



Registration No.199101006810 (217120-W)

Annual Report 2023



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NOTICE OF ANNUAL GENERAL MEETING

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

Day and Date : **Monday, 27th May 2024**
 Time : **9.00 a.m.**
 Broadcast Venue : **Virtual Annual General Meeting (“AGM”)**
 Event Link : **Online Meeting Platform via Boardroom Share Registrars Sdn. Bhd.**
at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657)

A G E N D A

ON ORDINARY BUSINESS

1. **On Audited Financial Statements for the Financial Year Ended 31 December 2023**
To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.
2. **Ordinary Resolution 1 - On Re-Appointment of External Auditor**
To re-appoint Messrs. Baker Tilly Monteiro Heng PLT who retire as Auditors of the Company and authorise the Directors to fix their Remuneration.
3. **Ordinary Resolution 2, 3 and 4 - On Re-Election of Retiring Directors**
To re-elect the following Directors who retire during the year in accordance to Clause 109 & 116 of the Company’s Constitution: -

 Ordinary Resolution 2 – Re-election under Clause 109 for Mr. Kuo Jen Chiu
 Ordinary Resolution 3 – Re-election under Clause 109 for Mr. Jonathan Law Ngee Song
 Ordinary Resolution 4 – Re-election under Clause 116 for Ms. Hong Kim Heong
4. **Ordinary Resolution 5 - On Approval of Non-Executive Directors’ Fees and Allowance**
To approve the payment of Non-Executive Directors’ Fees and Allowances totaling RM420,000 for the financial year ending 31 December 2024.

ON SPECIAL BUSINESS

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

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

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

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

whichever occurs first,

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

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

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

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

- (i) the maximum aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (ii) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company; and
- (iii) the authority conferred by this resolution shall continue to be in force until: -
 - (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM, at which time the said authority will lapse, unless the authority is renewed at that meeting, either unconditionally or subject to conditions; or
 - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 (2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting, whichever occurs first.

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

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

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

7. ORDINARY RESOLUTION 8 - TO REMAIN AS INDEPENDENT DIRECTOR

“THAT authority be and is hereby given to continue to designate Mr. Kuan Kai Seng as an Independent Director of the Company in accordance with Malaysian Code on Corporate Governance.”

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

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM PC No.:202008001023) (MAICSA 7009143)

SANTHI A/P SAMINATHAN, (SSM PC No.: 201908002933) (MAICSA 7069709)

Company Secretaries

26 April 2024

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

NOTES: -

1. Only members whose names appear in the Record of Depositors as at 20 May 2024 shall be entitled to attend the meeting. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the meeting of a company shall have the same rights as the member to speak at the meeting.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY BUSINESS: -

1. **To receive Audited Financial Statements for the financial year ended 31 December 2023**
The audited financial statements for the financial year ended 31 December 2023 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.
2. **Ordinary Resolution 1 - Re-appointment of External Auditors**
Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs. Baker Tilly Monteiro Heng PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office.

Messrs. Baker Tilly Monteiro Heng PLT, have indicated their willingness to continue their services until the conclusion of the 34th AGM. The Audit Committee and the Board have considered the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT which has met the relevant requirements prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This proposed Ordinary Resolution 1, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

3. **Ordinary Resolution 2 to 4 - Re-election of Directors who retire in accordance with Regulation 109 & 116 of the Company's Constitution ("Constitution")**
Regulation 109 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company shall retire by rotation at the AGM of the Company. Mr. Kuo Jen Chiu and Mr. Jonathan Law Ngee Song are standing for re-election at the forthcoming AGM pursuant to Regulation 109 of the Company's Constitution.

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

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

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Regulation 116 of the Company's Constitution expressly states that any Director appointed by fill casual vacancy shall hold office only till the next following AGM and shall be eligible for re-election. Pursuant to Regulation 116, Ms. Hong Kim Heong who was appointed on 2nd January 2024 to fill the casual vacancy is standing for re-election. The Nomination Committee has assessed the fit and proper criteria of Ms. Hong Kim Heong in recommending her for re-election. Profile of Ms. Hong Kim Heong is in page 17 of Annual Report 2023.

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

4. Ordinary Resolution 5 - Approval of Non-Executive Directors' Fees and Allowance

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the non-executive directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Guidance 7.2 of Malaysian Code on Corporate Governance requires each and every non-executive director's fee and benefit to be tabled individually.

The Fees, Allowances and Benefits payable to the respective Non-Executive Directors are for the period of 1 January to 31 December 2024. The Directors' Fees, Allowance and Benefits which are estimated not to exceed RM420,000 is basically the fees and meeting allowances for Board and Board Committee meeting (including fees for any appointment of additional non-executive director) to be held during the financial year 2024 for the following Directors:-

- a. RM130,000 to Mr. Jonathan Law Ngee Song;
- b. RM90,000 to Mr. Kuan Kai Seng;
- c. RM70,000 to Ms. Tan Mui Ping; and
- d. RM70,000 to Ms. Hong Kim Heong.

Payment of benefits to the Directors will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company during the financial year 2024, if the proposed resolutions 5 is passed at the forthcoming 33rd AGM.

The Board will seek shareholders' approval at the next AGM in the event the estimated remuneration amount is insufficient due to an increase in Board/Board Committee meetings and/or increase in board size. Details of the Directors' fees and benefits paid are stated in the Company's Corporate Governance Report 2023.

EXPLANATORY NOTES ON SPECIAL BUSINESS: -

5. Ordinary Resolution 6 - Authority to Allot Shares – Pursuant to Sections 75(1) & 76(1) of the Companies Act, 2016

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

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new ordinary shares for funding future investment(s), acquisition(s) and/or working capital and thereby reducing administrative time and cost associated with the convening of such meeting(s). The Company has not issued and allotted any shares during the year under the mandate granted to the Company at the last AGM of the Company held on 31 May 2023 and this mandate will lapse at the conclusion of the forthcoming AGM of the Company.

6. Ordinary Resolution 7 - Proposed Renewal of Share Buy-Back Authority

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

The audited retained profits of the Company stood at RM 540,495,616 as at 31 December 2023. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Statement of Share Buy-Back dated 26 April 2024.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

7. *Ordinary Resolution 8 - Designation to Remain as Independent Director*

Ordinary Resolution 8, Mr. Kuan Kai Seng 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.

Mr. Kuan has exercised his judgment in an independent and unfettered manner, discharge his duties with reasonable care, skill and diligent whilst bringing independent thought and experience to enhance administrative efficiency and ensure compliance with the relevant statutory and regulatory requirements in accordance with the latest development.

PERSONAL DATA PROTECTION MEASURES

Please refer to the Company's Compliance with the Personal Data Protection Act 2010 statement as found on page 72 of the Annual Report 2023.

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

- (i) consents to the processing of the member's personal data by the Company (or its agents) for the AGM and matters related thereto, including but not limited to:
 - (a) for processing and administration of proxies and representatives appointed for the AGM;
 - (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and
 - (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the "Purposes").
- (ii) undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes, and
- (iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTOR (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

No individual is seeking election as a Director at the forthcoming Thirty-Third Annual General Meeting (“AGM”) of the Company.

The information on Directors who are standing for re-election at the forthcoming AGM as required pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance including their latest interests in the shares of the Company are provided in the Directors’ Profile of the Annual Report 31 December 2023.

The Nomination and Remuneration Committee of the Company has assessed the performance, contribution and effectiveness of each Director and assess the fit and proper criteria of the Directors, the relevant skill sets and experience and bring valuable insights to the Board. Based on the satisfactory assessment outcome, the Board recommended the retiring Directors to be re-elected according to the resolutions put forth in the forthcoming AGM.

The Directors standing for re-election have abstained from deliberation and participation of their own recommendation for re-election in the relevant Nomination and Remuneration Committee and Board meetings.

2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes of the Notice of Annual General Meeting in the Annual Report 2023.

3. DISCLOSURE ON CONFLICT OF INTEREST (“COI”) INVOLVING DIRECTORS AND KEY SENIOR MANAGEMENT WITH THE LISTED ISSUER AND ITS SUBSIDIARIES

None of the Directors and Key Senior Management had any COI in any competing business with the Company and its subsidiaries as declared in their profile in the Annual Report 2023. The Directors and the Key Senior Management will continue to declare any COI or potential COI quarterly at Board Meeting.

CORPORATE INFORMATION

Board of Directors

Jonathan Law Ngee Song

Non-Independent Non-Executive
Chairman of the Board

Kuan Kai Seng

Senior Independent Non-Executive Director

Henry S Kuo

Non-Independent Non-Executive Director
(Resigned wef 17/04/2023)

Nirmala A/P Doraisamy

Independent Non-Executive Director
(Resigned wef 02/10/2023)

Tan Mui Ping

Independent Non-Executive Director

Hong Kim Heong

Independent Non-Executive Director
(Appointed wef 02/01/2024)

Kuo Jen Chang

Executive Director

Kuo Jen Chiu

Executive Director

Mary Henerietta Lim Kim Neo

Executive Director

Audit Committee

Chairman

Kuan Kai Seng

Members

Tan Mui Ping
Hong Kim Heong

(Appointed wef 02/01/2024)

Nirmala A/P Doraisamy

(Resigned wef 02/10/2023)

Nomination Committee

Chairman

Hong Kim Heong

(Appointed wef 02/01/2024)

Nirmala A/P Doraisamy

(Resigned wef 02/10/2023)

Members

Kuan Kai Seng
Tan Mui Ping

Remuneration Committee

Chairman

Tan Mui Ping

(Redesignated wef 31/05/2023)

Members

Kuan Kai Seng
Hong Kim Heong

(Appointed wef 02/01/2024)

Nirmala A/P Doraisamy

(Resigned wef 02/10/2023)

Sustainability Management

Chairman

Jonathan Law Ngee Song

Members

Tan Mui Ping
Mary Henerietta Lim Kim Neo
Hong Kim Heong

(Appointed wef 02/01/2024)

Nirmala A/P Doraisamy

(Resigned wef 02/10/2023)

Risk Management

Chairman

Tan Mui Ping

(Redesignated wef 27/02/2024)

Nirmala A/P Doraisamy

(Resigned wef 02/10/2023)

Members

Kuan Kai Seng

(Appointed wef 31/05/2023)

Hong Kim Heong

(Appointed wef 02/01/2024)

Jonathan Law Ngee Song

(Resigned wef 31/05/2023)

Henry S Kuo

(Resigned wef 17/04/2023)

Total Number of Issued Shares and Market Capitalisation

The total number of issued shares of Evergreen Fibreboard Berhad as at 31 December 2023 was 846,423,985 (Including 1,757,200 number of shares purchased and kept by the Company as treasury shares) and the ordinary share price (Stock Code 5101) at the close of business was 30.5 sen giving a market capitalisation of RM258,159,315 on the Main Market of Bursa Malaysia Securities.

Website

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

Company Secretaries

Ms. Tan Yit Chan (SSM PC No.: 202008001023) (MAICSA 7009143)

Ms. Santhi A/P Saminathan (SSM PC No.: 201908002933) (MAICSA NO. 7069709)

Registered Address

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

Share Registrar

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

External Auditors

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

Chartered Accountants

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

Internal Auditors

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

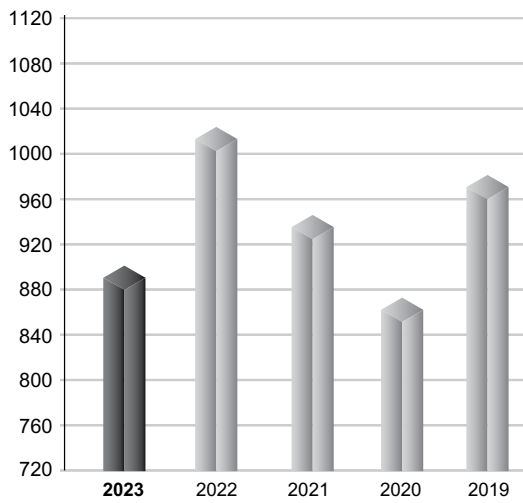
GROUP'S FINANCIAL HIGHLIGHTS

RM' MILLION	2023	2022	2021	2020	2019
FINANCIAL RESULTS					
Revenue	881	1,103	935	860	968
Gross Profit Margin (%)	15.5%	20.2%	20.7%	15.6%	13.0%
(Loss)/Profit Before Tax	(22)	(12)	40	(99)	(42)
(Loss)/Profit After Tax	(37)	(26)	34	(101)	(42)
(Loss)/Profit Attributable to owners of the Company	(37)	(26)	34	(103)	(42)
Adjusted EBIT	(5)	58	43	16	(26)
Adjusted EBITDA **	58	131	112	92	52
FINANCIAL POSITION					
Total Assets	1,456	1,314	1,422	1,452	1,578
Total Liabilities	460	302	384	430	414
Total Net Assets	996	1,012	1,037	1,022	1,164
Share Capital	345	345	345	345	345
Total Equity Attributable to Owners of the Company	996	1,012	1,037	1,022	1,135
BANK BORROWINGS					
Total Borrowings	238	147	176	264	241
Cash and Bank balances and Investment Securities	200	117	102	122	105
Total Net Borrowings	38	30	74	142	136
SHARE CAPITAL					
Weighted Average No. of Shares (no. of shares '000)	844,667	844,848	845,802	845,802	845,802
Share Capital (no. of shares '000)	846,424	846,424	846,424	846,424	846,424
Treasury Shares (no. of shares'000)	1,757	1,757	622	622	622
FINANCIAL RATIOS					
EPS (sen)	(4.41)	(3.09)	4.06	(12.15)	(4.96)
Return on Shareholders' Funds (%)	-3.7%	-2.6%	3.3%	-10.1%	-3.7%
Return on Total Assets (%)	-1.4%	-0.7%	4.4%	-9.0%	-3.0%
Share Price at Year End (RM)	0.31	0.39	0.47	0.46	0.28
PE Ratio (X)	(6.91)	(12.63)	11.4	(3.8)	(5.5)
DPS (sen)	-	1.50	-	-	-
Net Assets per Share (RM)	1.18	1.20	1.23	1.21	1.38
Net Gearing Ratio (%)	3.8%	3.0%	7.14%	13.9%	12.0%
Market Capitalization	258,159	330,105	393,587	389,355	232,767

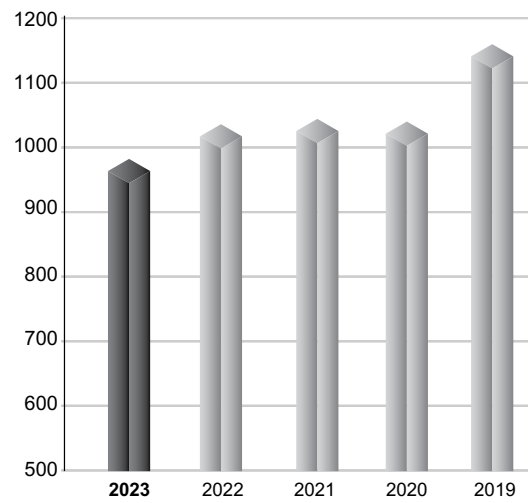
** Adjusted EBITDA - as per the Statement of Cashflows - Operating profit before changes in working capital

GROUP'S FINANCIAL HIGHLIGHTS (Cont'd)

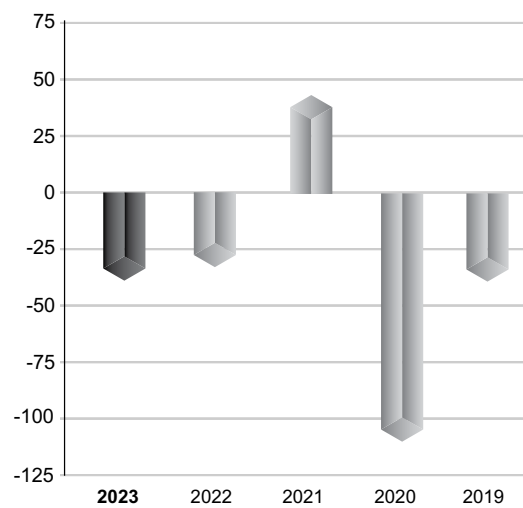
**REVENUE
(RM MILLION)**



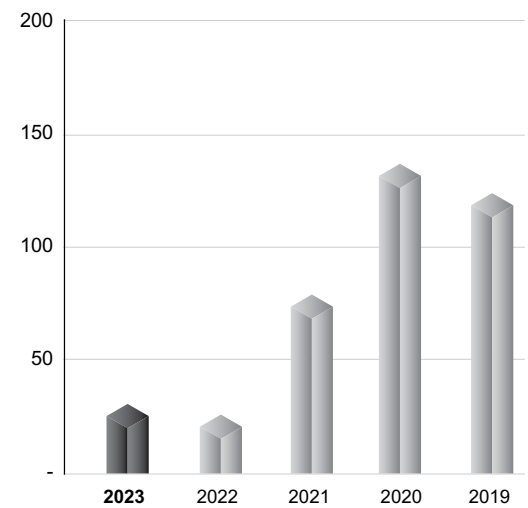
**TOTAL EQUITY
(RM MILLION)**



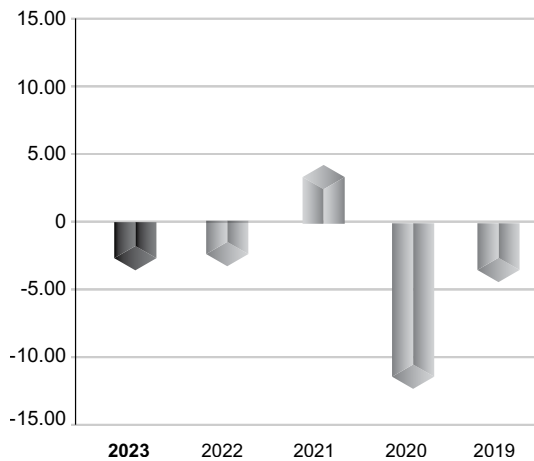
**(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS
OF THE COMPANY (RM MILLION)**



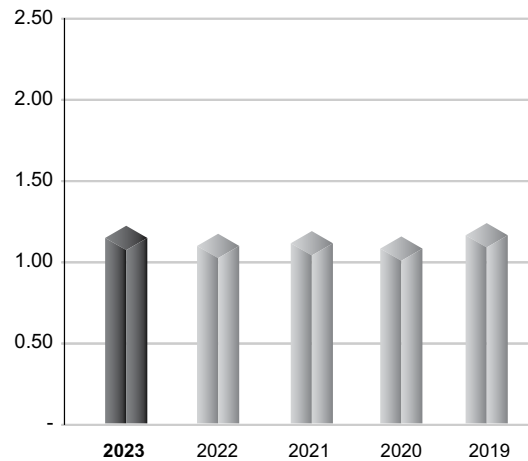
**TOTAL NET BORROWINGS
(RM MILLION)**



**EARNINGS/(LOSS) PER SHARE
(SEN)**



**NET ASSETS PER SHARE
(RM)**



DIRECTORS' PROFILE

JONATHAN LAW NGEE SONG,

Malaysian, Male, Age 58.

Group Non-Independent Non-Executive Board Chairman and Chairman of Sustainability Management Committee.

Qualification

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

Working Experience

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

Date Appointed to the Board

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

Directorship in other Public Listed Companies

He is currently a Non-Executive Independent Director of Anglo-Eastern Plantations PLC, a company listed on the London Stock Exchange and was appointed to the Board of Pimpinan Ehsan Berhad on 25 February 2021 where subsequently he was re-designated as an Interim Non-Independent Non- Executive Chairman on 21 April 2021.

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 2023

He attended 5 out of 5 Board Meetings and 4 out of 4 Sustainability Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHANG

Singaporean, Male, Age 61.

Group Executive Director, Group Chief Executive Officer / President.

Qualification

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

Working Experience

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

Date Appointed to the Board

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

Directorship in other Public Listed Companies

He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries

Please refer to page 161 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 2023

He attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHIU,

Singaporean, Male, Age 58.

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 161 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 Hwei Chen and uncle to Henry, Justin and Jeffrey Kuo.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

Number of Meetings attended in the financial year 2023

He attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

MARY HENERIETTA LIM KIM NEO,
Malaysian, Female, Age 60.
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 2023

She attended 5 out of 5 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUAN KAI SENG,

Malaysian, Male, Age 50.

Independent Non-Executive Director,

Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee.

Qualification

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

Working Experience

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

Date Appointed to the Board

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

Directorship in other Public Listed Companies

He was appointed as Executive Director in Xian Leng Holdings Berhad on 3 April 2012.

Interest in Securities of the Company and its Subsidiaries

He does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders

He does not have any family relationship with any directors or major shareholders of the Company.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

Number of Meeting attended in the financial year 2023

He attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Nomination Committee Meetings and 2 out of 2 Remuneration Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

TAN MUI PING,

Malaysian, Female, Age 48.

Independent Non-Executive Director,

Chairman of Remuneration and Risk Management Committee, Member of Audit, Nomination and Sustainability Management Committee.

Qualification

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

Working Experience

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

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

In 2012, she joined Weida (M) Bhd ("Weida") as a Senior Manager of the Corporate Development Department. She was promoted to the position of General Manager in the Group Managing Director's Office in 2014 and subsequently in 2023, she was re-designated as the Financial Advisor to the Group Executive Chairman, a position she assumes to present date.

Date Appointed to the Board

She was appointed as an Independent Non-Executive Director on 1 October 2022.

Directorship in other Public Listed Companies

She was appointed as an Independent Non-Executive Director of Infoline Tec Group Bhd on 1 November 2021.

Interest in Securities of the Company and its Subsidiaries

She does not hold any shares of the Company.

Family Relationship with any Directors / Major Shareholders

She has no family relationship with any Director or Major Shareholder of the Company.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

Number of Meeting attended in the financial year 2023

She attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Remuneration Committee Meetings, 2 out of 2 Nomination Committee Meetings and 4 out of 4 Risk & Sustainable Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

HONG KIM HEONG,

Malaysian, Female, Age 53.

Independent Non-Executive Director,

Chairman of Nomination Committee and a Member of Audit, Remuneration, Risk and Sustainability Management Committee.

Qualification

Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), and also holds a Certificate in Accounting from London Chamber of Commerce Industry (LCCI Higher Accounting).

She has over 28 years of experience in corporate sector with attachment via a reputable management consulting firm and some listed companies in various industries, specializing in corporate secretarial, and corporate exercises advisory.

Date Appointed to the Board

She was appointed as an Independent Non-Executive Director on 2 January 2024.

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 does not hold any shares of the Company and its subsidiaries.

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 2023

Not applicable as she was appointed on 2 January 2024.

KEY OFFICERS' PROFILE

LEONG TING SIONG @ MARTIN LEONG,
Malaysian, Male, Age 47.
Group Chief Financial Officer & Investor Relation.

Qualification & Membership

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

Working Experience & Occupation

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

Date of Employment

16 October 2009.

Directorship in other Public Listed Companies

He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries

He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders

He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

KEY OFFICERS' PROFILE (Cont'd)

TEE KIM FOOM

Malaysian, Female, Age 57.
Group Financial Controller & Head of Internal Compliance.

Qualification & Memberships

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

Working Experience

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

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

Date of Employment

1 October 1997.

Directorship in other Public Listed Companies

She does not hold any directorship in any public listed companies.

Interest in Securities of the Company and its Subsidiaries

She holds insignificant shares in the Company.

Family Relationship with any Directors / Major Shareholders

She does not have any family relationship with any directors or major shareholder of the Company.

Conflict of interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offence

None.

KEY OFFICERS' PROFILE (Cont'd)

PHILIP WONG HWEE LIH,
Malaysian, Male, Age 56.
Group General Manager.

Qualification

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

Working Experience

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

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

Date of Employment

16 June 2000.

Directorship in other Public Listed Companies

He does not hold any directorship in any public listed companies.

Interest in Securities of the Company and its Subsidiaries

He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders

He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

KEY OFFICERS' PROFILE (Cont'd)

JEREMY TAN KIAN MING,
Malaysian, Male, Age 53.
Group Cost Controller & Group Risk Manager.

Qualification & Memberships

Bachelor Degree in Accountancy.

Working Experience

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

In 2023, he was tasked to head the Group's Risk Management Team to oversee the risk management matters in all Companies within the Group.

Date of Employment

1 March 2017.

Directorship in other Public Listed Companies

He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries

He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders

He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offence

None.

KEY OFFICERS' PROFILE (Cont'd)

LEE TAK HIN,
Malaysian, Male, Age 41.
Group Accounts Manager.

Qualification

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

Working Experience

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

Date of Employment

2 May 2017.

Directorship in other Public Listed Companies

He does not hold any directorship in other public listed companies.

Interest in Securities of the Company and its Subsidiaries

He does not hold any shares in the Company / Subsidiaries.

Family Relationship with any Directors / Major Shareholders

He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group

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

List of Conviction for Offences within the past 5 years other than traffic offences

None.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group's Business & Operations

Established in 1991, Evergreen Fibreboard Berhad (EFB) started its first plant manufacturing Medium Density Fibreboard (MDF) in July 1993. Since then, the Group has expanded its operations from a single MDF production line to various production lines located in Johor, Negeri Sembilan, Kedah, Thailand, and Indonesia. EFB and its subsidiaries was then listed on the main board of Bursa Malaysia on March 11, 2004.

As of the end of the financial year 2023, the Group's total workforce consisted of 1,956 employees, with 1,154 in Malaysia, 720 in Thailand, and 82 in Indonesia. Foreign labor accounted for 26.2% of the workforce in Malaysia and 20.0% in Thailand, while our Indonesian operations employs 100% local workforce.

Throughout the financial year, the Group's core activities remained in the manufacturing of Panel Boards, which is Medium Density Fibreboard (MDF), Particleboard (PB) and Value-Added Panel Boards made out of various laminated MDF & PB. The non-core products of the Group were Ready-to-Assemble Furniture (RTA), Solid Wood Products (Furniture/Parts), Resin/Adhesive, Wood Pellets, Green Energy, and Rubber Tree Plantation.

The Group's total revenue for the reporting financial year 2023 was RM881,084 million with a reduction of 20.1% from the previous financial year ended 2022. Malaysia subsidiaries accounted for approximately 35.8% of the Group's total revenue, while Thailand and Indonesia contributing 51.1% and 13.0% respectively. These revenues were primarily derived from Panel Boards, RTA, and Wood Pellet products. Revenue from Resin/Adhesive products and Biomass Energy were exclusively produced for supply within the Group. The Group's plantation business segment did not contribute any revenue to the reporting financial year as there were no harvesting works carried out.

In terms of business segments, Panel Boards and RTA Furniture contributed 90.2% of the Group's total revenue, Urea Formaldehyde Concentrate and Adhesive products 1.7%, while the combined share of Wood Products and Biomass Products made up the remaining 8.1%.

The Group's market presence has remained across five continents, primarily serving the Panel Board customers where majority of users are furniture manufacturers and building material suppliers.

Group's Market Distribution by Region

Middle East	- 44.3%
South East Asia	- 30.3%
Far East Asia	- 9.6%
Africa	- 7.5%
United States	- 6.7%
Others	- 1.6%

Group's Business Objectives

With the continued overall weak market, the Group's objective for the reporting financial year was to reduce and eliminate the non-profitable operations while looking in areas of sustainability as to maintain the Group vision to be a sustainable one-stop panel producer with a diverse range of products.

Group's Business Strategies

For the reporting year, the Group's strategy was to continue maximizing productivity at each of its Panel Boards manufacturing facilities, leveraging on each operation's capabilities, efficiency and productivity for a cost-effective product as to be able to compete in the challenging market environment, given the significant increase in costs resulting from the drastic increase in ICPT cost on electricity in the current reporting year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group's Financial Review

The Group's Financial Statements for the year ended 31 December 2023 were prepared in accordance with the Malaysian Financial Reporting Standards and the requirements set forth by the Companies Act, 2016.

Group's Revenue

During the current financial year, our Malaysia segment experienced a notable 35.5% decrease in revenue, from RM490 million in the previous financial year ended 2022 to RM316 million. This decrease was primarily due to the lower average selling prices for Panel Boards and downstream products, as well as a high reduction of orders for our ready-to-assemble furniture.

Our Thailand segment also saw a drop in revenue of 9.8% from RM500 million compared to RM451 million in current financial year. This drop was attributed to lower average selling prices and lower volume of sales.

Our Indonesia segment's revenue for the current financial year increased by 1.8% to RM115 million compared to RM113 million in the previous financial year and is largely due to higher average selling prices of Panel Boards in the domestic market and a higher volume in sales.

Overall, the Group's revenue for the financial year ended 2023 decreased by 20.1% or RM222 million to RM881 million from RM1,103 million in the previous financial year. This decrease was majorly due to lower average selling prices coupled with reduction in sales volume of Panel Boards and our ready-to-assemble furniture products.

Group's Profit/(Loss) before Tax

During the financial year ended 2023, our Malaysia segment reduced its losses before tax to RM18 million, compared to losses of RM42 million in the previous financial year ended 2022. Losses before tax was due to higher cost of raw material (wood and resin), electricity ICPT cost and higher cost of production with the increase of the overtime ceiling rate set by the new Employment Act which took effect in January 2023.

Our Thailand segment reported a profit before tax of RM25 million, which represents a significant decrease from the profit before tax of RM42 million reported in the previous financial year ended 2022. The decrease in profit was mainly due to lower sales margin, higher operational cost and reduction in foreign exchange gain.

Meanwhile, for our Indonesia segment, profit before tax for the current year was RM15 million, up from RM11 million in the previous financial year ended 2022. The increase in profit mainly due to higher sales and insurance income.

Overall, the Group reported losses before tax of RM22 million for the current financial year ended 2023, an increase in losses compared to losses before tax of RM13 million in the previous financial year ended 2022. This losses before tax were mainly due to foreign exchange loss, lower sales volume and higher operational cost as a result of hike in electricity surcharge and higher wage due to the change in overtime ceiling rate in Malaysia.

Group's Consolidated Profit/(Loss) After Tax

The Group's financial statements for the year ended 2023 reveal a consolidated loss after tax of RM37 million, an increase in losses after tax of RM11 million compared to RM26 million recorded in the previous financial year 2022. These losses after tax were mainly due to poor financial performance by our Malaysia segment for the Panel Boards and Ready-to-Assemble Furniture division caused by the increase in cost of production due to higher cost of raw material (wood and resin), increase in electricity ICPT cost, higher cost of labor resulting from the increase in the overtime ceiling rate set by the new Employment Act which took effect in January 2023 and additional tax provision arising from a disposal of a Thailand subsidiary in the past year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Shareholders' Equity

As at the end of the current financial year ended 2023, the Group's total equity decreased to RM996 million from RM1,012 million in the previous financial year 2022 due to the negative financial results of the Group in the current financial year.

Total Assets

The Group's total assets increased by 10.8% from RM1,314 million in the previous financial year 2022 to RM1,456 million in the current financial year ended 2023. This increase was mainly due to the increase of refurbished and additional assets for the relocation of the MDF Line from Malaysia to Indonesia during the current financial year.

Trade and other receivables for the Group increased by 24.3% to RM87 million in the current financial year ended 2023 compared to RM70 million in the previous financial year 2022. The increase is attributed by the extended payments given to customers during the current financial year.

The Group's inventories reduced by 13.8% from RM218 million in the previous financial year 2022 to RM188 million in the current financial year ended 2023. The reduction was resulted from the roll-over of export shipments at beginning of the year brought to the current financial year which was minimized for financial year ended 2023.

There was an increase of RM90 million in our bank borrowings due to the purchase and refurbishment of assets for the moving line to Indonesia however, the Group's bank balances have remained strong with an increase of 70.9% to RM200 million for the financial year ended 2023 compared to RM117 million in the previous financial year 2022. This increase in the Group's bank balances was cash generated from profitable operations in the current financial year 2023.

Total Liabilities

The Group's total liabilities for the current financial year ended 2023 increased by 52.3% or RM158 million to RM460 million from RM302 million in the previous financial year 2022, due to draw downs of bank borrowings for the relocation project cost to Indonesia.

In addition, the Group's trade and other payables increased by 20.0% to RM108 million in the current financial year ended 2023 compared to RM90 million in the previous financial year ended 2022, which is due to payments being accrued for the moving projects in Indonesia of which has been partially completed during the current financial year.

Borrowings

Borrowings in the Group has increased by approximately 61.9% from RM147 million in the previous financial year ended 2022 to RM238 million in the current financial year ended 2023. The increase in borrowings is a result of the additional assets and refurbishment of assets including moving cost to Indonesia.

Gearing Ratios (Net & Gross %)

The Group's gross gearing ratio for current financial year ended 2023 recorded at 0.24 showing an increase of 60.0% compared to 0.15 in the previous financial year ended 2022. The net gearing ratio for current financial year was 0.04 showing an increase of 33.3% compared to 0.03 in the previous financial year ended 2022 mainly due to the increase in borrowings as a result of the additional assets and refurbishment of assets including moving cost to Indonesia.

Earnings per share

The Group's net loss per share for the current financial year ended 2023 was 4.41 sen, an increase from loss per share of 3.09 sen in the previous financial year 2022. The decrease in earnings was mainly due to the Group's losses after tax in the current financial year ended 2023 from the poor financial performance of the Group.

Group's Net Assets Per Share

The Group's net assets per share for the current financial year ended 2023 was RM1.18, which is lower compared to RM1.20 in the previous financial year 2022 due to the negative financial results of the Group in the current financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Financial Position

As of the financial year ended 31 December 2023, the Group's balance sheet remained robust with a total net worth of RM996 million. The Group's borrowings of RM238 million exceeded its cash and cash equivalents of RM200 million, resulting in a net debt of RM38 million. The increase was mainly due to the borrowings for the moving of the production line to Indonesia on additional assets and cost of moving.

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

Key Result Areas (KRAs)

The Key Result Areas (KRAs) for financial performance were established in tiers for each business unit/company, and only our overseas business units/companies met the first and second level of the established tiers. However, most of our Malaysia operations failed to meet their KRAs as they were challenged by the increase in ICPT Electricity cost, labor cost and raw material cost in Malaysia.

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

Review of our Operating Activities

At the start of the financial year, all of our Malaysia operations was hit with major cost increase in Electricity ICPT cost and also an increase of labor cost due to the changes in the Employment Act for the overtime ceiling level. Additionally, we encountered disruption in the supply of our raw materials (rubber /mixed tropical wood) due to reduced harvesting caused by a lack of foreign manpower in plantations and also extended rainy weather, that lead to major production cost increase. Coupled with a drastic drop in the demand of our finish goods (Panelboard and RTA Furniture), majority of our operations in Malaysia did not perform as targeted. The increase in cost of production have caused our selling price to be no longer competitive in the overseas market and together with the short supply of material caused plants to be non-productive and eventually have higher cost of production.

Management managed to put in some measures to minimize the losses in our Malaysia Operations by reducing hours of operation when raw materials are limited, control overtime hours including refraining from operating during public holidays whenever possible.

During the financial year, more concentration was mainly given to the relocation our MDF production line to Indonesia, which we had ceased production in September 2022 and is targeted to commence production in the 3Q2024.

Our operations in Thailand had minimal increase in operational costs due to the increase of raw material cost during the rainy season but supply was not interrupted, therefore their operations was productive and was able to maintain their cost. Hence, they were able to compete in the overseas market enabling a better performance compared to our Malaysia operations.

As for our Indonesian operations, there was also minimum cost increase from the adjustment in the minimum wage in the current financial year 2023 but for the supply of raw materials and cost remained stable with good and constant supply. Due to the installation of the MDF line from Malaysia, there was quite a bit of capital expenditure incurred as projected.

Our capital expenditures in the Group increased from RM33 million in the previous financial year 2022 to RM96 million in the current financial year 2023, mainly for the relocation of the MDF Line to Indonesia, replacement of parts due to wear and tear of machinery for the entire Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Group's Risks

Disruption in Raw Material- Supply Chain

The Group's primary operational risk is on our main raw material, particularly wood, as branches and waste of rubber wood & mixed tropical wood are the main raw materials for the Group. This risk was crystallised during the current financial year 2023 where short supply was experienced from reduced harvesting in Malaysia caused by a lack of foreign manpower in plantation sector. Changes in government policies on logging due to the nation's commitment to international bodies on climate change may also increase the frequency of disruption in supply of our main raw material.

These disruptions will lead to shortage of wood supply to our operations, resulting in higher raw material costs and lower production output due to insufficient material supply. This is an inherent risk to the Group which is faced by all wood industries.

Mitigation of this risk is by increasing the intake of wood supply at each mill before the rainy season and can be done where supply is not limited during normal season but if the monsoon season is prolonged and supply is limited, the risk may not be able to be mitigated at all.

Increase in Cost of Energy

In Malaysia the first increase in ICPT costs on electricity usage took effect in January 2023 and with decarbonization becoming a requirement, another increase in this cost can be expected and this will cause the cost of production in Malaysia to increase.

This risk can only be mitigated by consuming less energy or by having an alternative source of energy. The Group has partially mitigated this risk by having installation of solar panels which is able to generate 8MWh energy and 18MWh biomass energy.

Foreign Exchange

The Group is exposed to foreign exchange risk caused by the fluctuation of the Malaysian Ringgit, Thai Baht, and Indonesian Rupiah against the US and Euro Dollar. Even though the Group's export sales are mainly in US dollars, any strengthening or weakening of the US dollar against Malaysian Ringgit, Thai Baht and Indonesian Rupiah may have positive or negative impact to the Group's financial performance.

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

To mitigate this risk, the Group continuously monitors currency fluctuations. The Group currently does not practice any hedging, but it aims to maintain a natural hedge between foreseeable payments and collections. However, the Management will consider any form of hedging when necessary. In the current financial year 2023, the Group had a foreign exchange gain of RM7 million, compared to RM9 million in the previous financial year 2022.

Forward Looking Statement – Prospect

During the current financial year ended 2023, the Group's losses were primarily from the weak performance of our Malaysia operations against our Thailand and Indonesian operations.

Looking ahead to the financial year 2024 and as we progress into the first quarter, the market demand for the Group's products, particularly Panel Boards and RTA furniture, is displaying marginal improvements with supply of raw material remains unchanged.

In view of the weak market demand and increased production costs, particularly in the Malaysian business segment, the Board expects a more challenging year ahead for the Group. However, with the implementation of strategic plans and measures, the Board remains optimistic about achieving a reasonable financial performance for the Group in the upcoming financial year 2024, despite the obstacles faced.

Dividend Policy

With the Group's unfavorable financial results for the financial year ended December 2023 and with the unexpected challenging economic climate, the Board of Directors will not be recommending any dividends distribution during the upcoming Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board or BOD”) of Evergreen Fibreboard Berhad (“EFB”) takes this opportunity to provide an insight into the Group’s Corporate Governance (“CG”) practices during the financial year ended 31 December 2023 (“FY2023”).

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

ON BOARD LEADERSHIP & EFFECTIVENESS

Practice 1.1

The Board recognizes the key roles it plays in setting the strategic direction of the Group. In achieving this, following activities were carried out during the current financial year 2023:-

- a) the Group’s Annual Corporate Management Plans (which includes the Budget Plans) that are linked to the strategic financial and non-financial objectives for the financial year 2024 presented to the Board by Management in November 2023 for approval;
- b) reviewing the Group’s Businesses performance through regular updates (other than BOD meetings) updated by Management on the financial and non-financial performance of individual company/business units and thereon advised management accordingly where necessary;
- c) review and approve the ethical standards in the Code of Conduct on appropriate behaviors and obtain Management’s assurance for any non-adherence during Board Meetings;
- d) review and approve the revised Enterprise Risk Management and Sustainability Framework for changes made in view of the current business environment and changes in the Corporate Governance & Listing Requirements;
- e) together with Management, set the Group’s strategies and policies that oversees risk, sustainability and corporate governance including monitoring the progress towards the Group meeting its set objectives and annual budget plans; and
- f) review and approve Stakeholders’ Communication Policy to ensure that it is as what being practiced by Management.

Practice 1.2

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

Practice 1.3

Our Chairman and the Chief Executive Officer positions are held by different individuals, i.e., Mr. Jonathan Law Ngee Song and Mr. Kuo Jen Chang. They both hold entirely different roles.

Practice 1.4

Our Board Chairman does not participate in any Board Committees except being the Chairman for our Sustainability Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 1.5

EFB is supported by 2 (two) qualified and competent Company Secretaries namely Ms. Tan Yit Chan (MAICSA 7009143) and Ms. Santhi A/P Saminathan (MAICSA NO. 7069709). They are capable of providing the required advice for a sound governance, adherence to rules and procedures by the Company including advise on the adoption of corporate governance best practices.

Practice 1.6

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

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

Practice 2.1

EFB's Board Charter was reviewed in September 2023 and is made available on the Company's website at www.evergreengroup.com.my. Respective roles and responsibilities of Board Members and Committees including issues and decisions that are strictly reserved for the Board's discussion and approval are clearly stated.

Practice 3.1

The Board together with Management has established and reviewed the Code of Conduct & Business Ethics ("the Code") and has implemented policies and procedures to manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

Accessibility to the whistleblowing policies is available on the Company's website at www.evergreengroup.com.my.

Practice 3.2

Policies & Procedures on Whistleblowing has been established and reviewed as needed.

Practice 4.1

The board is responsible for the governance of sustainability in the Company including setting and reviewing the Company's sustainability strategies and targets together with Management.

In development and implementation of company strategies, business plans, action plans and risk management, consideration on sustainability is taken into account where by Senior Management drives down the sustainability strategies and plans for implementation by each subsidiary/business unit through the Head of Operations and the Risk & Sustainability Management Working Group.

Practice 4.2

The Board through the Sustainability Management Committee and together with Senior Management sets the Company's sustainability strategies and targets and reviews the performance against the targets set.

The Company is in the midst of being assessed on its Green House Gas ("GHG") Emission and will review targets set as well as communicate the changes with its Stakeholders.

Practice 4.3

The Board has kept themselves abreast and understands the sustainability issues relevant to the Company and its business which include climate-related risk and opportunities through training on Sustainability-Changes in the MCCG & Main Market Listing Requirements attended by all members of the Board during the current financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Trainings attended by Directors during the FYE2023 is as follows: -

Director	Trainings/Fairs Attended
JONATHAN LAW NGEE SONG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; Leadership Development Program; and Contract Audit : AI Edition.
KUO JEN CHANG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements.
KUO JEN CHIU	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements.
KUAN KAI SENG	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; National Tax Conference 2023; and Seminar Percukaian Kebangsaan 2023.
MARY HENERIETTA LIM KIM NEO	Preparation of the 2022 Employers Return (Form E) and Major Mistakes Leading to Employers Tax Audit; Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; Sustainability & Enterprise Risk Management; Risk Management Review; Enterprise Risk Management; Seminar ESG: The way forward in Timber Industry; and ESG Framework Workshop.
TAN MUI PING	Sustainability – Changes in Malaysian Code on Corporate Governance and Main Market Listing Requirements; ACCA Technical Symposium 2023; A Dialogue with Bursa Malaysia – FTSE4GOOD; Board Audit Committee (BAC) Dialogue & Networking; The Edge Malaysia ESG Forum 2023; The Cooler Earth Sustainability Summit; and ACCA Virtual Seminar - Post Budget 2024 (Remote Online Learning).

Practice 4.4

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

Practice 4.5 – Step Up

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

Practice 5.1

Composition of the Board is being reviewed and discussed within the Nomination Committee and re-election of Directors are recommended by the NC upon satisfactory outcome of their annual performance evaluation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 5.2

The Company has departed from this practice due to the resignation of one of its independent directors and a redesignation of one independent director to non-independent who has served the Company more than 12 years.

The Company is in the midst of sourcing a suitable candidate to apply this practice within a year.

Practice 5.3

The Company seeks shareholders' approval for all their Independent Directors who remain in service as independent director beyond nine years through the two-tier voting process.

Practice 5.4 – Step Up

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

Practice 5.5

Appointment of Board Members are also based on the established Fit and Proper Policy in place. During interview stage, Directors are made known of the time they require to devote to serve the Board effectively. Appointment of Senior Management are based on criteria such as the required skills, relevant experience, age, background, culture and gender that have been set to ensure a mixture of skills. Background screening on successful candidate is also carried out by Management for Senior Management as well as Board appointments.

Practice 5.6

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

Practice 5.7

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

1. New Director - A Complete profile of Director;
2. For Re-appointment - Evaluation on the performance of the retiring Directors and the criteria on assessment done together with their key strengths and weaknesses if any; and
3. Justification on why the Board recommended for the Director to be re-elected.

Practice 5.8

Our Nomination Committee is Chaired by our Independent Director, Ms. Hong Kim Heong.

Practice 5.9

Our Board Members consist of seven (7) members whereby four (4) man and three (3) are ladies which is 43%.

Practice 5.10

The Group's Policy on Diversity is as follows:-

- a) For gender diversity, the Board shall strive to achieve female composition of 30% on the overall Board and Senior Management's composition;
- b) To ensure independence of Independent Directors on Board, any Independent Director remaining on Board beyond the 12th year shall be re-designated as a non-independent director;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

- c) To have an active and dynamic Board, the minimum and maximum age for a Director to be appointed shall be considered; and
- d) To ensure a mix of skills in Board Members, the sourcing and recruitment of directors shall be source from a diverse pool of candidates and not just recommendation by other directors or shareholders.

Practice 6.1

Our Nominating Committee carried out annual performance evaluation in the following manner: -

1. Early December 2023, Nominating Committee carried out Annual Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, performance of Individual Directors (including Independent Directors), Key Officers and the Company Secretary. Elements of annual evaluation were on skills, experience, diversity, core competencies and risk and sustainability management;
2. The evaluation process was carried out through forms established by Nomination Committee ("NC") based on the recommendation in the corporate governance guide. Forms were sent to all Members on the instructions of the Nominating Committee Chairman who led the annual assessment process;
3. Annual Evaluation Forms were sent via email to all concern to carry out their review on Individual Directors, Key Officer, Company Secretary, the Chairman of the Board, the Board as a whole and Board Committee(s). A timeframe was also given for review to be completed and email back to the Company Secretary for tabulation of scores;
4. The results of the evaluation were then emailed informed to the NC Chairman and further discussed with the Board Chairman where it was tabled at the 4Q2023 NC meeting held in February 2024;
5. Board Chairman made known to the Members on the satisfactory outcome of the annual evaluation carried out; and
6. Board Chairman further advised NC Chairman on the actions to be taken on any weaknesses or improvements and the trainings needed by the Board, Board Committee or Individuals.

Practice 7.1

1. The Company's Remuneration policy on fees and allowances structure for Non-Executive Directors ("NED") was reviewed and approved by the Board in October 2022 and was used to reward NEDs for the current financial year. The framework on fees structure and allowances takes into consideration the responsibilities of each individual Director's roles and contribution to the Board as well as the Board Committees they sit in.
2. A formal remuneration framework and salary structure for Executive Directors, Senior Management and Key Officer which was reviewed and approved by the Board in October 2022 was used.
3. The Remuneration Policy for NEDs, Key Officers as well as Senior Management are made available on the Company's website at www.evergreengroup.com.my.

Practice 7.2

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

Practice 8.1

The fees, allowances and benefits of RM420,000 was formally approved by shareholders at annual general meeting held on 31 May 2023. The total amount paid to non-executive directors for FYE2023 was RM327,570 and the details to these payments was stated in the Company's Corporate Governance Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 8.2

The Company has departed from this practice as the Board disclosed its 5 (five) Senior Management by Name but not in remuneration bands but in a total lump sum basis of RM1,837,396 in the Company's Corporate Governance Report 2023 in view of the competitiveness in the market for senior talent.

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

Nevertheless, detailed remuneration of the Company's CEO, COO & GED has already been disclosed in Practice 8.1 in the Company's Corporate Governance Report 2023.

Practice 8.3 - Step Up

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

Practice 9.1

Our Audit Committee Chairman is Mr. Kuan Kai Seng and he is not Chairman of the Board.

Practice 9.2

A policy on the appointment of former key audit partners or former employees of the external auditor's firm has been put in place. In this policy the external auditor's key audit partners cannot be offered employment or be appointed as a member of the audit committee by the Company within 3 (three) years cooling of period.

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

Practice 9.3

Policies and Procedures for evaluating the external auditors are in place and being practiced by the Audit Committee together with the Nomination Committee in terms of accessing the suitability and the independence of external auditors.

Practice 9.4 - Step Up

Our Audit Committee comprises solely of Independent Directors and this is in line with Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"); Paragraph 15.09(1) (a) and (b).

Practice 9.5

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

Practice 10.1

Our Enterprise Risk Management and Internal Control Framework has been established and is reviewed by the Committee and approved by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 10.2

1. The Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards, an objective-centric based approach that ties the risk of the Group's Business Strategies and Objectives;
2. The Group's Risk Appetite and Tolerance Level are reviewed and approved by the Board to keep risk level within the limits approved;
3. A Clear Organisation Structure that explains the reporting line of the Risk Management Functions at Group and Subsidiary Level to ensure that there is a clear understanding of the reporting line for Risk Registers;
4. A Risk Reporting Timeline which allows personnels responsible for risk to monitor their reporting responsibilities;
5. The Group's Governance is based on a "Three Lines of Défense" at the Subsidiary and also at the Group level that provides a simple and effective way to enhance communications on risk management; and
6. During FYE2023 as a result of an Internal Audit carried out on the Group's ERM System which has some weaknesses, the Group Enterprise Risk Management System was reviewed by an External Consultant with the objective to enhance and streamline the Risk Management ("RM") processes within the Group, to strengthen the knowledge and expertise of managing risk amongst the Group's RM Team; to benchmark risk management's policies and procedures with best practices; to set a stronger Corporate Governance structure throughout the Group and to improve the sustainability in RM practices by a structured RM process put in place. Review was carried out and completed in 4Q2023 and the Group is currently in the midst of closing the gaps and carrying out the necessary changes to the RM Framework after the necessary training was carried out throughout the Group.

Practice 10.3 - Step Up

Our Risk & Sustainability Management Committee comprises of three (3) members all being Independent Non-Executive Directors and is chaired by Ms. Tan Mui Ping. Executive Directors are invited to attend meetings to present updates on Group's risk profile, mitigations, actions, policies and framework. Committee Members provides advice and directions on matters presented at each meeting. Effective on 31 May 2023, the Company have split the existing Risk and Sustainability Management Committee to (1) Risk Committee ("RC") and (2) Sustainability Committee ("SC") and restructured the composition of the RC and SC.

Practice 11.1

Internal Auditor which is outsourced to BDO reports directly to the Audit Committee who approves their internal audit plan yearly. Internal Auditors performs Internal Control Reviews on areas given and they report the weaknesses directly to the Audit Committee. They take instructions directly from the Audit Committee Chairman.

Practice 11.2

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

Practice 12.1

1. Policy on communication with our Stakeholders has been establish and is put in practice and the policy was reviewed in November 2022. Any feedback from Stakeholders is made known to the Board for their advice and necessary action to be taken by the Management.
2. As to ensure that information is fairly communicated to all shareholders, the Company maintains its corporate website at www.evergreengroup.com.my containing information on the Group as well as its financial and nonfinancial announcements made to the Bursa Malaysia. Any presentation slides given or communicated to shareholders in general meetings, investors meeting and road shows are being posted on to our website to be accessed by all stakeholders and the general public at any point in time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 12.2

This practice is not applicable as we are not a large company.

Practice 13.1

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

Practice 13.2

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

Practice 13.3

Our Annual General Meeting are carried out virtually with electronic polling process carried out online by our Share Registrar, Boardroom Share Registrars Sdn. Bhd.

Practice 13.4

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

Practice 13.5

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

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

Practice 13.6

Minutes of our Annual General Meeting is uploaded onto our website within 30 (thirty) business days after the annual general meeting.

The Board of Directors has approved this statement on 16 April 2024.

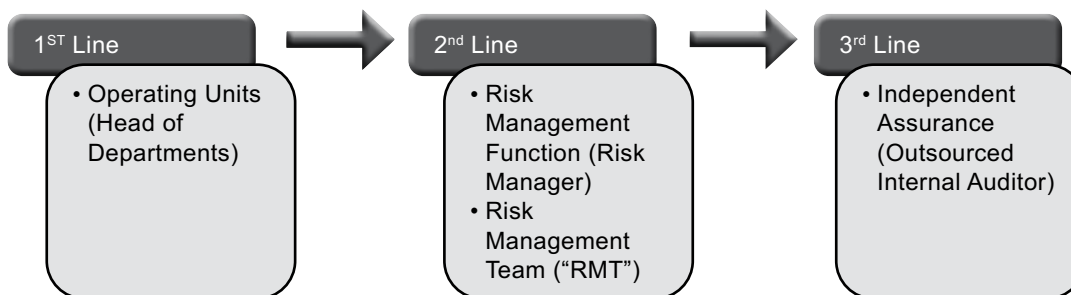
STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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

Features of our Risk Management and Internal Control System

1. The Group's Enterprise Risk Management System is guided by the Principles of ISO 31000 Standards, an objective-centric based approach that ties the risk of the Group's Business Strategies and Objectives;
2. The Group's Risk Appetite and Tolerance Level are reviewed and approved by the Board to keep risk level within the limits approved;
3. A clear organisation structure that explains the reporting line of the Risk Management Functions at Group and Subsidiary Level to ensure that there is a clear understanding of the reporting line for Risk Registers;
4. A Risk Reporting Timeline which allows personnels responsible for risk to monitor their reporting responsibilities;
5. The Group's Governance is based on a "Three Lines of Defense" at the Subsidiary and also at the Group level that provides a simple and effective way to enhance communications on risk management by clarified essential roles; and

At the Group Level



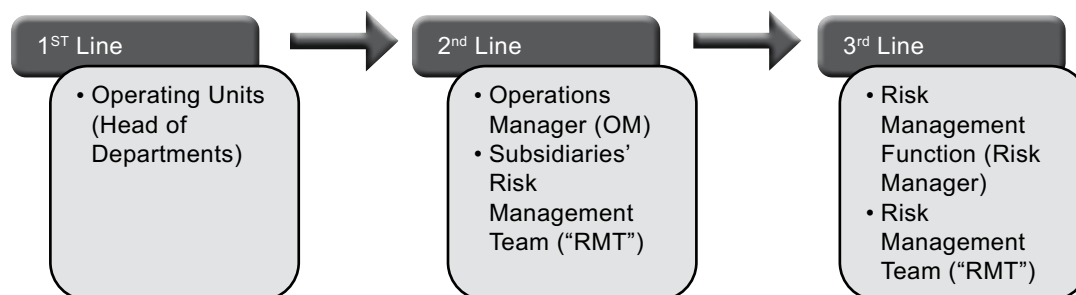
The 1st Line of Defense is the Operating Units where the Head of Departments ("HOD") are responsible for managing risks and system of internal controls within their respective functions on a day-to-day basis. To assist the HODs, personnel within their departments will be identified and appointed as Risk Officers to identify, assess and manage the departments' risk register.

The 2nd Line of Defense is the Management Oversight where the risk management function assumes overall responsibility for the implementation of the Framework and its continued application in respective entity. The Chief Executive Officer ("CEO") provides leadership and direction to Management via RMT, and ensures alignment of the Group's practices to the risk management policy. The Board maintains its oversight via the Risk Management Committee (RMC).

The 3rd Line of Defense is our Independent Assurance (currently BDO). The Internal Audit Function provides the RMC with a reasonable independent assurance on the effectiveness and efficiency of the Framework as part of EFB's system of internal controls to manage risks of failure to achieve the Group's business objectives. The Board, through the RMC provides governance, guidance and oversight over Management's activities in managing key risk areas and to ensure that the risk management process is in place and functioning effectively.

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

At Company/Subsidiary Level



The 1st Line of Defense is the Operating Units where the HODs of the Subsidiaries are responsible for managing risks and system of internal controls within their respective functions on a day-to-day basis. To assist the HODs, personnel within their departments will be identified and appointed as Risk Officers to identify, assess and manage the departments' risk register.

The 2nd Line of Defense is the Management Oversight where the Operations Manager of subsidiary assumes overall responsibility for the implementation of the Framework at subsidiary level.

The 3rd Line of Defense is set at Group Level where the risk management function assumes overall responsibility for the implementation of the Framework at Group Level as per the 3rd-Line of Defense stated above.

6. During the financial year 2023 as a result of an Internal Audit carried out on the Group's Enterprise Risk Management System which had some weaknesses, the Group Enterprise Risk Management System was reviewed by an External Consultant with the objective to enhance and streamline the Risk Management (RM) processes within the subsidiaries and the Group, to strengthen the knowledge and expertise of managing risk amongst the Group's Risk Management Team; to benchmark risk management's policies and procedures with best practices; to set a stronger Corporate Governance structure throughout the Group and to improve the sustainability in RM practices by reviewing the structured Risk Management processes in place. Review was carried out and completed in 4Q2023 and the Group is currently in the midst of closing the gaps and carrying out the necessary changes to the RM Framework after the necessary training was carried out throughout the Group.

Internal Compliance Audit Activities

Internal Compliance Audit activities was performed every quarter during the financial year 2023 by each subsidiary's In-house Compliance Audit Team. Internal Compliance Audit Team performed audits in the following areas of: -

- a) Compliance – On Labor Laws Regulations & Statutory Requirements;
- b) Maintenance system – On Preventive & Corrective;
- c) Purchasing Management (On Direct / Indirect Material);
- d) Store management – On Supply Chain & Security;
- e) Account & Finance Control;
- f) Production & Quality Management;
- g) Sales & Shipping Management; and
- h) Warehouse Management.

Based on the audit carried out in these areas for Internal Controls, findings from the audit were presented to Management. Review and enhancement to the Policies & Procedure in these areas was instructed to be carried out by Management as corrective action to close the gaps with a timeframe for completion.

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

Internal Audits Activities

Based on the internal audit plans for financial year 2023, there were 3 (three) internal audits performed in the Group by our Internal Auditors, BDO Governance Advisory Sdn. Bhd. (BDO).

1. The first cycle of the internal control review for the financial year commenced in the 1Q2023 and was presented to the Board via the Risk Management Committee in May 2023. The review was on Risk Management function of the Group whereby the objectives of the review was to: -
 - a) Assess the adequacy of risk management controls established by Management;
 - b) Assess compliance with policies and procedures and recommended best practices; and
 - c) Identify any potential areas for improvement in the effectiveness and efficiency of the processes.
2. The scope was to review the Group's: -
 - a) Risk Management Framework;
 - b) Risk Management structure and the respective roles of the key personnel involved;
 - c) Implementation of risk management processes;
 - d) Monitoring and reporting activities; and
 - e) Procedures for re-evaluation of existing risks and identification of new or emerging risks.
3. The second cycle of the internal control review commenced in the 2Q2023 and was presented to the Board via the Risk Management Committee in August 2023. The internal control review was on the Group's Compliance Function whereby the objectives of the review was to: -
 - a) Assess the adequacy and test the integrity of the system of internal controls;
 - b) Assess compliance with policies and procedures and recommended best practices; and
 - c) Identify any potential areas for improvement in the effectiveness and efficiency of the processes (if any).
4. The scope was to review the Group's: -
 - a) Governance of the compliance function within the Group and its subsidiaries; and
 - b) Effectiveness of the tracking and monitoring mechanism on required licenses and permits.
5. The third cycle of the internal control review commenced in the 3Q2023 and was presented to the Board via the Risk Management Committee in November 2023. The internal control review was specifically Sales to Receipt, Accounts Payable and Information Technology General Controls in PT Hijau Lestari Raya Fibreboard in Indonesia and the objectives of the review was to: -
 - a) Assess the adequacy and test the integrity of the system of internal controls;
 - b) Assess the compliance with policies and procedures and recommend best practices; and
 - c) Identify any potential area for improvements in the effectiveness and efficiency of the processes.
6. The scope was to review the Company's: -
 - a) Sales to Receipt;
 - b) Accounts Payable; and
 - c) Information Technology General Controls.
7. After each review carried out, BDO compiles its findings with recommendations of improvements to be put in place with timeline given for its completion and present to the Audit Committee of the Board.
8. The Audit Committee noted the gaps that was reported including the recommendations made by BDO on the weaknesses that was identified in the areas reviewed including advising Management of immediate action that required to be taken to rectify those weaknesses for all reviews carried out and completed during the financial year ended 2023.

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

Review by the Board

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

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

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

Weaknesses in the Internal Controls that resulted in Material Losses

During the financial year 2023, there were no major non-compliance issues in the Group except for some minor weaknesses which have been fully addressed by enhancement to some policies and procedures.

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

Review by External Auditors

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

The Board of Directors approved this Statement on 16 April 2024.

AUDIT COMMITTEE'S REPORT

The Board hereby presents the Audit Committee Report which provides insights into the manner in which the Audit Committee (AC) discharged its functions for the Group for the financial year ended 2023.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee's official role is defined in its terms of reference accessible on the Company's website at https://evergreengroup.com.my/en/board_matters.

COMPOSITION AND ATTENDANCE

1. The AC has three (3) members, all of whom are independent NEDs, which is in compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR) and Malaysian Corporate Governance Guideline (MCGG).
2. Mr. Kuan Kai Seng being our AC Chairman is a member of Chartered Accountants Australia and New Zealand and the Malaysian Institute of Accountants, ensuring compliance with MMLR paragraph 15.09. Other current AC members are Ms. Tan Mui Ping and Ms. Hong Kim Heong. Their profiles and attendance records are recorded in the Directors' profile section of this Annual Report.
3. The Board evaluates the AC members' terms of office and performance through an annual Board/Committee Evaluation/Assessment headed by the Chairman of the Nominating Committee. The Board is satisfied with the performance of the AC and its members, as they have fulfilled their roles according to the AC's Terms of Reference and supported the Board in maintaining proper Corporate Governance (CG) standards.

MEETINGS

1. The AC conducted five (5) meetings in 2023, with the Group Executive Director and Group Chief Finance Officer being invited to facilitate direct communication and provide clarification on Group's audit issues, financial and operational matters.
2. The Group's External Auditor, Baker Tilly Monteiro Heng (BT), attended three (3) of the five (5) AC meetings conducted.
3. Representative of BDO Governance Advisory Sdn. Bhd. (BDO) who carry out the Group's Internal Audit functions, attended three (3) AC meetings to present their Internal Audit (IA) reports.
4. Minutes of each AC meeting recorded and presented for confirmation at subsequent AC meetings by the Company Secretary.
5. The AC Chairman presented recommendations for approval of financial statements and conveyed significant concerns and financial changes to the Board.

External Audit

1. During the current financial year, the AC examined BT's audit committee memorandum for the year ended December 31, 2022, assessed the final draft account for the 2022 financial year alongside BT and management, evaluated BT's limited reviews of the Q4 2022 and Q3 2023 Condensed Consolidated Financial Statements, conducted an assessment of the external auditor following MCGG guidelines, and reviewed BT's 2023 audit strategy including considering the external auditor's effectiveness and efficiency. The Audit Committee also put forth for any decision to open the External Auditor's services to tender, with no contractual obligations limiting the Company's current choice of external auditor.
2. To ensure the reliability and compliance of the Group's quarterly Condensed Consolidated Financial Statements for 2022 and 2023 with relevant Financial Reporting Standards and to keep BT updated on the Group's financial performance, BT conducted limited review of the Group's Q4 2022 and Q3 2023 Condensed Consolidated Financial Statements before their presentation to the AC for review and recommendation for the Board's approval.

AUDIT COMMITTEE'S REPORT (Cont'd)

3. On an unspecified date, the AC discussed the external auditor evaluation as prescribed by the MCGG. In addition to the evaluation, AC assessed the ongoing effectiveness and quality of the external auditor and the audit process based on meetings and internal discussions with the Group's finance personnel, senior management, and other Board members.
4. On November 24, 2023, BT sought the AC's approval for the proposed audit and non-audit fee for 2023 as part of their Annual Audit Plan. AC reviewed BT's proposed audit, audit-related, and other services fees for 2023, considering the nature and level of all services provided by BT when annually reviewing the external auditor's independence. Fees paid to the auditor for audit, audit-related, and other services are detailed in the financial statement notes. After BT confirmed their independence in conducting the audit engagement per relevant professional and regulatory requirements, including the Malaysia Institute of Accountants' By-laws, the AC recommended BT's fee to the Board for approval.
5. On the same date, the Group Chief Financial Officer sought the AC's approval for the proposed audit, audit-related, and other services fees to be provided by the external auditors for the Group's subsidiary companies in Indonesia (JMMR, a member firm of BT) and Thailand (ICPOCL) not audited by the Group's External Auditors, BT, for 2023. The AC reviewed the proposed audit, audit-related, and services fees for 2023 from JMMR and ICPOCL, taking into account the nature and level of all services provided when reviewing the external auditor's independence annually. Fees paid for audit, audit-related, and other services are detailed in the financial statement notes. With written confirmation by JMMR and ICPOCL of their independence in conducting the audit engagement per the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants, the AC recommended their audit fees to the Board for approval.

Financial Statements and Reporting

1. The AC reviewed the Q4 2022 and Q1, Q2, and Q3 2023 quarterly Condensed Consolidated Financial Statements, prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting," International Accounting Standards 34 "Interim Financial Reporting," and Paragraph 9.22, including Appendix 9B of the MMLR, during meetings held on February 24, 2023, April 10, 2023, May 30, 2023, August 18, 2023, and November 24, 2023, and subsequently recommended them to the Board for approval.
2. To ensure the integrity of the information, the Group Chief Finance Officer presented the 2022 & 2023 quarterly Condensed Consolidated Financial Statements to the AC on February 24, 2023, May 31, 2023, August 18, 2023, and November 24, 2023, and provided assurances that:
 - i) Appropriate accounting policies were consistently adopted and applied;
 - ii) The going concern basis applied in the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements was appropriate;
 - iii) Prudent judgment and reasonable estimates were made following MFRS requirements;
 - iv) Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under MFRSs and MMLR; and
 - v) The quarterly Condensed Consolidated Financial Statements contained no material misstatements and provided a true and fair view of the Group's and individual companies' financial positions within the Group.
3. On February 24, 2023, BT presented their interim audit findings to the AC regarding the audit of the Financial Statement ended December 31, 2022, primarily to ensure that the Q4 Condensed Consolidated Financial Statements ended December 31, 2022, did not significantly differ from the final published Financial Statement ended December 31, 2022, and to resolve any outstanding audit-related issues.
4. On November 24, 2023, BT presented the 2023 Audit Planning Memorandum for Group for the financial year ended December 31, 2023. The AC reviewed the 2023 Audit Plan and highlighted specific areas of concern for BT to address during their audit. The AC then recommended the audit plan to the Board for approval.
5. The AC went on to meet with BT without the presence of any Group Executive Directors and management on February 24, 2023, and November 24, 2023. No material issues were brought to the AC's attention during these meetings.

AUDIT COMMITTEE'S REPORT (Cont'd)

Internal Audit

1. As a company listed on Bursa Malaysia Securities Berhad, EFB must ensure that it maintains a robust and effective risk management and internal control system. To fulfil this obligation, EFB has outsourced its internal audit function to BDO to evaluate and ensure the adequacy and integrity of EFB Group's internal control system. The fee for each audit cycle is RM25,000 (excluding sale tax and out-of-pocket expenses).
2. On May 31, 2023, BDO presented to the Board the findings on the Internal Control Review carried out on Risk Management Framework, Risk Management structure and the respective roles of the key personnel involved, Implementation of risk management processes, monitoring and reporting activities and procedures for re-evaluation of existing risks and identification of new or emerging risks.
3. On August 18, 2023, BDO presented to the Board the findings on the Internal Control Review carried out on Governance of the compliance function within the Group and its subsidiaries and the effectiveness of the tracking and monitoring mechanism on required licenses and permits.
4. On November 24, 2023, BDO presented to the Board the findings and recommendation on the internal control review carried out on Sales to Receipt, Accounts Payable and Information Technology General Controls in PT Hijau Lestari Raya Fibreboard, Indonesia.
5. The AC reviewed all findings and recommendations made by BDO on the Internal Control review carried out on the identified weaknesses and management actions taken to address according to the timeframe.

Communication Platform for Internal Auditor (IA) and External Auditor (EA)

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

Related Party Transactions

The AC noted that there were no related party transactions reported or declared during the five AC meetings held on February 24, 2023, April 10, 2023, May 30, 2023, August 18, 2023, and November 24, 2023, except for inter-company transactions within the Group, compensation for key management personnel and independent NEDs, and non-independent NED directors' fee calculations, is reported in the 2023 Financial Statements.

NOMINATION COMMITTEE'S REPORT

The Board hereby presents the Report of the Nomination Committee ("NC") that provides insights on the manner in which the NC has discharged its functions for the financial year ended 2023.

ROLE OF THE NOMINATING COMMITTEE

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

COMPOSITION AND ATTENDANCE

Our NC comprises of 3 (three) members, all are Independent Non-Executive Directors which is in compliance with Paragraph 15.08A of the Listing Requirements of Bursa Malaysia and the Malaysian Code on Corporate Governance ("MCCG").

Ms. Nirmala A/P Doraisamy served as the NC Chairman up to September 2023 and Ms. Tan Mui Ping succeeded her from October 2023 up to December 2023. Currently, NC Chairman is held by Ms. Hong Kim Heong and other members of the NC are Mr. Kuan Kai Seng and Ms. Tan Mui Ping. Detailed information about their profiles and meeting attendance can be found in the Directors' profile section of this Annual Report.

MEETINGS

There were two (2) NC meetings held in the financial year 2023, on 24 February and the other on 24 November respectively. During these meetings, the Executive Directors were invited to promote open communication and to address any concerns and present the Group's succession plan for approval.

The Company Secretary documented the minutes of each NC meeting and presented them for confirmation at the following NC meeting. All matters discussed in NC meetings were presented to the Board for notation.

SUMMARY OF ACTIVITIES

In compliance with Paragraph 15.08A(3) of Bursa Malaysia Listing Requirements, the Board conducted a review of the NC's terms of office and evaluated the performance of NC members during the financial year 2023. The annual evaluation concluded that the NC members have fulfilled their duties and responsibilities in accordance with the NC's Terms of Reference and have supported the Board in upholding appropriate Corporate Governance ("CG") standards for the Group. The NC carried out various activities in fulfilling their obligations and responsibilities, which includes: -

Succession Planning (Board and Senior Management)

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

1. The Succession Plans for Members of the Board, Chief Executive Officer, Chief Operating Officer, Group Executives Director, and Key Officers of the Company were presented to the NC, and the changes made to the previous year's plans were noted by the NC and subsequently approved by the Board.
2. Training plans for the identified candidates in the succession line, which included on-the-job training, were also presented, and the Committee was informed that all the identified candidates are capable of performing their proposed job duties when needed.
3. The NC acknowledged the changes made to the proposed Succession Plans and advised Management to ensure that candidates receive the necessary training to prepare themselves for their future role.

NOMINATION COMMITTEE'S REPORT (Cont'd)

Annual Performance Assessment / Evaluation

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

1. In December 2023, NC carried out Annual Assessment to review and evaluate the effectiveness of the Board as a whole, the Board Committees, performance of individual Directors, Key Officers and the Company Secretary. Elements of annual evaluation were on skills, experience, diversity, core competencies and risk and sustainability management.
2. The evaluation process was carried out through forms established by NC based on the recommendation in the corporate governance guide. Forms were distributed by the instructions of the NC Chairman; Ms. Tan Mui Ping led the annual assessment process.
3. Annual Evaluation Forms were sent via email to all concern to carry out their review on individual Directors, Key Officer, Company Secretary, the Chairman of the Board, the Board as a whole and Board Committee(s). A timeframe was also given for review to be completed and email back directly to the Company Secretary for tabulation of scores.
4. The results of the evaluation were then given to the NC Chairman and further discussed with the Board Chairman where it was tabled at the 4Q2023 NC meeting held on February 24, 2024.
5. Board Chairman made known to all Members on the outcome of the annual evaluation carried out of which had a satisfactory score on individuals as well as the Board and Board Committees.
6. Board Chairman further advised NC Chairman on the actions to be taken on the weaknesses from the evaluation results based on: -
 - i) the improvements needed on the Board, Board Committee or Individuals; and
 - ii) the trainings needed by the Board, Board Committee or Individuals.
7. Evaluation form and results from evaluation carried out by the NC was recorded and all documents are treated confidential, filed and kept by the Company Secretary.
8. Summary of training needs for the subsequent year to be attended by Directors and key officers were tabled for discussion and Human Resource Department were tasked to arrange the relevant trainings for Directors and key officers.

Appointment of Director

1. During the financial year 2023, NC had been actively sourcing for additional female candidates for appointment to fulfil the vacancy due to the resignation of Ms. Nirmala Doraisamy.
2. Profiles of female candidates were obtained from Institute of Corporate Directors Malaysia (ICDM) where 3 (three) candidates were selected for interview.
3. Interview was carried out online in December by NC to evaluate them based on the criteria set for appointment of Board members that includes the Company's fit and proper policy and Ms. Hong Kim Heong was the candidate that was found to have met most of the criteria set.
4. NC unanimously agreed the appointment of Ms. Hong Kim Heong and proposed her appointment to the Board effective January 2024 subject to a clean finding on her financial, integrity, litigation, criminal and bankruptcy screening carried out prior to her appointment.

NOMINATION COMMITTEE'S REPORT (Cont'd)

Re-election of Directors

1. Evaluation on the performance of the retiring Directors seeking for re-election was carried out by NC based on the fit and proper criteria, salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group.
2. Amongst the criteria assessed was on their contribution, character and integrity, dealing with potential conflict of interest situations, on critically challenging matters, on the right questions asked and the confidence to stand up for their point of view in any matter during meetings and time commitment.
3. Based on the annual evaluation and fit and proper criteria assessment carried out by NC, key strengths noted on retiring directors were mainly on their area of expertise which they were able to provide valuable opinion to the Board during meetings while the weaknesses were on limited trainings attended to keep themselves updated with latest development.
4. Board was made known by the NC Chairman on retiring director's strength and weakness and the Board advised Directors to keep themselves updated with the necessary training to address their weaknesses.
5. The satisfactory outcome of their assessments was reported to the Board and the Board recommended that these Directors be re-elected according to the respective resolutions put forth in the forthcoming AGM.

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

REMUNERATION COMMITTEE'S REPORT

The Board presents the Remuneration Committee Report, offering an overview of the ways in which the Remuneration Committee ("RC") has fulfilled its responsibilities during the financial year 2023.

ROLE OF THE REMUNERATION COMMITTEE

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

COMPOSITION AND ATTENDANCE

The RC consist of three (3) Independent Non-Executive Directors, in compliance with Practice 6.2 of the Malaysian Code on Corporate Governance (MCCG). The Chairman of the RC is Ms. Tan Mui Ping and the other members are Mr. Kuan Kai Seng, and Ms. Hong Kim Heong. The profiles and attendance records of each member can be found in the Directors' profile section of this Annual Report.

MEETINGS

The RC convened two (2) meetings during the financial year 2023 on February 24 and November 24 respectively. Executive Directors were invited to attend these meetings to facilitate direct communication and provide clarification on Senior Management remuneration matters.

The Company Secretary documented the minutes of each RC meeting and presented them for confirmation at the following RC meeting. All matters discussed in RC meetings are presented to the Board for notation.

SUMMARY OF ACTIVITIES

During the financial year 2023, the Board reviewed the RC's terms of office and assessed the performance of RC Members through an annual evaluation conducted by the Nominating Committee. The Board determined that the RC members had effectively executed their functions, duties, and responsibilities in line with the RC's Terms of Reference by supporting the Board in ensuring the Group maintains appropriate Corporate Governance (CG) standards. The Remuneration Committee's activities in financial year 2023 in fulfilling its duties are as follows: -

Review of Framework and Policy

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

Review on Remuneration of Board, Committees, and Key Officers

1. During the RC meeting in February 24, 2023, Management provided the RC with the final results of the financial and non-financial performance of all subsidiaries and business units for financial year ended 2022. The RC was then informed of the bonus quantum and increment rate entitlement as per the remuneration policy for each subsidiary/business unit based on their financial key performance indicator ("KPI") achievement for the year.

Management also presented the Group's overall financial and non-financial performance, for business units that falls below the KPI, and supporting units, a minimal bonus and increment were proposed.

2. During RC meeting on February 24, 2023 where the performance results were presented, the RC Chairman recommended to the Board for approval of the increment and bonus package for subsidiaries' employees.

REMUNERATION COMMITTEE'S REPORT (Cont'd)

3. The RC discussed the fees and allowance for Non-Executive Directors for the year 2023 and any revisions to the existing framework. The members agreed that no revision would be made due to weak economic situation.

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

4. The RC Chairman informed the Board acknowledged that there was no salary increment nor bonus for Executive Directors and Senior Management been decided for the year 2023, and any decision to award such would require prior approval from the RC.
5. During the meeting in November 24, 2023, and based on the existing remuneration framework approved, Executive Directors presented the draft financial performance of each subsidiary/business unit to determine the approximate financial performance achievement for year 2023. Management informed the Board through the RC of the minimal tentative bonus quantum and salary increment for the Group, seeking pre-approval for the Bonus and increment to be paid in January 2024.
6. Management will circulated the final results along with the payment list to the RC and Board for approval by the RC and Board the 4Q 2023 RC and Board meetings held in February 2024.

STATEMENT ON SUSTAINABILITY

ABOUT EVERGREEN FIBREBOARD BERHAD

Evergreen Fibreboard Berhad (“EFB”) is an integrated wood base manufacturer domiciled in Malaysia and has its footprints in three (3) countries that is Malaysia, Indonesia and Thailand. Our business operations are focused on Manufacturing and Marketing of Panel Boards with & without overlays (Medium Density Fibreboard (MDF) & Particleboard (PB)) and Ready-to-Assemble (RTA) Furniture. We are dedicated to increasing our efforts to offer sustainable green products to our customers. This approach will enable us to achieve steady and sustained growth while upholding our commitment to the economic, environmental and social responsibility. At present, EFB is within the mid -tier of the listed companies on Bursa Malaysia by its market capitalisation.

OUR CORE BUSINESSES

Our core business is in the Panel Boards segment which is manufacturing of the Medium Density Fibreboard (“MDF”) and Particleboard (“PB”). It is either sold as raw boards or process further with overlays of Veneer sheets, decorative paper or UV Coatings. These Panel Boards with Overlay is processed further into furniture or just sold as Laminated Panel Boards to furniture manufacturers. Our revenue are as follows: -

Product	Year 2021 (RM)	Year 2022 (RM)	Year 2023 (RM)
Panel Boards	841,472,342	982,716,911	777,869,346
RTA Furniture	51,417,296	67,108,009	17,336,389
Wood Pellets	31,296,728	39,564,818	70,067,544
Resin	10,537,290	12,582,682	14,987,947
Others	323,715	713,801	822,729

EFB Group of Companies is engaged in all aspects of its value chain, starting from plantation, resin manufacturing, panelboard manufacturing, overlay processing, design and development of furniture production including sales and marketing of products. Our products consist of various specifications for Panel Boards while our RTA Furniture consist of various models and designs that are made to order. Our production of resins is mainly for our own consumption for the production of Panel Boards and furniture while our Wood Pellets are produced partially from our production/ sawmill waste and mixed with tropical wood off cuts.

WHERE EFB OPERATES

Evergreen operates in Malaysia, Thailand and Indonesia.

Malaysia

Revenue : RM315,853,928
 Employees : 1154
 Key location : Johor, Malaysia

Thailand

Revenue : RM450,531,261
 Employees : 720
 Key location : Hat Yai, Thailand

Indonesia

Revenue : RM114,698,766
 Employees : 82
 Key location : Palembang, Indonesia

STATEMENT ON SUSTAINABILITY (Cont'd)

GROUP'S BUSINESS STRUCTURE

Medium Density Fibreboard

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

Resin/Adhesive

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

Particleboard

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

Green Energy - Biomass & Solar

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

Wooden Furniture & Wood Products

- Evergreen Fibreboard Berhad - Parit Raja, Johor
- Siam Fibreboard Co. Ltd. - Hat Yai, Thailand

Property Holding

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

Logistics/Warehousing

- Locomotion Services Sdn. Bhd. - Butterworth, Penang

Marketing

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

Plantation (Rubber)

- Jasa Wibawa Sdn. Bhd. - Kahang, Johor

Added Value Products - Panel Board

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

STATEMENT ON SUSTAINABILITY (Cont'd)

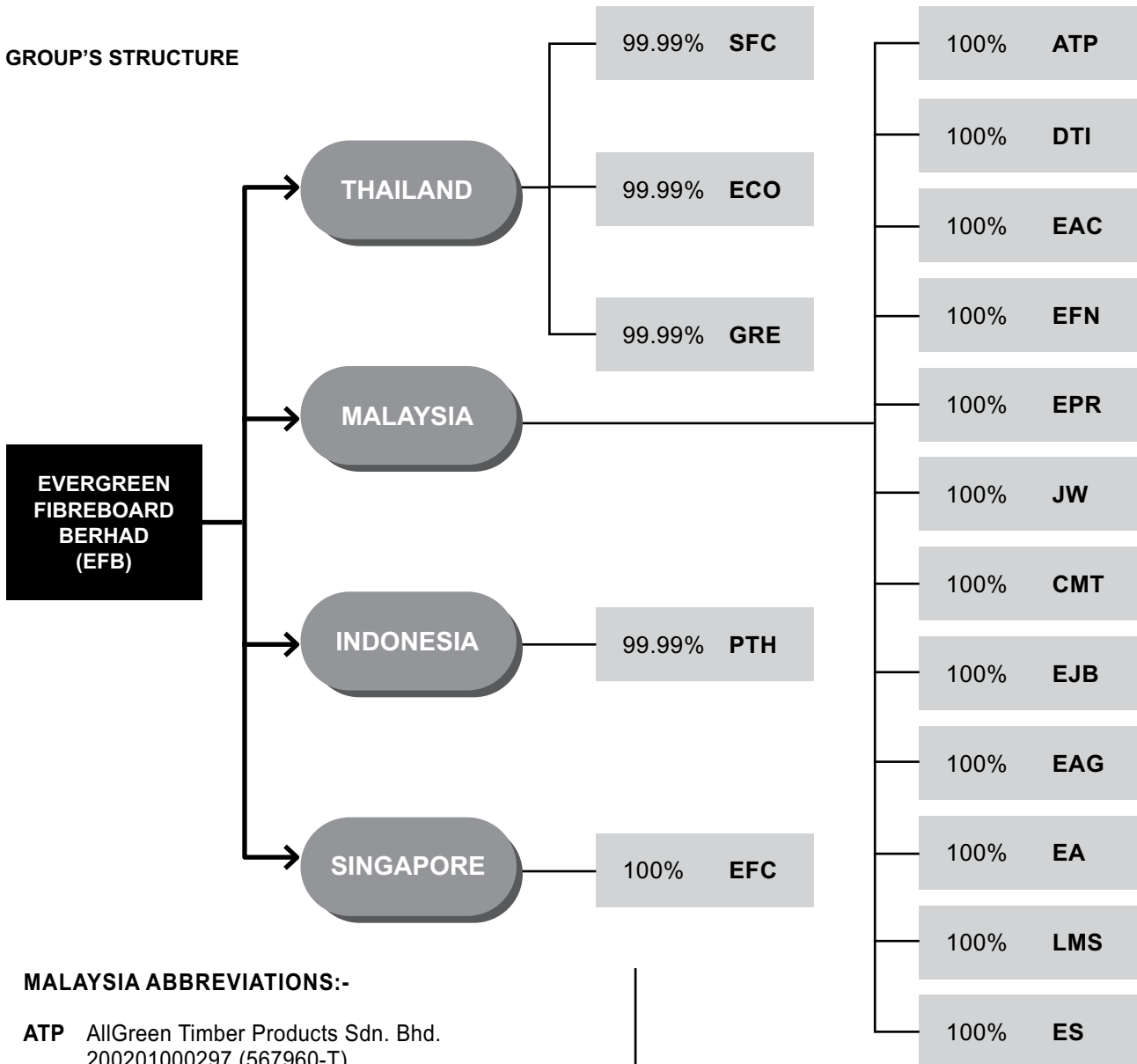
WHERE EVERGREEN OPERATE (Cont'd)

PRODUCTS MANUFACTURED / PRODUCED	MALAYSIA	THAILAND	INDONESIA
Medium Density Fibreboard (MDF)	37,752m ³	499,027m ³	113,030m ³
Particleboard (PB)	177,925m ³	N/A	N/A
Medium Density Fibreboard (MDF) With Overlay	127,422m ²	N/A	N/A
Ready to Assemble (RTA) Furniture	23,563m ³	455m ³	N/A
Wood Pellets	108,488m/ton	N/A	N/A
Resin /Adhesive	71,626m/tons	N/A	N/A
Green Energy - Biomass	N/A	61,083MWh	N/A
Green Energy - Solar	3,139MWh	N/A	N/A
Plantation (Planted)	20,830 trees	N/A	N/A



STATEMENT ON SUSTAINABILITY (Cont'd)

GROUP'S STRUCTURE



MALAYSIA ABBREVIATIONS:-

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

THAILAND ABBREVIATIONS:-

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

INDONESIA ABBREVIATIONS:-

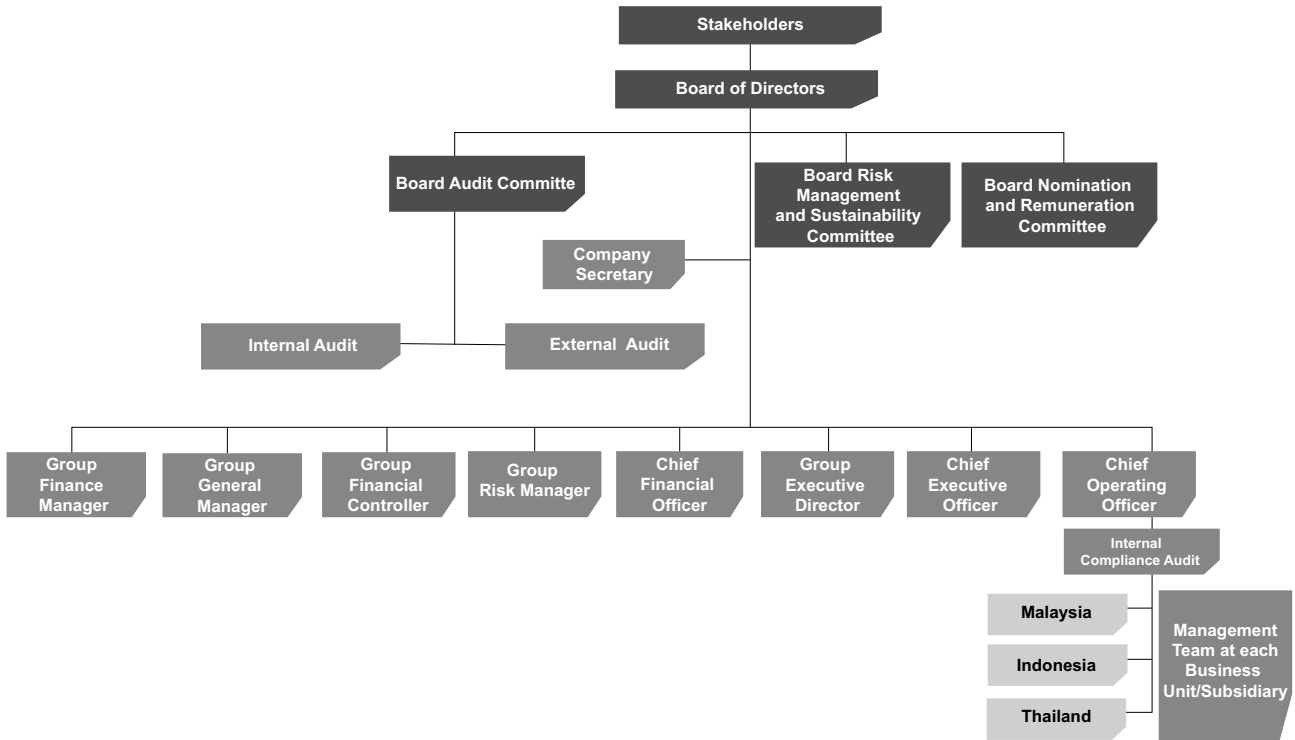
- PTH** PT Hijau Lestari Raya Fibreboard.
(8120015061789)

SINGAPORE ABBREVIATIONS:-

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

STATEMENT ON SUSTAINABILITY (Cont'd)

GROUP'S GOVERNANCE STRUCTURE



MANAGEMENT TEAM

Kuo Jen Chang
Group Chief Executive officer

Kuo Jen Chiu
Group Chief Operating Officer

Mary Henerietta Lim Kim Neo
Group Executive Director

Martin Leong Ting Siong
Group Chief Financial Officer & Investor Relation

Tee Kim Foom
Group Financial Controller & Head of Internal Compliance

Chieng Heng Nam
Head of Thailand Operations

Jeremy Tan Kian Ming
Group Cost Controller & Group Risk Manager

Philip Wong Hwee Lih
Group General Manager

Lee Tak Hin
Group Accounts Manager

Zuhairi Bin Ozir
Head of Indonesian Operations

ABOUT THIS STATEMENT

Evergreen Fibreboard Berhad (“EFB”) or (“the Group”) is honored to present our Annual Sustainability Statement (“SS”) or (“the Statement”) for 2023. This Statement provides an overview of the Group’s Sustainability Performance during the period from 1 January 2023 to 31 December 2023 (“2023”).

RESTATEMENTS OF INFORMATION

There is no substantial information regarding restatements from the previous year’s reporting period.

STATEMENT ON SUSTAINABILITY (Cont'd)

SCOPE AND BASIS OF SCOPE

This Statement covers the Group's sustainability performance and all geographical locations that EFB operates in, which is Malaysia, Thailand and Indonesia.

We have expanded the reporting scope of this Statement to include our plantation operations in Malaysia as the Group managed to obtain full-year 2023 data compared to our previous statements which only covers manufacturing operations of the Group.

REPORTING FRAMEWORKS AND STANDARDS

This Statement has been developed according to Bursa Malaysia's Listing Requirements, with reference to Bursa Malaysia's Sustainability Reporting Guide (3rd Edition).

FEEDBACK

EFB welcomes and encourage stakeholders to provide feedback pertaining to this Statement and the issues covered by our Sustainability report at enquiry@efb.com.my.

For any inquiries related to the Group's Financial Performance, our Group Chief Financial Officer, who also serves as the Group's Investor Relations, can be reached via his email at martin@efb.com.my.

SUSTAINABILITY GOVERNANCE

The Group's sustainability governance structure is in place to manage the economic, environmental and social risks and opportunities ("sustainability matters"). As the Group looks to ensure sustainability is embedded across all aspects of the organisation, the responsibilities of our Board and its Committees have been broadened to encompass sustainability elements, as reflected in their respective terms of reference.

Our Group Executive Director is tasked to assist the Board Committee with strategic management of the organisation's material sustainability matters and is assisted by the Sustainability Management Team ("SMT") that are represented by Senior Management at the Group level and supported by Heads of Business Units/Subsidiary from each location.

SMT oversees the Sustainability Working Group ("SWG") made up of Department Heads from across all operating business units/subsidiary. Head of Operations in each Business Unit/Subsidiary is responsible for the day-to-day implementation of sustainability strategies and plans.

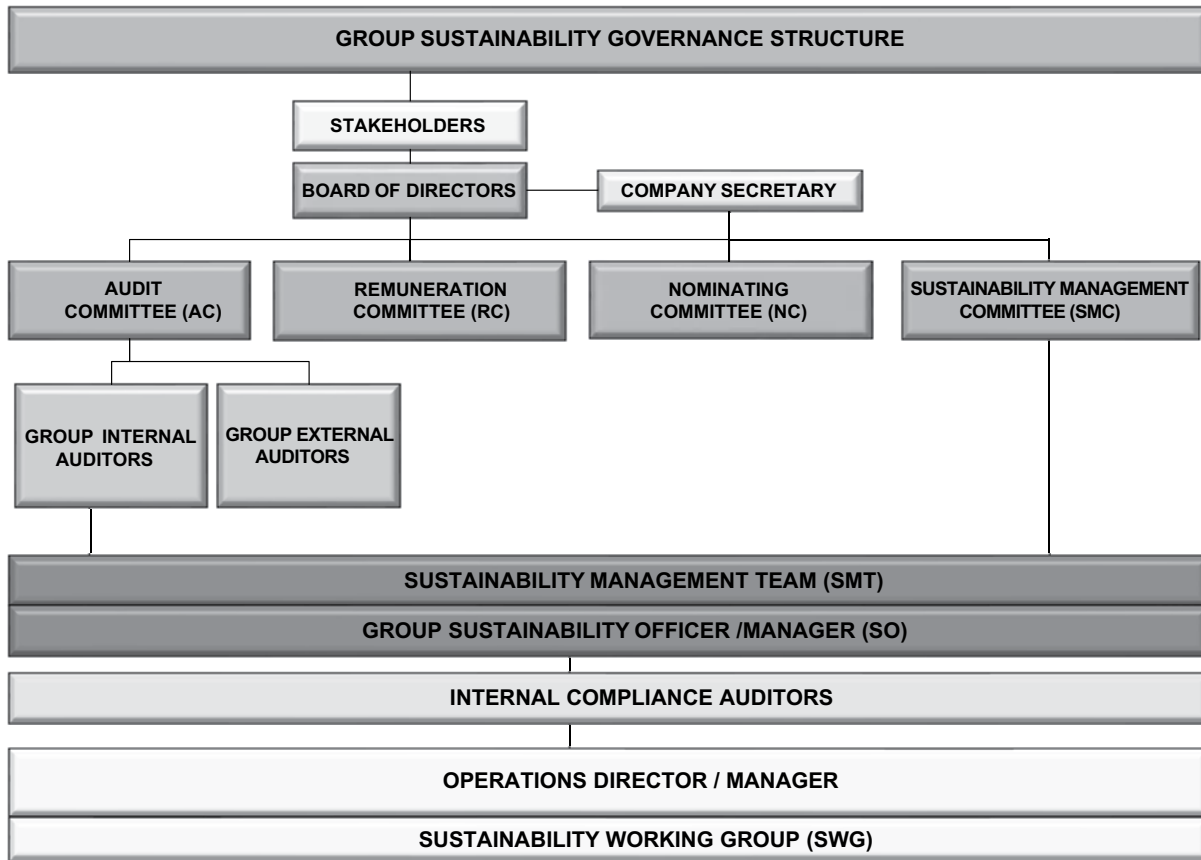
Separately, SWG of each Business Unit/Subsidiary acts both as subject matter experts and coordinates the Group's sustainability efforts performance (including undertaking the materiality assessment process).

Our Board of Directors is continuously being equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending periodic related training programmes to manage sustainability.

The Board is aware of its responsibilities of ensuring that the required competencies in relation to sustainability is periodically assessed to strengthen the Board's leadership and oversight of sustainability matters.

Sustainability-linked key performance indicators ("KPIs") have been established and embedded within the Board's and Senior Management's performance evaluation to drive group-wide accountability in steering the Group's sustainability performance.

STATEMENT ON SUSTAINABILITY (Cont'd)



Governance Structure for Sustainability

The Group's Sustainability Governance Structure is explained as follows: -

Level 1

The Sustainability Working Groups ("SWG") of each Business Unit/Subsidiary

Identifies baselines, establish efforts, drives, data gathering, track and report on the Sustainability matters, progress and carry out risk assessment on material matters for implementation of controls.

Level 2

The Sustainability Management Team ("SMT") together with the Group Sustainability Officer ("GSO")

Rollout of Sustainability matters within the Group and implementation of Strategies set by the Board through SMC and oversee sustainability initiatives and efforts performance by each SWG.

Level 3

Sustainability Management Committee ("SMC") of the Board

Give directive on Sustainability Matters for implementation by the Group and oversee SMT function on directives by regular updates from SMT and report to the Board for approval.

STATEMENT ON SUSTAINABILITY (Cont'd)

Roles and Responsibilities are as follows: -

Level 1 – Sustainability Working Group (“SWG”)

Head of Operations (Operation Director/Manager) responsible to: -

- a) establish Sustainability Working Group (headed by him/herself) and supported by Heads of all Department in a business unit/subsidiary;
- b) report to SMT through GSO on all matters pertaining to Sustainability;
- c) ensure to create awareness on sustainability by communicating across stakeholders especially on the approach to sustainability;
- d) ensure that based on the area of focus for sustainability and risk, establish the materiality matters /identify risk to the subsidiary/business unit, thereon communicate with stakeholders and address the risk related to material matters;
- e) implement sustainability strategies laid out by the SMT/GSO and ensure sustainability are embedded into daily practices;
- f) ensure data on monthly achievement towards the set goals and targets are collected and key into the group reporting system accurately and on a timely manner;
- g) on a quarterly basis report to the SMT through the GSO on the progress of sustainability efforts in practice in his/her operation unit and present the same report to the SMT during the February, July and November monthly management meetings;
- h) make known to SMT on the Targets, Goals and plans for the year in March monthly meeting (These are taken as Key Performance Indicators for each business units/subsidiary for the year);
- i) update SMT in July meeting, on the implementation of the plans made known in February and the status / progress to all the set targets/goals; and
- j) make known to SMT In November meeting, the possible achievement for the financial year.

Level 2 – Sustainability Management Team (“SMT”) and Group Sustainability Officer – (“GSO”)

GSO to: -

- a) communicate the Group’s sustainability matters and strategies to the SWG. Feedback from SWG is brought to the attention of the SMT by GSO for their decision or action plans to the matters/issues raised;
- b) communicate with Human Resource Training Department to carry out necessary trainings as and when needed within the Group;
- c) report the progress of sustainability efforts of each business unit/company to the SMT for their advice and on-going strategies; and
- d) ensure all data and information needed for reporting on the group’s sustainability matters are compiled and made known to the SMT at least twice a year in order for Executive Directors to report upwards to the SMC.

STATEMENT ON SUSTAINABILITY (Cont'd)

SMT to: -

- a) be Chaired by the Chief Executive Officer/Chief Operating Officer. (In his absence the Group Executive Director shall be the Chairperson);
- b) ensure the implementation of Sustainability Strategies and Efforts by SWG of each business unit/subsidiary in the Group;
- c) communicate with GSO to set the goals and targets on sustainability matters for the Group on a yearly basis;
- d) ensure that Head of Operations of each business unit/company reports on a quarterly basis and provide advise as needed; and
- e) report at least twice a year to the Board of Directors via the SMC particularly in regards to the approach to sustainability matters set by the board including achievements on the goals and targets set.

Level 3 – Sustainability Management Committee (“SMC”)

SMC established by the Board of Directors and chaired by Independent Directors to: -

- a) approve the goals and targets set by SMT including setting the Sustainability Strategies for the Group;
- b) ensure regular updates on the progress of sustainability efforts in the Group is being received and provide needed advice to SMT where necessary;
- c) ensure sustainability targets and goals set are considered as part of remuneration for awarding management in the Group;
- d) request Internal Compliance Team / outsourced Internal Auditors to carry out periodic audits on Material Matters to ascertain management of risk on material matters are being addressed to as what has been presented by Senior Management; and
- e) review and approve Sustainability Statement provided by Senior Management for publication in annual report.

STAKEHOLDER ENGAGEMENT

EFB has a broad range of stakeholder groups that have an effect on, or are affected by the Group's activities. Our key stakeholder groups include shareholders, financiers, investors, government agencies, regulators, customers, employees, community and suppliers. They were identified based on their different levels of influence over and dependence on our business. Engagements are held through both formal and informal channels.

RISK MANAGEMENT

EFB aligns its risk management process with the ISO 31000:2018 Risk Management Guidelines to build readiness and resilience through the identification and management of potential risks encountered by our organisation. Our Enterprise Risk Management (“ERM”) framework has integrated sustainability related risks in addition to our corporate, financial and operational risks. We ensure all identified risks stay within our approved risk appetite and tolerance level through monthly monitoring of risk and declaration of level of any risk occurrence by designated risk owners and Head of Operations.

STATEMENT ON SUSTAINABILITY (Cont'd)

MATERIAL MATTERS

EFB is aware of the fact that our material issues can directly and indirectly impact our ability to create long-term value for our stakeholders. Our materiality assessment was conducted in year 2021 involving both our key internal and external stakeholders to ensure that their interests and concerns are addressed as our material matters can influence our business strategy and decision on allocation of resources to material sustainability issues.

Our aim is to conduct a comprehensive materiality assessment once every three (3) years and we undertake annual review of our previously prioritised economic, environment, social and governance impacts arising from our day-to-day activities and the changes in the industry situation.

There were no changes to our material matters as we are awaiting the results of our GHG Assessments outcome.

SUSTAINABILITY FRAMEWORK

EFB's sustainability framework is aligned with our business strategy and is guided by the Group's vision and mission. Through our framework, we aspire to meet the needs of our stakeholders, reduce our environmental impact as well as contribute positively to the local communities where we operate. We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters.

We have set our targets but will be re-setting all our targets once our Green House Gas (GHG) Assessment is completed and new targets will be set based on our Transition Plan. Thereon, we will monitor our sustainability performance and track our progress to ensure that we are making continuous improvements to achieve targets and goals set.

MANAGEMENT APPROACH FOR MATERIAL MATTERS

ECONOMIC PERFORMANCE

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

Why is this important?

EFB's financial performance supports the creation of long-term value and the Group's sustainability agenda. We are aware of our responsibilities to create decent employment opportunities and promote economic development within the local communities. Our ultimate goal is to ensure long-term resilience by leveraging our assets and sharing the generated wealth with our stakeholders.

Our approach

EFB's approach to sustaining and achieving good economic performance is by executing our business strategy, which includes staying abreast with market trends, strive to maintaining a healthy balance sheet and strong cash flow, pursuing technological advancement where possible, mitigating identified risks relevant to our business as well as pursuing diversification into new geographies.

Hence, the short supply of our main raw material can cause material impact to the Group's financial performance.

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

DESCRIPTION OF WOOD	YEAR	TOTAL M/TONS	SOURCE			
			PLANTATION	PEFC AREA	FSC AREA	OTHERS
Rubber / Mix Wood	2021	1,067,114	888,582	61,748	10,056	106,728
	2022	1,449,892	1,300,992	58,384	1,996	88,520
	2023	1,168,359	1,025,053	24,675	75,042	43,589

STATEMENT ON SUSTAINABILITY (Cont'd)

ECONOMIC PERFORMANCE (Cont'd)

Our performance

This year, the Group recorded a total revenue: -

Product	Year 2021 (RM)	Year 2022 (RM)	Year 2023 (RM)
Panel board	841,472,342	982,716,911	777,869,346
RTA Furniture	51,417,296	67,108,009	17,336,389
Resin	10,537,290	12,582,682	14,987,947
Wood Pellets	31,296,728	39,564,818	70,067,544
Others	323,715	713,801	822,729

ANTI-CORRUPTION

Why is this important?

EFB upholds high standards of business ethics and compliance across the Group as a reflection of our core values of Integrity, Customer Service, Consistency, Cost Efficient and Teamwork. This is crucial for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

Our approach

The Board and Senior Management remained committed to conducting business with integrity, guided by our Code of Conduct ("CoC"). The CoC communicates EFB's fundamental principles and guidelines to all employees, including Directors in addressing ethical issues and carrying out their responsibilities. The Group's zero-tolerance stance against corruption is outlined in our Anti-Bribery and Corruption ("ABC") Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's CoC, ABC Policy, and other accompanying policies and procedures. Once they have completed the induction, all employees must also complete a mandatory annual training module and an examination to attest that they have thoroughly understood the policies and procedures, with a minimum passing score of 90%.

Our Vendors are also subjected to our ethical conduct and anti-bribery and corruption guidelines as entailed within the CoC for Third Parties and ABC Policy. All suppliers will need to sign a declaration indicating their agreement to abide by the guidelines and policies set forth by EFB in their business dealings.

EFB has established a dedicated whistleblowing channel under the Whistleblowing Policy. This Whistleblowing Form is made available on the Company's website at www.evergreengroup.com.my. Any reports received through this email address will go directly to Baker Tilly MH Governance and they will handle it confidentially and all valid reports received will be directed to the Audit Committee of the Company for their immediate attention and action.

The Audit Committee/BOD receives all complaints/reports of possible Improper Conduct/Malpractice seriously and will investigate the reported matter confidentially.

The Group has made our CoC, ABC Policy and Whistleblowing Policy available on our corporate website and Company's intranet to ensure they are accessible to all stakeholders.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our performance

Corruption risk assessment

During the financial year 2023, the Group have undertaken corruption risk assessment that covers all of our operations in Malaysia, Thailand and Indonesia.

	2021	2022	2023
Percentage of operations that underwent corruption risk assessment	0%	100%	100%

Corruption-related training

All employees have completed the necessary annual training in 2023. Additionally, employees are required to complete an annual integrity pledge to indicate compliance.

Employee Category	Completion Rate		
	2021	2022	2023
Management	100%	100%	100%
Executive	100%	100%	100%
Non-executive/ Technical Staff	94%	100%	100%

Note: Operators & General Workers received classroom training and are not required to complete the examination.

Corruption incidents

As of 31st December 2023, we recorded zero incidents of corruption across EFB's business operations.

Health and Safety

Why is this important?

We prioritise the health and safety of our employees and contractors in our business operations and workplaces. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to higher productivity.

Our approach

Our Group Health and Safety Policy outlines how our business operations are conducted in a safe manner, through the implementation of various measures and controls by all levels of our workforce. Health, Safety and Environment ("HSE") Working Committees are present in all business units/subsidiaries and quarterly meetings are conducted with representatives from Management and Employees to ensure that safety and health performance and directions are discussed at all levels.

The Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") process is reviewed and assessed to ensure that it remains relevant in identifying all potential hazards and providing effective mitigation measures. We foster a reporting culture where workers can report incidents without fear of reprisal. An incident reporting line has been established to communicate information for management's attention.

At EFB, we offer medical care to our employees. Additionally, we provide health and safety training at the point of recruitment, on-the-job, and regular refresher training to employees and contractors. Our training programmes include both knowledge-based and skills-based training, covering topics such as emergency response, hazard and safety at the work place, as well as health awareness.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our performance

Various Health and safety trainings were carried out for the Group employees and safety training are given to all contractor at the start of their project.

Number of Employees and Contractors Trained on Health & Safety Standards	2021	2022	2023
Employees	NA	NA	82%
Contractors	100%	100%	100%

Work-related injuries

EFB's ultimate goal is to ensure that all workers return home safely at the end of the day, which is why we strive to maintain zero fatalities annually by preventing and minimizing workplace incidents.

Unfortunately, we had 4695 in total manhours loss in 2023 involving minor accidents in the group. A detailed investigation to identify the cause and any systemic failures to be taken as corrective measures. These measures include implementing stricter safety measures and safety nets, retraining employees and contractors on working safely at heights, and ensuring full adherence to the SOP with stricter controls and supervision.

	2021		2022		2023	
	Employee	Contractor	Employee	Contractor	Employee	Contractor
Number of Fatalities	0	1	0	0	0	0
Number of Lost Time Injuries	0	2	0	0	4,695	0

EFB remains committed to continuously strengthen our preventive measures to avoid recurrence in the future.

CYBERSECURITY AND DATA PROTECTION

Why is this important?

In recent years, we have seen the acceleration of various trends revolving around remote working, e-commerce and automation, which has propelled the adoption of digital technologies and infrastructure. However, it has also made data more susceptible to cybersecurity risks. Consequently, we have the responsibility to manage the growing threat of cyber-attacks on EFB, including protecting our customers' sensitive information, to prevent any leaks, threats or loss of customer information.

Our approach

The Group continues to strengthen its cybersecurity measures through strict adherence to our Data Privacy Policy developed in accordance with the Personal Data Protection Act ("PDPA") 2010. We maintain a robust cybersecurity framework that is embedded within our operations and processes, adhering to all regulatory requirements in the different regions where we operate.

At EFB, managing data and security is an integral part of our risk management framework. We conduct regular reviews to ensure that our security controls and processes are operating effectively.

Throughout 2023, we implemented a range of cybersecurity measures. We put in place a reputable firewall product as our 1st level of defense against any external threats to our organization network, ensuring that we also have anti-virus protection software installed in all our local workstations. Furthermore, we continue to educate our employees on data protection and privacy. Additionally, we regularly educate our employees on how to identify phishing emails, malicious links and best practices and how to respond to such incidents.

STATEMENT ON SUSTAINABILITY (Cont'd)

Cyber threats are dynamic and ever-evolving, requiring constant vigilance and adaptability. We are committed for continuous improvement in our cybersecurity posture, regularly reviewing and enhancing our policies, procedures, and technologies to address emerging threats and evolving regulatory requirements.

Our performance

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

CLIMATE CHANGE

Why is this important?

The Group acknowledges that our energy consumption and Green House Gas (GHG) emissions contribute to climate change impacts. We recognize that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

Our approach

EFB aims to reduce our environmental footprints and establish operational resilience to deliver long-term value to our business, stakeholders and communities. We are guided by our Environmental Policy, which outlines the Group's objective to effectively manage and minimize the impacts arising from our business operations.

As part of our efforts to mitigate climate change, Evergreen has committed to achieving carbon neutrality by 2030 with an aspiration to be net zero by 2050. We are in the midst of carrying out our GHG Assessment and will thereon develop a Climate Transition Strategy and Plans which complements our policy to guide us on this journey.

Our performance

Energy consumption

In the year 2023, the total energy consumption recorded a 28.32% increase in consumption compared from our base line in year 2021. The increase is mainly from the full run of operations in Malaysia as in year 2021 almost all of our operations had shut down approximately 3-4 months due to the Movement Control Order (MCO) in Malaysia.

Energy Consumed	Year 2021	Year 2022	Year 2023
Electricity Consumed from National Grid	241,254 MWh	289,459 MWh	292,380MWh
Solar Energy Consumed	1,900 MWh	6,562 MWh	6,278MWh
Biomass Energy Consumed	94,690 MWh	126,591 MWh	134,857MWh
Total Consumption	337,844 MWh	422,612 MWh	433,515MWh

Carbon Emissions

Evergreen aims to reduce 30~40% of our absolute GHG emissions for Scope 1, 2 and 3 by 2030 and we have started tracking and monitoring our Scope 3 emissions, specifically for business travel and employee commuting. We will establish a target for our Scope 1, 2 & 3 emissions once we have obtained our GHG Assessment results for all of our operations.

STATEMENT ON SUSTAINABILITY (Cont'd)

CUSTOMER SATISFACTION

Why is this important?

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

Our approach

We are committed to enhancing our customers' experience by engaging with them and obtaining periodic feedback and conducting our annual Customer Satisfaction Survey ("CSS"). These efforts enable us to gain insights into our customers' needs and expectations and enhance our products and services offerings.

The CSS covers a range of topics, including but not limited to Quality of Products, Timely Delivery, Customer Service including Responsiveness.

We have adopted and benchmarked our developments against the Quality Assessment System in Panel Boards reflecting our commitment to excellence. This assessment is a method for evaluating and measuring the quality of Panel Boards through various product certification compliance.

Our Sale & Marketing Manager serves as the focal point for managing client relationships and ensuring customer satisfaction and works closely with our production quality team. By doing so, we can provide added value to our customers and gain insights into their needs which allows us to manage and learn from their feedback.

Our performance

At EFB, we aim to maintain a minimum average CSS score of 80% annually.

Customer Satisfaction Survey

Year	Panel boards (%)	RTA Furniture (%)	Average (%)
2021	85	75	80
2022	82	80	81
2023	84	68	76

EMPLOYEE MANAGEMENT

GROUP MANPOWER

DESCRIPTION	YEAR 2021		YEAR 2022		YEAR 2023	
	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
MALAYSIA	1,368	64.9%	1,215	59.1%	1,154	59.0%
THAILAND	655	31.1%	619	30.1%	720	36.8%
INDONESIA	85	4.0%	222	10.8%	82	4.2%
TTL	2,108	100.0%	2,056	100.0%	1,956	100.0%
BY COUNTRY	FOREIGN LABOUR	IN PERCENTAGE	FOREIGN LABOUR	IN PERCENTAGE	FOREIGN LABOUR	IN PERCENTAGE
MALAYSIA	317	23.2%	253	20.8%	302	26.2%
THAILAND	105	16.0%	89	14.4%	144	20.0%
INDONESIA	0	0.0%	0.0%	0%	0	0.0%
TTL	422		342		446	
BY EMPLOYMENT	PERMANENT IN %	TEMPORARY IN %	PERMANENT IN %	TEMPORARY IN %	PERMANENT IN %	TEMPORARY IN %
MALAYSIA	98.5%	1.5%	100.0%	0.0%	98.6%	1.4%
THAILAND	91.4%	8.6%	100.0%	0.0%	89.1%	10.9%
INDONESIA	100.0%	0.0%	57.0%	43.0%	100.0%	0.0%

STATEMENT ON SUSTAINABILITY (Cont'd)

Why is this important?

EFB believes that our employees are our most valuable assets and are the driving force for our success and growth. We are committed to recruiting, developing, and retaining high-performing employees while providing work environment that is both conducive and empowering. On top of that, we invest significantly in development programmes to ensure our employees remain competitive, progressive and future ready.

Our approach

Evergreen adheres to local labor and employment-related laws in all our human resources practices and management. Our Group Human Resources department is guided by our 5 core values of integrity, Customer Service, Consistency, Cost Efficient and Team Work.

Upskilling and reskilling

It is our objective to foster a skilled, resilient, and agile workforce that can thrive in an ever-changing market landscape, amidst technological advances and emerging trends. We continue to adopt the 70- 20-10 learning model which sees 70% of talent development occur through the on-the-job training, 20% through developmental experiences such as coaching and mentoring, and the remainder 10% through formal development activities.

To address skill gaps and help our employees achieve their career development goals, we regularly assess employees' training needs, through a training needs analysis for each employee and review our existing training initiatives for continued relevance.

In 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels. Our training and development programmes include the following:-

1. Corporate induction for management, executives and non-executives;
2. Leadership development programmes for middle and senior management levels;
3. Upskilling programmes on technical courses related to job functions;
4. Webinars from subject-matter experts and industry leaders;
5. Capacity building via professional certification; and
6. Continuous learning programmes through our on-demand e-learning platform.

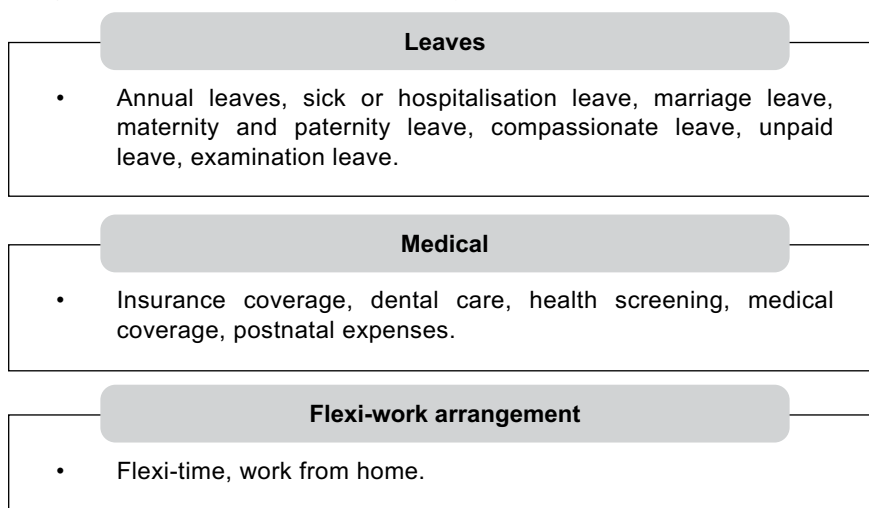
Performance Management and Compensation

At EFB, we firmly hold onto our principles of being result-driven, accountable, collaborative, and shared success to drive individual and team performance. In promoting a high-performance culture, we have implemented a systematic performance review process and measurement system which includes employees' Key Performance Indicators (KPIs). At the beginning of each year, we ensure expectations setting conversations are initiated. We conduct a year-end performance review for all employees, providing them with the opportunity to self-assess, provide feedback, engage in competency discussions, and receive necessary coaching and support.

We recognise and celebrate achievements when one has demonstrated exceptional performance within their peer group, deliver high quality results and display outstanding behavior, through bonuses and promotions.

We aim to create a motivating and encouraging environment by offering competitive benefits and compensation packages that attract and retain top talents. In 2023, we revised our global salary and benefits packages to ensure they reflect prevailing market rates including compliance to the Employment Act 1955.

The following are amongst the benefits provided to our employees:-



STATEMENT ON SUSTAINABILITY (Cont'd)

Remuneration Policies

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

Annual Total Compensation

The reduction seen in the annual compensation is due to reduction of overtime work hours as demand of our products during the financial year was low.

ANNUAL COMPENSATION						
Compensation Category	Year 2021 (RM)	%	Year 2022 (RM)	%	Year 2023 (RM)	%
Employee's Compensation	90,339,329	96.8	93,367,279	95.8	89,220,550	95.6
Executive Director's Compensation	2,662,651	2.8	3,765,728	3.8	3,778,917	4.0
Non-Executive Director's Compensation	347,636	0.4	348,409	0.4	327,570	0.4
Total	93,349,616	100.0	97,481,416	100.0	93,327,037	100.0

Succession planning

We intensify our talent management efforts by identifying individuals who are capable of taking on critical roles for succession planning. In 2023, we identified high-performing employees from all levels as potential leaders and were selected to participate in our talent development programme, which aims to equip our talent pool with the relevant leadership skills and competencies.

Employee engagement initiatives

We highly value employee feedback and thus, in 2023 we conduct an annual Employee Engagement Survey to gain insights into our employee's experiences and expectations, as well as to understand their needs and concerns. Based on their feedback, we have identified top 3 areas of improvement which are rewards, better working environment and better facilities.

A focus group discussion will be organised with the relevant groups of employees to discuss ideas towards improving our current practices.

We also undertake various employee engagement initiatives to improve camaraderie and address employee concerns. Amongst employee engagements conducted in 2023 are as follows:-

1. Sport Tournaments such as Futsal and Badminton game;
2. Aero-Dance Fitness Program;
3. Festive celebrations throughout the year; and
4. Thanksgiving prayers in all religion.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our performance

Employee training hours

In 2023, the Group spent 10,570 hours on training in internal and external learning and development programmes.

Employee Category	Total hours of training		
	2021	2022	2023
Management	NA	NA	2,595
Executive/Supervisory	NA	NA	2,163
General Workers	NA	NA	5,812
Total	NA	NA	10,570
Overall average training hours per employee (hours)	NA	NA	5.34
Employee retention and attrition	2021	2022	2023
Turnover rates (%)	NA	NA	3.6

DIVERSITY, EQUITY & INCLUSION

Why is this important?

Diversity and inclusivity at work give us a competitive edge through accumulation of, and ability to tap into a wide range of knowledge, perspectives, and ideas. In line with this, we strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age and nationality.

Our approach

We achieve equity through policies and actions that are underpinned by both fairness and inclusiveness. Guided by our Diversity, Equity and Inclusion Policy which was reviewed in 2023, we promote a culture that respects and values differences, advocates for equality, and encourages growth and development to help individuals reach their full potential.

We are dedicated to maintaining fair employment practices, and consistently reviewing our recruitment process to ensure equality from the beginning, in alignment with our Recruitment Policy and procedures. Additionally, we also recruit and retain employees with disabilities, ensuring their distinctive needs are met by providing support in the form of designated disabled parking spots, ramps and lift services to enhance their accessibility and inclusion within the workplace. At EFB, employees receive competitive wages that are free from any form of gender discrimination. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

We strongly advocate for equitable gender representation on our Board, and to that end, have established a dedicated Board Diversity Policy to ensure a minimum of 30% women representation at the Board level. This is also cascaded to the management level, as Evergreen strives to increase women participation in leadership roles to 30% by 2030.

STATEMENT ON SUSTAINABILITY (Cont'd)

Diversity

On Employees	YEAR 2021		YEAR 2022		YEAR 2023	
BY GENDER	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
MALE EMPLOYEES	1,698	80.5%	1,681	81.8%	1,574	80.5%
FEMALE EMPLOYEES	410	19.5%	375	18.2%	382	19.5%
TTL	2,108	100.0%	2,056	100.0%	1,956	100.0%
BY COUNTRY	TTL FEMALE	IN PERCENTAGE	TTL FEMALE	IN PERCENTAGE	TTL FEMALE	IN PERCENTAGE
MALAYSIA	238	17.4%	219	18.0%	234	20.3%
THAILAND	157	24.0%	142	22.9%	134	18.6%
INDONESIA	15	17.6%	14	6.3%	14	17.1%
TTL	410		375		382	
BY AGE GROUP	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE	TTL WORKFORCE	IN PERCENTAGE
< 30 YEARS	592	28.1%	457	22.2%	509	26.0%
30-50 YEARS	1,168	55.4%	1,335	65.0%	1,151	58.8%
> 50 YEARS	348	16.5%	264	12.8%	296	15.2%
TTL	2,108	100.0%	2,056	100.0%	1,956	100.0%
On Directors	YEAR 2021		YEAR 2022		YEAR 2023	
MALE	5	62.5%	5	62.5%	4	57.1%
FEMALE	3	37.5%	3	37.5%	3	42.9%
TTL	8	100.0%	8	100.0%	7	100.0%
< 30 YEARS	0	0.0%	0	0.0%	0	0.0%
30-50 YEARS	2	25.0%	3	37.5%	2	28.6%
> 50 YEARS	6	75.0%	5	62.5%	5	71.4%

HUMAN RIGHTS

Why is this important?

As a responsible organisation, EFB is committed to protecting and respecting human rights across all our business operations. We believe that strong human rights practices coupled with fair and ethical treatment improves productivity and promotes a healthy working culture.

Our approach

We support the United Nations Global Compact (“UNGC”) Ten Principles, and the Universal Declaration of Human Rights. We also adhere to applicable laws and regulations in all our operating countries.

Our commitment is reflected in our Human Rights Policy. This policy which was launched in 2021 is consistently reviewed by the Management to ensure that our approaches to human rights always meet, or at best, go beyond regulatory requirements. In 2023, we have aligned our Human Rights Policy with the Minimum Wage Order 2023, resulting in a minimum wage of RM1,500 per month.

Our Code of Conduct (“CoC”) and CoC for Third Parties also outlines our expectations to all our employees and external stakeholders in approaching human rights matters while conducting business with Evergreen. This code discloses fair labor practices, zero-tolerance for child labor and any form of forced labor, protection against discrimination and harassment, freedom of association and collective bargaining, and grievance mechanisms, among others. Our CoC is made available on our corporate website.

We have communicated to all our employees and workers about our grievance handling process and whistleblowing policy. Our whistleblowing channels offer employees a safe and confidential way to report anonymously any violation of labor practices, disputes, and inappropriate behavior. We guarantee the protection of the whistleblower’s identity throughout investigation and all reports will be taken seriously.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our foreign workers, are provided with fair wages and compensation, decent living quarters, and adequate training to perform their jobs safely and effectively.

In 2023, the Group has embarked on conducting human rights due diligence in most of our operations in Malaysia and will subsequently expand our effort to cover all our business operations overseas.

Our performance

In 2023, EFB has embarked in Ethical Recruitment of migrant employees from Nepal and introduced the usage of Just Good Work mobile app in disseminating information about working in Malaysia and in EFB. Just Good Work mobile app also acts as workers voice where migrant employees have the option to contact 3rd party to channel their grievances. As part of our efforts to prevent future recurrences, the Group has improved the procedures for the management of workers' accommodation aligned with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019. The procedures include introducing regular inspections and engagement sessions with the workers to improve their accommodations and living conditions.

We will intensify our efforts to manage human rights in order to maintain the target of zero substantiated complaints regarding human rights violations.

	2021	2022	2023
Number of substantiated complaints concerning human rights violations	1	0	0

SUPPLY CHAIN MANAGEMENT

Why is this important?

EFB is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by starting to incorporate sustainability elements throughout our procurement lifecycle. We firmly believe in supporting local businesses and driving economic growth in the communities where we operate. To achieve this, we prioritise sourcing from local suppliers and providing business opportunities to small and medium enterprises (SMEs) contractors, improving their livelihoods. We ensure that our sustainability expectations pertaining to procurement practices are extended to our suppliers, which include contractors, service providers, and consultants.

Our approach

All of our suppliers are required to adhere to EFB's Responsible Sourcing policy which encompasses our principles and guidance for sustainable procurement practices. This policy entails suppliers' adherence to EFB's ethical business practices, including zero corruption, minimising environmental impacts and safeguarding employees' and workers' rights. This policy should be read together in conjunction with our Code of Conduct for Third Parties, of which can be accessed through our website.

Our procurement processes embed sustainability elements throughout, starting from the registration stage up to the annual supplier performance assessment. We will be introducing sustainability assessment as part of our pre-qualification process to drive sustainability awareness across our supply chain. All new and existing suppliers are expected to address our set of sustainability requirements, which focuses on suppliers' practices relating to ethical dealings, health and safety, environmental management and human rights principles.

We are aware of our operational needs, we prioritise procuring products and services from local suppliers to the best extent possible, as we believe that we are not only contributing positively to the local economy but also reducing our carbon footprint.

Local Suppliers

	2021	2022	2023
Proportion of spending on local suppliers	NA	NA	65.0%

STATEMENT ON SUSTAINABILITY (Cont'd)

WASTE MANAGEMENT

Why is this important?

At EFB, we prioritise proper waste management to reduce our environmental impact towards the surrounding communities, especially in relation to our panelboard business. We generate different types of waste, including hazardous waste categorised as scheduled waste, as well as non-hazardous such as domestic waste, panelboard waste and recyclable waste. Improper waste management can have far-reaching consequences, including detrimental effects on air and water quality, soil contamination, and heightened risks of hazardous material exposure for both our employees and the surrounding communities in the areas where we operate. Recognising the severity of these potential impacts, it is imperative that we implement proactive measures to ensure responsible waste management practices across all our operations.

Our approach

Our actions are guided by the Group's Environmental Policy that outlines how to minimise waste by reducing the number of materials used in our operations, adopting the 3R approach – reduce, reuse, and recycle, and raising employees' awareness on the significance of sustainable waste management. We target to reduce 20% of our waste sent to landfill compared to our 2021 baseline by 2030.

In adhering to environmental regulations in relation to panelboard waste management including scheduled waste, we are guided by local regulatory laws and jurisdictional guidance. Our Malaysian entities refer to guidelines set under the Environment Quality (Scheduled Wastes) (Amendment) Regulations 2007 and the Electronic Scheduled Waste Information System by the Department of Environment. For our Indonesian and Thailand entities, we abide by the local regulations stipulated by Indonesia's Ministry of Environment and Forestry and Thailand Law on Environmental Protection respectively.

We ensure that our panelboard waste is separated at the respective operation sites for ease of reuse and disposal. Our scheduled waste is managed on site through periodic monitoring disposals with data recording. Additionally, we make sure that all of our scheduled waste is properly stored and managed from its collection point to its final disposal by appointed licensed contractors.

We promote waste reduction and recycling among employees by encouraging them to reuse items such as paper, plastics, and aluminum, and providing bins for the segregation of different types of waste. Recyclable waste is processed at recycling centers, while non-recyclable waste is sent to landfills. Moving forward, Evergreen aims to reduce the amount of waste sent to landfills by exploring circular economy principles and implementing innovating solutions for waste management.

Our performance

In 2023, EFB generates hazardous waste which is categorised as scheduled waste and non-hazardous waste includes domestic waste which are recyclable waste. Below is our waste from our processes which are segregated and being sent for recycle or disposal according to the requirements.

Waste Generated From Processes		
Plastic Materials	UOM	Quantity
For Re-cycle	m/ton	188.6
To Landfill	m/ton	0.0
Paper Materials		
For Re-cycle	m/ton	197.7
To Landfill	m/ton	28.0
Scrap Metals (including steel strapings)		
For Re-cycle	m/ton	879.6
Fabric (Bags)		
For Re-cycle	m/ton	62.8
To Landfill	m/ton	4.1

Schedule Waste From Processes		
Disposal based on Environment Law Requirements	UOM	Quantity
Electric & Electronic Waste (Monitors/Printers/Computers)	m/ton	2.5
Waste Sludge (from washing of equipment)	m/ton	718.0
Waste Glue	litres	44.7
Spent Oil	litres	18.1

STATEMENT ON SUSTAINABILITY (Cont'd)

COMMUNITY INVESTMENT

Why is this important?

We firmly believe that fostering a positive relationship between businesses and communities promotes better social inclusion, and creates tangible and favorable outcomes in the long run. At EFB, we strive to be a responsible corporate citizen by giving back to the surrounding communities in which we operate, through our community engagement and impact programmes, with a focus on education and social welfare.

Our approach

EFB's commitment to supporting local communities is reflected in our Community Investment Guideline, which outlines EFB's principles and practices in managing our community-related investment decisions. This guideline describes our objective to align our community programmes towards generating mutually beneficial outcomes for both the Group and the community.

We believe that the spirit of volunteerism among employees is vital in contributing to the success of EFB's community impact programmes. In 2023, we started monitoring and tracking employees' participation in community impact programmes and provide them with token of appreciation. Furthermore, as a form of encouragement, we actively support employee participation in these activities by allowing them to take approved leave of absence, separate from their annual leaves.

Our performance

The Group contribution for the current financial year 2023 was mainly to special needs schools, medical associations, local community programmes, flood victims and disaster events amounting to RM194,282 with 184 beneficiaries to it.

WATER MANAGEMENT

Why is this important?

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As water cuts and scarcity are becoming more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations.

Our approach

As a Group, we are guided by our Environmental Policy and adopt a practical approach to water management, aiming to improve water efficiency and promote water conservation. This aligns with our target of reducing water consumption by 10% from our 2021 baseline by 2030.

Our water consumption primarily stems from production activities such as dust suppression, equipment and machinery cooling, site cleaning, compaction, irrigation as well as from our site office, worker facilities, owned office buildings and properties. We are committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all our premises.

We annually review our water management plans across all our operations to continually increase efficiency and ensure we are able to achieve our water consumption reduction targets. In view of our current performance, the Group, upon deliberation, has revised its target upwards to achieve a 20% reduction in water consumption by 2030.

STATEMENT ON SUSTAINABILITY (Cont'd)

Our performance

The Group total water discharged and consumed for the current year 2023 including the source of water supply is outlined below: -

WATER DISCHARGE (megalitres)			
Discharge Point	2021	2022	2023
Water Discharge to Public Drains	17,920	3,493	16,188
Water sent for treatment	0	21,931	70,381

SOURCE OF WATER CONSUMPTION (Megalitres)			
Water Supply Source	2021	2022	2023
From Government Supply	105,152	183,793	328,270
From Nearby Stream / River	921,780	881,955	1,008,741
From Underground	267,281	132,731	29,435
From Water Treatment (Re-cycle Water)	113	128,847	73,427
Total	1,294,326	1,327,326	1,439,873

MATERIALS

Why is this important?

EFB recognises that natural resources are finite, and hence, we place great importance on resource conservation by attempting to maximise the use of environmental-friendly materials, including those with high recycled content and are green-certified. By incorporating recycled input materials wood, plastic, steel, paper are recycled minimise the environmental footprint throughout our products' life cycle.

Our approach

In managing our materials, EFB is guided by our Responsible Sourcing policy which includes a commitment to minimize environmental impact.

We have undertaken initiatives to reduce our consumption of virgin materials by using recycled materials wherever possible as indicated below.

Materials	Total Weight (m/tonnes)		
	2021	2022	2023
Wood	NA	NA	14,414
Plastic	NA	NA	189
Steel	NA	NA	878
Paper	NA	NA	198
Fabric (bags)	NA	NA	63

Moving forward, the Group aims to progressively increase the percentage of recycled materials used as we move towards our journey of embracing circular economy.

STATEMENT ON SUSTAINABILITY (Cont'd)

On the Environment Matters

On incidents of Smoke and Dust emission including Water discharge from the Group's processes.

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

COMPOUND & FINES

For Emission / Discharge	2021	2022	2023
Dust	0	0	0
Smoke	0	0	0
Water	2	1	2
Penalties/Fines	2	1	1

The group had incurred compound for water discharge and Industrial Accident cases which occurred in year 2021 and 2022 amounting to RM101,202 for all three incidents. Corrective action to remedy the issue has been taken promptly upon the mishap occurring by the management in-charge.

Significant Spills

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

EXTERNAL ASSURANCE

The Company is yet to pursue external assurance for its sustainability statement but will consider doing so in the coming financial year after we have completed our GHG Assessments and new targets and goals are set for audits to be carried out more effectively.

As for the current financial year, our Internal Compliance Team carried out review on the information provided in this statement.

The Board has reviewed the sustainability efforts process of the Group and has approved this Statement on 16 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1) MATERIAL CONTRACTS

None of the Directors or Major Shareholders of the Company has had any material contract with the Company and/or its subsidiaries during the financial year ended 2023.

2) UTILISATION OF PROCEEDS

There was no corporate proposal in the financial year ended 2023.

3) AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for the financial year ended 31 December 2023 are as follows:

	Group (RM)	Company (RM)
Audit Fees	403,800	155,000
Non-audit Fees	105,286	30,648
Total	509,086	185,648

4) CONTRACTS RELATING TO LOAN

Other than from financial institutions, there were no contracts relating to loan by the Company or its subsidiaries during the financial year ended 2023.

5) RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions in the Group during the financial year ended 2023 except for inter-company transactions which are carried out on an arm-length basis.

6) COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2023

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

The Board of Directors ("the Board") of EFB are of the view that, in preparing the financial statements of the Group and of the Company for the year ended 31 December 2023, the Group and the Company have adopted the recommended accounting policies that are consistently applied and supported by reasonable, prudent judgments and estimates. The Board have also ensured that all applicable accounting standards have been complied during the preparation of the audited financial statements of the Group and of the Company.

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

The Board have also ensured timely release of the quarterly and annual financial results of the Group for the financial year ended 31 December 2023 to Bursa Malaysia and the Securities Commission that enable the public and investors to be well informed of the Group's financial position.

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



FINANCIAL STATEMENTS

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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 2023.

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 include manufacture of medium density fibreboard with & without lamination, particleboard, glue, resin, fancy plywood, wood pellets, urea formaldehyde concentrate and adhesive products, cogeneration of electricity, wholesale and trading of furniture, trading of wood related products, sawn timber, panelboard products and furniture, managing of plantation, planters, cultivators and buyers of rubber and every kind of produce of the soil and cultivation of rubber trees and trading in timber logs harvested from its plantation land clearing activities.

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

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year, net of tax	(37,275,255)	31,326,081
Attributable to:		
Owners of the Company	(37,275,255)	31,326,081

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2023.

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 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,

- (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.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and of the Company during the financial year were RM591,899 and RM155,000 respectively.

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

DIRECTORS' REPORT (Cont'd)

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.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2023, the Company held 1,757,200 treasury shares out of its 846,423,985 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,086,893.

DIRECTORS

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

Kuan Kai Seng

Kuo Jen Chang*

Kuo Jen Chiu*

Law Ngee Song

Mary Henerietta Lim Kim Neo*

Tan Mui Ping

Hong Kim Heong

Henry S Kuo

Nirmala A/P Doraisamy

(Appointed on 2 January 2024)

(Resigned on 17 April 2023)

(Resigned on 2 October 2023)

* Directors of the Company and certain subsidiaries

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

Chieng Heng Nang

Jeffrey S Kuo

Justin S Kuo

Kuo Huei Chen

Zuhairi Bin Ozir

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

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

	At	Number of ordinary shares		At
	1.1.2023	Bought	Sold	31.12.2023
Interests in the Company				
Direct interests:				
Kuo Jen Chang	142,355,865	-	-	142,355,865
Kuo Jen Chiu	124,120,141	-	-	124,120,141
Mary Henerietta Lim Kim Neo	6	-	-	6
Indirect interests:				
Kuo Jen Chang	* 159,173,720	-	-	159,173,720
Kuo Jen Chiu	* 177,409,444	-	-	177,409,444

* Deemed interested by virtue of the interest of siblings.

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

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

DIRECTORS' BENEFITS

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

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

	Group and Company RM
Directors of the Company	
Executive directors	
Salaries, bonus and emoluments	3,702,179
Defined contribution plan	54,936
Benefits-in-kind	21,802
	<u>3,778,917</u>
Non-executive directors	
Fees	221,813
Allowances	101,920
Benefits-in-kind	3,837
	<u>327,570</u>
	<u>4,106,487</u>

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

DIRECTORS' REPORT (Cont'd)

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

The details of the Company's subsidiaries are follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest	
			2023	2022
Allgreen Timber Products Sdn. Bhd.	Malaysia	Manufacture of particleboard	100%	100%
Siam Fibreboard Co., Ltd.	Thailand	Manufacture of medium density fibreboard	99.99%	99.99%
GRE Energy Co., Ltd.	Thailand	Cogeneration of electricity	99.99%	99.99%
ECO Generation Co., Ltd.	Thailand	Cogeneration of electricity	99.99%	99.99%
PT Hijau Lestari Raya Fibreboard	Indonesia	Manufacture of medium density fibreboard, glue and resin	99.99%	99.99%
Evergreen Fibreboard (JB) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard with & without lamination	100%	100%
Evergreen Adhesive & Chemicals Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Evergreen Fibreboard (Nilai) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard	100%	100%
Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Dawa Timber Industries Sdn. Bhd.	Malaysia	Manufacturing of fancy plywood	100%	100%
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	Trading of wood related products, sawn timber, panelboard products and furniture	100%	100%
Evergreen Plantation Resources Sdn. Bhd.	Malaysia	Managing of plantation	100%	100%
Craft Master Timber Products Sdn. Bhd.	Malaysia	Manufacture of wood pellets	100%	100%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	100%
Evergreen Furniture Co Pte. Ltd.	Singapore	Dormant	100%	100%
Subsidiary of Evergreen Plantation Resources Sdn. Bhd.				
Jasa Wibawa Sdn. Bhd.	Malaysia	Cultivation of rubber trees and trading in timber logs harvested from its plantation land clearing activities	100%	100%

DIRECTORS' REPORT (Cont'd)

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, 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: 16 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM	Group 2022 RM (Restated)	2023 RM	Company 2022 RM (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	5	851,465,727	803,666,602	65,318,352	139,834,933
Right-of-use assets	6	34,279,680	35,588,833	8,027,744	7,806,465
Biological assets	7	40,500,000	40,000,000	-	-
Goodwill on consolidation	8	4,893,264	4,893,264	-	-
Other intangible assets	9	70,214	75,103	-	-
Investment properties	10	-	-	3,389,832	3,544,365
Investment in subsidiaries	11	-	-	526,431,306	493,840,310
Deferred tax assets	12	2,266,530	2,808,482	2,266,530	2,808,482
Other receivable	13	-	211,599	1,804,894	7,537,959
Total non-current assets		933,475,415	887,243,883	607,238,658	655,372,514
Current assets					
Inventories	14	187,632,990	217,987,005	39,272,228	39,112,621
Trade and other receivables	13	87,391,845	69,539,313	151,750,783	56,557,887
Other current assets	15	43,961,112	20,255,208	6,438,392	2,391,001
Tax assets		4,291,418	1,999,345	-	-
Deposits, cash and bank balances	16	199,568,670	116,640,561	54,762,640	55,197,456
Total current assets		522,846,035	426,421,432	252,224,043	153,258,965
TOTAL ASSETS		1,456,321,450	1,313,665,315	859,462,701	808,631,479
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	344,749,212	344,749,212	344,749,212	344,749,212
Treasury shares	18	(1,086,893)	(1,086,893)	(1,086,893)	(1,086,893)
Other reserves	19	111,967,399	91,529,451	-	-
Retained earnings		540,495,616	576,925,294	439,620,651	407,734,248
TOTAL EQUITY		996,125,334	1,012,117,064	783,282,970	751,396,567

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Non-current liabilities					
Loans and borrowings	20	88,537,774	27,557,963	2,037,813	8,188,760
Lease liabilities	21	1,182,533	1,671,252	222,439	67,975
Deferred tax liabilities	12	23,465,931	24,240,518	-	-
Retirement benefits obligation	22	16,768,918	16,400,912	5,892,116	6,249,543
Total non-current liabilities		129,955,156	69,870,645	8,152,368	14,506,278
Current liabilities					
Loans and borrowings	20	149,197,751	119,712,733	44,748,433	26,056,692
Lease liabilities	21	1,007,300	1,115,491	371,490	62,600
Trade and other payables	23	107,527,364	89,552,387	21,869,567	16,212,540
Contract liabilities	24	68,868,466	11,408,780	868,014	373,036
Tax liabilities		3,640,079	9,888,215	169,859	23,766
Total current liabilities		330,240,960	231,677,606	68,027,363	42,728,634
TOTAL LIABILITIES		460,196,116	301,548,251	76,179,731	57,234,912
TOTAL EQUITY AND LIABILITIES		1,456,321,450	1,313,665,315	859,462,701	808,631,479

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Revenue	25	881,083,955	1,102,686,221	111,571,208	221,679,560
Cost of sales	26	(744,484,041)	(879,730,487)	(111,600,499)	(206,349,040)
Gross profit/(loss)		136,599,914	222,955,734	(29,291)	15,330,520
Other income	27	17,164,788	25,516,828	56,708,587	37,940,829
Selling and administrative expenses		(157,340,371)	(203,479,814)	(12,603,774)	(15,122,404)
Net impairment losses on financial assets		(1,316,908)	(232,961)	-	-
Other operating expenses	28	(9,506,383)	(51,355,879)	(9,361,456)	(2,420,384)
		(168,163,662)	(255,068,654)	(21,965,230)	(17,542,788)
(Loss)/Profit from operations		(14,398,960)	(6,596,092)	34,714,066	35,728,561
Finance costs		(7,471,685)	(5,897,093)	(2,201,507)	(1,454,693)
(Loss)/Profit before tax	29	(21,870,645)	(12,493,185)	32,512,559	34,273,868
Tax expense	31	(15,404,610)	(13,589,606)	(1,186,478)	(953,341)
(Loss)/Profit for the financial year		(37,275,255)	(26,082,791)	31,326,081	33,320,527
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		20,437,948	12,045,182	-	-
Reclassification adjustments of exchange translation reserve		-	1,591,318	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefits obligation, net of deferred tax liabilities		845,577	345,998	560,322	-
Other comprehensive income for the financial year		21,283,525	13,982,498	560,322	-
Total comprehensive (loss)/income for the financial year		(15,991,730)	(12,100,293)	31,886,403	33,320,527

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit attributable to:					
Owners of the Company		(37,275,255)	(26,082,791)	31,326,081	33,320,527
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(15,991,730)	(12,100,293)	31,886,403	33,320,527
Loss per share attributable to ordinary shareholders of the Company					
Basic and diluted loss per share (sen)	32	(4.41)	(3.09)	-	-

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

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

Group	Attributable to owners of the Company						Total equity RM
	Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM		
At 1 January 2023	344,749,212	(1,892,270)	93,421,721	(1,086,893)	576,925,294	1,012,117,064	
Total comprehensive loss for the financial year							
Loss for the financial year	-	-	-	-	(37,275,255)	(37,275,255)	
Other comprehensive income for the financial year	-	-	20,437,948	-	845,577	21,283,525	
Total comprehensive loss	-	-	20,437,948	-	(36,429,678)	(15,991,730)	
At 31 December 2023	344,749,212	(1,892,270)	113,859,669	(1,086,893)	540,495,616	996,125,334	

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Group	Note	Attributable to owners of the Company						Total equity RM
		Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM		
At 1 January 2022		344,749,212	(1,892,270)	79,785,221	(482,899)	615,332,090	1,037,491,354	
Total comprehensive loss for the financial year								
Loss for the financial year		-	-	-	-	(26,082,791)	(26,082,791)	
Other comprehensive income for the financial year		-	-	13,636,500	-	345,998	13,982,498	
Total comprehensive loss		-	-	13,636,500	-	(25,736,793)	(12,100,293)	
Transactions with owners								
Dividend paid on shares	33	-	-	-	-	(12,670,003)	(12,670,003)	
Shares repurchased	18	-	-	-	(603,994)	-	(603,994)	
Total transactions with owners		-	-	-	(603,994)	(12,670,003)	(13,273,997)	
At 31 December 2022		344,749,212	(1,892,270)	93,421,721	(1,086,893)	576,925,294	1,012,117,064	

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Company	Note	← Attributable to owners of the Company →			Total equity RM
		Share capital RM	Treasury shares RM	Retained earnings RM	
At 1 January 2022		344,749,212	(482,899)	387,083,724	731,350,037
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	33,320,527	33,320,527
Transaction with owners					
Dividend paid on shares	33	-	-	(12,670,003)	(12,670,003)
Shares repurchased	18	-	(603,994)	-	(603,994)
Total transactions with owners		-	(603,994)	(12,670,003)	(13,273,997)
At 31 December 2022		344,749,212	(1,086,893)	407,734,248	751,396,567
Total comprehensive income for the financial year					
Profit for the financial year		-	-	31,326,081	31,326,081
Other comprehensive income for the financial year		-	-	560,322	560,322
Total comprehensive income		-	-	31,886,403	31,886,403
At 31 December 2023		344,749,212	(1,086,893)	439,620,651	783,282,970

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Cash flows from operating activities					
(Loss)/Profit before tax		(21,870,645)	(12,493,185)	32,512,559	34,273,868
Adjustments for:					
Amortisation of intangible assets	9	8,613	9,931	-	-
Bad debts written off		-	605,785	-	500,550
Bad debts recovered		(198)	-	-	-
Depreciation of:					
- property, plant and equipment	5	60,352,489	70,213,630	3,776,577	9,245,372
- right-of-use assets	6	2,246,758	2,024,962	492,030	250,093
- investment properties	10	-	-	154,533	154,533
Dividend income received from subsidiaries		-	-	(48,000,000)	(27,000,000)
Gain arising from fair value adjustment on biological assets	7	(500,000)	(900,000)	-	-
Gain on lease modification		(795)	(59,023)	-	-
Goods and services tax receivable written off		-	10,181	-	-
Impairment losses on:					
- goodwill	8	-	4,690,782	-	-
- investment in subsidiaries	11	-	-	5,409,004	570,771
- other receivables	13	1,083,573	-	-	-
- trade receivables	13	240,000	302,961	-	-
Interest expense		7,471,685	5,897,093	2,201,507	1,454,693
Interest income		(2,905,329)	(2,054,532)	(5,515,937)	(2,028,521)
Inventories written down	14	1,178,155	17,019,624	-	-
Loss on disposal of a subsidiary	11	-	6,279,003	-	-
Loss/(Gain) on disposal of property, plant and equipment		197,147	(1,412,123)	(140,303)	(73,495)
Property, plant and equipment written off	5	1,176,993	37,001,361	-	910,046
Provision for retirement benefits obligation	22	1,721,428	1,861,595	580,087	537,471
Reversal of impairment losses on trade receivables	13	(6,665)	(70,000)	-	-
Reversal of inventories written down	14	(175,288)	-	-	-
Unrealised loss on foreign exchange, net		7,833,999	1,578,942	3,952,452	439,017
		79,922,565	143,000,172	(37,090,050)	(15,039,470)
Operating profit/(loss) before changes in working capital, carried forward		58,051,920	130,506,987	(4,577,491)	19,234,398

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Cash flows from operating activities (cont'd)					
Operating profit/(loss) before changes in working capital, brought forward		58,051,920	130,506,987	(4,577,491)	19,234,398
Changes in working capital:					
Inventories		34,154,494	(20,942,243)	(159,607)	9,168,588
Trade and other receivables		(42,596,227)	46,475,597	(18,442,696)	4,019,425
Trade and other payables		68,380,813	(51,690,069)	6,072,803	(17,246,211)
		59,939,080	(26,156,715)	(12,529,500)	(4,058,198)
Net cash generated from/(used in) operations		117,991,000	104,350,272	(17,106,991)	15,176,200
Payment of retirement benefits obligation		(835,911)	(718,196)	(377,192)	(463,307)
Interest paid		(7,471,685)	(5,897,093)	(2,201,507)	(1,454,693)
Tax(paid)/refunded, net		(24,721,282)	(15,211,143)	(498,433)	50,916
Real property gain tax		-	(120,000)	-	-
Net cash from/(used in) operating activities		84,962,122	82,403,840	(20,184,123)	13,309,116
Cash flows from investing activities					
Acquisition of additional interests in subsidiaries	11	-	-	-	(1)
Disposal of a subsidiary	11	-	(116,988)	-	-
(Advances to)/Repayments from subsidiaries		-	-	(23,557,070)	1,363,381
Dividend income received from subsidiaries		-	-	48,000,000	27,000,000
Interest received		2,905,329	2,054,532	5,515,937	2,028,521
Purchase of property, plant and equipment	(c)	(16,479,614)	(29,950,968)	(22,224,472)	(7,062,800)
Purchase of other intangible assets	9	-	(36,358)	-	-
Proceeds from disposal of property, plant and equipment		635,495	2,544,924	-	1,392,529
Placement of time deposit	16	(2,883,949)	(14,996)	(3,072,802)	(2,915)
Withdrawal of short-term fund		-	9,424,273	-	9,424,273
Net cash (used in)/from investing activities		(15,822,739)	(16,095,581)	4,661,593	34,142,988

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Cash flows from financing activities	(b)				
Repayment to a subsidiary		-	-	-	17
Drawdown of trade facilities		125,785,811	99,549,632	38,242,045	19,324,000
Drawdown of term loans		-	1,360,000	-	-
Dividend paid to owners of the Company	33	-	(12,670,003)	-	(12,670,003)
Payments of lease liabilities		(1,461,277)	(2,113,553)	(249,955)	(23,742)
Purchase of treasury shares	18	-	(603,994)	-	(603,994)
Repayments of hire purchase		(69,613)	(123,577)	(69,613)	(66,251)
Repayments of term loans		(20,352,077)	(21,409,619)	(6,161,435)	(7,953,725)
Repayments of trade facilities		(99,549,632)	(108,877,469)	(19,324,000)	(20,019,350)
Net cash from/(used in) financing activities		4,353,212	(44,888,583)	12,437,042	(22,013,048)
Net increase/(decrease) in cash and cash equivalents		73,492,595	21,419,676	(3,085,488)	25,439,056
Cash and cash equivalents at the beginning of the financial year		115,697,644	91,470,767	54,974,453	29,528,939
Effects of exchange rate changes on cash and cash equivalents		2,090,338	2,807,201	(422,130)	6,458
Cash and cash equivalents at the end of the financial year	16	191,280,577	115,697,644	51,466,835	54,974,453

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from/(used in) operating activities:					
Payments relating to short-term leases and low-value assets	29	8,391,428	8,817,957	968,901	1,627,113
Interest paid in relation to lease liabilities	29	145,183	90,761	30,550	4,158
Included in net cash from/(used in) financing activities:					
Payments of lease liabilities		1,461,277	2,113,553	249,955	23,742
Total cash outflows for leases		9,997,888	11,022,271	1,249,406	1,655,013

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023 (Cont'd)

(b) Reconciliations of liabilities arising from financing activities:

	Note	1.1.2023 RM	Cash flows RM	Acquisition RM	Non-cash Foreign exchange movement RM	Others RM	31.12.2023 RM
Group							
Trade facilities	20	99,549,632	26,236,179	-	-	-	125,785,811
Term loans	20	47,566,044	(20,352,077)	78,524,078	1,665,035	-	107,403,080
Hire purchase payable	20	155,020	(69,613)	-	-	-	85,407
Lease liabilities	21	2,786,743	(1,461,277)	890,121	-	(25,754)	2,189,833
		150,057,439	4,353,212	79,414,199	1,665,035	(25,754)	235,464,131
Company							
Trade facilities	20	19,324,000	18,918,045	-	-	-	38,242,045
Term loans	20	14,766,432	(6,161,435)	-	(146,203)	-	8,458,794
Hire purchase payable	20	155,020	(69,613)	-	-	-	85,407
Lease liabilities	21	130,575	(249,955)	713,309	-	-	593,929
		34,376,027	12,437,042	713,309	(146,203)	-	47,380,175

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023 (Cont'd)

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

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

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

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR 31 DECEMBER 2023 (Cont'd)

- (c) During the financial year, the Group and the Company acquired property, plant and equipment which are satisfied by the following:

	Group		Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Purchase of property plant and equipment	95,003,692	29,950,968	22,224,472	7,062,800
Financed by way of term loans	(78,524,078)	-	-	-
Cash payments on purchase of property, plant and equipment	16,479,614	29,950,968	22,224,472	7,062,800

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 April 2024.

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 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 MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year:

New MFRS

MFRS 17	Insurance Contracts
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Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except as discussed below:

Amendments to MFRS 101 Presentation of Financial Statements

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (cont'd)

2.3 Amendments to MFRSs that have been issued, but yet to be effective

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

<u>Amendments to MFRSs</u>		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

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

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information 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

Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – subsequent measurement and gains and losses

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

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

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

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

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

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

Spare parts which are held for use in the production or supply of goods or services and are expected to be used for more than one period, and thus are classified under property, plant and equipment. The cost will be charged out to profit or loss when the spare parts are utilised.

3.5 Leases

(a) Lessee accounting

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

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.5 Leases (Cont'd)

(a) Lessee accounting (Cont'd)

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

(b) Lessor accounting

The Company recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of revenue. Rental income from sublease properties which recognise as other income.

3.6 Investment properties

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

All investment 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

3.8 Revenue and other income

(a) Sale of goods – manufacturing

The Group and the Company manufacture and sell a range of medium density fibreboards, particleboards and ready to assemble furniture to local and foreign customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the goods are delivered to the customer based on the agreed term.

Sales are made with a credit term of 15 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. Revenue is recognised based on the price specified in the contract, net of the discounts where applicable.

Where consideration is collected from customer in advance for sale of manufactured good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of manufactured goods to the customer.

(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 is recognised as an integral part of the total rental income, over the term of the lease.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of property, plant and equipment

The Group and the Company assess the impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Where such indications exist, the Group and the Company determine the recoverable amount using fair value less cost of disposal determined by external independent valuer and also based on present value of the estimated future cash flows expected to be derived from the assets. Any resulting impairment loss could have material adverse impact on the Group's financial position and results of operations. In estimating the present value of the estimated cash flows, the Group and the Company apply a suitable discount rate and make assumption underlying the 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 expected.

The carrying amounts of the property, plant and equipment are disclosed in Note 5.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(b) Write-down of obsolete or slow-moving inventories

The Group and the Company write down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 14.

(c) Fair value of biological assets

Judgement is required in determining the value on remaining lifespan and after lifespan of rubber trees and estimated remaining acres of forest land. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The fair value of the tropical wood trees and rubber trees have been determined based on valuations by an independent professional valuer.

The carrying amount of the Group's biological assets and the key assumptions used to determine the fair value less costs to sell are disclosed in Note 7.

(d) Impairment of investment in subsidiaries

The Company assesses impairment of investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverable amount is measured at the higher of the fair value less cost of disposal and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical trends and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Company's investment in subsidiaries are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Group	Freehold land and buildings RM	Freehold improvement land RM	Freehold land 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	Spare parts RM	Total RM
2023										
Accumulated impairment loss										
At 1 January 2023	-	2,920,569	20,145,308	11,760	1,067,034	11,760	-	1,286,493	-	25,431,164
Disposals	-	-	(57,094)	-	-	-	-	-	-	(57,094)
At 31 December 2023	-	2,920,569	20,088,214	11,760	1,067,034	11,760	-	1,286,493	-	25,374,070
Carrying amount										
At 31 December 2023	30,058,417	118,663,054	501,675,410	579,297	6,737,656	579,297	465,554	167,514,414	25,771,925	851,465,727

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)	Freehold land and buildings		Freehold improvement land		Plant and machinery		Factory and office equipment, furniture and fittings		Motor vehicles		Computers and communication system		Construction in progress		Spare parts		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2022 (Restated)																		
Cost																		
At 1 January 2022, as previously reported	28,314,552	227,128,347	1,488,329,445	27,754,607	25,590,226	4,912,048	29,096,510	-	1,831,125,735									
Reclassification (Note 38)	-	-	-	-	-	-	(7,967,896)	18,332,087	10,364,191									
At 1 January 2022, restated	28,314,552	227,128,347	1,488,329,445	27,754,607	25,590,226	4,912,048	21,128,614	18,332,087	1,841,489,926									
Additions	63,940	551,052	10,358,511	585,680	344,514	60,887	16,174,566	1,811,818	29,950,968									
Disposals	-	(1,206,091)	(998,841)	(4,328)	(1,366,229)	-	-	-	(3,575,489)									
Written off, restated	-	-	(163,683,259)	(1,916)	-	-	(145,014)	-	(163,830,189)									
Reclassification	-	2,643,414	28,710,070	-	-	-	(29,296,458)	(2,057,026)	-									
Exchange differences, restated	483,454	2,300,350	17,810,825	255,917	476,194	4,349	95,970	248,390	21,675,449									
At 31 December 2022	28,861,946	231,417,072	1,380,526,751	28,589,960	25,044,705	4,977,284	7,957,678	18,335,269	1,725,710,665									
Accumulated depreciation																		
At 1 January 2022	-	98,216,681	795,550,917	19,863,486	24,586,541	3,692,345	-	-	941,909,970									
Depreciation charge for the financial year (Note 29)	-	6,220,313	62,595,178	475,328	492,063	430,748	-	-	70,213,630									
Disposals	-	(522,208)	(549,924)	(4,328)	(1,366,228)	-	-	-	(2,442,688)									
Written off	-	-	(126,826,912)	(1,916)	-	-	-	-	(126,828,828)									
Exchange differences	-	1,369,812	11,660,167	271,606	454,715	4,515	-	-	13,760,815									
At 31 December 2022	-	105,284,598	742,429,426	20,604,176	24,167,091	4,127,608	-	-	896,612,899									

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Group	Freehold land and buildings RM	Freehold improvement land RM	Freehold land 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	Spare parts RM	Total RM
2022 (Restated)										
Accumulated impairment loss										
At 1 January 2022	-	2,972,977		20,454,758	1,086,181	11,971	-	1,309,578	-	25,835,465
Exchange differences	-	(52,408)		(309,450)	(19,147)	(211)	-	(23,085)	-	(404,301)
At 31 December 2022	-	2,920,569		20,145,308	1,067,034	11,760	-	1,286,493	-	25,431,164
Carrying amount										
At 31 December 2022	28,861,946	123,211,905		617,952,017	6,918,750	865,854	849,676	6,671,185	18,335,269	803,666,602

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Spare parts RM	Total RM
2023									
Cost									
At 1 January 2023	4,883,644	35,673,337	183,263,900	1,821,116	3,508,746	3,785,783	3,304,176	1,375,685	237,616,387
Additions	-	-	8,604,131	-	-	12,511	13,541,173	66,657	22,224,472
Disposals	-	-	(123,682,282)	-	(33,458)	-	(11,942,574)	-	(135,658,314)
At 31 December 2023	4,883,644	35,673,337	68,185,749	1,821,116	3,475,288	3,798,294	4,902,775	1,442,342	124,182,545
Accumulated depreciation									
At 1 January 2023	-	12,512,748	77,210,539	1,765,406	3,342,869	2,949,892	-	-	97,781,454
Depreciation charge for the financial year (Note 29)	-	627,170	2,634,818	16,403	101,018	397,168	-	-	3,776,577
Disposals	-	-	(42,660,380)	-	(33,458)	-	-	-	(42,693,838)
At 31 December 2023	-	13,139,918	37,184,977	1,781,809	3,410,429	3,347,060	-	-	58,864,193
Carrying amount									
At 31 December 2023	4,883,644	22,533,419	31,000,772	39,307	64,859	451,234	4,902,775	1,442,342	65,318,352

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Spare parts RM	Total RM
2022 (Restated)									
Cost									
At 1 January 2022, as previously reported	4,883,644	35,324,337	238,831,253	1,797,246	3,917,630	3,734,488	5,404,905	-	293,893,503
Reclassification (Note 38)	-	-	-	-	-	-	-	1,284,085	1,284,085
At 1 January 2022, restated	4,883,644	35,324,337	238,831,253	1,797,246	3,917,630	3,734,488	5,404,905	1,284,085	295,177,588
Additions	-	349,000	1,990,735	23,870	102,408	51,295	4,453,892	91,600	7,062,800
Disposals	-	-	(136,818)	-	(511,292)	-	(1,279,129)	-	(1,927,239)
Written off	-	-	(62,696,762)	-	-	-	-	-	(62,696,762)
Reclassification	-	-	5,275,492	-	-	-	(5,275,492)	-	-
At 31 December 2022	4,883,644	35,673,337	183,263,900	1,821,116	3,508,746	3,785,783	3,304,176	1,375,685	237,616,387
Accumulated depreciation									
At 1 January 2022	-	11,886,548	131,178,649	1,749,749	3,560,914	2,555,143	-	-	150,931,003
Depreciation charge for the financial year (Note 29)	-	626,200	7,915,519	15,657	293,247	394,749	-	-	9,245,372
Disposals	-	-	(96,913)	-	(511,292)	-	-	-	(608,205)
Written off	-	-	(61,786,716)	-	-	-	-	-	(61,786,716)
At 31 December 2022	-	12,512,748	77,210,539	1,765,406	3,342,869	2,949,892	-	-	97,781,454
Carrying amount									
At 31 December 2022	4,883,644	23,160,589	106,053,361	55,710	165,877	835,891	3,304,176	1,375,685	139,834,933

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

- (a) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 20 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Freehold land	24,591,011	23,590,996	-	-
Freehold buildings	25,334,993	22,073,976	-	-
Plant and machinery and other assets	373,381,470	201,535,966	19,849,839	21,173,162
Motor vehicles	-	37,147	-	37,147
	423,307,474	247,238,085	19,849,839	21,210,309

6. RIGHT-OF-USE ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cost				
At 1 January	50,544,031	49,668,280	12,077,799	11,923,482
Additions	890,121	3,480,650	713,309	154,317
Derecognition*	(2,480,737)	(2,643,843)	-	-
Exchange differences	74,019	38,944	-	-
At 31 December	49,027,434	50,544,031	12,791,108	12,077,799
Accumulated depreciation				
At 1 January	14,955,198	14,766,519	4,271,334	4,021,241
Depreciation charge for the financial year (Note 29)	2,246,758	2,024,962	492,030	250,093
Derecognition*	(2,455,778)	(1,837,187)	-	-
Exchange differences	1,576	904	-	-
At 31 December	14,747,754	14,955,198	4,763,364	4,271,334
Carrying amount				
At 31 December	34,279,680	35,588,833	8,027,744	7,806,465

* Derecognition of the right-of-use assets during the financial year was a result of termination of certain leases.

The Group and the Company lease several assets including leasehold land, warehouses, equipment, hostels and site.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. RIGHT-OF-USE ASSETS (cont'd)

Information about leases for which the Group and the Company are lessees is presented below:

	Group			Total RM
	Leasehold land RM	Warehouses/ Equipment RM	Hostels RM	
Carrying amount				
At 1 January 2022	32,712,252	1,965,070	224,439	34,901,761
Additions	860,680	2,174,744	445,226	3,480,650
Depreciation	(855,565)	(978,403)	(190,994)	(2,024,962)
Derecognition	-	(769,909)	(36,747)	(806,656)
Exchange differences	34,983	-	3,057	38,040
At 31 December 2022	32,752,350	2,391,502	444,981	35,588,833
Additions	78,576	-	811,545	890,121
Depreciation	(855,565)	(944,587)	(446,606)	(2,246,758)
Derecognition	-	-	(24,959)	(24,959)
Exchange differences	68,058	-	4,385	72,443
At 31 December 2023	32,043,419	1,446,915	789,346	34,279,680

	Company			Total RM
	Leasehold land RM	Hostels RM	Site RM	
Carrying amount				
At 1 January 2022	7,902,241	-	-	7,902,241
Additions	-	154,317	-	154,317
Depreciation	(224,534)	(25,559)	-	(250,093)
At 31 December 2022	7,677,707	128,758	-	7,806,465
Additions	-	554,926	158,383	713,309
Depreciation	(224,534)	(217,480)	(50,016)	(492,030)
At 31 December 2023	7,453,173	466,204	108,367	8,027,744

- (a) The Group and the Company lease land, warehouses and site for their office space and operation sites over a few plots of stated-owned land in Malaysia and Indonesia. The leases for office space and operation sites generally have lease terms between 4 to 99 years. The Group also lease equipment with lease terms of 2 years.

The Group and the Company also lease hostels for their worker welfare. The leases for worker welfare generally have lease terms between 2 to 5 years.

- (b) The carrying amount of right-of-use assets of the Group pledged as security for banking facilities as disclosed in Note 20 are as follows:

	Group	
	2023 RM	2022 RM
Leasehold land	1,686,885	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS

The Group has two categories of biological assets, namely rubber trees and tropical wood trees of various species. The tropical wood trees will be felled as and when the Group clears the land for planting of rubber trees. The matured rubber trees will subsequently be used for the manufacturing of panel boards.

	2023 RM	Group 2022 RM
At fair value:		
Rubber trees	34,500,000	34,000,000
Tropical wood trees	6,000,000	6,000,000
At 31 December	40,500,000	40,000,000

Fair value information

The fair value measurements for the produce growing on bearer plants have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 fair value

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

	2023 RM	Group 2022 RM
Rubber trees		
At 1 January	34,000,000	33,500,000
Gain recognised in profit or loss (Note 27)	500,000	500,000
At 31 December	34,500,000	34,000,000
Tropical wood trees		
At 1 January	6,000,000	5,600,000
Gain recognised in profit or loss (Note 27)	-	400,000
At 31 December	6,000,000	6,000,000

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS (cont'd)

Fair value information (cont'd)

Level 3 fair value (cont'd)

- (b) The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Tropical wood trees	Discounted cash flows	Estimate of future cash flows (20 hoppus tons of tropical wood of various species with an average sale value of RM1,090 (2022: RM1,060) per hoppus ton)	The higher the average sale value, the higher the fair value
Rubber plantations and rubber seedlings	Discounted cash flows	Estimated yield of rubber latex per acre (2023: 800-1,350kg; 2022: 800-1,350kg); and Estimated latex selling price (2023: RM5.17/kg; 2022: RM5.01/kg)	The higher the estimated yield of rubber latex per acre, the higher the fair value The higher the latex selling price, the higher the fair value

- (c) The Group had planted on 2,758 acres (2022: 2,758 acres) of land with rubber trees as at the end of financial year. The rubber trees planted on 2,758 acres (2022: 2,167 acres) of land had matured at the end of the financial year.

Valuation processes applied by the Group

The fair value of biological assets is determined by external independent valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd., a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The valuation company provides the fair value of the Group's biological assets on a yearly basis. Changes in Level 3 fair values are analysed by the management every year after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM	2022 RM
Cost		
At 1 January/31 December	19,590,250	19,590,250
Accumulated impairment loss		
At 1 January	(14,696,986)	(10,006,204)
Impairment loss	-	(4,690,782)
At 31 December	(14,696,986)	(14,696,986)
Carrying amount		
At 31 December	4,893,264	4,893,264

Impairment of goodwill

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

	Group	
	2023 RM	2022 RM
Thailand operations - CGU 1	4,893,264	4,893,264
Malaysia operations - CGU 2	-	-
	4,893,264	4,893,264

CGU 1

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU 1 significantly exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU.

CGU 2

The estimated recoverable amount of the CGU 2 is lower than its carrying amount. As a result of the analysis, the management had recognised an impairment loss for this CGU.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. GOODWILL ON CONSOLIDATION (cont'd)

Key assumptions used in value-in-use calculations

The recoverable amount of CGU of Malaysia and Thailand operations as at 31 December 2023 and 31 December 2022 are determined based on value-in-use calculations using cash flow projections based on financial budgets. The key assumptions used for value-in-use calculations are as follows:

Group	Malaysia operations	Thailand operations
2023		
Key assumptions used in value-in-use calculations		
Growth rate	-	1.00%
Gross margin	-	27.00%
Discount rate	-	15.00%
<hr/>		
2022		
Key assumptions used in value-in-use calculations		
Growth rate	11.00%	3.00%
Gross margin	13.00%	33.00%
Discount rate	13.00%	15.00%
<hr/>		

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the gross margin achieved in years preceding the start of the budget period, adjusted for projected market conditions and machine capability.

(b) Discount rate

The discount rate used is based on the pre-tax weighted average cost of capital and an appropriate risk premium.

(c) Growth rate

Growth rate is the forecasted annual growth rate over the projection period. It is based on the average growth levels experienced over the past years.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. OTHER INTANGIBLE ASSETS

	Group	
	2023 RM	2022 RM
Computer software		
Cost		
At 1 January	418,687	395,576
Additions	-	36,358
Disposal of a subsidiary	-	(22,191)
Exchange differences	21,967	8,944
At 31 December	440,654	418,687
Accumulated amortisation		
At 1 January	343,584	347,519
Amortisation charge for the financial year (Note 29)	8,613	9,931
Disposal of a subsidiary	-	(21,246)
Exchange differences	18,243	7,380
At 31 December	370,440	343,584
Carrying amount		
At 31 December	70,214	75,103

10. INVESTMENT PROPERTIES

	Company	
	2023 RM	2022 RM
At cost		
At 1 January/31 December	5,636,660	5,636,660
Accumulated depreciation		
At 1 January	(2,092,295)	(1,937,762)
Depreciation charge for the financial year (Note 29)	(154,533)	(154,533)
At 31 December	(2,246,828)	(2,092,295)
Carrying amount		
At 31 December	3,389,832	3,544,365

(a) The Company's investment properties comprise a number of commercial properties that are leased to its subsidiaries.

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

	2023 RM	2022 RM
Rental income	799,704	799,704
Direct operating expenses	95,792	98,284

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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
2023				
Terrace house	-	-	660,000	660,000
Leasehold land and factory building	-	-	13,000,000	13,000,000
	-	-	13,660,000	13,660,000
2022				
Terrace house	-	-	600,000	600,000
Leasehold land and factory building	-	-	11,950,000	11,950,000
	-	-	12,550,000	12,550,000

The valuation of Level 3 investment properties as at 31 December 2023 and 31 December 2022 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

There were no transfers between Level 1 and Level 2 during the financial years ended 31 December 2023 and 31 December 2022.

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
At cost		
Unquoted shares, at cost		
At 1 January	536,161,242	536,161,241
Additions during the financial year	38,000,000	1
At 31 December	574,161,242	536,161,242
Accumulated impairment loss		
At 1 January	(42,320,932)	(41,750,161)
Impairment loss during the financial year (Note 28)	(5,409,004)	(570,771)
At 31 December	(47,729,936)	(42,320,932)
	526,431,306	493,840,310

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest	
			2023	2022
Allgreen Timber Products Sdn. Bhd.	Malaysia	Manufacture of particleboard	100%	100%
Siam Fibreboard Co., Ltd.*	Thailand	Manufacture of medium density fibreboard	99.99%	99.99%
GRE Energy Co., Ltd.*	Thailand	Cogeneration of electricity	99.99%	99.99%
ECO Generation Co., Ltd.*	Thailand	Cogeneration of electricity	99.99%	99.99%
PT Hijau Lestari Raya Fibreboard#	Indonesia	Manufacture of medium density fibreboard, glue and resin	99.99%	99.99%
Evergreen Fibreboard (JB) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard with & without lamination	100%	100%
Evergreen Adhesive & Chemicals Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Evergreen Fibreboard (Nilai) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard	100%	100%
Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Dawa Timber Industries Sdn. Bhd.	Malaysia	Manufacturing of fancy plywood	100%	100%
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	Trading of wood related products, sawn timber, panelboard products and furniture	100%	100%
Evergreen Plantation Resources Sdn. Bhd.	Malaysia	Managing of plantation	100%	100%
Craft Master Timber Products Sdn. Bhd.	Malaysia	Manufacture of wood pellets	100%	100%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	100%
Evergreen Furniture Co Pte. Ltd.+	Singapore	Dormant	100%	100%
Subsidiary of Evergreen Plantation Resources Sdn. Bhd.				
Jasa Wibawa Sdn. Bhd.	Malaysia	Cultivation of rubber trees and trading in timber logs harvested from its plantation land clearing activities	100%	100%

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

Audited by an independent member firm of Baker Tilly International.

+ Consolidated using unaudited management financial statements, auditors' report is not available.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Subscription for additional interests in a subsidiary

2023

On 8 November 2023, the Company had further subscribed for 38,000,000 ordinary shares of Allgreen Timber Products Sdn. Bhd. for a total cash consideration of RM38,000,000 by way of capitalising the amount owing to the Company of RM38,000,000.

(b) Acquisition of additional interest in Dawa Timber Industries Sdn. Bhd.

2022

On 8 June 2022, the Company had acquired additional 4 ordinary shares, representing additional 0.01% equity interest in Dawa Timber Industries Sdn. Bhd. for a total consideration of RM1. Consequently, the Company's effective equity interest in Dawa Timber Industries Sdn. Bhd. had increased from 99.99% to 100%.

(c) Disposal of a subsidiary

2022

On 8 September 2022, Craft Master Timber Products Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement (SSA) with third parties to dispose its subsidiary, namely Asian Oak Co., Ltd. (AOC) for a total consideration of RM2.

(i) Summary of the effects of disposal of Asian Oak Co., Ltd.:

	RM
<hr/>	
Recognised:	
Cash consideration received	2
Derecognised:	
Fair value of identifiable net assets at disposal date	(4,687,687)
Reclassification adjustment of exchange translation reserve	(1,591,318)
	<hr/>
Loss on disposal of Asian Oak Co., Ltd.	(6,279,003)
	<hr/>

(ii) Effects of disposal on cash flows:

	RM
<hr/>	
Cash consideration received	2
Less: Cash and cash equivalents of subsidiary disposed	(116,990)
	<hr/>
Net cash outflows on disposal	(116,988)
	<hr/>

(d) Impairment loss

During the financial year, an impairment loss of RM5,409,004 (2022: RM570,771) was recognised in profit or loss under other operating expenses, as a result of inactive operations of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets/ (liabilities)				
At 1 January	(21,432,036)	(26,045,693)	2,808,482	3,347,621
Recognised in:				
- profit or loss (Note 31)	472,040	4,810,176	(541,952)	(539,139)
- other comprehensive income	4,459	(97,590)	-	-
Exchange differences	(243,864)	(98,929)	-	-
At 31 December	(21,199,401)	(21,432,036)	2,266,530	2,808,482

(a) Presented after appropriate offsetting as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	2,266,530	2,808,482	2,266,530	2,808,482
Deferred tax liabilities	(23,465,931)	(24,240,518)	-	-
	(21,199,401)	(21,432,036)	2,266,530	2,808,482

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

	Group	
	2023 RM	2022 RM
Deferred tax assets		
Provisions	1,359,419	2,840,238
Unabsorbed capital allowances	11,824,050	46,207,168
Unutilised tax losses	2,359,982	3,120,477
Unabsorbed reinvestment allowances	-	11,834,548
Unrealised loss on foreign exchange	-	194,634
Others	-	436
	15,543,451	64,197,501
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax bases	(27,005,863)	(76,007,074)
Changes in fair value of biological assets	(9,720,000)	(9,600,000)
Unrealised gain on foreign exchange	(16,989)	(22,018)
Others	-	(445)
	(36,742,852)	(85,629,537)
	(21,199,401)	(21,432,036)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

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

	Company	
	2023 RM	2022 RM
Deferred tax assets		
Provisions	-	1,765,064
Unutilised tax losses	-	885,697
Unabsorbed capital allowances	9,863,460	11,716,732
Unabsorbed reinvestment allowances	-	11,834,548
Unrealised loss on foreign exchange	-	194,634
Others	-	436
	9,863,460	26,397,111
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax base	(7,596,930)	(23,588,629)
	2,266,530	2,808,482

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Provisions	11,189,886	4,886,400	6,524,116	-
Unabsorbed capital allowances	104,821,760	92,622,652	4,752,259	-
Unutilised tax losses	122,109,149	80,109,311	3,690,043	-
Unabsorbed increased export allowances	598,667	598,667	-	-
Unabsorbed investment tax allowances	76,051,303	76,051,303	-	-
Unabsorbed reinvestment allowances	159,104,749	109,794,130	49,310,619	-
Unrealised loss on foreign exchange	8,942,377	2,073,717	4,763,428	-
Others	47,250	-	17,541	-
	482,865,141	366,136,180	69,058,006	-
Potential deferred tax assets not recognised at 24% (2022: 24%)	115,887,634	87,872,683	16,573,921	-

The availability of unutilised tax losses for offsetting against future taxable profits of the Company and respective subsidiaries in Malaysia are subject to requirements under Income tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX ASSETS/ (LIABILITIES) (cont'd)

(c) (cont'd)

The unutilised tax losses and unabsorbed reinvestment allowances are available for offset against future taxable profits of the Group and the Company up to the following financial years:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
2025	153,501,230	108,086,866	45,414,364	-
2026	3,896,255	-	3,896,255	-
2027	1,707,264	1,707,264	-	-
2028	58,330,869	57,306,554	-	-
2029	464,414	464,414	-	-
2030	9,243,023	5,092,041	3,690,043	-
2031	630,843	630,843	-	-
2032	16,615,459	16,615,459	-	-
2033	36,824,541	-	-	-
	281,213,898	189,903,441	53,000,662	-

13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current:					
Non-trade					
Amounts owing by subsidiaries	(a)	-	-	1,804,894	7,537,959
External party	(b)	-	211,599	-	-
		-	211,599	1,804,894	7,537,959
Current:					
Trade					
External parties	(c)	80,688,413	64,086,117	3,338,291	2,144,120
Subsidiaries		-	-	13,665,315	5,994,390
		80,688,413	64,086,117	17,003,606	8,138,510
Less: Impairment losses on trade receivables	(c)	(3,062,007)	(2,764,610)	-	-
		77,626,406	61,321,507	17,003,606	8,138,510

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-trade					
Amounts owing by subsidiaries	(d)	-	-	128,683,968	42,223,955
Other receivables		3,000,865	1,782,725	24,800	167,249
Deposits	(e)	3,889,731	3,720,826	6,038,409	6,028,173
Goods and services/ value added tax refundable		3,985,659	2,714,255	-	-
		10,876,255	8,217,806	134,747,177	48,419,377
Less: Impairment losses on other receivables	(f)	(1,110,816)	-	-	-
		9,765,439	8,217,806	134,747,177	48,419,377
Total trade and other receivables (current)		87,391,845	69,539,313	151,750,783	56,557,887
Total trade and other receivables (non-current and current)		87,391,845	69,750,912	153,555,677	64,095,846

- (a) Amounts owing by subsidiaries represent advances to subsidiaries which are non-trade in nature, unsecured, interest bearing at rates ranging from 6.44% to 7.40% (2022: 1.91% to 6.29%) per annum and is expected to be settled in cash. However, this amount is not expected to be settled within the 12 months after the reporting date.
- (b) In the previous financial year, long-term other receivable was measured at amortised cost at imputed interest rate at 7% per annum and repayable within 24 months after the reporting date.
- (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 (2022: 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 trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Note	Group	
		2023 RM	2022 RM
At 1 January		2,764,610	2,414,461
Charge for financial year			
- Individually assessed	29	240,000	302,961
Reversal of impairment losses	29	(6,665)	(70,000)
Written off		(34,272)	-
Exchange differences		98,334	117,188
At 31 December		3,062,007	2,764,610

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (d) Amounts owing by subsidiaries are non-trade in nature, unsecured, interest bearing at rates ranging from 3.68% to 7.80% (2022: 1.91% to 6.80%) per annum and is expected to be settled in cash within the 12 months after the reporting date, except for a non-interest bearing amount owing by a subsidiary of RM92,317,480 (2022: Nil).
- (e) Included in deposits of the Company is a non-refundable deposit of RM5,600,000 (2022: RM5,600,000) paid to a subsidiary for purchase of logs.
- (f) Other receivables

Receivables that are impaired

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

	Note	2023 RM	Group 2022 RM
At 1 January		-	-
Charge for financial year			
- Individually assessed	29	1,083,573	-
Exchange differences		27,243	-
At 31 December		1,110,816	-

14. INVENTORIES

	Group		Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM (Restated)
Raw materials	52,085,431	48,352,286	17,688,479	13,563,808
Work-in-progress	4,581,613	7,969,008	584,702	442,405
Finished goods	48,733,626	75,174,228	11,477,260	7,453,166
Factory supplies	3,015,216	2,306,812	1,327,201	700,236
Packing materials	3,968,422	3,634,887	1,180,781	1,341,727
Consumables and spare parts	75,248,682	80,549,784	7,013,805	15,611,279
	187,632,990	217,987,005	39,272,228	39,112,621

- (i) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM743,481,174 (2022: RM862,710,863) and RM111,600,499 (2022: RM206,349,040) respectively.
- (ii) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories was RM1,178,155 (2022: RM17,019,624).
- (iii) During the financial year, the Group reversed the previous inventories written down value of RM175,288 (2022: Nil). The amount of reversal was included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. OTHER CURRENT ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current:				
Prepayments	5,765,242	6,362,324	1,668,906	1,533,339
Advance payments to suppliers	38,195,870	13,892,884	4,769,486	857,662
	43,961,112	20,255,208	6,438,392	2,391,001

16. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	176,115,445	90,699,299	33,209,643	31,716,129
Deposits placed with licensed banks (Note (a))	19,626,359	24,998,345	18,257,192	23,258,324
Time deposits (Note (b))	3,826,866	942,917	3,295,805	223,003
Deposits, cash and bank balances as reported in the statements of financial position	199,568,670	116,640,561	54,762,640	55,197,456
Less: Bank overdraft (Note 20)	(4,461,227)	-	-	-
Less: Time deposits	(3,826,866)	(942,917)	(3,295,805)	(223,003)
Cash and cash equivalents as reported in the statements of cash flows	191,280,577	115,697,644	51,466,835	54,974,453

(a) The deposits placed with licensed banks are placements with periods of less than 3 months, interest bearing at rates ranging from 2.45% to 3.60% (2022: 1.50% to 3.25%) per annum and mature within 3 months.

(b) Time deposits are deposits placed with licensed banks for periods of more than 3 months, interest bearing at rates ranging from 2.20% to 3.70% (2022: 1.55% to 3.05%) per annum and mature within one year.

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up (no par value):				
At 1 January/ 31 December	846,423,985	846,423,985	344,749,212	344,749,212

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TREASURY SHARES

	Group and Company			
	Number of ordinary shares		Amounts	
	2023 Unit	2022 Unit	2023 RM	2022 RM
At 1 January	1,757,200	622,000	1,086,893	482,899
Shares repurchased	-	1,135,200	-	603,994
At 31 December	1,757,200	1,757,200	1,086,893	1,086,893

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 31 May 2023 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.

In the previous financial year, the Company repurchased 1,135,200 shares of its issued shares from the open market. The average price paid for the shares repurchased was RM0.53 per share.

There were no resale, cancellation or distribution of treasury shares during the financial year.

19. 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.

20. LOANS AND BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:				
Secured:				
Term loans	81,442,557	14,299,359	2,025,379	8,103,352
Hire purchase payable	12,434	85,408	12,434	85,408
Unsecured:				
Term loans	7,082,783	13,173,196	-	-
	88,537,774	27,557,963	2,037,813	8,188,760

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. LOANS AND BORROWINGS (cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current:				
Secured:				
Bank overdraft (Note 16)	4,461,227	-	-	-
Trade facilities	38,242,045	-	38,242,045	-
Term loans	11,736,322	13,006,893	6,433,415	6,163,080
Hire purchase payable	72,973	69,612	72,973	69,612
Unsecured:				
Trade facilities	87,543,766	99,549,632	-	19,324,000
Term loans	7,141,418	7,086,596	-	500,000
	149,197,751	119,712,733	44,748,433	26,056,692
Total loans and borrowings				
Bank overdraft (Note 16)	4,461,227	-	-	-
Trade facilities	125,785,811	99,549,632	38,242,045	19,324,000
Term loans	107,403,080	47,566,044	8,458,794	14,766,432
Hire purchase payable	85,407	155,020	85,407	155,020
	237,735,525	147,270,696	46,786,246	34,245,452

- (a) Bank overdraft, term loans and trade facilities of the Group and of the Company are secured by the following:
- Debentures over fixed and floating charges over the present and future assets of the Company and certain subsidiaries;
 - Legal charge over the freehold land, leasehold land, buildings and plant and machinery of certain subsidiaries as disclosed in Note 5(a) and Note 6(b);
 - Priority and security sharing agreement;
 - Negative pledge;
 - Corporate guarantee by the Company; and
 - Corporate guarantee by a subsidiary of the Company.
- (b) Hire purchase payable

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group and Company	
	2023 RM	2022 RM
Minimum lease payments:		
Not later than 1 year	75,353	75,353
Later than 1 year and not later than 2 years	12,504	75,353
Later than 2 years and not later than 5 years	-	12,505
	87,857	163,211
Less: Future finance charges	(2,450)	(8,191)
Present value of minimum lease payments	85,407	155,020

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. LOANS AND BORROWINGS (cont'd)

(b) Hire purchase payable (cont'd)

Future minimum lease payments together with the present value of net minimum lease payments are as follows:
(cont'd)

	Group and Company	
	2023	2022
	RM	RM
Present value of minimum lease payments:		
Not later than 1 year	72,973	69,612
Later than 1 year and not later than 2 years	12,434	72,973
Later than 2 years and not later than 5 years	-	12,435
	85,407	155,020
Less: Amount due within 12 months	(72,973)	(69,612)
Amount due after 12 months	12,434	85,408

Hire purchase payable of the Group and of the Company of RM85,407 (2022: RM155,020) are secured by the Group's and the Company's motor vehicles under hire purchase arrangements as disclosed in Note 5(a).

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

	Group		Company	
	2023	2022	2023	2022
	% per annum	% per annum	% per annum	% per annum
Bank overdraft	7.75	-	-	-
Trade facilities	3.94 - 6.60	1.53 - 6.01	3.94 - 5.87	4.02 - 5.00
Term loans	4.94 - 7.90	3.34 - 6.29	7.90	4.96 - 6.29
Hire purchase payable	2.68	2.68	2.68	2.68

21. LEASE LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current:				
Unsecured:				
Lease liabilities	1,182,533	1,671,252	222,439	67,975
Current:				
Unsecured:				
Lease liabilities	1,007,300	1,115,491	371,490	62,600
Total lease liabilities	2,189,833	2,786,743	593,929	130,575

The incremental borrowing rate applied to lease liabilities ranging from 3.20% to 6.53% (2022: 3.20% to 6.01%).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. LEASE LIABILITIES (cont'd)

Future minimum lease payments together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Not later than 1 year	1,106,160	1,239,390	396,460	68,399
Later than 1 year and not later than 2 years	758,955	751,500	209,055	54,900
Later than 2 years and not later than 5 years	481,000	1,048,500	19,200	15,600
	2,346,115	3,039,390	624,715	138,899
Less: Future finance charges	(156,282)	(252,647)	(30,786)	(8,324)
Present value of minimum lease payments	2,189,833	2,786,743	593,929	130,575
Present value of minimum lease payments:				
Not later than 1 year	1,007,300	1,115,491	371,490	62,600
Later than 1 year and not later than 2 years	712,823	674,685	203,498	52,833
Later than 2 years and not later than 5 years	469,710	996,567	18,941	15,142
	2,189,833	2,786,743	593,929	130,575
Less: Amount due within 12 months	(1,007,300)	(1,115,491)	(371,490)	(62,600)
Amount due after 12 months	1,182,533	1,671,252	222,439	67,975

22. RETIREMENT BENEFITS OBLIGATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	16,400,912	15,831,434	6,249,543	6,175,379
Current service costs and interest expense (Note 30)	1,721,428	1,861,595	580,087	537,471
Remeasurement of actuarial gain from financial assumptions	(841,118)	(443,588)	(560,322)	-
Benefits paid	(835,911)	(718,196)	(377,192)	(463,307)
Disposal of a subsidiary	-	(77,107)	-	-
Exchange differences	323,607	(53,226)	-	-
At 31 December	16,768,918	16,400,912	5,892,116	6,249,543

This is in respect of provision for employee's benefits related to retirement, service fee, compensation payments and other benefits recognised.

The Group and the Company operate defined benefit plans with lump sum payment at normal retirement or at an earlier exit through death or ill-health retirement. There is no minimum funding requirement under the current law.

The defined benefit plan exposes the Group and the Company to financial risks such as change in discount rate, future salary increment rates and demographic risk such as turnover rate not being borne out.

The defined benefit obligation is calculated 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 denominated in that currency are used.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. RETIREMENT BENEFITS OBLIGATION (cont'd)

Significant actuarial assumptions

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Discount rate	2.57 - 6.60	2.57 - 7.30	4.60	3.70
Salary increase rate	2.60 - 7.00	2.60 - 7.00	3.00 - 5.00	3.00 - 5.00

Sensitivity analysis

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

	Reasonably possible change in assumption	Group		Company	
		Increase RM	Decrease RM	Increase RM	Decrease RM
2023					
Discount rate	1%	(1,277,907)	1,478,977	(478,792)	553,450
Salary increase rate	1%	1,580,711	(1,385,486)	579,980	(510,200)
2022					
Discount rate	1%	(1,354,723)	1,487,280	(561,498)	651,910
Salary increase rate	1%	2,004,530	(1,638,916)	880,378	(756,974)

The expected payments or contributions to the defined benefit plan in future years are shown below:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within the next 12 months (next annual reporting period)	2,311,438	1,416,227	496,159	274,494
Between 2 to 5 years	5,090,480	3,584,305	1,977,591	831,232
Beyond 5 years	9,367,000	11,400,380	3,418,366	5,143,817
Total expected payments	16,768,918	16,400,912	5,892,116	6,249,543

The average duration of the defined benefit plan obligation at the end of the reporting period is 9 to 14 years (2022: 10 to 16 years).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Trade					
Third parties	(a)	69,290,108	51,087,196	5,621,365	5,589,035
Amounts owing to subsidiaries	(a)	-	-	7,478,923	3,493,800
		69,290,108	51,087,196	13,100,288	9,082,835
Non-trade					
Amount owing to a subsidiary	(b)	-	-	4,600	4,600
Other payables		5,511,678	6,087,509	3,233,601	2,436,654
Goods and services/ value added tax payable		1,228,964	914,607	446	446
Deposits		1,052,438	788,834	-	-
Accruals		30,444,176	30,674,241	5,530,632	4,688,005
		38,237,256	38,465,191	8,769,279	7,129,705
Total trade and other payables		107,527,364	89,552,387	21,869,567	16,212,540

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company are ranging from 7 to 90 days (2022: 7 to 90 days).
- (b) The amount owing to a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand in cash and cash equivalents.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 36(b)(iii).

24. CONTRACT LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract liabilities relating to sales of goods	68,868,466	11,408,780	868,014	373,036

- (a) Significant changes in contract balances

	Contract liabilities (increase)/decrease	
	2023 RM	2022 RM
Group		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	11,065,169	32,818,378
Increases due to advances received from customers, but revenue not recognised	(68,524,855)	(11,079,796)
Company		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	86,012	1,339,024
Increases due to advances received from customers, but revenue not recognised	(580,990)	(112,532)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At a point in time:				
Sales of fibreboard	765,249,738	938,014,935	82,740,591	116,980,639
Sales of furniture parts	29,955,997	111,809,985	28,830,617	104,698,921
Sales of urea formaldehyde concentrate and adhesive products	14,987,947	12,582,682	-	-
Sales of wood pellet	70,067,544	39,564,818	-	-
Others	822,729	713,801	-	-
	881,083,955	1,102,686,221	111,571,208	221,679,560

26. COST OF SALES

Cost of sales represents cost of inventories sold.

27. OTHER INCOME

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Bad debt recovered		198	-	-	-
Dividend income received from subsidiaries		-	-	48,000,000	27,000,000
Gain arising from fair value adjustment of biological assets	7	500,000	900,000	-	-
Gain on disposal of property, plant and equipment		-	1,412,123	140,303	73,495
Gain on lease modification		795	59,023	-	-
Interest income		2,905,329	2,054,532	5,515,937	2,028,521
Insurance compensation		3,569,763	7,946,003	-	7,250,000
Net realised gain on foreign exchange		7,281,416	9,439,380	1,768,569	305,035
Rental income		1,411,757	1,667,687	1,283,778	1,283,778
Others		1,495,530	2,038,080	-	-
		17,164,788	25,516,828	56,708,587	37,940,829

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. OTHER OPERATING EXPENSES

	Note	Group		Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Bad debts written off		-	605,785	-	500,550
Goods and services tax receivable written off		-	10,181	-	-
Impairment losses on:					
- goodwill	8	-	4,690,782	-	-
- investment in subsidiaries	11	-	-	5,409,004	570,771
Loss on disposal of a subsidiary	11	-	6,279,003	-	-
Loss on disposal of property, plant and equipment		197,147	-	-	-
Property, plant and equipment written off	5	1,176,993	37,001,361	-	910,046
Net unrealised loss on foreign exchange		7,833,999	1,578,942	3,952,452	439,017
Others		298,244	1,189,825	-	-
		9,506,383	51,355,879	9,361,456	2,420,384

29. (LOSS)/PROFIT BEFORE TAX

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Amortisation of intangible assets	9	8,613	9,931	-	-
Auditors' remuneration - statutory audit:					
- Baker Tilly Monteiro Heng PLT		403,800	403,800	155,000	155,000
- Member firms of Baker Tilly International		70,105	66,980	-	-
- Other auditors		117,994	118,438	-	-
Other services					
- Baker Tilly Monteiro Heng PLT		8,000	8,000	8,000	8,000
- Member firms of Baker Tilly International		97,286	119,131	22,648	24,515
Depreciation of:					
- property, plant and equipment	5	60,352,489	70,213,630	3,776,577	9,245,372
- investment properties	10	-	-	154,533	154,533
- right-of-use assets	6	2,246,758	2,024,962	492,030	250,093
Employee benefits expenses	30	93,327,037	97,481,416	16,238,763	25,040,201
Impairment losses on financial assets:					
- Impairment losses on trade receivables	13	240,000	302,961	-	-
- Impairment losses on other receivables	13	1,083,573	-	-	-
- Reversal of impairment losses on trade receivables	13	(6,665)	(70,000)	-	-
Interest expense:					
- bank overdraft		23,145	-	-	-
- hire purchase payable		5,741	11,146	5,741	9,102
- lease liabilities		145,183	90,761	30,550	4,158
- trade facilities		5,210,915	3,995,110	1,316,994	736,098
- term loans		2,086,701	1,800,076	848,222	705,335

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. (LOSS)/PROFIT BEFORE TAX (cont'd)

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Inventories written down	14	1,178,155	17,019,624	-	-
Reversal of inventories written down	14	(175,288)	-	-	-
Expenses relating to short-term leases and low value assets		8,391,428	8,817,957	968,901	1,627,113

30. EMPLOYEE BENEFITS EXPENSES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Wages and salaries		80,786,704	87,295,172	13,247,171	21,377,093
Defined contribution plan		3,831,282	4,485,729	1,730,691	2,167,974
Social security contribution		1,417,573	1,173,080	258,941	327,270
Other staff related expenses		5,570,050	2,665,840	421,873	630,393
Retirement benefits obligation	22	1,721,428	1,861,595	580,087	537,471
		93,327,037	97,481,416	16,238,763	25,040,201

Included in employee benefits expense are:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company				
Executive directors:				
Salaries, bonus and emoluments	3,702,179	3,670,578	3,702,179	3,670,578
Defined contribution plan	54,936	57,908	54,936	57,908
Benefits-in-kind	21,802	37,242	21,802	37,242
	3,778,917	3,765,728	3,778,917	3,765,728
Non-executive directors:				
Fees	221,813	246,488	211,488	246,488
Allowances	101,920	98,265	112,245	98,265
Benefits-in-kind	3,837	3,656	3,837	3,656
	327,570	348,409	327,570	348,409
Directors of subsidiaries				
Executive directors:				
Salaries, bonus and emoluments	238,132	242,339	122,002	121,260
	4,344,619	4,356,476	4,228,489	4,235,397

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Statements of comprehensive income				
Current income tax:				
Current income tax charge	10,643,473	18,230,170	593,615	418,954
Adjustment in respect of prior years	5,233,177	49,612	50,911	(4,752)
Real property gain tax	-	120,000	-	-
	15,876,650	18,399,782	644,526	414,202
Deferred tax (Note 12):				
(Reversal)/Origination of temporary differences	(1,396,773)	(5,667,354)	-	811,435
Adjustment in respect of prior years	924,733	857,178	541,952	(272,296)
	(472,040)	(4,810,176)	541,952	539,139
Tax expense	15,404,610	13,589,606	1,186,478	953,341

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable (loss)/profit for the financial year.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(Loss)/Profit before tax	(21,870,645)	(12,493,185)	32,512,559	34,273,868
Tax at Malaysian statutory income tax rate of 24%	(5,248,955)	(2,998,364)	7,803,014	8,225,728
Different tax rates in other countries	(1,302,677)	(1,890,529)	-	-
Income not subject to tax	(15,074,363)	(2,073,260)	(26,573,020)	(8,236,277)
Expenses not deductible for tax purposes	2,857,744	10,164,770	2,789,700	1,240,938
Utilisation of previously unrecognised deferred tax assets	-	(114,672)	-	-
Deferred tax assets not recognised during the financial year	28,014,951	9,474,871	16,573,921	-
Adjustments in respect of prior years:				
- current income tax	5,233,177	49,612	50,911	(4,752)
- deferred tax	924,733	857,178	541,952	(272,296)
Real property gain tax	-	120,000	-	-
Tax expense	15,404,610	13,589,606	1,186,478	953,341

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. LOSS PER SHARE

- (a) Basic loss per share are based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2023 RM	2022 RM
Loss attributable to ordinary shareholders of the Company (RM)	(37,275,255)	(26,082,791)
Weighted average number of ordinary shares for basic loss per share	844,666,785	844,847,947
Basic loss per ordinary share (sen)	(4.41)	(3.09)

- (b) The diluted loss per share is equal to the basic loss per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

33. DIVIDENDS

	Company	
	2023 RM	2022 RM
Single tier final dividend of 1.50 sen per ordinary share in respect of the financial year ended 31 December 2021, paid on 18 August 2022	-	12,670,003

34. COMMITMENTS

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
In respect of capital expenditure property, plant and equipment:				
- Contracted but not provided for	7,677,996	1,780,270	6,318,842	1,466,287

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 and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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	
	2023 RM	2022 RM
Transactions with subsidiaries are as follows:		
- Sale of products and rendering of service	(31,472,278)	(98,520,802)
- Dividend income	(48,000,000)	(27,000,000)
- Rental income	(1,283,778)	(1,283,778)
- Interest income	(4,204,281)	(1,428,981)
- Sale of spare parts	(677,477)	(864,022)
- Sales of property, plant and equipment	(92,964,476)	(1,279,129)
- Management fees	(10,452,951)	(10,205,367)
- Purchase of products	42,281,131	35,000,569
- Expenses relating to short-term leases	115,200	115,200

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term employees benefits	4,318,980	4,315,578	4,202,850	4,194,499
Benefits-in-kind	25,639	40,898	25,639	40,898
	4,344,619	4,356,476	4,228,489	4,235,397

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:

	Carrying amount RM	Amortised cost RM
2023		
Financial assets		
Group		
Trade and other receivables, excluding goods and services/value added tax refundable	83,406,186	83,406,186
Deposits, cash and bank balances	199,568,670	199,568,670
	282,974,856	282,974,856

NOTES TO THE FINANCIAL STATEMENTS (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	Amortised cost RM
2023		
Company		
Trade and other receivables, excluding non-refundable deposit	147,955,677	147,955,677
Deposits, cash and bank balances	54,762,640	54,762,640
	202,718,317	202,718,317
Financial liabilities		
Group		
Trade and other payables, excluding goods and services/value added tax payable	106,298,400	106,298,400
Loans and borrowings	237,735,525	237,735,525
	344,033,925	344,033,925
Company		
Trade and other payables, excluding goods and services/value added tax payable	21,869,121	21,869,121
Loans and borrowings	46,786,246	46,786,246
	68,655,367	68,655,367
2022		
Financial assets		
Group		
Trade and other receivables, excluding goods and services/value added tax refundable	67,036,657	67,036,657
Deposits, cash and bank balances	116,640,561	116,640,561
	183,677,218	183,677,218
Company		
Trade and other receivables, excluding non-refundable deposit	58,495,846	58,495,846
Deposits, cash and bank balances	55,197,456	55,197,456
	113,693,302	113,693,302
Financial liabilities		
Group		
Trade and other payables, excluding goods and services/value added tax payable	88,637,780	88,637,780
Loans and borrowings	147,270,696	147,270,696
	235,908,476	235,908,476
Company		
Trade and other payables, excluding goods and services/value added tax payable	16,212,094	16,212,094
Loans and borrowings	34,245,452	34,245,452
	50,457,546	50,457,546

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 currency risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in deposits with licensed banks.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and (loss)/profit for the financial year.

	Change in basis points	Effect on (loss)/profit for the financial year RM	Effect on equity RM
Group:			
2023	+ 100	(1,806,141)	(1,806,141)
	- 100	1,806,141	1,806,141
2022	+ 100	(1,118,079)	(1,118,079)
	- 100	1,118,079	1,118,079
Company:			
2023	+ 100	(354,926)	(354,926)
	- 100	354,926	354,926
2022	+ 100	(259,087)	(259,087)
	- 100	259,087	259,087

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate and the Group's net investments in foreign subsidiaries. The currency giving rise to this risk are primarily United States Dollar (USD) and Euro (EUR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	USD RM	EUR RM	Total RM
Functional currency of the Group			
2023			
Ringgit Malaysia	113,229,262	(27,406,373)	85,822,889
Thai Baht	70,616,388	767,958	71,384,346
Indonesian Rupiah	(46,625,822)	7,064	(46,618,758)
	137,219,828	(26,631,351)	110,588,477
2022			
Ringgit Malaysia	10,720,503	(19,497,969)	(8,777,466)
Thai Baht	21,173,442	(134,461)	21,038,981
Indonesian Rupiah	11,225,324	19,466	11,244,790
	43,119,269	(19,612,964)	23,506,305
Functional currency of the Company			
2023			
Ringgit Malaysia	101,412,520	(7,524,482)	93,888,038
2022			
Ringgit Malaysia	(3,442,116)	270,284	(3,171,832)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR, with all other variables held constant on the Group's and the Company's total equity and (loss)/profit for the financial year.

	Change in rate	Effect on (loss)/profit after tax for the financial year			
		Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
- USD	+ 3%	4,918,961	983,119	2,312,205	(78,480)
	- 3%	(4,918,961)	(983,119)	(2,312,205)	78,480
- EUR	+ 3%	(607,195)	(447,176)	(171,558)	6,162
	- 3%	607,195	447,176	171,558	(6,162)

(iii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are committed to funding from both capital markets and financial institutions and balance their portfolios with some short-term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Group	Carrying amount RM	Contractual undiscounted cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	
2023					
Financial liabilities:					
Trade and other payables	106,298,400	106,298,400	-	-	106,298,400
Loans and borrowings	237,735,525	156,405,810	84,652,877	20,664,654	261,723,341
Lease liabilities	2,189,833	1,106,160	1,239,955	-	2,346,115
	346,223,758	263,810,370	85,892,832	20,664,654	370,367,856

2022

Financial liabilities:

Trade and other payables	88,637,780	88,637,780	-	-	88,637,780
Loans and borrowings	147,270,696	122,418,610	28,426,465	328,051	151,173,126
Lease liabilities	2,786,743	1,239,390	1,800,000	-	3,039,390
	238,695,219	212,295,780	30,226,465	328,051	242,850,296

Company	Carrying amount RM	Contractual undiscounted cash flows			Total RM
		On demand or within 1 year RM	Between 1 and 5 years RM		
2023					
Financial liabilities:					
Trade and other payables	21,869,121	21,869,121	-	-	21,869,121
Loans and borrowings	46,786,246	45,440,243	2,070,041	-	47,510,284
Lease liabilities	593,929	396,460	228,255	-	624,715
Financial guarantee contracts	-	190,949,279	-	-	190,949,279
	69,249,296	258,655,103	2,298,296	-	260,953,399
2022					
Financial liabilities:					
Trade and other payables	16,212,094	16,212,094	-	-	16,212,094
Loans and borrowings	34,245,452	26,851,796	8,547,763	-	35,399,559
Lease liabilities	130,575	68,399	70,500	-	138,899
Financial guarantee contracts	-	113,025,244	-	-	113,025,244
	50,588,121	156,157,533	8,618,263	-	164,775,796

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from their operating activities (primarily trade receivables) and from their investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit worthiness of a customer is assessed based on a set of evaluation criteria and individual credit limits are defined in accordance with this assessment.

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

- the counterparty 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 15 to 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.

At the end of the reporting period, 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. Those events evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the counterparty;
- a breach of contract, including a default event;
- a concession or restructuring of loans granted by the lender of the counterparty relating to the counterparty's financial difficulty; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation.

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.

Trade receivables

Exposure to credit risk

As at the end of the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position; and
- An amount of RM190,949,279 (2022: RM113,025,244) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

Exposure to credit risk (cont'd)

The Group and the Company determine concentrations of credit risk by monitoring the country and industry sector profile of their trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables at the reporting date are as follows:

	2023		Group		2022	
	RM	%	RM		RM	%
By country:						
Malaysia	39,519,264	51%	33,742,088			55%
Thailand	18,069,674	23%	11,503,231			19%
Other countries	20,037,468	26%	16,076,188			26%
	77,626,406	100%	61,321,507			100%

	2023		Company		2022	
	RM	%	RM		RM	%
By country:						
Malaysia	14,084,907	83%	7,490,445			92%
Other countries	2,918,699	17%	648,065			8%
	17,003,606	100%	8,138,510			100%

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

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

	Gross carrying amount at default RM
<hr/>	
Group 2023	
Current	45,224,382
1-30 days past due	24,668,336
31-60 days past due	4,800,852
61-90 days past due	1,190,626
91-120 days past due	1,646,113
>120 days past due	96,097
	<hr/>
Individually impaired	77,626,406 3,062,007
	<hr/>
	80,688,413
	<hr/>
Company 2023	
Current	9,012,781
1-30 days past due	3,630,362
31-60 days past due	1,285,698
61-90 days past due	1,311,014
91-120 days past due	1,292,619
>120 days past due	471,132
	<hr/>
	17,003,606
	<hr/>
Group 2022	
Current	53,423,544
1-30 days past due	4,914,460
31-60 days past due	65,943
61-90 days past due	746,718
91-120 days past due	4,147
>120 days past due	2,166,695
	<hr/>
Individually impaired	61,321,507 2,764,610
	<hr/>
	64,086,117
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

The information about the credit risk exposure on the Group's and the Company's trade receivables are as follows: (cont'd)

	Gross carrying amount at default RM
<hr/>	
Company	
2022	
Current	3,660,406
1-30 days past due	1,484,003
31-60 days past due	1,924,700
61-90 days past due	1,069,401
	<hr/>
	8,138,510
	<hr/>

Other receivables and other financial assets

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

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low risk and any loss allowance would be negligible.

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 RM190,949,279 (2022: RM113,025,244) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 36(b)(iii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value measurement

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

The carrying amounts of long-term floating rate term loans is reasonable approximation of fair values as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either directions).

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

Group and Company	Carrying amount RM	Fair value of financial instruments carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
2023					
Financial liabilities					
Hire purchase payable	85,407	-	-	82,224	82,224
2022					
Financial liabilities					
Hire purchase payable	155,020	-	-	150,408	150,408

37. LEASE COMMITMENTS

The Group and the Company had entered into commercial lease for their sites, office premises, equipment and hostels. These leases had tenure 1 to 4 years (2022: 1 to 4 years) with a renewal option included in the contract. There were no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not later than 1 year	1,215,586	1,015,001	57,600	74,400
Later than 1 year but not later than 5 years	2,311,003	1,129,955	37,200	118,800
	3,526,589	2,144,956	94,800	193,200

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. COMPARATIVE FIGURES

In the previous financial year, spare parts were classified as inventories. During the financial year, the nature of the spare parts was re-assessed, and certain spare parts were reclassified to property, plant and equipment as those spare parts are expected to be used during more than one period.

The comparative figures have been reclassified to conform with the current year presentation. The reclassifications have no effect on the profit/ (loss) and earnings/ (loss) per share of the Group and of the Company for the current and previous financial years.

Group	As previously classified RM	Reclassifications RM	As reclassified RM
2022			
Statements of financial position			
Non-current assets			
Property, plant and equipment	792,726,892	10,939,710	803,666,602
Current assets			
Inventories	228,926,715	(10,939,710)	217,987,005
Statements of comprehensive income			
Cost of sales	(880,807,723)	1,077,236	(879,730,487)
Other operating expenses	(50,278,643)	(1,077,236)	(51,355,879)
Statements of cash flows			
Net cash from operating activities	80,828,127	1,575,713	82,403,840
Net cash used in investing activities	(14,519,868)	(1,575,713)	(16,095,581)
Company			
2022			
Statements of financial position			
Non-current assets			
Property, plant and equipment	138,459,248	1,375,685	139,834,933
Current assets			
Inventories	40,488,306	(1,375,685)	39,112,621
Statements of cash flows			
Net cash from operating activities	13,217,516	91,600	13,309,116
Net cash from investing activities	34,234,588	(91,600)	34,142,988

The opening balances as at 1 January 2022 do not contain misstatements that would materially affect the financial position of the Group and of the Company. Accordingly, the comparative financial statements as at 1 January 2022 are not presented.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by the local economic environment in which it operates. Segmental reporting by business has not been presented as the Group's operations are within similar activities.

The Group is organised into three major geographical segments:

Malaysia	manufacture of medium density fibreboard, wooden furniture part and furniture, particleboard, glue, resin, as well as trading and managing of plantation.
Thailand	production and distribution of medium density fibreboard and wood products.
Indonesia	manufacture of medium density fibreboard, glue and resin.
Others	distributing the household products made of rubber wood.

The directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

Segment profit

Segment performance is used to measure performance as Group Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group Chief Executive Officer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2023	Note	Adjustments and eliminations					Total RM
		Malaysia RM	Thailand RM	Indonesia RM	Others RM	RM	
Revenue							
Revenue from external customers		315,853,928	450,531,261	114,698,766	-	-	881,083,955
Inter-segment revenue	(a)	(214,674,396)	(114,662,485)	-	-	329,336,881	-
Total revenue	(c)	101,179,532	335,868,776	114,698,766	-	329,336,881	881,083,955
Results							
Segment(loss)/profit		(7,545,779)	25,278,575	14,627,920	(8,025)	(46,751,651)	(14,398,960)
Finance costs		(10,454,201)	-	(23,145)	-	3,005,661	(7,471,685)
(Loss)/Profit before tax		(17,999,980)	25,278,575	14,604,775	(8,025)	(43,745,990)	(21,870,645)
Tax expense		(1,932,018)	(9,879,522)	(3,605,622)	-	12,552	(15,404,610)
(Loss)/Profit for the financial year		(19,931,998)	15,399,053	10,999,153	(8,025)	(43,733,438)	(37,275,255)
Assets:							
Segment assets		1,522,691,600	421,468,019	321,254,225	3	(809,092,397)	1,456,321,450
Liabilities:							
Segment liabilities		386,256,115	109,434,195	206,768,739	37,255	(242,300,188)	460,196,116

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2023 (cont'd)	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Other information:							
Amortisation of intangible assets	(b)	-	8,613	-	-	-	8,613
Bad debt recovered		(198)	-	-	-	-	(198)
Capital expenditures	(d)	29,033,346	8,245,445	152,999,812	-	(94,384,790)	95,893,813
Depreciation of:							
- property, plant and equipment		25,591,920	24,383,213	10,364,625	-	12,731	60,352,489
- right-of-use assets		2,951,403	-	102,583	-	(807,228)	2,246,758
Employee benefits expenses		46,638,239	39,927,047	6,761,751	-	-	93,327,037
Gain arising from fair value adjustment of biological assets		(500,000)	-	-	-	-	(500,000)
Gain on lease modification		(795)	-	-	-	-	(795)
Interest income		(5,820,331)	(1,199,964)	(89,315)	-	4,204,281	(2,905,329)
Inventories written down		1,178,155	-	-	-	-	1,178,155
Impairment losses on:							
- other receivables		-	1,083,573	-	-	-	1,083,573
- trade receivables		240,000	-	-	-	-	240,000
Insurance compensation		-	-	(3,569,763)	-	-	(3,569,763)
Loss/(Gain) on disposal of property, plant and equipment		72,639	(14,704)	-	-	139,212	197,147
Net unrealised loss on foreign exchange		5,973,445	1,024,292	836,262	-	-	7,833,999
Property, plant and equipment written off		1,072,269	17,458	87,266	-	-	1,176,993
Reversal of impairment losses on trade receivables		(6,665)	-	-	-	-	(6,665)
Reversal of inventories written down		-	(175,288)	-	-	-	(175,288)
Expenses relating to low value assets and short-term leases		6,559,795	1,126,716	1,248,991	-	(544,074)	8,391,428

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2022	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations		Total RM
						RM	RM	
Revenue								
Revenue from external customers		490,054,970	500,015,600	112,615,651	-	-	-	1,102,686,221
Inter-segment revenue	(a)	311,463,288	84,221,494	510,888	-	(396,195,670)	-	-
Total revenue	(c)	801,518,258	584,237,094	113,126,539	-	(396,195,670)	1,102,686,221	
Results								
Segment (loss)/profit		(35,534,453)	44,701,868	11,432,566	(2,557)	(27,193,516)		(6,596,092)
Finance costs		(6,116,101)	(3,142,644)	(15,638)	-	3,377,290		(5,897,093)
(Loss)/Profit before tax		(41,650,554)	41,559,224	11,416,928	(2,557)	(23,816,226)		(12,493,185)
Tax expense		5,260,524	(13,001,761)	(3,676,396)	-	(2,171,973)		(13,589,606)
(Loss)/Profit for the financial year		(36,390,030)	28,557,463	7,740,532	(2,557)	(25,988,199)		(26,082,791)
Assets:								
Segment assets		1,472,344,390	420,796,346	124,217,131	-	(703,692,552)		1,313,665,315
Liabilities:								
Segment liabilities		343,876,964	224,494,487	25,562,003	10,059	(292,395,262)		301,548,251

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

2022 (cont'd)	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and eliminations RM	Total RM
Other information:							
Amortisation of intangible assets	(b)	-	9,931	-	-	-	9,931
Bad debts written off		500,550	105,235	-	-	-	605,785
Capital expenditures	(d)	23,880,878	24,150,605	7,185,663	-	(21,749,170)	33,467,976
Depreciation of:							
- property, plant and equipment		34,782,452	25,556,798	9,503,942	-	370,438	70,213,630
- right-of-use assets		1,978,122	-	90,102	-	(43,262)	2,024,962
Employee benefits expenses		58,541,982	36,435,658	2,385,318	-	118,458	97,481,416
Gain arising from fair value adjustment of biological assets		(900,000)	-	-	-	-	(900,000)
Gain on disposal of property, plant and equipment		(1,435,509)	(263,634)	-	-	287,020	(1,412,123)
Gain on lease modification		(59,023)	-	-	-	-	(59,023)
Interest income		(2,296,088)	(3,076,091)	(79,985)	-	3,397,632	(2,054,532)
Inventories written down		9,165,741	7,853,883	-	-	-	17,019,624
Impairment losses on:							
- goodwill		4,690,782	-	-	-	-	4,690,782
- trade receivables		240,000	296,776	-	-	(233,815)	302,961
Insurance compensation		(7,316,278)	-	(629,725)	-	-	(7,946,003)
Loss on disposal of a subsidiary		1	-	-	-	-	6,279,003
Net unrealised loss on foreign exchange		(2,623)	(1,099,397)	-	-	6,279,002	6,279,003
Property, plant and equipment written off		36,240,988	-	760,373	-	2,680,962	1,578,942
Reversal of impairment losses on trade receivables		(70,000)	-	-	-	-	37,001,361
Expenses relating to low value assets and short-term leases		8,047,918	1,173,479	1,010,418	-	(1,413,858)	8,817,957

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

- (a) Inter-segment revenue are eliminated on consolidation.
- (b) Inter-segment income and expenses are eliminated on consolidation.
- (c) The following table provides an analysis of the Group's revenue by products:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2023				
Sales of fibreboard	200,019,711	450,531,261	114,698,766	765,249,738
Sales of furniture parts	29,955,997	-	-	29,955,997
Sales of urea formaldehyde concentrate and adhesive products	14,987,947	-	-	14,987,947
Sales of wood pellet	70,067,544	-	-	70,067,544
Others	822,729	-	-	822,729
	315,853,928	450,531,261	114,698,766	881,083,955
2022				
Sales of fibreboard	328,534,402	496,864,882	112,615,651	938,014,935
Sales of furniture parts	108,659,267	3,150,718	-	111,809,985
Sales of urea formaldehyde concentrate and adhesive products	12,582,682	-	-	12,582,682
Sales of wood pellet	39,564,818	-	-	39,564,818
Others	713,801	-	-	713,801
	490,054,970	500,015,600	112,615,651	1,102,686,221

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

	2023 RM	2022 RM
Intangible assets	-	36,358
Property, plant and equipment	95,003,692	29,950,968
Right-of-use assets	890,121	3,480,650
	95,893,813	33,467,976

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SEGMENT INFORMATION (cont'd)

(e) Geographical information

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

	2023 RM	2022 RM
Revenue from sales to external customers by location of the customers		
United States	59,130,916	174,173,732
Africa	66,061,558	126,227,864
Europe	9,976,003	6,992,220
Far East Asia	84,427,221	51,460,900
Middle East	390,587,472	383,786,991
South Asia	4,051,297	2,508,986
South East Asia	266,849,488	357,535,528
	881,083,955	1,102,686,221

(ii) The following is the analysis of non-current assets other than financial instruments, deferred tax assets and goodwill on consolidation, which is analysed by the Group's geographical location:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2023				
Property, plant and equipment	515,175,111	221,787,439	114,503,177	851,465,727
Right-of-use assets	32,474,622	-	1,805,058	34,279,680
Biological assets	40,500,000	-	-	40,500,000
Other intangible assets	-	70,214	-	70,214
Total non- current assets	588,149,733	221,857,653	116,308,235	926,315,621
2022				
Property, plant and equipment	514,345,145	226,443,736	62,877,721	803,666,602
Right-of-use assets	33,950,937	-	1,637,896	35,588,833
Biological assets	40,000,000	-	-	40,000,000
Other intangible assets	-	75,103	-	75,103
Total non- current assets	588,296,082	226,518,839	64,515,617	879,330,538

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. CAPITAL MANAGEMENT

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

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, lease liabilities and trade and other payables, less deposits, cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group and the Company.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loans and borrowings	237,735,525	147,270,696	46,786,246	34,245,452
Lease liabilities	2,189,833	2,786,743	593,929	130,575
Trade and other payables	107,527,364	89,552,387	21,869,567	16,212,540
Deposits, cash and bank balances	(199,568,670)	(116,640,561)	(54,762,640)	(55,197,456)
Net debt/(cash)	147,884,052	122,969,265	14,487,102	(4,608,889)
Equity attributable to the owners of the Company				
Total equity	996,125,334	1,012,117,064	783,282,970	751,396,567
Capital and net debt	1,144,009,386	1,135,086,329	797,770,072	746,787,678
Gearing ratio	13%	11%	2%	*

* Not meaningful as the Company is in net cash position.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **KUO JEN CHIU** and **MARY HENERIETTA LIM KIM NEO**, being two of the directors of Evergreen Fibreboard Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 81 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

.....
KUO JEN CHIU
Director

.....
MARY HENERIETTA LIM KIM NEO
Director

Batu Pahat

Date: 16 April 2024

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **LEONG TING SIONG**, being the officer primarily responsible for the financial management of Evergreen Fibreboard Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 81 to 152 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

.....
LEONG TING SIONG
MIA Membership No.: 20345

Subscribed and solemnly declared by the abovenamed at Batu Pahat in the State of Johor Darul Ta'zim on 16 April 2024.

Before me,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Evergreen Fibreboard Berhad, which comprise the statements of financial position as at 31 December 2023 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 material accounting policy information, as set out on pages 81 to 152.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Group

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

The Group and the Company have significant balances of property, plant and equipment relating to their manufacturing operations in Malaysia. There is a risk the future performance of the assets may not lead to their carrying values being recoverable in full and the directors are required to determine the recoverable amounts of these assets.

We focused on this area because the Group's determination of recoverable amount requires the exercise of significant judgement to be made by the directors, especially in determining appropriate valuation methods and the key assumptions used in the valuations and the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd) (Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

Property, plant and equipment (Notes 4(a) and 5 to the financial statements) (cont'd)

Our audit response:

Our audit procedures included, among others:

Fair value less costs of disposal

- understanding the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation;
- reading the valuation reports for all significant property, plant and equipment and discussing with external valuers and directors on their valuation approach and the significant judgements made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- understanding the relevance of the key input data used by the external valuers.

Value-in-use

- comparing the actual results with previous budget to understand the performance of the business;
- discussing with the directors on their assessment and consideration of the current economic and business environment in relation to key assumptions made;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Inventories (Notes 4(b) and 14 to the financial statements)

The Group and the Company have significant inventories as at 31 December 2023 which include certain amounts of inventories that have been kept for more than 1 year. The directors are required to perform an assessment to determine whether these inventories are stated at the lower of cost and net realisable value.

We focused on this area because the review of saleability and valuation of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- observing year end physical inventory count to observe physical existence and condition of the inventories;
- checking subsequent sales and evaluating directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with directors on whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd) (Incorporated in Malaysia)

Key Audit Matters (cont'd)

Group (cont'd)

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

The Group has a significant balance of biological assets as at 31 December 2023. The biological assets comprise tropical wood trees and rubber trees. The biological assets of the Group are required to be measured at fair value less costs to sell. The fair value of the tropical wood trees and rubber trees have been determined based on valuations by an external independent valuer.

We focused on this area because it requires the exercise of significant judgement to be made by the directors, especially in determining the value on remaining lifespan and after lifespan of rubber trees and estimated remaining acres of forest land. In making the judgement, the directors evaluate based on past experience and by relying on the work of specialists. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- comparing the key inputs to the model, including commodity prices and yield against market data;
- testing the mathematical computation of the discounted cash flow calculations; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Company

Investment in subsidiaries (Notes 4(d) and 11 to the financial statements)

The Company has a significant balance of investment in subsidiaries. At the end of the financial year, the directors are required to determine if there is any indication of impairment exists for its investment in subsidiaries. If such an indication of impairment exists, the directors are required to determine the recoverable amount of this investment.

We focused on this area because the Company's determination of the recoverable amount requires significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

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 understand the performance of the business;
- discussing with the directors on their assessment and consideration of the current economic and business environment in relation to key assumptions made;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD (Cont'd) (Incorporated in Malaysia)

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

- 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2026 J
Chartered Accountant

Kuala Lumpur

Date: 16 April 2024

STATEMENT OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Total Number of Issued Shares : *844,666,785 ordinary shares
Voting rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	Percentage of Shares
Less than 100	491	5,273	0.00
100 - 1,000	730	369,941	0.04
1,001 - 10,000	3,623	20,558,979	2.43
10,001- 100,000	2,881	99,791,589	11.81
100,001 to less than 5% of issued shares	610	457,464,991	54.16
5% and above of issued shares	3	266,476,012	31.56
	8,338	844,866,785	100.00

* excluding a total of 1,757,200 ordinary shares bought back and retained as treasury shares.

THIRTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares	Percentage of Shares
1. KUO JEN CHANG	142,355,865	16.85
2. KUO JEN CHIU	124,120,141	14.69
3. KUO HUEI CHEN	32,526,790	3.85
4. LAI CHEE CHONG	17,663,600	2.09
5. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	17,508,870	2.07
6. KUO JEFFREY S	17,320,865	2.05
7. KUO JUSTIN S	17,320,865	2.05
8. KUO HENRY S	17,320,864	2.05
9. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG PAIK PHENG (PB)	16,015,200	1.90
10. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	10,177,600	1.20
11. HO POH TUCK	8,600,000	1.02
12. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR MGF CAPITAL LIMITED	7,780,000	0.92
13. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	7,128,950	0.84
14. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG AH CHAI (SMART)	7,000,000	0.83

STATEMENT OF SHAREHOLDINGS (Cont'd)

AS AT 29 MARCH 2024

THIRTY LARGEST SHAREHOLDERS (Cont'd)

Shareholders	Number of Shares	Percentage of Shares
15. CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	6,577,200	0.78
16. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	6,000,000	0.71
17. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (8055840)	5,570,000	0.66
18. SUSY DING	5,442,450	0.64
19. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	5,190,800	0.61
20. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	4,801,200	0.57
21. LIM PEI TIAM @ LIAM AHAT KIAT	3,990,000	0.47
22. CHEE CHEN KAI	3,704,600	0.44
23. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG (MY3821)	3,600,000	0.43
24. CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	3,509,601	0.42
25. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,450,000	0.41
26. WONG YEE HUI	2,900,000	0.34
27. KUO HUEI CHEN	2,526,789	0.30
28. TAN AH SIM @ TAN SIEW WAH	2,520,000	0.30
29. CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM	2,419,200	0.29
30. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR ROYAL BANK OF CANADA HONG KONG BRANCH (CLT A/C-FOREIGN)	2,400,000	0.284

STATEMENT OF SHAREHOLDINGS (Cont'd)

AS AT 29 MARCH 2024

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		Deemed Interest	
	Number of Shares	% of Shares	Number of Shares	% of Shares
1. KUO JEN CHANG	142,355,865	16.85	159,173,720 ⁽¹⁾	18.84
2. KUO JEN CHIU	124,120,141	14.69	177,409,444 ⁽¹⁾	21.00
3. KUO HUEI CHEN	35,053,579	4.15	266,476,006 ⁽¹⁾	31.55

Notes:

⁽¹⁾ Deemed interested by virtue of the interest of his or her siblings.

DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 59 of the Companies Act 2016, the following are the shareholdings of the Directors of the Company:

Directors	Direct Interest		Deemed Interest	
	Number of Shares	% of Shares	Number of Shares	% of Shares
1. KUO JEN CHANG	142,355,865	16.83	159,173,720 ⁽¹⁾	18.82
2. KUO JEN CHIU	124,120,141	14.67	177,409,444 ⁽¹⁾	20.98
3. MARY HENERIETTA LIM KIM NEO	6	0.00	0	0.00
4. LAW NGEE SONG	0	0.00	0	0.00
5. KUAN KAI SENG	0	0.00	0	0.00
6. NIRMALA A/P DORAISAMY ⁽²⁾	0	0.00	0	0.00
7. TAN MUI PING	0	0.00	0	0.00
8. HONG KIM HEONG ⁽³⁾	0	0.00	0	0.00

Notes:

⁽¹⁾ Deemed interested by virtue of the interest of his or her siblings.

⁽²⁾ Nirmala A/P Doraisamy has resigned wef 2 October 2023.

⁽³⁾ Hong Kim Heong was appointed wef 2 January 2024.

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We _____

being a member/member of Evergreen Fibreboard Berhad, hereby appoint (1) Mr./Ms. _____

_____ (NRIC No. _____) or

_____ or

failing whom, _____ (NRIC No. _____) of

* (2) Mr./Ms. _____ (NRIC No. _____) of

_____ or

failing whom, _____ (NRIC No. _____) of

or failing *him/her, the *Chairman of the meeting as* my/our proxy to vote for *me/us and on *my/our behalf at the **Thirty-third Annual General Meeting** of the Company to be held Online Meeting Platform via Boardroom Share Registrars Sdn. Bhd. at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on **Monday, 27 May 2024 at 9.00 a.m.** and, at any adjournment thereof.

The proportion of *my/our proxies are as follows:

(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) _____) %

First Proxy (2) _____) %

*My/Our proxy is to vote as indicated below: -

Agenda	Resolution	For [#]	Against [#]
Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors	1		
Re-election of Mr. Kuo Jen Chiu – Clause 109	2		
Re-election of Mr. Jonathan Law Ngee Song – Clause 109	3		
Re-election of Ms. Hong Kim Heong – Clause 116	4		
Approval of Non-Executive Directors' fees and allowances up to an amount of RM420,000 for the financial year ending 31 December 2024.	5		
Approval of authority to issue shares pursuant to Sections 75(1) & 76(1)	6		
Approval of Proposed Authority for the Company to purchase its own shares of up to 10%	7		
Approval to designate Mr. Kuan Kai Seng as Independent Director	8		

(#) 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.

(*) Please delete where not applicable

As witness my hand this ____ day of _____ 2024

Signature of Member(s)

NOTES: -

- Members Entitled To Attend: Only members whose names appear in the Record of Depositors as at 20 May 2024 shall be entitled to attend the meeting. 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.
- 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.
- 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.
- 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.
- 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.
- The instrument appointing a proxy must be deposited at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 26 April 2024.

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Affix Stamp

The Secretary
EVERGREEN FIBREBOARD BERHAD (Reg No: 199101006810) (217120-W)
11th Floor, Menara Symphony,
No: 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor.

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Evergreen Fibreboard Berhad
Registration No. 199101006810 (217120-W)

PLO 22 Parit Raja Industrial Estate, 86400 Parit Raja,
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www.evergreengroup.com.my