depreciation on investment property	-	-	154,533	154,533
Interest expense	6,674,573	5,970,926	2,322,988	3,423,630
Interest income	(1,691,890)	(1,880,991)	(3,348,046)	(3,953,876)
Dividend income from quoted investment	-	(4,800)	-	-
Dividend income from subsidiaries	-	-	(30,383,203)	(36,960,200)
Gain on disposal of other investments	-	(51,600)	-	-
Gain arising from fair value adjustment on biological assets	(1,000,000)	(6,500,000)	-	-
Impairment loss on:				
- goodwill	8,000,000	793,307	-	-
- investment in subsidiaries	-	-	389,696	866,099
- trade receivables, net	501,707	557	-	-
Inventories written down	3,074,178	2,860,669	86,326	549,222
Inventories written off	-	500,000	-	500,000
Gain on disposal of non-current asset held for sale	(10,821,499)	-	-	-
Gain on disposal of property, plant and equipment	(362,477)	(107,121)	(180,352)	(9,100)
Property, plant and equipment written off	408,984	29,271,018	246,933	-
Provision for retirement benefits obligation	1,791,382	1,526,012	437,696	417,489
Reversal of impairment loss on amount owing by a subsidiary	-	-	-	(226,591)
Unrealised gain on foreign exchange	(2,634,951)	(2,778,861)	(1,230,920)	(161,481)
	77,370,977	92,552,290	(17,004,080)	(23,290,718)
Operating cash flows before changes in working capital, carried down	103,125,070	160,387,701	7,082,421	20,306,557

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Cash flows from operating activities (cont'd)					
Operating cash flows before changes in working capital, brought down		103,125,070	160,387,701	7,082,421	20,306,557
Changes in working capital					
Inventories		(31,601,741)	(19,892,814)	3,398,093	1,644,089
Trade and other receivables		(7,399,403)	(14,698,137)	29,747,831	(1,648,827)
Trade and other payables		(3,311,357)	5,637,906	(7,433,806)	2,163,408
		(42,312,501)	(28,953,045)	25,712,118	2,158,670
Net cash flows generated from operations		60,812,569	131,434,656	32,794,539	22,465,227
Payment of retirement benefits obligation		(642,926)	(170,679)	(89,293)	(116,242)
Interest paid		(6,674,573)	(5,970,926)	(2,322,988)	(3,423,630)
Tax paid		(8,368,505)	(11,436,403)	(341,119)	(2,277,881)
Net cash flows from operating activities		45,126,565	113,856,648	30,041,139	16,647,474
Cash flows from investing activities					
Additional investment in subsidiaries		-	-	-	(71,670,000)
Repayments from/(advances to) subsidiaries		-	-	(34,670,220)	60,685,841
Dividend income from quoted investment		-	4,800	-	-
Dividend income received from subsidiaries		-	-	30,383,203	36,960,200
Interest received		1,691,890	1,880,991	3,348,046	2,663,799
Purchase of property, plant and equipment	5(a)	(64,481,075)	(146,076,655)	(11,443,357)	(17,784,375)
Purchase of intangible assets		(59,317)	-	-	-
Proceeds from disposal of non-current asset held for sale		19,373,200	-	-	-
Proceeds from disposal of property, plant and equipment		748,767	135,012	441,095	115,116
Proceeds from disposal of other investments		-	152,400	-	-
(Placement of)/Withdrawal of time deposits		(21,061)	12,511,630	-	-
Net cash flows (used in)/from investing activities		(42,747,596)	(131,391,822)	(11,941,233)	10,970,581
Cash flows from financing activities	(a)				
Drawdown of term loans and trade facilities		79,550,618	112,591,017	52,654,600	36,200,000
Dividend paid to owners of the Company		(11,672,067)	(16,920,040)	(11,672,067)	(16,920,040)
Purchase of treasury shares		(89,594)	-	(89,594)	-
Repayments of finance lease liabilities		(376,153)	(357,542)	(43,190)	-
Repayments of term loans and trade facilities		(86,885,900)	(98,113,744)	(54,842,027)	(68,782,509)
Net cash used in financing activities		(19,473,096)	(2,800,309)	(13,992,278)	(49,502,549)
Net (decrease)/increase in cash and cash equivalents		(17,094,127)	(20,335,483)	4,107,628	(21,884,494)
Cash and cash equivalents at the beginning of the financial year		120,040,209	146,921,340	20,238,875	43,896,612
Effects of foreign exchange rate changes		3,121,212	(6,545,648)	(9,054)	(1,773,243)
Cash and cash equivalents at the end of the financial year	16	106,067,294	120,040,209	24,337,449	20,238,875

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (Cont'd)

(a) Changes in liabilities arising from financing activities:

Group	Note	1.1.2018 RM	Cash flows RM	Non cash: Acquisition RM	Non cash: Foreign exchange movement RM	31.12.2018 RM
Trade facilities	22	66,800,987	27,436,632	-	1,365,500	95,603,119
Term loans	22	149,540,352	(34,771,914)	-	(2,120,446)	112,647,992
Finance lease liabilities	22	967,604	(376,153)	444,104	23,208	1,058,763
		217,308,943	(7,711,435)	444,104	(731,738)	209,309,874
Company						
Trade facilities	22	8,000,000	19,957,600	-	(114,500)	27,843,100
Term loans	22	47,659,361	(22,145,027)	-	-	25,514,334
Finance lease liabilities	22	-	(43,190)	444,104	(1,051)	399,863
		55,659,361	(2,230,617)	444,104	(115,551)	53,761,897

Group	Note	1.1.2017 RM	Cash flows RM	Non cash Foreign exchange movement RM	31.12.2017 RM
Trade facilities	22	70,755,100	(1,876,188)	(2,077,925)	66,800,987
Term loans	22	132,545,771	16,353,461	641,120	149,540,352
Finance lease liabilities	22	1,336,435	(357,542)	(11,289)	967,604
		204,637,306	14,119,731	(1,448,094)	217,308,943
Company					
Trade facilities	22	27,550,600	(17,817,175)	(1,733,425)	8,000,000
Term loans	22	62,424,695	(14,765,334)	-	47,659,361
		89,975,295	(32,582,509)	(1,733,425)	55,659,361

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at 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 the subsidiaries are as 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 5 April 2019.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

<u>Amendments/Improvements to MFRSs</u>

MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 9 Financial Instruments (cont'd)

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 January 2018.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 9 Financial Instruments (cont'd)

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets and liabilities:

Trade and other receivables, including refundable deposits and deposit, cash and bank balances previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 January 2018:

MFRS 139 measurement category	RM	MFRS 9 measurement category Amortised cost RM
Financial assets		
Group		
Loans and receivables		
Trade and other receivables excluding goods and services/value added tax refundable	98,241,706	98,241,706
Deposits, cash and bank balances	120,873,762	120,873,762
	219,115,468	219,115,468
Company		
Loans and receivables		
Trade and other receivables excluding goods and services/value added tax refundable	126,449,096	126,449,096
Deposits, cash and bank balances	20,438,875	20,438,875
	146,887,971	146,887,971

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 9 Financial Instruments (cont'd)

Impact of the adoption of MFRS 9 (cont'd)

(i) Classification and measurement (cont'd)

MFRS 139 measurement category	RM	MFRS 9 measurement category Amortised cost RM
Financial liabilities		
Group		
Other financial liabilities		
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	138,693,525	138,693,525
Loans and borrowings	217,308,943	217,308,943
	356,002,468	356,002,468
Company		
Other financial liabilities		
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	31,256,750	31,256,750
Loans and borrowings	55,659,361	55,659,361
	86,916,111	86,916,111

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

Other than as disclosed above, the adoption of MFRS 9 did not have any material impact on the financial statements at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (cont'd)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Impact of the adoption of MFRS 15

The Group and the Company have applied MFRS 15 in accordance with the modified transitional approach, which involves not restating periods prior with the expedient in MFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

In accordance with MFRS 15, the Group and the Company recognise revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

The adoption of MFRS 15 did not have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019#
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosure	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards
# Amendments as to the consequence of effective of MFRS 17 Insurance Contract

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group and the Company will be required to capitalise their rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group and the Company are likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combination and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (cont'd)

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. (cont'd)

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

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.

2. BASIS OF PREPARATION (cont'd)

2.6 Use of estimates and judgement

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 disclosures 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, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

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).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.1 Basis of consolidation (cont'd)

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

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.

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, an available-for-sale financial asset or a held for trading 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.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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 3.14(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 at the exchange rates prevailing at the dates of the transactions.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(b) Translation of foreign operations (cont'd)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

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.

Accounting policies applied from 1 January 2018

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.

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.

(a) Subsequent measurement

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

(i) Financial assets

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

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.

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

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Debt instruments

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. There are three measurement categories 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 3.14(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial 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 liablities are derecognised and through the amortisation process.

(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 purchase or sell an asset).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.4 Financial instruments (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(c) Regular way purchase or sale of financial assets (cont'd)

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.

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

3.4 Financial instruments (cont'd)

Accounting policies applied until 31 December 2017

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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 and the host contract is not categorised 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) Subsequent measurement

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

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a). Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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 best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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

3.4 Financial instruments (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(d) Derecognition

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

(e) Offsetting of financial instruments

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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 3.14(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 3.19.

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

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

3.5 Property, plant and equipment (cont'd)

(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)
Leasehold land	59
Buildings	20-60
Plant and machinery	5-25
Factory and office equipment, furniture and fittings	8
Motor vehicles	5
Computer 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.

(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 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. Subsequent to initial recognition, investment properties are measured at costs. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

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

3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.7 Leases (cont'd)

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights.

(b) Lessor accounting

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 statement 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.

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 3.14(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(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 3.14(b).

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

3.9 Land use rights

Any upfront lease payments under operating lease that are classified as land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3.10 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.

3.11 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.

3.12 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of or disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

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

3.12 Non-current assets or disposal groups held for sale (cont'd)

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised. Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.13 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.

3.14 Impairment of assets

(a) Impairment of financial assets and contract assets

<u>Accounting policies applied from 1 January 2018</u>

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 loss is 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 loss, except for the following, which are measured as 12-month expected credit loss:

- 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.

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

3.14 Impairment of assets (cont'd)

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

Accounting policies applied from 1 January 2018 (cont'd)

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.

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 issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.14 Impairment of assets (cont'd)

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

Accounting policies applied from 31 December 2017

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, biological assets and non-current asset classified as held for sale) 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.

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

3.14 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.

3.15 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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.16 Employee benefits (cont'd)

(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 plans

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 recognises 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.

3.17 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.

3.18 Revenue and other income

<u>Accounting policies applied from 1 January 2018</u>

(a) Sale of goods

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.

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

3.18 Revenue and other income (cont'd)

Accounting policies applied from 1 January 2018 (cont'd)

(a) Sale of goods (cont'd)

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). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

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 such as goods and service tax, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.18 Revenue and other income (cont'd)

Accounting policies applied until 31 December 2017

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(c) Dividend income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(d) Rental income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

3.19 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.

3.20 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.

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

3.20 Income tax (cont'd)

(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.

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.

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

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

3.22 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.

3.23 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, 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.

3.24 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

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Fair value of biological assets

Significant judgement is required in determining the estimated remaining acres of forest land with an estimated hoppus tons of tropical wood trees to be harvested as at each reporting period end. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The fair value of the rubber trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees.

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.

(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. The management specifically analyses sales trend and current economic trends 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 amount of inventories.

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 13.

(c) Impairment of property, plant and equipment

The Group and the Company assess 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 value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the non-financial assets are disclosed in Note 5.

(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 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 cost of disposal for that asset 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 Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions 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 Group'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
31 DECEMBER 2018 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	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
2018									
Cost									
At 1 January 2018	875,911	25,449,985	222,622,073	1,399,387,545	26,401,169	30,148,969	4,465,215	75,629,929	1,784,980,796
Additions	-	-	686,955	29,959,820	378,307	1,334,576	225,314	32,340,207	64,925,179
Disposals	-	-	-	(4,153,997)	-	(2,337,962)	-	(317,595)	(6,809,554)
Written off	-	-	-	(628,324)	(2,128)	-	-	(17,991)	(648,443)
Reclassification	-	-	3,402,501	63,735,104	42,568	-	-	(67,180,173)	-
Exchange differences	-	613,673	2,731,087	15,915,115	361,222	636,758	6,494	1,711,190	21,975,539
At 31 December 2018	875,911	26,063,658	229,442,616	1,504,215,263	27,181,138	29,782,341	4,697,023	42,165,567	1,864,423,517
Accumulated depreciation									
At 1 January 2018	89,076	-	72,570,547	652,406,690	16,872,189	26,349,344	1,898,833	-	770,186,679
Depreciation charge for the year (Note 29)	14,846	-	6,620,415	63,187,847	804,543	1,484,523	443,299	-	72,555,473
Disposals	-	-	-	(4,085,304)	-	(2,337,960)	-	-	(6,423,264)
Written off	-	-	-	(237,331)	(2,128)	-	-	-	(239,459)
Exchange differences	-	-	1,343,174	9,028,962	295,630	580,240	5,630	-	11,253,636
At 31 December 2018	103,922	-	80,534,136	720,300,864	17,970,234	26,076,147	2,347,762	-	847,333,065
Accumulated impairment loss									
At 1 January 2018/ 31 December 2018	-	-	-	2,843,446	-	-	-	-	2,843,446
Carrying amount									
At 31 December 2018	771,989	26,063,658	148,908,480	781,070,953	9,210,904	3,706,194	2,349,261	42,165,567	1,014,247,006

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold land RM	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
2017									
Cost									
At 1 January 2017	875,911	25,665,600	224,739,891	1,202,513,300	25,998,084	30,599,133	4,355,974	203,254,567	1,718,002,460
Additions	-	-	1,464,925	34,211,289	653,490	591,667	1,052,582	108,102,702	146,076,655
Disposals	-	-	-	-	-	(670,976)	(746,199)	-	(1,417,175)
Written off	-	-	-	(48,126,123)	(155,103)	-	(194,861)	-	(48,476,087)
Reclassification	-	-	6,163,418	228,803,822	186,800	60,168	-	(235,214,208)	-
Transfer to non-current asset classified as held for sale (Note 17)	-	-	(8,551,701)	-	-	-	-	-	(8,551,701)
Exchange differences	-	(215,615)	(1,194,460)	(18,014,743)	(282,102)	(431,023)	(2,281)	(513,132)	(20,653,356)
At 31 December 2017	875,911	25,449,985	222,622,073	1,399,387,545	26,401,169	30,148,969	4,465,215	75,629,929	1,784,980,796
Accumulated depreciation									
At 1 January 2017	74,230	-	66,782,641	627,659,186	16,424,995	25,710,136	2,323,095	-	738,974,283
Depreciation charge for the year (Note 29)	14,846	-	6,392,298	52,662,782	806,945	1,670,252	470,469	-	62,017,592
Disposals	-	-	-	-	-	(664,790)	(724,494)	-	(1,389,284)
Written off	-	-	-	(18,677,565)	(117,518)	(2,527)	(168,226)	-	(18,965,836)
Exchange differences	-	-	(604,392)	(9,237,713)	(242,233)	(363,727)	(2,011)	-	(10,450,076)
At 31 December 2017	89,076	-	72,570,547	652,406,690	16,872,189	26,349,344	1,898,833	-	770,186,679
Accumulated impairment loss									
At 1 January 2017	-	-	-	3,058,065	4,901	-	19,713	-	3,082,679
Written off	-	-	-	(214,619)	(4,901)	-	(19,713)	-	(239,233)
At 31 December 2017	-	-	-	2,843,446	-	-	-	-	2,843,446
Carrying amount									
At 31 December 2017	786,835	25,449,985	150,051,526	744,137,409	9,528,980	3,799,625	2,566,382	75,629,929	1,011,950,671

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Freehold buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computer and communication system RM	Construction in progress RM	Total RM
2018								
Cost								
At 1 January 2018	4,883,644	32,001,145	286,706,009	1,793,523	3,562,957	3,379,309	2,007,846	334,334,433
Additions	-	-	3,241,881	5,792	1,263,627	165,724	7,210,437	11,887,461
Disposals	-	-	(1,627,010)	-	(751,954)	-	-	(2,378,964)
Written off	-	-	(403,382)	-	-	-	-	(403,382)
Reclassification	-	-	1,572,750	-	-	-	(1,572,750)	-
At 31 December 2018	4,883,644	32,001,145	289,490,248	1,799,315	4,074,630	3,545,033	7,645,533	343,439,548
Accumulated depreciation								
At 1 January 2018	-	9,534,548	164,458,487	1,699,390	3,294,930	1,034,107	-	180,021,462
Depreciation charge for the financial year (Note 29)	-	548,888	13,140,285	13,823	240,558	371,121	-	14,314,675
Disposals	-	-	(1,366,267)	-	(751,954)	-	-	(2,118,221)
Written off	-	-	(156,449)	-	-	-	-	(156,449)
At 31 December 2018	-	10,083,436	176,076,056	1,713,213	2,783,534	1,405,228	-	192,061,467
Net Carrying Amount								
At 31 December 2018	4,883,644	21,917,709	113,414,192	86,102	1,291,096	2,139,805	7,645,533	151,378,081

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Freehold buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computer and communication system RM	Construction in progress RM	Total RM
2017								
Cost								
At 1 January 2017	4,883,644	30,951,779	257,315,129	1,718,072	3,813,690	3,193,734	16,236,868	318,112,916
Additions	-	1,049,366	13,629,627	75,451	117,268	904,817	2,007,846	17,784,375
Disposals	-	-	(475,615)	-	(368,001)	(719,242)	-	(1,562,858)
Reclassification	-	-	16,236,868	-	-	-	(16,236,868)	-
At 31 December 2017	4,883,644	32,001,145	286,706,009	1,793,523	3,562,957	3,379,309	2,007,846	334,334,433
Accumulated depreciation								
At 1 January 2017	-	9,014,101	153,834,782	1,693,386	3,620,574	1,391,498	-	169,554,341
Depreciation charge for the financial year (Note 29)	-	520,447	11,000,645	6,004	36,173	360,694	-	11,923,963
Disposals	-	-	(376,940)	-	(361,817)	(718,085)	-	(1,456,842)
At 31 December 2017	-	9,534,548	164,458,487	1,699,390	3,294,930	1,034,107	-	180,021,462
Net Carrying Amount								
At 31 December 2017	4,883,644	22,466,597	122,247,522	94,133	268,027	2,345,202	2,007,846	154,312,971

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (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 RM64,925,179 (2017: RM146,076,655) and RM11,887,461 (2017: RM17,784,375) respectively which are satisfied by the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financed by finance lease arrangements	444,104	-	444,104	-
Cash payments	64,481,075	146,076,655	11,443,357	17,784,375
	64,925,179	146,076,655	11,887,461	17,784,375

(b) The carrying amount of property, plant and equipment acquired under finance lease arrangements as at end of the financial year are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Motor vehicles	1,944,389	1,470,973	631,519	-

(c) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 22 are as follows:

	Group	
	2018 RM	2017 RM
Freehold land	19,481,605	18,917,141
Freehold buildings	21,200,395	20,779,825
Plant and machinery and other assets	318,485,546	267,745,868
	359,167,546	307,442,834

(d) Included in property, plant and equipment are borrowing cost capitalised during the financial year as follows:

	Group	
	2018 RM	2017 RM
Construction in progress	204,359	331,496

(e) The carrying amount of property, plant and equipment held in trust by one of the directors as at end of the financial year are as follows:

	Company	
	2018 RM	2017 RM
Motor vehicle	631,519	-

6. LAND USE RIGHTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cost				
At 1 January	43,659,617	43,728,705	10,331,238	10,331,238
Exchange differences	14,838	(69,088)	-	-
At 31 December	43,674,455	43,659,617	10,331,238	10,331,238
Accumulated amortisation				
At 1 January	8,338,598	7,486,894	3,194,495	3,008,901
Amortisation charge for the financial year (Note 29)	840,721	851,704	185,594	185,594
At 31 December	9,179,319	8,338,598	3,380,089	3,194,495
Carrying amount				
At 31 December	34,495,136	35,321,019	6,951,149	7,136,743

The Group has land use rights over a few plots of stated-owned land in Malaysia and Indonesia. The lease term ranges from 50 to 60 years.

7. BIOLOGICAL ASSETS

The Group has two categories of biological assets, namely immature 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 medium density fibreboard.

	Group	
	2018 RM	2017 RM
At fair value:		
Immature rubber trees	30,400,000	30,100,000
Tropical wood trees	3,900,000	3,200,000
At 31 December	34,300,000	33,300,000

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

7. BIOLOGICAL ASSETS (cont'd)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	Group 2018 RM	Group 2017 RM
Immature rubber trees		
At 1 January	30,100,000	23,800,000
Gain recognised in profit or loss (Note 27)	300,000	6,300,000
At 31 December	30,400,000	30,100,000
Tropical wood trees		
At 1 January	3,200,000	3,000,000
Gain recognised in profit or loss (Note 27)	700,000	200,000
At 31 December	3,900,000	3,200,000

(a) The biological assets of the Group consist of immature rubber trees and tropical wood trees of various species. Immature rubber trees and tropical wood trees are measured using the discounted cash flows of the trees.

(b) During the financial year, no tropical wood trees were felled.

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 (15 hoppus tons of tropical wood of various species with an average sale value of RM800 (2017: RM700) per hoppus ton)	The higher the average sale value, the higher the fair value

7. BIOLOGICAL ASSETS (cont'd)

Level 3 fair value (cont'd)

(c) All of the Group's rubber trees were planted in the previous financial years and are immature. They will attain maturity upon the sixth to seventh year of planting. The Group had planted on 2,719 (2017: 2,436) acres of land with rubber trees as at the end of financial year.

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
Rubber plantations and rubber seedlings	Discounted cash flows	Estimated yield of rubber latex per acre (2018: 800 - 1,300kg; 2017: 800 - 1,300kg);	The higher the estimated yield of rubber latex per acre, the higher the fair value
		Estimated latex selling price (2018: RM4.85/kg; 2017: RM5.50/kg); and	The higher the latex selling price, the higher the fair value
		Estimated harvesting and collection cost (2018: RM1.30/kg; 2017: RM1.40/kg)	The lower the harvesting and collection cost, 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 team 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

8. GOODWILL

	Group 2018 RM	2017 RM
Cost		
At 1 January/31 December	19,590,250	19,590,250
Accumulated impairment loss		
At 1 January	(2,006,204)	(1,212,897)
Charge for the financial year (Note 28)	(8,000,000)	(793,307)
At 31 December	(10,006,204)	(2,006,204)
Carrying amount		
At 31 December	9,584,046	17,584,046

Impairment of goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the country of operation for impairment testing as follows:

	Group 2018 RM	2017 RM
Thailand operations	4,893,263	4,893,263
Malaysia operations	4,690,783	12,690,783
	9,584,046	17,584,046

Key assumptions used in value-in-use calculations

The recoverable amount of CGU of Malaysia and Thailand operations as at 31 December 2018 and 31 December 2017 are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the five-year period are based on the cash flows forecasted in the preceding years. The key assumptions used for value-in-use calculations are as follows:

Group	**Malaysia operations**	**Thailand operations**
31.12.2018		
Key assumptions used in value-in-use calculations		
Growth rate	2.29%	1.50%
Gross margin	21.00%	30.00%
Discount rate	14.35%	14.17%

8. GOODWILL (cont'd)

Key assumptions used in value-in-use calculations (cont'd)

Group	Malaysia operations	Thailand operations
31.12.2017		
Key assumptions used in value-in-use calculations		
Growth rate	2.70%	2.70%
Gross margin	13.00% - 23.00%	30.00%
Discount rate	16.81% - 17.04%	16.31%

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 three years preceding the start of the budget period, adjusted for projected market conditions and machine capability. These are increased over the budget period for anticipated efficiency improvements.

(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

Annual inflation rate is projected as the growth rate in the value-in-use calculations.

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

Impairment loss recognised

The Group recognised an impairment loss of RM8,000,000 (2017: RM793,307) of a CGU in which the recoverable amount of the CGU is lower than the carrying amount of its goodwill during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

9. OTHER INTANGIBLE ASSETS

	Group	
	2018 RM	**2017 RM**
Cost		
At 1 January	316,222	319,537
Addition	59,317	-
Exchange differences	9,436	(3,315)
At 31 December	384,975	316,222
Accumulated amortisation		
At 1 January	231,434	201,907
Amortisation charge for the financial year (Note 29)	34,776	32,343
Exchange differences	7,628	(2,816)
At 31 December	273,838	231,434
Carrying amount		
At 31 December	111,137	84,788

10. INVESTMENT PROPERTIES

	Company	
	2018 RM	**2017 RM**
At cost		
At 1 January/31 December	5,636,660	5,636,660
Accumulated depreciation		
At 1 January	(1,319,630)	(1,165,097)
Depreciation charge during the financial year (Note 29)	(154,533)	(154,533)
At 31 December	(1,474,163)	(1,319,630)
Carrying amount	4,162,497	4,317,030

(a) The Company's investment properties comprise a number of commercial properties that are leased to the subsidiaries. Each lease contains an initial non-cancellable period of 2 to 3 years.

(b) The following are recognised in the profit or loss in respect of investment properties:

	2018 RM	**2017 RM**
Rental income	798,150	799,704
Direct operating expenses	100,034	100,274

10. INVESTMENT PROPERTIES (cont'd)

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
2018				
Terrace house	-	-	474,353	474,353
Leasehold land and factory building	-	-	13,068,107	13,068,107
	-	-	13,542,460	13,542,460
2017				
Terrace house	-	-	406,656	406,656
Leasehold land and factory building	-	-	8,929,873	8,929,873
	-	-	9,336,529	9,336,529

The valuation of Level 3 investment properties as at 31 December 2018 and 2017 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity and replacement cost model respectively.

There were no transfers between Level 1 and Level 2 during the financial years ended 31 December 2018 and 31 December 2017.

Investment properties of the Company at Level 3 fair value of RM13,542,460 (2017: RM9,336,529) was determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM	2017 RM
At cost		
Unquoted shares, at cost		
At 1 January	445,582,838	373,912,838
Add: Additions during the financial year	-	71,670,000
At 31 December	445,582,838	445,582,838
Less: Accumulated impairment losses		
At 1 January	(44,034,438)	(43,168,339)
Impairment loss during the financial year (Note 28)	(389,696)	(866,099)
	(44,424,134)	(44,034,438)
At 31 December	401,158,704	401,548,400

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	Effective equity interest 2017
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	51%	51%
Evergreen Eco Wood Pte. Ltd.#	Singapore	Dormant	-	100%
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%
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	99.99%	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 solid wooden furniture parts and fingers	100%	100%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	100%

11. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Principal activities	Effective equity interest 2018	Effective equity interest 2017
Subsidiary of Craft Master Timber Products Sdn. Bhd.				
Asian Oak Co., Ltd.*	Thailand	Producing and distributing wood products	99.99%	99.99%
Subsidiary of Siam Fibreboard Co., Ltd.				
Siam Furniture (Shanghai) Co., Ltd.*	The People's Republic of China	Distributing the household products made of rubber wood	100%	100%
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.
\# Struck off during the financial year.

(a) In the previous financial year, the Company acquired the remaining 11,539,500 ordinary shares of RM1.00 each of its subsidiary, Craft Master Timber Products Sdn. Bhd. ("CMTP"), which represents 49% of the equity interest of CMTP for a total cash consideration of RM380,000. Subsequent to the acquisition, CMTP becomes a wholly-owned subsidiary of the Company.

(b) In the previous financial year, the Group exercised a re-organisation in Thailand, involving the transfer of 3,892,997 ordinary shares of Asian Oak Co., Ltd. ("AOC") from Siam Fibreboard Co., Ltd. ("SFC"), a 99.99% owned subsidiary of the Company to CMTP, a wholly owned subsidiary of the Company, at a total cash consideration of RM1. The re-organisation is for the purpose of streamlining business management for the direct benefit of the companies involved and indirectly benefit the Group as a whole. There is no financial impact to the Group arising from the re-organisation.

(c) In the previous financial year, the Company subscribed additional ordinary shares issued by Allgreen Timber Products Sdn. Bhd. and Everlatt Sourcing Sdn. Bhd. for a consideration of RM70 million and RM390,000 respectively.

(d) On 29 November 2018, a dormant subsidiary of the Company namely Evergreen Eco Wood Pte. Ltd. has been struck off by the Registrar of Companies and Business ("ROCB") pursuant to Section 344 of the Singapore Companies Act, CAP.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) Non-controlling interests in subsidiaries

The financial information of the subsidiary of the Group that has a material non-controlling interests is as follows:

Equity interest held by non-controlling interests are as follows:

Name of company	Country of incorporation	Equity interest 2018 %	2017 %
PT Hijau Lestari Raya Fibreboard	Indonesia	49	49

Carrying amount of non-controlling interests:

Name of company	2018 RM	2017 RM
PT Hijau Lestari Raya Fibreboard	30,011,056	29,994,550

Profit or loss allocated to non-controlling interests:

Name of company	2018 RM	2017 RM
PT Hijau Lestari Raya Fibreboard	16,506	1,809,205

The summarised financial information before intra-group elimination of the subsidiary that has a material non-controlling interests is as follows:

	PT Hijau Lestari Raya Fibreboard RM
Summarised statement of financial position	
As at 31 December 2018	
Non-current assets	72,907,642
Current assets	70,379,893
Non-current liabilities	(4,465,407)
Current liabilities	(63,967,890)
Net assets	74,854,238
Summarised statement of comprehensive income	
Financial year ended 31 December 2018	
Revenue	75,466,326
Loss for the financial year	(357,538)
Total comprehensive income	33,680

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) Non-controlling interests in subsidiaries (cont'd)

The summarised financial information before intra-group elimination of the subsidiary that has a material non-controlling interests is as follows: (cont'd)

	PT Hijau Lestari Raya Fibreboard RM
Summarised cash flow information Financial year ended 31 December 2018	
Net cash flows from operating activities	2,972,635
Net cash flows used in investing activities	(5,153,388)
Net cash flows used in financing activities	(1,272,389)
Net decrease in cash and cash equivalents	(3,453,141)
Dividends paid to non-controlling interests	-
Summarised statement of financial position	
As at 31 December 2017	
Non-current assets	73,985,938
Current assets	64,789,002
Non-current liabilities	(2,259,673)
Current liabilities	(63,432,162)
Net assets	73,083,105
Summarised statement of comprehensive income Financial year ended 31 December 2017	
Revenue	89,710,538
Profit for the financial year	3,798,836
Total comprehensive income	3,692,360
Summarised cash flow information Financial year ended 31 December 2017	
Net cash flows from operating activities	19,749,563
Net cash flows used in investing activities	(3,713,192)
Net cash flows used in financing activities	(1,346,807)
Net increase in cash and cash equivalents	14,689,564
Dividends paid to non-controlling interests	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

12. DEFERRED TAX

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax liabilities				
At 1 January	(40,467,458)	(24,774,063)	(5,391,250)	(4,085,377)
Recognised in profit or loss (Note 31)	226,732	(15,607,233)	2,411,016	(1,305,873)
Exchange differences	(158,752)	(86,162)	-	-
At 31 December	(40,399,478)	(40,467,458)	(2,980,234)	(5,391,250)

(a) Presented after appropriate off-setting as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax assets	1,803,422	4,589,578	16,399,866	13,097,759
Deferred tax liabilities	(42,202,900)	(45,057,036)	(19,380,100)	(18,489,009)
	(40,399,478)	(40,467,458)	(2,980,234)	(5,391,250)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	2018 RM	2017 RM
Deferred tax assets		
Unabsorbed capital allowances	7,075,465	10,889,914
Unutilised tax losses	12,040,309	11,689,393
Unabsorbed reinvestment allowances	21,176,394	13,438,830
Unrealised loss foreign exchange	178,478	244,251
Provision for retirement benefits obligation	1,596,352	2,209,260
Others	419,052	143,681
	42,486,050	38,615,329
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and their tax bases	(74,203,848)	(70,395,313)
Changes in fair value of biological assets	(8,300,300)	(7,992,000)
Unrealised gain on foreign exchange	(381,380)	(695,474)
	(82,885,528)	(79,082,787)
	(40,399,478)	(40,467,458)

12. DEFERRED TAX (cont'd)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows: (cont'd)

	Company	
	2018 RM	2017 RM
Deferred tax assets		
Provision for retirement benefits obligation	1,012,683	929,066
Unabsorbed capital allowance	4,145,288	1,394,897
Unabsorbed reinvestment allowances	11,241,895	10,773,796
	16,399,866	13,097,759
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	(19,084,679)	(18,450,255)
Unrealised gain on foreign exchange	(295,421)	(38,754)
	(19,380,100)	(18,489,009)
	(2,980,234)	(5,391,250)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

(c) The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2018 RM	2017 RM
Unabsorbed capital allowances	70,347,142	66,024,655
Unutilised tax losses	57,541,073	55,693,318
Unabsorbed investment tax allowances	76,051,303	76,051,303
Unabsorbed reinvestment allowances	103,371,248	103,371,248
Others	2,196,428	3,157,651
	309,507,194	304,298,175

The availability of unutilised tax losses and unabsorbed capital allowances 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 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

13. INVENTORIES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At lower of cost and net realisable value				
Raw materials	34,830,111	45,920,112	7,041,156	7,606,638
Work-in-progress	59,596,875	52,455,429	883,627	679,520
Finished goods	66,577,322	48,772,377	13,882,714	16,332,450
Factory supplies	3,401,196	3,296,276	1,036,255	1,453,160
Fertilizer, chemicals and consumables	137,726	110,884	-	-
Packing materials	3,555,570	2,945,688	1,526,394	1,697,108
Spare parts	84,746,474	73,756,038	15,757,096	15,842,785
	252,845,274	227,256,804	40,127,242	43,611,661

(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 RM908,921,237 (2017: RM794,904,316) and RM231,600,712 (2017: RM208,505,295) respectively.

(b) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year include the following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Inventories written down	3,074,178	2,860,669	86,326	549,222
Inventories written off	-	500,000	-	500,000
	3,074,178	3,360,669	86,326	1,049,222

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Non current:					
Non-trade					
Amounts owing by subsidiaries	(a)	-	-	87,204,706	79,802,480
		-	-	87,204,706	79,802,480
Current:					
Trade					
External parties	(c)	95,812,524	88,495,660	8,334,205	9,857,964
Subsidiaries		-	-	18,425,012	23,976,846
		95,812,524	88,495,660	26,759,217	33,834,810
Less: Impairment loss on trade receivables	(c)	(560,825)	(49,251)	-	-
		95,251,699	88,446,409	26,759,217	33,834,810

14. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Other receivables					
Amounts owing by subsidiaries	(b)	-	-	15,668,544	10,083,319
Other receivables		5,189,534	4,130,693	1,339,433	2,303,173
Deposits		2,288,589	4,796,604	357,561	425,314
Goods and services/value added tax refundable		12,441,167	13,601,317	1,522,986	2,566,693
Insurance compensation receivable		-	868,000	-	-
		19,919,290	23,396,614	18,888,524	15,378,499
Total trade and other receivables (current)		115,170,989	111,843,023	45,647,741	49,213,309
Total trade and other receivables (non-current and current)		115,170,989	111,843,023	132,852,447	129,015,789

(a) Amounts owing by subsidiaries represent advances which are unsecured, which bear interest at rates ranging from 1.75% to 7.72% (2017: 1.75% to 7.72%) and is expected to settle in cash. However, this amount is not expected to be settled within the twelve months after the reporting date.

(b) Amounts owing by subsidiaries represent advances to subsidiaries which are unsecured, which bear interest at rates ranging from 4.30% to 4.70% (2017: 3.98%) and is expected to be settled in cash.

(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 (2017: 15 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

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

	Group 2018 RM	Group 2017 RM
At 1 January	49,251	124,585
Charge for financial year		
- Individually assessed	503,294	557
Reversal of impairment loss	(1,587)	-
Written off	-	(75,381)
Exchange difference	9,867	(510)
At 31 December	560,825	49,251

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement.*

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The information about the credit exposures are disclosed in Note 36(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

15. OTHER CURRENT ASSETS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Prepayments	1,586,968	4,103,611	350,191	448,903
Advance payments to suppliers	15,586,549	12,119,093	2,687,872	530,750
	17,173,517	16,222,704	3,038,063	979,653

16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	89,438,887	94,833,364	10,182,216	5,025,715
Deposits placed with licensed banks (Note (a))	16,628,407	25,206,845	14,155,233	15,213,160
Time deposits (Note (b))	854,614	833,553	200,000	200,000
Deposits, cash and bank balances as reported in the statements of financial position	106,921,908	120,873,762	24,537,449	20,438,875
Less: Time deposits	(854,614)	(833,553)	(200,000)	(200,000)
Cash and cash equivalents as reported in the statements of cash flows	106,067,294	120,040,209	24,337,449	20,238,875

(a) The deposits placed with licensed banks are placements with periods of less than 3 months and bear interests at rate ranging from 1.22% to 3.80% (2017: 1.5% to 3.25%) and mature within 3 months.

(b) Time deposits are deposits placed with licensed bank for periods of more than 3 months and bear interests at rates ranging from 1.05% to 4.30% (2017: 1.05% to 3.55%) per annum and mature within one year.

17. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2018 RM	2017 RM
At 1 January	8,551,701	-
Reclassified from property, plant and equipment (Note 5)	-	8,551,701
Disposal	(8,551,701)	-
At 31 December	-	8,551,701

On 12 September 2017, a subsidiary of the Company entered into a sale and purchase agreement ("SAP") with a third party to dispose of a piece of land for a total cash consideration of RM19,602,000. The sale was completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

18. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amounts	
	2018 UNIT	2017 UNIT	2018 RM	2017 RM
Issued and fully paid				
At 1 January	846,423,985	846,423,985	344,749,212	211,605,996
Transition to no-par value regime	-	-	-	133,143,216
At 31 December	846,423,985	846,423,985	344,749,212	344,749,212

The Companies Act 2016 (the "Act") which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM133,143,216 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members a result of this transition.

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. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares in the previous financial years. Pursuant to Section 618(2) of the Act, the sum of RM133,143,216 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 18.

20. TREASURY SHARES

	No of treasury shares		Amount	
	2018 UNIT	2017 UNIT	2018 RM	2017 RM
Group and the Company				
At 1 January	422,000	422,000	393,305	393,305
Share repurchased	200,000	-	89,594	-
At 31 December	622,000	422,000	482,899	393,305

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 25 May 2018 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

20. TREASURY SHARES (cont'd)

During the financial year, the Company repurchased 200,000 shares of its issued shares from the open market. The average price paid for the shares repurchased was RM0.445 per share.

The details of repurchase of treasury shares during the financial year are as follows:

	No. of shares repurchased RM	Price per share Highest RM	Lowest RM	Average RM	Total consideration
2018					
Month					
May 2018	200,000	0.445	0.445	0.445	89,594

21. 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.

(c) Fair value reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

22. LOANS AND BORROWINGS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Secured:				
Term loans	36,895,380	60,312,694	5,199,801	20,222,961
Finance lease liabilities (Note 22(c))	668,419	642,820	343,693	-
Unsecured:				
Term loans	49,198,778	62,631,636	9,310,533	14,309,360
	86,762,577	123,587,150	14,854,027	34,532,321

22. LOANS AND BORROWINGS (cont'd)

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Current				
Secured:				
Trade facilities	44,311,900	49,600,000	-	-
Term loans	14,258,215	13,142,067	6,000,000	8,123,040
Finance lease liabilities (Note 22(c))	390,344	324,784	56,170	-
Unsecured:				
Trade facilities	51,291,219	17,200,987	27,843,100	8,000,000
Term loans	12,295,619	13,453,955	5,004,000	5,004,000
	122,547,297	93,721,793	38,903,270	21,127,040
Total loans and borrowings				
Trade facilities	95,603,119	66,800,987	27,843,100	8,000,000
Term loans	112,647,992	149,540,352	25,514,334	47,659,361
Finance lease liabilities (Note 22(c))	1,058,763	967,604	399,863	-
	209,309,874	217,308,943	53,757,297	55,659,361

(a) The loans and borrowings 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 certain subsidiaries;
(ii) Legal charge over the freehold land, buildings and plant and machinery of certain subsidiaries as disclosed in Note 5;
(iii) Priority and security sharing agreement; and
(iv) Corporate guarantee by the Company.

(b) The interest rates of the loans and borrowings at the reporting date are as follows:

	Group 2018 %	Group 2017 %	Company 2018 %	Company 2017 %
Trade facilities	2.60 - 4.75	1.70 - 4.90	2.60 - 4.70	1.70 - 4.90
Term loans	0.90 - 5.30	0.90 - 5.30	4.40 - 5.30	4.30 - 5.30
Finance lease liabilities	2.52 - 3.57	2.52 - 3.57	2.68	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

22. LOANS AND BORROWINGS (cont'd)

(c) Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2018 RM	**2017 RM**	**2018 RM**	**2017 RM**
Minimum lease payments				
Not later than 1 year	434,133	350,705	75,353	-
Later than 1 year and not later than 2 years	365,356	621,092	75,353	-
Later than 2 years and not later than 5 years	270,893	70,465	226,060	-
Later than 5 years	87,858	-	87,858	-
	1,158,240	1,042,262	464,624	-
Less: Future finance charges	(99,477)	(74,658)	(64,761)	-
Present value of minimum lease payments	1,058,763	967,604	399,863	-
Present value of minimum lease payments				
Not later than 1 year	390,344	324,784	56,170	-
Later than 1 year and not later than 2 years	341,165	576,582	59,531	-
Later than 2 years and not later than 5 years	241,847	66,238	198,755	-
Later than 5 years	85,407	-	85,407	-
	1,058,763	967,604	399,863	-
Less: Amount due within 12 months	(390,344)	(324,784)	(56,170)	-
Amount due after 12 months	668,419	642,820	343,693	-

23. RETIREMENT BENEFITS OBLIGATION

The movements in the defined benefit obligation in the statements of financial position are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 January	10,534,022	8,561,171	3,871,110	3,569,863
Current service costs and interest expense (Note 30)	1,791,382	1,526,012	437,696	417,489
Remeasurement of actuarial (gain)/loss from financial assumption	(161,538)	863,137	-	-
Benefits paid	(642,926)	(170,679)	(89,293)	(116,242)
Exchange differences	(31,495)	(245,619)	-	-
At 31 December	11,489,445	10,534,022	4,219,513	3,871,110

Significant actuarial assumptions

The significant actuarial assumptions applied in the measurement of defined benefit pension plan are as follows:

	Group	
	2018 %	2017 %
Discount rate	5.40 - 8.50	5.40 - 7.40
Salary increase rate	3.00 – 10.00	3.00 – 10.00

Sensitivity analysis

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption	Group Effect on defined benefit obligation		Company Effect on defined benefit obligation	
		Increase RM	Decrease RM	Increase RM	Decrease RM
2018					
Discount rate	1%	(2,208,588)	2,666,111	(378,957)	437,625
Salary increase rate	1%	2,775,573	(2,292,578)	505,089	(441,022)
2017					
Discount rate	1%	(2,237,780)	2,699,866	(369,485)	428,456
Salary increase rate	1%	2,716,031	(2,272,869)	449,147	(392,946)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

24. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Trade payables					
Third parties	(a)	67,833,302	59,325,985	9,497,692	7,943,500
Amounts owing to subsidiaries	(a)	-	-	2,262,692	9,460,158
		67,833,302	59,325,985	11,760,384	17,403,658
Other payables					
Amounts owing to subsidiaries	(b)	-	-	4,600	-
Other payables		22,523,629	34,762,073	3,563,205	7,018,660
Amounts owing to non-controlling interests	(c)	4,806,826	4,904,750	-	-
Goods and services/value added tax payable		2,105,266	1,634,829	-	-
Deposits		907,734	10,030,163	-	-
Advances received from customers		9,394,535	7,915,681	594,894	2,242,275
Accruals		30,731,990	29,670,554	9,990,392	6,834,432
		70,469,980	88,918,050	14,153,091	16,095,367
Total trade and other payables		138,303,282	148,244,035	25,913,475	33,499,025

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 7 to 90 days (2017: 7 to 90 days).

(b) The amounts owing to subsidiaries represent non-trade in nature and repayable on demand in cash and cash equivalents.

(c) The amounts owing to non-controlling interests represents amounts arising from loan and advances which are unsecured, non-interest bearing, repayable on demand in cash and cash equivalents.

25. REVENUE

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Point in time:				
Sale of fibreboard and furniture parts	1,080,575,832	1,005,120,615	249,755,406	245,208,941
Others	24,967,652	19,016,337	-	-
	1,105,543,484	1,024,136,952	249,755,406	245,208,941

26. COST OF SALES

Cost of sales represents cost of inventories sold.

27. OTHER INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income from subsidiaries	-	-	30,383,203	36,960,200
Dividend income from quoted investment	-	4,800	-	-
Gain on foreign exchange				
- realised	4,370,860	-	-	-
- unrealised	2,634,951	2,778,861	1,230,920	161,481
Gain on disposal of property, plant and equipment	11,183,976	107,121	180,352	9,100
Gain on disposal of other investment	-	51,600	-	-
Gain arising from fair value adjustment of biological assets	1,000,000	6,500,000	-	-
Interest income	1,691,890	1,880,991	3,348,046	3,953,876
Insurance compensation	24,952,186	38,057,392	-	-
Others	1,981,628	1,256,712	110,694	97,935
Rental income	164,326	635,922	1,088,472	1,090,026
Reversal of impairment losses on amount owing by a subsidiary	-	-	-	226,591
	47,979,817	51,273,399	36,341,687	42,499,209

28. OTHER EXPENSES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Bad debts written off	-	51,535	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	389,696	866,099
- goodwill	8,000,000	793,307	-	-
Loss on foreign exchange				
- realised	-	7,284,647	260,306	5,423,339
Property, plant and equipment written off	408,984	29,271,018	246,933	-
Others	-	621,570	-	-
	8,408,984	38,022,077	896,935	6,289,438

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

29. PROFIT BEFORE TAX

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

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Amortisation of:					
- land use rights	6	840,721	851,704	185,594	185,594
- intangible assets	9	34,776	32,343	-	-
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		338,300	323,300	131,000	123,000
- over provision in prior year		(3,000)	-	(3,000)	-
- non-statutory audit		23,000	37,000	23,000	26,500
- component auditors of the Group					
- statutory audit					
- current year		238,284	235,313	-	-
Depreciation of property, plant and equipment	5	72,555,473	62,017,592	14,314,675	11,923,963
Depreciation of investment properties	10	-	-	154,533	154,533
Employee benefits expense	30	108,365,425	117,362,303	28,065,567	28,215,722
Impairment loss on trade receivables, net		501,707	557	-	-
Interest expense:					
- financial lease liabilities		59,643	59,473	18,626	-
- trade facilities		4,377,835	2,514,594	727,908	797,673
- term loans		2,237,095	3,396,859	1,576,454	2,625,957
Inventories written down		3,074,178	2,860,669	86,326	549,222
Inventories written off		-	500,000	-	500,000
Rental expense:					
- equipment		7,331,619	5,201,126	1,138,918	1,032,243
- hostel		565,934	449,968	130,800	122,420
- land		1,473,587	1,470,490	466,804	388,355

30. EMPLOYEE BENEFITS EXPENSE

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Wages and salaries		95,397,136	105,131,798	24,194,347	24,389,913
Defined contribution plan		4,920,403	5,103,596	2,358,206	2,555,500
Social security contribution		1,596,737	1,297,114	300,551	264,134
Other staff related expenses		4,659,767	4,303,783	774,766	588,686
Retirement benefit obligations	23	1,791,382	1,526,012	437,696	417,489
		108,365,425	117,362,303	28,065,566	28,215,722

30. EMPLOYEE BENEFITS EXPENSE (cont'd)

Included in employee benefits expenses are:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Executive:				
Salaries and emoluments	5,168,325	5,336,633	4,417,984	4,343,297
Bonus	163,061	229,295	163,061	229,295
Benefits-in-kind	55,542	53,500	55,542	49,833
	5,386,928	5,619,428	4,636,587	4,622,425
Non-executive:				
Fee	363,930	294,600	363,930	294,600
Allowances	26,730	11,500	26,730	11,500
	390,660	306,100	390,660	306,100
	5,777,588	5,925,528	5,027,247	4,928,525

31. TAX EXPENSE/(CREDIT)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current income tax:				
Current income tax charge	8,290,016	6,437,192	661,888	890,029
Under/(Over) provision in prior financial years	1,512,312	(1,041,817)	65,592	(97,101)
	9,802,328	5,395,375	727,480	792,928
Deferred tax (Note 12):				
Origination and reversal of temporary differences	(1,708,173)	5,680,447	(1,349,490)	(873,913)
Under/(Over) provision in prior financial years	1,481,441	9,926,786	(1,061,526)	2,179,786
	(226,732)	15,607,233	(2,411,016)	1,305,873
Tax expense/(credit) recognised in profit or loss	9,575,596	21,002,608	(1,683,536)	2,098,801

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

31. TAX EXPENSE/(CREDIT) (cont'd)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	25,754,093	67,835,411	24,086,501	43,597,275
Tax at Malaysian statutory income tax rate of 24%	6,180,982	16,280,499	5,780,760	10,463,346
Effect of different tax rates in other countries	(298,658)	(9,581)	-	-
Income not subject to tax	(3,666,489)	(3,241,659)	(7,581,418)	(9,180,066)
Expenses not deductible for tax purposes	3,195,043	2,899,612	1,192,256	1,013,037
Utilisation of previously unrecognised deferred tax assets	-	(1,097,033)	-	-
Deferred tax assets not recognised during the financial year	1,250,165	-	-	-
Deferred tax assets recognised on reinvestment allowances	(79,200)	(2,714,199)	(79,200)	(2,280,201)
Under/(Over) provision in prior financial years				
- income tax	1,512,312	(1,041,817)	65,592	(97,101)
- deferred tax	1,481,441	9,926,786	(1,061,526)	2,179,786
Tax expense/(credit)	9,575,596	21,002,608	(1,683,536)	2,098,801

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

32. EARNINGS PER SHARE

(a) Basic earnings per share amounts are based on profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2018 RM	2017 RM
Profit attributable to the owners of the Company	16,353,691	44,971,407
Weighted average number of ordinary shares for basic earnings per share	845,884,725	846,001,985
Basic earnings per share (sen)	1.93	5.31

(b) The diluted earnings per ordinary share of the Group for the financial years ended 31 December 2018 and 31 December 2017 are the same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

33. DIVIDENDS

	Company 2018	2017
Single tier final dividend of 1.38 sen per ordinary share in respect of the financial year ended 31 December 2017	11,672,067	-
Single tier final dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2016	-	16,920,040
	11,672,067	16,920,040

At the forthcoming Annual General Meeting, a single tier final dividend of 0.48 sen per ordinary share, amounting to RM4,059,850 in respect of current financial year, will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

34. CAPITAL COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
In respect of capital expenditure				
Property, plant and equipment				
- Approved and contracted for	3,196,321	10,010,033	1,096,133	927,954
- Approved but not contracted for	160,000	-	160,000	-
	3,356,321	10,010,033	1,229,133	927,954

35. 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's and the Company's holding 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
31 DECEMBER 2018 (Cont'd)

35. 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	
	2018 RM	2017 RM
Transactions with subsidiaries are as follows:		
- Sale of products and rendering of service	(53,072,789)	(48,823,544)
- Rental income	(1,088,472)	(1,090,026)
- Interest income	(2,550,969)	(2,984,466)
- Sale of spare parts	(725,779)	(635,702)
- Sales of property, plant and equipment	(253,450)	(58,000)
- Purchase of products	65,007,945	51,396,976
- Purchase of property, plant and equipment	84,985	50,441
- Purchase of spare parts	299,357	15,127

(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:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short term employees benefits	5,722,046	5,872,028	4,971,705	4,878,692
Benefits-in-kind	55,542	53,500	55,542	49,833
	5,777,588	5,925,528	5,027,247	4,928,525

36. 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:

From 1 January 2018:
(i) Amortised cost

On or before 31 December 2017:
(i) Loans and receivables
(ii) Other financial liabilities

	Carrying amount RM	Amortised cost RM
At 31 December 2018		
Financial assets		
Group		
Trade and other receivables, excluding goods and services/value added tax refundable	102,729,822	102,729,822
Deposit, cash and bank balances	106,921,908	106,921,908
	209,651,730	209,651,730
Company		
Trade and other receivables, excluding goods and services/value added tax refundable	131,329,461	131,329,461
Deposit, cash and bank balances	24,537,449	24,537,449
	155,866,910	155,866,910
Financial liabilities		
Group		
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	126,803,481	126,803,481
Loans and borrowings	209,309,874	209,309,874
	336,113,355	336,113,355
Company		
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	25,318,581	25,318,581
Loans and borrowings	53,757,297	53,757,297
	79,075,878	79,075,878

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

36. 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	Loans and receivables RM	Other financial liabilities RM
At 31 December 2017			
Financial assets			
Group			
Trade and other receivables, excluding goods and services/value added tax refundable	98,241,706	98,241,706	-
Deposit, cash and bank balances	120,873,762	120,873,762	-
	219,115,468	219,115,468	-
Company			
Trade and other receivables, excluding goods and services/value added tax refundable	126,449,096	126,449,096	-
Deposit, cash and bank balances	20,438,875	20,438,875	-
	146,887,971	146,887,971	-
Financial liabilities			
Group			
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	138,693,525	-	138,693,525
Loans and borrowings	217,308,943	-	217,308,943
	356,002,468	-	356,002,468
Company			
Trade and other payables, excluding goods and services/value added tax payable and advances received from customers	31,256,750	-	31,256,750
Loans and borrowings	55,659,361	-	55,659,361
	86,916,111	-	86,916,111

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

36. 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 exchange 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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to 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

As at the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM1,590,755 (2017: RM1,651,548) and RM408,555 (2017: RM423,011) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

(ii) Foreign exchange risk

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. The currency giving rise to this risk are primarily United States Dollar and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign exchange risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	United States Dollar RM	Euro RM	Total RM
Functional Currency of Group			
At 31 December 2018			
Ringgit Malaysia	46,227,434	(47,378,684)	(1,151,250)
Thai Baht	29,329,142	(59,208)	29,269,934
Indonesian Rupiah	(16,602,141)	(1,048,062)	(17,650,203)
	58,954,435	(48,485,954)	10,468,481
At 31 December 2017			
Ringgit Malaysia	45,838,480	(64,588,604)	(18,750,124)
Thai Baht	7,914,830	(594,481)	7,320,349
Indonesian Rupiah	5,223,377	(807,760)	4,415,617
	58,976,687	(65,990,845)	(7,014,158)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to reasonably possible change in the USD and EUR exchange rates against the respective functional currency of the Group entities, with all other variables held constant:

	Change in rate	Effect on profit for the financial year RM
31 December 2018		
- USD	+ 3%	1,344,161
	- 3%	(1,344,161)
- EUR	+ 3%	(1,105,480)
	- 3%	1,105,480
31 December 2017		
- USD	+ 3%	1,344,668
	- 3%	(1,344,668)
- EUR	+ 3%	(1,504,591)
	- 3%	1,504,591

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk

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 funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM	On demand within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Group					
2018					
Financial liabilities:					
Trade and other payables	126,803,481	126,803,481	-	-	126,803,481
Loans and borrowings	209,309,874	128,628,531	75,546,242	16,545,830	220,720,603
	336,113,355	255,432,012	75,546,242	16,545,830	347,524,084
2017					
Financial liabilities:					
Trade and other payables	138,693,525	138,693,525	-	-	138,693,525
Loans and borrowings	217,308,943	98,870,316	120,586,942	28,496,849	247,954,107
	356,002,468	237,563,841	120,586,942	28,496,849	386,647,632
Company					
2018					
Financial liabilities:					
Trade and other payables	25,318,581	25,318,581	-	-	25,318,581
Loans and borrowings	53,757,297	40,936,030	15,358,727	87,858	56,382,615
Financial guarantee contracts	-	154,893,675	-	-	154,893,675
	79,075,878	221,148,286	15,358,727	87,858	236,594,871
2017					
Financial liabilities:					
Trade and other payables	31,256,750	31,256,750	-	-	31,256,750
Loans and borrowings	55,659,361	23,128,764	54,462,661	-	77,591,425
Financial guarantee contracts	-	160,681,973	-	-	160,681,973
	86,916,111	215,067,487	54,462,661	-	269,530,148

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk

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 deposit, 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.

Trade receivables

Exposure to credit risk

At 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 statement of financial position; and
- An amount of RM154,893,675 (2017: RM160,681,973) 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 determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2018 RM	%	2017 RM	%
By country:				
Malaysia	51,567,333	54%	54,545,340	62%
Thailand	29,253,804	31%	16,657,721	19%
Other countries	14,430,562	15%	17,243,348	19%
	95,251,699	100%	88,446,409	100%

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

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

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

	Expected credit loss rate	Gross carrying amount at default RM	Expected credit losses RM
Group			
At 31 December 2018			
Current	0%	48,787,275	-
1-30 days past due	0%	39,409,901	-
31-60 days past due	0%	2,701,520	-
61-90 days past due	0%	3,224,640	-
91-120 days past due	0%	16,364	-
>120 days past due	0%	2,233,649	-
Credit impaired			
Individually impaired		(560,825)	-
	0%	95,812,524	-
Company			
At 31 December 2018			
Current	0%	12,313,563	-
1-30 days past due	0%	4,737,571	-
31-60 days past due	0%	360,560	-
61-90 days past due	0%	1,116,446	-
91-120 days past due	0%	250,012	-
>120 days past due	0%	7,981,065	-
	0%	26,759,217	-

Accounting policies applied until 31 December 2017

As at 31 December 2017, the ageing analysis of the Group's and Company's trade receivables were as follows:

	Group 2017 RM	Company 2017 RM
Neither past due nor impaired	53,295,009	21,920,873
Past due but not imapired		
1-30 days past due	26,881,295	1,060,732
31-60 days past due	4,905,376	1,446,729
61-90 days past due	2,986,083	993,621
91-120 days past due	55,520	-
>120 days past due	323,126	8,412,855
	35,151,400	11,913,937
Impaired		
- individually	49,251	-
	88,495,660	33,834,810

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment

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, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.14(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 RM154,893,675 (2017: RM160,681,973) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 36(b)(iii). As at reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

36. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement

The carrying amounts of deposit, cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of long term floating rate term loan 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 (2017: no transfer in either directions).

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

	Carrying amount RM	Fair value of financial instruments not carried at fair value			
		Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
31 December 2018					
Financial liabilities					
Amortised cost					
- finance lease liabilities	1,058,763	-	1,082,533	-	1,082,533
31 December 2017					
Financial liabilities					
Other financial liabilities					
- finance lease liabilities	967,604	-	938,114	-	938,114
Company					
31 December 2018					
Financial liabilities					
Amortised cost					
- finance lease liabilities	399,863	-	385,869	-	385,869

Level 2 fair value

Fair value of financial instruments not carried at fair value

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

37. 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's 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's Chief Executive Officer.

37. SEGMENT INFORMATION (cont'd)

2018	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and Elimination RM	Total RM
Revenue							
Revenue from external customers		637,288,845	392,788,312	75,466,327	-	-	1,105,543,484
Inter-segment revenue	A	254,659,754	65,049,483	-	-	(319,709,237)	-
Total revenue	B	891,948,599	457,837,795	75,466,327	-	(319,709,237)	1,105,543,484
Results							
Segment profit/(loss)		38,017,524	12,115,328	4,941,965	(157,076)	(22,489,075)	32,428,666
Finance costs		(6,217,797)	(3,574,407)	(1,272,389)	-	4,390,020	(6,674,573)
Profit/(Loss) before tax		31,799,727	8,540,921	3,669,576	(157,076)	(18,099,055)	25,754,093
Tax expense		(4,408,290)	(1,140,192)	(4,027,114)	-	-	(9,575,596)
Profit/(Loss) for the financial year		27,391,437	7,400,729	(357,538)	(157,076)	(18,099,055)	16,178,497
Assets:							
Segment assets		1,537,164,498	580,037,396	143,287,534	156,149	(671,234,283)	1,589,411,294
Liabilities:							
Segment liabilities		387,983,350	207,936,523	68,433,301	159,359	(261,403,436)	403,109,097

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (Cont'd)

37. SEGMENT INFORMATION (cont'd)

2018	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and Elimination RM	Total RM
Other Information:							
Amortisation of intangible assets		-	34,776	-	-	-	34,776
Amortisation of land use rights		840,721	-	-	-	-	840,721
Capital expenditures	C	39,142,691	22,396,029	4,301,262	-	(855,486)	64,984,496
Depreciation of property, plant and equipment		39,250,444	26,391,777	6,905,882	-	7,370	72,555,473
Gain arising from fair value adjustment of biological assets		(1,000,000)	-	-	-	-	(1,000,000)
Interest income		(4,088,463)	(2,274,507)	(122,698)	(11,639)	4,805,417	(1,691,890)
Interest expense:							
- financial lease liabilities		25,362	34,281	-	-	-	59,643
- trade facilities		4,170,571	1,485,844	1,272,389	-	(2,550,969)	4,377,835
- term loans		2,437,260	2,054,283	-	-	(2,254,448)	2,237,095
Impairment loss on							
- goodwill on consolidation		8,000,000	-	-	-	-	8,000,000
- trade receivables, net		157,873	-	343,834	-	-	501,707
Inventories written down		277,882	2,796,296	-	-	-	3,074,178
Insurance compensation		(42,682)	(24,909,504)	-	-	-	(24,952,186)
Property, plant and equipment written off		347,283	-	61,701	-	-	408,984

37. SEGMENT INFORMATION (cont'd)

2017	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and Elimination RM	Total RM
Revenue							
Revenue from external customers		575,561,525	358,810,902	89,692,466	72,059	-	1,024,136,952
Inter-segment revenue	A	200,127,229	51,339,222	18,072	-	(251,484,523)	-
Total revenue		775,688,754	410,150,124	89,710,538	72,059	(251,484,523)	1,024,136,952
Results							
Segment profit/(loss)		90,572,007	3,547,658	7,857,669	2,387,793	(30,558,790)	73,806,337
Finance costs		(6,421,114)	(3,318,244)	(1,346,807)	-	5,115,239	(5,970,926)
Profit/(Loss) before tax		84,150,893	229,414	6,510,862	2,387,793	(25,443,551)	67,835,411
Tax expense		(18,259,079)	(31,503)	(2,712,026)	-	-	(21,002,608)
Profit/(Loss) for the financial year		65,891,814	197,911	3,798,836	2,387,793	(25,443,551)	46,832,803
Assets:							
Segment assets		991,387,230	460,803,454	138,127,118	368,888	-	1,590,686,690
Liabilities:							
Segment liabilities		319,788,322	81,917,508	19,945,586	212,128	-	421,863,544

37. SEGMENT INFORMATION (cont'd)

2017	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and Elimination RM	Total RM
Other Information:							
Amortisation of intangible assets		-	32,343	-	-	-	32,343
Amortisation of land use rights		851,704	-	-	-	-	851,704
Capital expenditures	C	81,916,010	61,118,535	3,504,191	-	(462,081)	146,076,655
Depreciation of property, plant and equipment		31,077,169	23,790,956	7,170,677	-	(21,210)	62,017,592
Gain arising from fair value adjustment of biological assets		(6,500,000)	-	-	-	-	(6,500,000)
Interest income		(4,730,677)	(2,232,631)	(32,334)	(588)	5,115,239	(1,880,991)
Interest expense:							
- financial lease liabilities		11,243	48,230	-	-	-	59,473
- trade facilities		3,200,312	951,941	1,346,807	-	(2,984,466)	2,514,594
- term loans		3,209,559	2,318,073	-	-	(2,130,773)	3,396,859
Impairment loss on							
- goodwill on consolidation		-	497,977	295,330	-	-	793,307
- trade receivables		-	557	-	-	-	557
Inventories written down		2,860,669	-	-	-	-	2,860,669
Inventories written off		500,000	-	-	-	-	500,000
Insurance compensation		(9,892)	(38,047,500)	-	-	-	(38,057,392)
Property, plant and equipment written		74,353	29,196,665	-	-	-	29,271,018

37. SEGMENT INFORMATION (cont'd)

(a) Inter-segment revenue are eliminated on consolidation.

(b) The following table provides an analysis of the Group's revenue by products:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2018				
Sale of fibreboard and furniture parts	612,321,194	392,788,312	75,466,326	1,080,575,832
Others	24,967,652	-	-	24,967,652
	637,288,846	392,788,312	75,466,326	1,105,543,484

(c) Additions to non-current assets consist of:

	2018 RM	2017 RM
Intangible asset	59,317	-
Property, plant and equipment	64,925,179	146,076,655
	64,984,496	146,076,655

(d) Geographical Information

(i) The following table provides an analysis of the Group's revenue by geographical segment:

	2018 RM	2017 RM
Revenue from sales to external customers by location of the customers		
United States	46,141,790	50,691,480
Africa	44,332,830	28,011,152
Europe	28,652,449	27,663,629
Far East Asia	116,895,922	84,934,148
Middle East	436,458,604	349,326,604
South Asia	10,488,196	14,190,973
South East Asia	422,573,693	469,318,966
	1,105,543,484	1,024,136,952

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (Cont'd)

37. SEGMENT INFORMATION (cont'd)

(d) 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	Others RM	Total RM
2018					
Property, plant and equipment	612,551,647	329,426,982	72,268,377	-	1,014,247,006
Land use rights	33,855,880	-	639,256	-	34,495,136
Biological assets	34,300,000	-	-	-	34,300,000
Intangible assets	-	111,137	-	-	111,137
Total non-current assets	680,707,527	329,538,119	72,907,633	-	1,083,153,279
2017					
Property, plant and equipment	613,613,009	324,954,938	73,361,514	-	1,011,950,671
Land use rights	34,717,811	-	624,418	-	35,321,019
Biological assets	33,300,000	-	-	-	33,300,000
Intangible assets	-	84,788	-	-	84,788
Total non-current assets	681,630,820	325,039,726	73,985,932	-	1,080,656,478

38. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To 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 2018 and 31 December 2017.

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 borrowings and trade and other payables, less deposits, cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group and the Company.

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loans and borrowings	209,309,874	217,308,943	53,757,297	55,659,361
Trade and other payables	138,303,282	148,244,035	25,913,475	33,499,025
Deposits, cash and bank balances	(106,921,908)	(120,873,762)	(24,537,449)	(20,438,875)
Net debt	240,691,248	244,679,216	55,133,323	68,719,511
Equity attributable to the owners of the Company				
Total capital	1,156,291,141	1,138,828,596	677,473,226	663,464,850
Capital and net debt	1,396,982,389	1,383,507,812	732,606,549	732,184,361
Gearing ratio	17%	18%	8%	9%

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 60 to 148 are drawn up in accordance with the 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 2018 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 directors:

KUO JEN CHIU
Director

MARY HENERIETTA LIM KIM NEO
Director

Kuala Lumpur

Date: 5 April 2019

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

I, **TEE KIM FOOM**, 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 financial statements set out on pages 60 to 148 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.

TEE KIM FOOM
MIA Membership No. : 19204

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 5 April 2019.

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Evergreen Fibreboard Berhad, which comprise the statements of financial position as at 31 December 2018 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 60 to 148.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Biological assets (Notes 4(a) and 7 to the financial statements)

The Group has a significant balance of biological assets amounting to RM34.3 million as at 31 December 2018. The biological assets comprise of tropical wood trees and rubber trees. The biological assets of the Group are required to be measured at fair value less costs to sell.

Significant judgement is required in determining the estimated remaining acres of forest land with an estimated hoppus tons of tropical wood trees to be harvested as at each reporting period end. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The fair value of the rubber trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees.

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;
- reviewing the discounted cash flow calculations and the underlying valuation model by comparing to available market data;
- corroborating the key inputs to the model, including commodity prices, yield and the area of land under cultivation to 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;
- checking the mathematical accuracy of the discounted cash flow calculations; and
- reviewing the disclosure requirements in accordance with MFRS 141 *Biological Assets*.

Key Audit Matters (cont'd)

Inventories (Notes 4(b) and 13 to the financial statements)

The Group has significant inventories amounting to RM252,845,274 as at 31 December 2018. The valuation of the Group's inventories is stated at the lower of cost or net realisable value. The Group and the Company write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. The management specifically analyses sales trend and current economic trends 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 amount 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 assessing the implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at 31 December 2018;
- observing year end physical inventory count to examine the physical existence and condition of the inventories;
- reviewing of the significant component auditor's working papers on the valuation of the inventories;
- reviewing 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.

Property, plant and equipment (Notes 4(c) and 5 to the financial statements)

Certain property, plant and equipment of the Group related to the manufacturing operations were loss-making during the financial year. The Group and the Company assess 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 value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group use their judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margins. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial positions and results if the actual cash flows are less than the expected.

Our audit response:

Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others:

- assessing the valuation methodology adopted by the Group in accordance to the requirements of MFRS 136 *Impairment of Assets*;
- comparing the cash flow projections to available business plan;
- comparing the actual results with previous budget to assess the performance of the business and reliability of forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

Key Audit Matters (cont'd)

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 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 cost of disposal for that asset 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 Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions 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 Group'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 budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to externally derived data as well as our review of key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

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 the 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(INCORPORATED IN MALAYSIA) (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(INCORPORATED IN MALAYSIA) (Cont'd)

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
LLP0019411-LCA & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2020 J
Chartered Accountant

Kuala Lumpur

Date: 5 April 2019

STATEMENT OF SHAREHOLDINGS
AS AT 18 MARCH 2019

Total Number of Issued Shares : 846,423,985 ordinary shares
Voting rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	Percentage of Shares
Less than 100	94	4,162	0.00
100 - 1,000	504	339,028	0.04
1,001 - 10,000	4,664	26,659,507	3.15
10,001- 100,000	3,513	116,658,395	13.79
100,001 to less than 5% of issued shares	537	435,664,887	51.51
5% and above of issued shares	2	266,476,006	31.51
	9,314	845,801,985	100.00

* *excluding a total of 622,000 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	16.83
2. KUO JEN CHIU	124,120,141	14.67
3. KUO HUEI CHEN	32,526,790	3.85
4. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	19,191,700	2.27
5. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	18,149,350	2.15
6. AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	18,110,800	2.14
7. KUO JEFFREY S	17,320,865	2.05
8. KUO JUSTIN S	17,320,865	2.05
9. KUO HENRY S	17,320,864	2.05
10. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	10,566,900	1.25
11. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR MGF CAPITAL LIMITED	7,780,000	0.92
12. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG PAIK PHENG	7,264,200	0.86

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 18 MARCH 2019

THIRTY LARGEST SHAREHOLDERS (cont'd)

Shareholders	Number of Shares	Percentage of Shares
13. EVAWORLD SDN. BHD.	7,079,290	0.84
14. UOB KAY HIAN NOMINEE (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	6,902,500	0.82
15. LIM CHIAN PENG	6,674,000	0.79
16. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	6,661,289	0.79
17. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	6,578,447	0.78
18. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BHD FOR BIMB I DIVIDEND FUND	5,550,000	0.66
19. CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	4,623,350	0.55
20. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE	4,159,600	0.49
21. CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	4,150,750	0.49
22. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND	4,143,000	0.49
23. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	4,112,000	0.49
24. YEO KOON LIAN	4,095,000	0.48
25. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB-PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,897,400	0.46
26. CESFIELD DEVELOPMENT SDN BHD	3,255,740	0.38
27. AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	3,110,800	0.37
28. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE	3,088,700	0.37
29. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	3,021,950	0.36
30. NEOH CHOO EE & COMPANY, SDN. BERHAD	2,648,000	0.31

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 18 MARCH 2019

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 WEN CHI	0	0.00	301,529,585 (1)	35.65
2.	KUO JEN CHANG	142,355,865	16.83	159,173,720 (2)	18.82
3.	KUO JEN CHIU	124,120,141	14.67	177,409,444 (2)	20.98
4.	KUO HUEI CHEN	35,053,579	4.14	266,476,006 (2)	31.51
5.	HSU MEI LAN	0	0.00	301,529,585 (1)	35.65
6.	KUO-TING YER PING	0	0.00	301,529,585 (3)	35.65

***Notes**:*
(1) Deemed interested by virtue of the interest of his or her children.
(2) Deemed interested by virtue of the interest of his or her siblings.
(3) Deemed interested pursuant to Section 8 of Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS

	Directors	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1.	KUO WEN CHI	0	0.00	301,529,585 (1)	35.65
2.	KUO JEN CHANG	142,355,865	16.83	159,173,720 (2)	18.82
3.	KUO JEN CHIU	124,120,141	14.67	177,409,444 (2)	20.98
4.	MARY HENERIETTA LIM KIM NEO	6	0.00	0	0.00
5.	JONATHAN LAW NGEE SONG	0	0.00	0	0.00
6.	KUAN KAI SENG	0	0.00	0	0.00
7.	HENRY S KUO	17,320,864	2.05	34,641,730 (2)	4.10
8.	NIRMALA A/P DORAISAMY	0	0.00	0	0.00

Notes:
(1) Deemed interested by virtue of the interest of his children.
(2) Deemed interested by virtue of the interest of his or her siblings.

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 **Twenty-Eighth Annual General Meeting** of the Company to be held at **Forest City Phoenix International Golf Hotel, Jalan Persiaran Golf 5, Forest City Golf Resort, 81550 Gelang Patah, Johor Darul Takzim, Malaysia** on **Friday, 24 May 2019 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	Ordinary Resolution	For*	Against*
To Approve the Payment of Final Single tier Dividend of 0.48 sen	1		
To Re-Appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors	2		
To Re-Elect Mr. Jonathan Law Ngee Song - Article 101	3		
To Re-Elect Mr Henry S Kuo - Article 101	4		
To Approve Non-Executive Director's Fees and Allowances amounting to RM390,660 for the financial year ended 31 December 2018	5		
To Approve the Fees and Allowances for Non-Executive Directors up to an amount of RM400,000 for the financial year ending 31 December 2019.	6		
To Approve the Authority to Issue Shares pursuant to Sections 75 &76	7		
To Approve the Proposed Renewal of Authority for the Company to Purchase its Own Shares	8		
To designate Mr. Jonathan Law Ngee Song as an Independent Director	9		
	Special Resolution		
Proposed Adoption of the New Constitution of the Company	1		

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 __________ 2019

____
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 Boardroom Share Registrars Sdn. Bhd., Level 6, Symphony House Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor 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 (217120-W)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor

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EVERGREEN FIBREBOARD BERHAD

(217120 - W)

CORPORATE OFFICE
PLO 22,
Parit Raja Industrial Estate,
86400 Parit Raja,
Batu Pahat, Johor, Malaysia.
Tel : 607-454 1933
Fax : 607-454 2933
E-mail : enquiry@efb.com.my
Website : www.evergreengroup.com.my

Evergreen Fibreboard (JB) Sdn Bhd
PLO 416, Jalan Suasa,
Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang, Johor.
Tel : 607-251 3088
Fax : 607-251 3100
E-mail : enquiry@epg.com.my

Evergreen Adhesive & Chemicals Sdn Bhd
PLO 3, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.
Tel : 607-454 3122
Fax : 607-454 4022
E-mail : eacrd@efb.com.my

Evergreen Fibreboard (JB) Sdn Bhd - (branch)
PLO 202, Segamat Industrial Area II,
85000 Segamat, Johor.
Tel : 607-927 9933
Fax : 607-927 0033
E-mail : enquiry@ejb.com.my

Allgreen Timber Products Sdn Bhd
PLO 202, Segamat Industrial Area II,
85000 Segamat, Johor.
Tel : 607-927 9933
Fax : 607-927 0033
E-mail : admin@agtp.com.my

Evergreen Adhesive & Chemicals (Gurun) Sdn Bhd
Lot 63A, Jalan Industri 5, Kawasan Perindustrian Gurun,
08000 Gurun, Kedah Darul Aman.
Tel : 604-468 1963
Fax : 604-468 2963
E-mail : eacg@efb.com.my

Everlatt Sourcing Sdn Bhd
PLO 22, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.

Evergreen Plantation Resources Sdn Bhd
PLO 22, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.

PT Hijau Lestari Raya Fibreboard
Desa Pematang Palas 30163,
Kecamatan Banyuasin 1, Kabupaten Musi, Banyuasin,
Sumatera Selatan, Indonesia.
Tel : 0062-711 708 2712
Fax : 0062-711 373 473
E-mail : pth@hijaulestari.co.id

GRE Energy Co,.Ltd
417/117, Karnchanavanich Rd. Tumbol Patong, Amphur
Haadyai, Songkhla, 90230 Thailand.
Tel : 0066-74 291 555
Fax : 0066-74 291 895
E-mail : office@siamfibreboard.com

Evergreen Fibreboard (Nilai) Sdn Bhd
Lot 5776, Nilai Industrial Estate,
71800 Nilai, Negeri Sembilan, Darul Khusus.
Tel : 606-799 2355
Fax : 606-799 2344
E-mail : enquiry@efn.com.my

Dawa Timber Industries (M) Sdn Bhd
Lot 9 & 10, Jalan Gangsa 2,
Kawasan MIEL, 81700 Pasir Gudang,Johor.
Tel : 607-251 1390
Fax : 607-251 5024
E-mail : enquiry@dawatimber.com.my

Craft Master Timber Products Sdn Bhd
PLO 20, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.
Tel : 607-454 1933
Fax : 607-454 2933
E-mail : cmtp@efb.com.my

Locomotion Services Sdn Bhd
Lot H.S.(D) 9813 (Plot A),
Jalan Bagan Dalam,
Dermaga Butterworth Seksyen 4,
Seberang Prai Utara,
12100 Pulau Pinang.
Tel : 604-572 0039
Fax : 604-572 0069
E-mail : enquiry@ewl.com.my

Jasa Wibawa Sdn Bhd
PLO 22, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.

Siam Fibreboard Co,.Ltd
417/112-113,
Karnchanavanich Rd. Tumbol Patong,
Amphur Haadyai, Songkhla, 90230 Thailand.
Tel : 0066-74 291 111
Fax : 0066-74 370 253
E-mail : office@siamfibreboard.com

ECO Generation Co,.Ltd
417/118,
Karnchanavanich Rd. Tumbol Patong,
Amphur Haadyai, Songkhla, 90230 Thailand.
Tel : 0066-74 291 555
Fax : 0066-74 291 895
E-mail : office@siamfibreboard.com

Asian Oak Co, Ltd
417/120 Moo1,
Karnchanavanich Rd. Tumbol Patong,
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Evergreen Fibreboard Berhad
(217120-W)

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www.evergreengroup.com.my