

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP & EFFECTIVENESS

The Board of Directors (“BOD”) is aware of its obligations to its shareholders and other stakeholders for the long-term success of the Company and the delivery of sustainable value. In discharging its fiduciary duties and leadership functions, the BOD sets the Group’s Strategic Objectives and oversees the needed resources including reviewing management performance in view of achieving the Group’s set objectives.

I. Board Responsibilities

1.1 The Board deliberates and sets the Group’s Core Values & Strategic Objectives that includes Key Operational matters and through established policies and procedures: -

- a) approves and monitors the implementation of the Group’s Corporate Management Plans that is linked to the set strategic financial and non-financial objectives of the group;
- b) oversees the performance of the Group’s business through regular updates by the Executive Director on individual company / business units financial and non-financial performance especially on the overall economic and business situation;
- c) review the ethical standards set in the Code of Conduct on appropriate behaviors and seek Executive Director’s assurance on any non-adherence on a periodic basis;
- d) ensures that a sound Risk Management Framework is being put in place through half yearly updates by Management on the Risk Identifications done and the new emerging risk for action to be taken.
- e) reviewing adequacy of the Internal Control (Policies and Procedures) to determine if System is in place and advise Management of improvements needed;
- f) review the succession plans for executive directors, key officers and senior management including seeing to the appropriate training needed; and
- g) ensures that a two – way communication with shareholders and other stakeholders are in place.

1.2 Our Chairman, Mr. Jonathan Law Ngee Song is an Independent Non-Executive Director and his main role and responsibilities lies with Board matters. He possesses the Leadership Skills and is able to provide the Board with directions and Strategic Insights when needed. Mr Law assumes a leadership figure in the Board and represents the same to shareholders of the Company.

1.3 The position and function of our Chairman had been pre- determined on his appointment and therefore he plays an entirely separate role from the President / Chief Executive Officer.

1.4 The Company is currently being supported by a qualified and competent company secretary, Madam Leong Siew Foong (MAICSA No: 7007572) and she is capable of carrying out her duties attached to the post.

1.5 All respective Directors receives their meeting materials containing minutes of previous meeting and agenda of the coming meeting in advance of 5 (five) to 6 (six) days prior to meeting date.

1.6 Meeting minutes are prepared and circulated via electronic mail to all directors in draft form within 14 (fourteen) days from meeting date. The amended draft minutes are circulated again via electronic mail and attached with the Board papers in readiness for signing at each subsequent meeting.

1.7 The revised Board Charter has clearly designated the respective roles and responsibilities of the Board and Board Committees, Individual Directors and Key Officers of the Company. The Board Charter has clearly outlined issues and decisions which is being reserved for the Board and the Board Committee(s) including those delegated to Individual Directors and Key Officers of the Company.

1.8 The revised Code of Conduct & Business Ethics (“the Code”) was established to formalize the ethical standards expected in the Group as well as to enhance corporate governance practices towards a culture of Integrity, Transparency and Accountability.

1.9 For easy accessibility, this “Code” or any revision to it, has been made available on the Company’s website and also in the Company’s Policies & Procedures shared folders in the cloud server that is accessible to all companies in the Group at any point in time.

1.10 A Policy on Whistleblowing was established by the Board and is being reviewed together with Management and made available on the Company’s website.

II. Board Composition

2.1 Our Board’s decisions are being made objectively in the best interests of the Group/ Company by taking into consideration the business perspectives and the industry economic insights at all times.

2.2 With our current board’s composition of 9 (nine) members that has wide expertise in the field of Audit, Accounting, Economics, Legal, Risk, Manufacturing and Administration, they objectively & independently deliberate for views and decision making on all Board’s decision at all times.

2.3 The Board is currently reviewing the size of the board and its composition and targets to achieve 50% of independent directors on board by the financial year 2019 to enhance the oversight of management.

2.4 The Company’s current practice on retaining an independent director beyond the cumulative term of nine years is by obtaining shareholder’s approval commencing the tenth year onwards and justifying review carried out in determining any impairment to the independence of said director (s).

2.5. In line Practice 4.2 of the Malaysian Code on Corporate Governance, the Company shall continue to obtain shareholder’s approval for retaining Independent directors beyond the 9th year onwards and shall use the two -tier voting process to seek annual shareholders’ approval in retaining an Independent Director beyond the 12 years.

2.6. The recruitment and appointment of Board Members have been tasked by the Board to the Nomination Committee and guidelines to the selection of Board Members are determined in the Terms of Reference of the Nomination Committee. The criteria such as the required skills for the boardroom, relevant experience, age, background culture and gender have been set to ensure a mixture of skill sets that is able to contribute to different ideas in board’s discussion and decision are being set.

2.7 The recruitment and appointment of Senior Management / Key Officers of the Group is being carried out by the Executive Directors and the basis of selection are on the required skills and experience based on their job scope.

2.8. The Company currently has 2 (two) women Directors on board and the Board remains committed in maintaining female representation on Board. Hence, the Nomination Committee will continue to recommend appointments to the Board based on diversity measured against meritocracy and other objective criteria such as skills and experience.

2.9 As to the gender diversity for Senior Management, the Board is also committed to strengthening the pipeline of senior female executives within the Group / business units and has taken steps to ensure that there is no barrier to women succeeding at the highest levels within the Group.

2.10 In sourcing and identifying candidates for the Board, the Nomination Committee obtains recommendation of potential candidates from existing board members, management, stakeholders and at the same time potential candidates are being sourced from the Women Directors Registry and the Malaysian Directors Academy (MINDA).

2.11 As required under Paragraph 15.08A(3)(b) of Bursa Securities Listing Requirements on the activities carried out by the Nomination Committee in discharging of its duties for the financial year is reported on page 44 of this Annual Report.

2.12 Our Nomination Committee is currently being chaired by our Senior Independent Non-Executive Director, Mr Kuan Kai Seng and the committee members comprises of all Independent Non-Executive Directors. Executive Directors attends only when being invited by the committee for clarification on matters.

2.13 The Succession Planning of the Chairman, Chief Executive Officer, Chief Operating Officer, Executive Director and Independent Directors are under the responsibility of the Nomination Committee whereby the Key Officers and Senior Management is under the responsibility of the Executive Directors.

2.14 The activities of the Nomination Committee on the assessment undertaken in respect of the board, Committees and Individual Directors are being reported in the Nomination Committee's Report on page 44 of this Annual Report.

2.15 Trainings attended by Individual Directors in 2017 are as follows:-

Director	Training Attended
Henry S. Kuo	Practical Accounting Principles and Practices
Jonathan Law Ngee Song	New Companies Act 2016 : Impact and Compliance of New Laws & Regulations
Kuan Kai Seng	Impact of the New Companies Act 2016 on Directors and Shareholders The Malaysian Code on Corporate Governance - Updates from Bursa Malaysia Securities Berhad & The Companies Act 2016
Kuo Jen Chang	The Malaysian Code on Corporate Governance - Updates from Bursa Malaysia Securities Berhad & The Companies Act 2016

Kuo Jen Chiu	Transfer Pricing in Malaysia The Malaysian Code on Corporate Governance - Updates from Bursa Malaysia Securities Berhad & The Companies Act 2016
Mary Henerietta Lim	The Malaysian Code on Corporate Governance - Updates from Bursa Malaysia Securities Berhad & The Companies Act 2016 Annual Report-Essential information the Stakeholders want to know Transfer Pricing in Malaysia Advocacy Session to Enhance Quality of Management Discussion & Analysis Business Continuity Management
Yap Peng Leong	Companies Act 2016 New Dynamics & Impact Valuation in Practice for Transactions and Reporting GRI Certified Training Course Audit Committee Conference 2017-Making an Impact SDS Business Summit 2017 Share Capital at No Par Value, Share Buybacks and Redeemable Preference Shares : Accounting Implications A Comprehensive Workshop on Deferred Taxation Integrating an Innovation Mindset with Effective Governance

III. Remuneration

3.1 The Remuneration Committee has established a framework together with the policies and procedures to determine the remuneration of Directors and Key Officers / Senior Management.

3.2 Our Remuneration Committee consist of three (3) Independent Non -Executive Directors and the Chairman of the Remuneration Committee is our Independent Director, Mr. Jonathan Law Ngee Song. The main purpose of the Remuneration Committee is for reviewing the Independent Non-Executive Directors' Fees and the Remuneration of Executive Directors including Key Officers of the Company to ensure that they are being appropriately remunerated for their contribution. The Remuneration Committee has written Terms of Reference which deals with its authority and duties and they are being disclosed on the Company's website.

3.3 The Company has in place a formal framework on fees and allowances for its Non-Executive Directors which was established by the Remuneration Committee and approved by the Board in year 2016. In 2017, the framework was reviewed without any revision. This framework on fees and allowances takes consideration the responsibilities of each individual director their role and their contribution to the board as well as in the board committees that they sit in.

3.4 A remuneration framework for Executive Directors and Key Officer / Senior Management was established and put in place in 2016. In 2017, this framework was reviewed and revised according to the economic situation and the anticipated performance of the Group in the current financial year. This framework is based on the Financial Performance and Key Results Area set for each business units and takes into account the performance of individual Executive Directors and Key Officers and their contribution towards the financial and non- financial performance of the Group as a whole. The policies and procedures on this remuneration framework is made available on the Company's website.

Type of Fee	Company	Allowance/Benefits	From Subsidiary
Board			
Jonathan Law Ngee Song	RM82,000	RM7000	NIL
Kuan Kai Seng	RM47,000	RM2500	NIL
Yap Peng Leong	RM47,000	RM2500	NIL
Henry S Kuo	RM47,000	RM2500	NIL
Audit Committee			
Yap Peng Leong	RM20,000	NIL	NIL
Kuan Kai Seng	RM10,000	NIL	NIL
Jonathan Law Ngee Song	RM10,000	NIL	NIL
Henry S Kuo	RM4,200	NIL	NIL
Nomination Committee			
Kuan Kai Seng	RM5,000	NIL	NIL
Jonathan Law Ngee Song	RM3,600	NIL	NIL
Yap Peng Leong	RM3,600	NIL	NIL
Remuneration Committee			
Jonathan Law Ngee Song	RM5,000	NIL	NIL
Kuan Kai Seng	RM3,600	NIL	NIL
Yap Peng Leong	RM3,600	NIL	NIL

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

Director	From Company	From Subsidiary
Kuo Wen Chi	RM853,008	RM117,067
Kuo Jen Chang	RM1,279,389	RM647,609
Kuo Jen Chiu	RM1,963,876	RM88,800
Mary H. Lim KN	RM526,152	NIL

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

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

1. The Chairman of our Audit Committee is Mr Yap Peng Leong who was appointed on the 4th May 2016 and he is not holding the position of the Board Chairman.

2. As part of its remit, the Audit Committee keeps under review the objectivity, independence and effectiveness of the External Auditor. The Committee has approved a policy on appointment of former key audit partners and former employees of the external auditor firm to the company. Under this policy the external auditor's key audit partners will not be offered employment or be appointed as a member of the audit committee by the Company or any of its related companies within two years of undertaking any role on the audit.

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.

3. Policies and Procedures on evaluation of external auditors has been put in place by the Audit Committee together with the Nomination Committee in order to assess the suitability, objectivity and independence of the external auditors. The process of evaluation of the External Auditors is headed by the Audit Committee Chairman together with the Nomination Committee on a yearly basis.

4. Our Audit Committee comprises solely of 3 (three) Independent Directors and all of whom are Non-Executive Directors ("NED") which satisfy the test of independence under Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"); Paragraph 15.09(1) (a) and (b).

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

II. Risk Management and Internal Control Framework

1. Our Risk Management Committee ("RMC") was first established on 7 January 2008 and based on the Malaysian Code on Corporate Governance, a Risk Management Committee of the Board was re-established on 18 August 2017 comprising a majority of Independent Directors.

2. The Enterprise Risk Management Framework established is guided by the Committee of Sponsoring Organizations of the Treadway Commission Integrated System ("COSO") that manages risks associated with the businesses. It identifies potential risk, assess the severity of risk, treats risk by putting controls and monitors and manages risk to be within its appetite.

3. The activities of the Risk Management Committee for the financial year are being reported in the Statement of Risk Management & Internal Control on pages 37 to 39 of this Annual Report.

4. The activities carried out by the Internal Auditors for the current financial year are reported in the Audit Committee Report on pages 40 to 43 of this Annual Report.

5. The Group has outsourced its internal audit functions to BDO Governance Advisory Sdn. Bhd ("BDO") to review and assess the adequacy and integrity of internal control system.

6. The function of the Internal Auditor is to assist the Risk Management Committee of the Board in discharging their responsibilities by reviewing the adequacy and the integrity of the Group's internal control systems in place and on the Group's level of compliance with applicable laws, regulations, rules, directives and guidelines.

7. The Internal Auditors reports directly to the Audit Committee and the Internal Auditor take instruction from the Audit Committee on areas to be audited from time to time. All Internal Audit

reports on the findings, recommendations together with management actions are presented to the Audit Committee by the Head of Internal Audit first and subsequently the Chairman of Audit Committee makes known to the Board.

8. The Internal Auditor and their personnel are free from any relationships or conflicts of interest with the Group including the Senior Management that could impair their independence.

9. The Internal Audit Function (“IAF”) is carried out in accordance with the International Professional Practice Framework (“IPPF”) of The Institute of Internal Auditors Malaysia by an independent professional firm, namely BDO Governance Advisory Sdn Bhd. The IAF team is headed by an Executive Director who possesses the relevant qualification and experience and is assisted by three (3) staff including a manager.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

1. The Board has established a Policy on Shareholders’ Communication for the Company and periodically reviews this Policy, including measures for receiving feedback from the Company’s Shareholders / Stakeholders through the Company’s website feedback page.

2. In maintaining a transparent and regular communication with shareholders, our Group’s Investor Relation Officer meets up with certain principal shareholders to understand their concerns and views. Their concerns and views are then communicated to the Board to ensure that the Company is mindful of its shareholders’ sentiment and concerns that arises from time to time.

3. To ensure that information is fairly communicated to all shareholders, the Company maintains a corporate website at www.evergreengroup.com.my. This website contains information on the Group as well as all financial and non-financial announcements made to the Stock Exchange including any presentation given / communicated to shareholders in road shows are being updated periodically and it is accessible by all shareholders and the general public at all times.

4. In this same website, shareholders and the general public are able to send in their feedbacks on any matter(s) that may be a concern.

II. Conduct of General Meetings

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

2. The Company’s Annual General Meeting is the principal forum for dialogue with shareholders and it is also a platform where Directors demonstrate their accountability by being present and available to respond to any queries and undertake to provide sufficient clarification on issues and concerns raised by shareholders.

3. The Company’s Annual General Meeting voting process is currently carried out through the manual balloting and the Board will further understand the available technologies prior to implementing electronic balloting in 2021.

The Board of Directors has approved this statement on 6 April 2018.