EVERGREEN FIBREBOARD BERHAD

Registration No.199101006810 (217120-W)

ANNUAL REPORT 2020

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirtieth Annual General Meeting of Evergreen Fibreboard Berhad** will be held on:

Day and Date	:	**Friday, 25th June 2021**
Time	:	**9.00 a.m.**
Venue	:	**Iskandar Ballroom, Level 3A, JEN Johor Puteri Harbour by Shangri-La, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia.**

A G E N D A

ON ORDINARY BUSINESS (ORDINARY RESOLUTIONS)

1. **On Audited Financial Statement for Financial Year 2020**
To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.

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

3. **On Re-Election of Retiring Directors**
To re-elect the following Directors who retire during the year in accordance with Regulation 109 of the Company's Constitution:

   a) Mr. Kuo Jen Chiu — **RESOLUTION 2**

   b) Ms. Nirmala A/P Doraisamy — **RESOLUTION 3**

4. **On Approval of Non-Executive Directors' Fees and Allowance** — **RESOLUTION 4**
To approve the payment of Non-Executive Directors' Fees and Allowances up to an amount of RM450,000 for the financial year ending 31 December 2021.

ON SPECIAL BUSINESS (ORDINARY RESOLUTIONS)
To consider and, if thought fit, to pass the following ordinary resolutions: -

5. **On Authority to Allot Shares - Sections 75(1) & 76(1)** — **RESOLUTION 5**
"**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 of 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 20% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that the Directors, be and hereby empowered to obtain necessary approvals for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority conferred by this ordinary resolution shall commence upon of 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."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

6. **On Proposed Renewal of Share Buy-Back Authority** **RESOLUTION 6**
Proposed Renewal of Share Buy-Back Authority for the Company to purchase its own shares of up to ten percent (10%) of the total number of issued shares of the Company.

"**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."

RESOLUTION 7

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

SPECIAL RESOLUTION 8

8. **On Amendments to the Constitution**
Proposed Amendments to the existing Constitution of the Company.

"**THAT** the proposed alterations, modifications, amendments or deletion to the Constitution of the Company as contained in Appendix A be hereby approved **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing for and on behalf of the Company."

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

9. **On Any Other Business**
   To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

LEONG SIEW FOONG, MAICSA No. 7007572 (CCM PC No.: 202008001117)
SANTHI A/P SAMINATHAN, MAICSA No. 7069709 (CCM PC No.: 201908002933)
Company Secretaries

Johor Bahru
25 May 2021

NOTES: -

1. A member who is entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. The proxy need not be a Member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the general 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.

ORDINARY BUSINESS: -

On the Audited Financial Statements for Financial Year 2020

1. The audited financial statements for the financial year ended 31 December 2020 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 will not be put for voting.

On Appointment of External Auditors

2. Ordinary Resolution 1, pursuant to Section 273(b) of the Act, the term of office of the present External 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 service until the conclusion of the 31st AGM. The re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. This proposed Ordinary Resolution 1, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the External Auditors.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

On Re-election of Directors who retire in accordance with Regulation 109 of the Company's Constitution

3. Ordinary Resolutions 2 & 3, Regulation 109 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Regulation 109 of the Constitution provided that all Directors shall retire from office once every three (3) years and shall be eligible for re-election.

   The Nomination Committee has assessed the performance of these Directors seeking for re-election based on salient criteria of their contribution to the Board's decision making and their individual performance in their roles and responsibilities to the Company/Group.

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

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

On Approval of Non-Executive Directors' Fees and Allowances

4. Ordinary Resolution 4, pursuant to Section 230(1) of the Companies Act, 2016, the fees and allowance 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.

   The Fee, Allowance and Benefits payable to the Non-Executive Directors up to an amount of RM450,000 is for the period of 1 January 2021 to 31 December 2021. The Directors' Fees, Allowance and Benefits which are estimated not to exceed RM450,000 is basically the fees and meeting allowances for Board and Board Committee meetings to be held during the financial year 2021.

   The Board shall seek shareholders' approval at the next AGM in the event the approved 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 in financial year 2020 are disclosed on page 32 of this Annual Report 2020.

ON SPECIAL BUSINESS: -

On Authority to Allot Shares - Sections 75(1) & 76(1)

5. Ordinary Resolution 5, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

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

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

   Bursa Malaysia Securities Berhad ("Bursa Securities") has issued letters to listed issuers on 17, 24 and 26 March 2020 on their assistance and support in these trying and challenging times due to Covid-19 pandemic.

   Amongst the relief measures introduced by Bursa Securities, Bursa Securities reckoned listed issuers' need to raise funds quickly to ensure the long-term sustainability and the interest of the listed issuers and shareholders. Hence, Bursa Securities, as an interim measure, allows listed issuers to seek higher mandate of up to 20% of the total number of issued shares (excluding treasury shares) for issue of new securities until 31 December 2021.

   Hence, the Company is renewing this mandate for 20% of the total number of issued shares (excluding treasury shares) at the forthcoming AGM.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

On Proposed Renewal of Share Buy-Back Authority

6. Ordinary Resolution 6, if passed, will empower the Directors to purchase the Company's shares 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 RM352,824,594 as at 31 December 2020. 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 25 May 2021.

On Designation to Remain as Independent Director

7. Ordinary Resolution 7, Mr. Jonathan Law Ngee Song is an Independent Director of the Company who has served the Company for more than nine years.

   In line with the Malaysian Code on Corporate Governance, the Nomination Committee has assessed his independence as defined in Bursa Securities Listing Requirements.

   Mr. Jonathan Law 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 provide greater clarity, enhance administrative efficiency and ensure compliance with the relevant statutory and regulatory requirements so as to update in accordance with the latest development of governance.

On Proposed Amendments to the Existing Constitution of the Company

8. Special Resolution 8, The Company is proposing amendments to its existing Constitution to provide greater clarity, enhance administrative efficiency and ensure compliance with the relevant statutory and regulatory requirements so as to update in accordance with the latest development of governance. The proposed amendments are attached hereto and identified as Appendix A, which is circulated together with the Notice of 30th AGM dated 25 May 2021, shall take effect once the Proposed Special Resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the said AGM.

On Personal Data Protection Measures

Please refer to the Company's Compliance with the Personal Data Protection Act 2010 statement found on page 50 of the Annual Report 2020.

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 on any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

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

CORPORATE INFORMATION

Total Number of Issued Shares and Market Capitalisation

The total number of issued shares of Evergreen Fibreboard Berhad as at 31 December 2020 was 846,423,985 (Including 622,000 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 46 sen giving a market capitalisation of RM389,355,033 on the Main Market of Bursa Malaysia Securities.

Website

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

Company Secretaries

Ms. Leong Siew Foong (MAICSA NO. 7007572) (CCM PC No.: 202008001117)
Ms. Santhi A/P Saminathan (MAICSA NO. 7069709) (CCM PC No.: 201908002933)

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

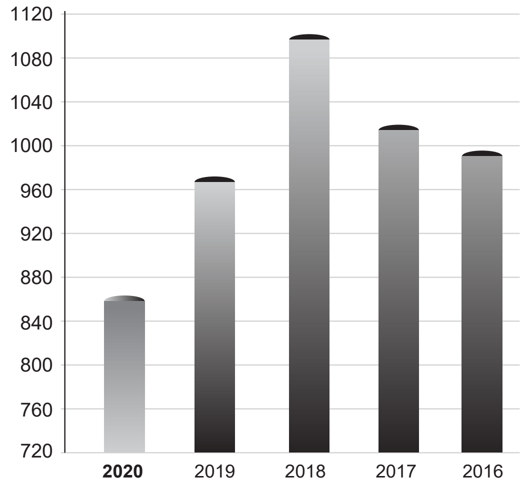
GROUP'S FINANCIAL HIGHLIGHTS

RM MILLION	2020	2019	2018	2017	2016
FINANCIAL RESULTS					
Revenue	860	968	1,106	1,024	998
Gross Profit Margin (%)	15.6%	13.0%	17.2%	22.0%	26.8%
(Loss)/Profit Before Tax	(99)	(42)	26	68	93
(Loss)/Profit After Tax	(101)	(42)	16	47	68
(Loss)/Profit Attributable to Owners of the Company	(103)	(42)	16	45	72
Adjusted EBIT	16	(26)	30	97	105
Adjusted EBITDA **	92	52	103	160	168
FINANCIAL POSITION					
Total Assets	1,452	1,578	1,589	1,591	1,561
Total Liabilities	430	414	403	422	409
Total Net Assets	1,022	1,164	1,186	1,169	1,152
Share Capital	345	345	345	345	212
Total Equity Attributable to Owners of the Company	1,022	1,135	1,156	1,139	1,124
BANK BORROWINGS					
Total Borrowings	264	241	209	217	205
Cash and Bank balances and Short-Term Fund	122	105	107	121	160
Total Net Borrowings	142	136	102	96	45
SHARE CAPITAL (no. of shares '000)					
Weighted Average No. of Shares	845,802	845,802	845,885	846,002	827,152
Share Capital	846,424	846,424	846,424	846,424	846,424
Treasury Shares	622	622	622	422	422
FINANCIAL RATIOS					
EPS (sen)	(12.15)	(4.96)	1.93	5.31	8.66
Return on Shareholders' Funds (%)	(10.1%)	(3.7%)	1.4%	3.9%	6.4%
Return on Total Assets (%)	(9.0%)	(3.0%)	2.7%	6.3%	8.7%
Share Price at Year End (RM)	0.46	0.28	0.35	0.65	0.96
PE Ratio (X)	(3.8)	(5.5)	18.1	12.2	11.1
DPS (sen)	-	-	0.48	1.38	2.00
Net Assets per Share (RM)	1.21	1.38	1.40	1.38	1.39
Net Gearing Ratio (%)	13.9%	12.0%	8.1%	7.8%	3.8%
Market Capitalisation	389,355	232,767	296,248	550,176	812,567

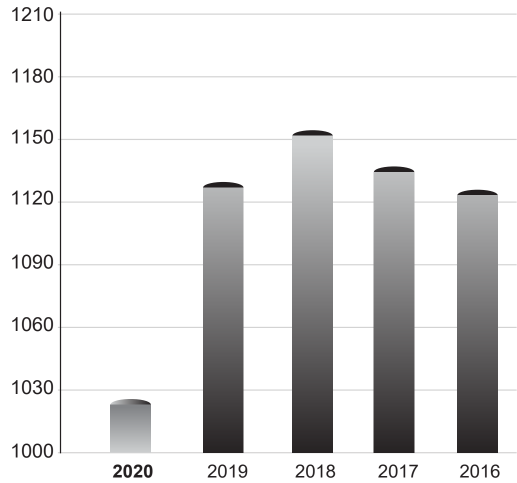
** Adjusted EBITDA - as per the Statements of Cashflows - Operating profit before changes in working capital

GROUP'S FINANCIAL HIGHLIGHTS (Cont'd)

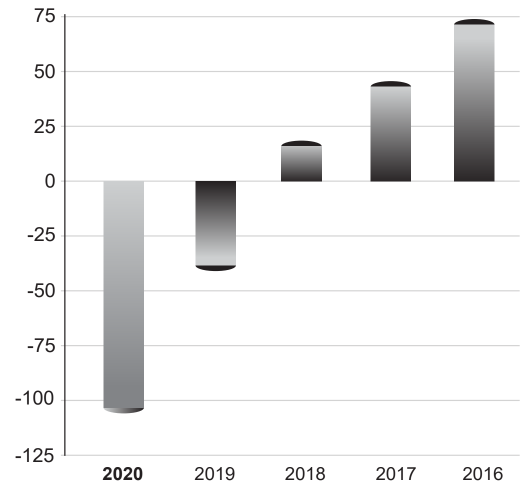
**REVENUE
(RM MILLION)**



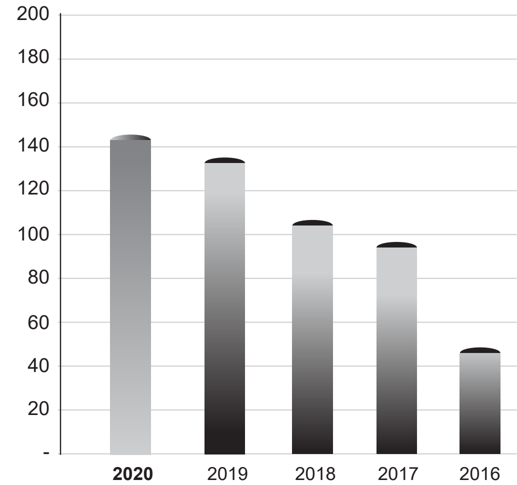
**TOTAL EQUITY
(RM MILLION)**



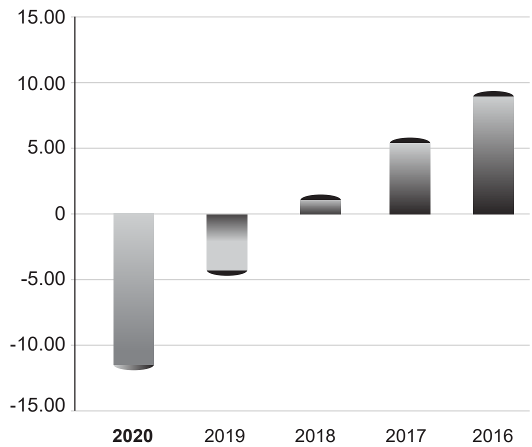
**(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS
OF THE COMPANY (RM MILLION)**



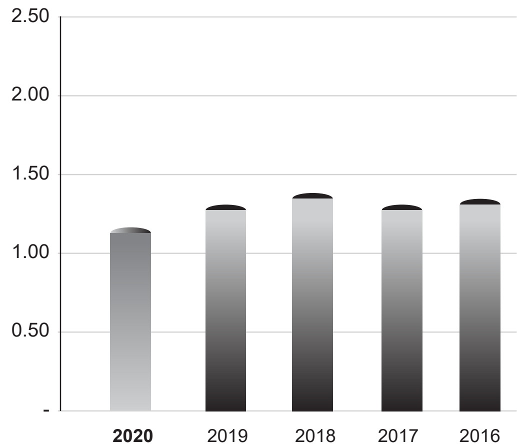
**TOTAL NET BORROWINGS
(RM MILLION)**



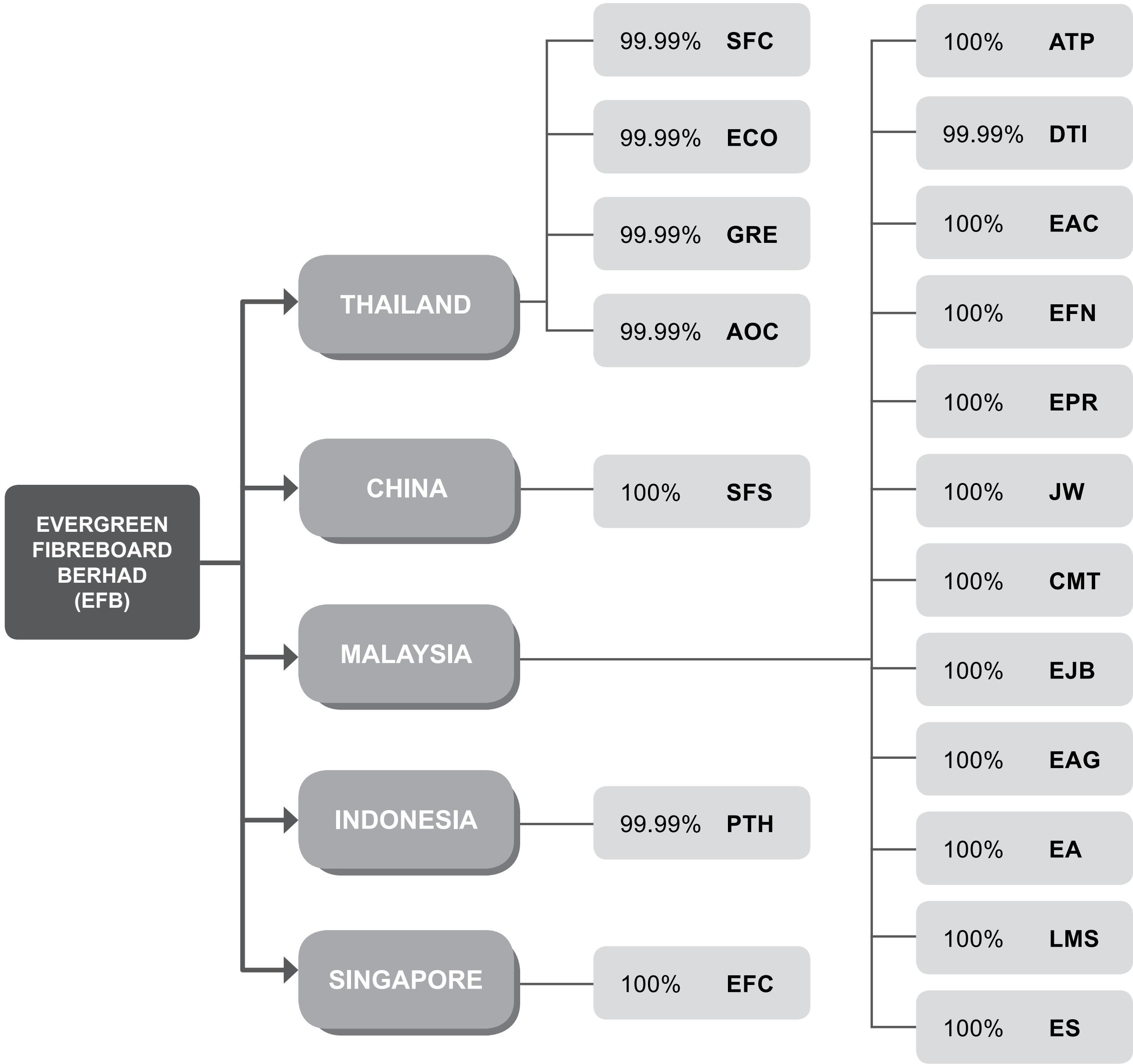
**(LOSS)/EARNINGS PER SHARE
(SEN)**



**NET ASSETS PER SHARE
(RM)**



GROUP'S STRUCTURE



MALAYSIA ABBREVIATIONS :-

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

THAILAND ABBREVIATIONS :-

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

INDONESIA ABBREVIATIONS :-

PTH PT Hijau Lestari Raya Fibreboard

CHINA ABBREVIATIONS :-

SFS – Siam Furniture (Shanghai) Co. Ltd.

SINGAPORE ABBREVIATIONS:-

EFC – Evergreen Furniture Co. Pte. Ltd

GROUP'S BUSINESS STRUCTURE

Medium Density Fibreboard

- Evergreen Fibreboard Berhad - Parit Raja, Johor
- Evergreen Fibreboard (JB) Sdn. Bhd. - Segamat, Johor
- Evergreen Fibreboard (Nilai) Sdn. Bhd. - Nilai, 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

Energy/Biomass

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

Logistics/Warehousing

- Locomotion Services Sdn. Bhd. - Butterworth, Penang

Plantation (Rubber)

- Jasa Wibawa Sdn. Bhd. - Kahang, Johor

Laminated Panel Board

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

Particleboard

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

Wooden Furniture & Wood Products

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

Property Holding

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

Marketing

- Siam Furniture (Shanghai) Co. Ltd. - China
- Everlatt Sourcing Sdn. Bhd. - Parit Raja, Johor
- Evergreen Furniture Co Pte. Ltd. - Singapore

DIRECTORS' PROFILE

JONATHAN LAW NGEE SONG,
Malaysian, Male, Age 55.
Group Independent Non-Executive Board Chairman,
Chairman of Remuneration Committee, Member of the Audit, Nomination and Risk & 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 a 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.

Directorship in other Public Listed Companies

He was on the Board of Directors of Karex Berhad between 2012 and 2020. He is also a Non-Executive Independent Director of Anglo-Eastern Plantations PLC, a company listed on the London Stock Exchange. Jonathan Law Ngee Song was appointed to the Board of Pimpinan Ehsan Berhad on 25 February 2021 and subsequently redesignated as the 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 2020

He attended 6 out of 6 Board Meetings, 5 out 5 Audit Committee Meetings, 2 out of 2 Remuneration Committee Meetings, 2 out of 2 Nomination Committee Meetings and 3 out of 3 Risk & Sustainability Management Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHANG,
Singaporean, Male, Age 58.
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 150 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 2020.

He attended 6 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUO JEN CHIU,
Singaporean, Male, Age 55.
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 150 of this Annual Report.

Family Relationship with any Directors / Major Shareholders

He is the son of Kuo Wen Chi and Hsu Mei Lan, brother of Kuo Jen Chang and Kuo Huei Chen and uncle to Henry, Justin and Jeffrey Kuo.

Conflict of Interest with the Group

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

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

None.

Number of Meetings attended for the Financial year 2020

He attended 6 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

MARY HENERIETTA LIM KIM NEO,
Malaysian, Female, Age 57.
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 2020

She attended 6 out of 6 Board Meetings.

DIRECTORS' PROFILE (Cont'd)

KUAN KAI SENG,
Malaysian, Male, Age 47.
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 2020

He attended 6 out of 6 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Nomination Committee Meetings and 2 out of 2 Remuneration Committee Meetings.

DIRECTORS' PROFILE (Cont'd)

HENRY S KUO, Ph.D.
American, Male, Age 37.
Non-Independent Non-Executive Director and Member of the Risk & Sustainability Management Committee.

Qualification

Bachelor of Science in Economics and Mathematics (Wheaton College, USA), Master of Arts in Economics (University of Illinois – Chicago, USA), Master of Philosophy (Princeton, USA) and Doctor of Philosophy (University of California – Berkeley, USA)

Working Experience

After finishing his doctorate at the University of California in Berkeley, California, he joined a New Jersey private equity firm as research analyst. He continued to conduct research on business and economic ethics, political philosophy, and international business.

Date Appointed to the Board

He was appointed as Non-Independent-Non-Executive Director on 4 March 2016.

Directorship in other Public Listed Companies

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

Interest in Securities of the Company and its Subsidiaries

Please refer to page 150 of this Annual Report.

Family Relationship with any Directors / Major Shareholders

He is the grandson of Kuo Wen Chi and Hsu Mei Lan, nephew of Kuo Jen Chang, Kuo Huei Chen, and Kuo Jen Chiu and brother to Justin and Jeffrey Kuo.

Conflict of Interest with the Group

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

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

None.

Number of Meeting attended in the Financial year 2020

He attended 6 out of 6 Board Meetings and 3 out of 3 Risk & Sustainability Management Committee Meeting.

DIRECTORS' PROFILE (Cont'd)

NIRMALA A/P DORAISAMY
Malaysian, Female, Age 55.
Senior Independent Non-Executive Director, Chairman of the Risk & Sustainability Management Committee, Chairman of Nomination Committee and Member of the Audit and Remuneration Committee

Qualification

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

Working Experience

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

After spending many years with local banks, she joined Credit Guarantee Corporation Bhd. (subsidiary of Central Bank, Malaysia) where she headed the risk management department. She was responsible for setting up the department and the Enterprise Risk Management framework. Her main function was to provide regular updates and recommendation to the Management and Board Risk on all risk matters and to spearhead the department to achieve KPIs set for credit, operational and investment risks. She led the project team and vendor in the development of internal risk-rating model. The rating model was successfully rolled out in 2010 and integrated with the Loan Origination system. She also spearheaded her team that was involved in the development of Integrated Risk Management System and Solutions.

Date Appointed to the Board

She was appointed as an Independent Non-Executive Director 1 January 2018.

Directorship in other Public Listed Companies

She was an Independent Director of Ecobuilt Holdings Bhd. from 19 August 2013 till 15 November 2019 and appointed as Independent Director of Petronas Dagangan Bhd on 15 October 2019.

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 2020

She attended 6 out of 6 Board Meetings, 5 out of 5 Audit Committee Meetings, 2 out of 2 Nomination Committee Meetings and 3 out of 3 Risk & Sustainable Management Committee Meetings.

KEY OFFICERS' PROFILE

TEE KIM FOOM
Malaysian, Female, Age 54.
Group Financial Controller.

Qualification & Memberships

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

Working Experience

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

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 53.
Group General Manager.

Qualification

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

Working Experience

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

Date of Employment

16 June 2000.

Directorship in other Public Listed Companies

He does not hold any directorship in 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)

LEONG TING SIONG @ MARTIN LEONG,
Malaysian, Male, Age 44.
Group Corporate Controller / Investor Relation Officer.

Qualification & Membership

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

Working Experience & Occupation

His career started in 1999 as an Auditor with KPMG. Subsequently, he became the Group Accountant of a local Group of companies listed on Bursa Malaysia Securities Berhad in 2004. He joined the Company as a Finance Manager in 2009 before being promoted to his current position in 2016. In his present capacity, he analyses the performance of the Group, develops the Group's finance capabilities and implementation of special projects. His responsibilities include identifying business development and strategic financing opportunities, develop relationships with the investment community and working with operations.

Date of Employment

16 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Group's Business & Operations

Evergreen Fibreboard Berhad was incorporated in 1992, commenced its operations in July 1993 and was listed on the main board of Bursa Malaysia on 11 March 2004. The Group's operations have since expanded from a single site for manufacturing Medium Density Fibreboard to eight manufacturing sites located in Johor, Negeri Sembilan, Thailand and Indonesia.

As at the current financial year end, the Group's total workforce stands at 2172 employees with 28% of foreign labour in our Malaysia plants.

The Group's main activities have remained in manufacturing of Panel Boards (Medium Density Fibreboard ("MDF"), Particle Board ("PB")), Added Value Panel Boards (Downstream Processes), Ready-to-Assemble Furniture ("RTA"), Solid Wood Products (Furniture / Parts), Resin / Adhesive and Green Energy.

For the financial year ended 2020, contribution from Malaysia subsidiaries was approximately 55% of the Group's revenue while Thailand and Indonesia contributed 35% and 10% respectively.

The Group's business segment on manufacturing of Panel Boards contributed 78% of the Group's total revenue while the downstream process of Added Value Products contributed 6%, the RTA Furniture contributed 10% and Wood Products and Biomass Products contributed the remaining 6%. Sales of Adhesive products and Green Energy are mainly sold within the Group and only an insignificant volume is being sold to third parties outside the Group.

The Group's geographical market presence have remained in the five continents for the past years and our customers or users of our products are mainly the furniture manufacturers and building material suppliers.

Group's Market Share

South & East Asia	–	56%
Middle East	–	24%
United States	–	10%
Europe	–	2%
Others	–	8%

Group's Business Objectives

The Group's Business Objective for the current financial year was to turn around from the negative position in the previous financial year 2019 and aim to remain a one stop recognised panel board producer for a wide range of products with various specifications that is able to meet the needs of every customer.

Group's Business Strategies

The Group's Business Strategy for the current financial year was to continue to focus and derive the maximum value from each manufacturing facilities based on individual plant's capabilities with effectiveness on cost as to be able to compete in the challenging market. Additionally, our strategy was to increase our added value products in order to have higher margin products and be able to compete in a slightly different market segment for a better profit margin.

Group's Financial Review

Preparation of the Group's Financial Statements for the year ended 31 December 2020, has been prepared in compliance to the requirements of the Companies Act, 2016 and the Malaysian Financial Reporting Standards.

Group's Revenue

Our Malaysia segment's revenue for the current financial year decreased by 15% to RM472 million, as compared to the revenue of RM557 million in the previous financial year ended 2019. The decrease in revenue was due to lower sales volume on our panel board products caused by the enforcement of the first Movement Control Order (MCO) on Covid-19 outbreak and this had disrupted all operations in Malaysia. Additionally, one of our MDF lines underwent refurbishment after a fire incident and only resumed its operations in December 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Our Thailand segment's revenue for the current financial year decreased by 9% to RM300 million, as compared to the revenue of RM328 million in the previous financial year ended 2019. The decrease in revenue was mainly due to the lower sales volume and the elimination of sales to our Malaysia subsidiaries in replace to the disruption of supply from the MDF line that underwent refurbishment after the fire incident.

Our Indonesia segment's revenue for the current financial year increased by 6% to RM88 million, as compared to the revenue of RM83 million in the previous financial year ended 2019. The increase in revenue was mainly contributed by higher volume of sales with higher average selling price.

The Group's overall revenue for the current financial year decreased by 11% to RM860 million, as compared to RM968 million in the previous financial year ended 2019. The decrease in revenue was due to the lower volume of sales on panel board products. The revenue loss was partially recouped by higher revenue from our added value products with higher average selling prices.

Group's Profit/Loss before Tax

For the Group's Malaysia segment, loss before tax was RM5 million in the current financial year compared to a profit before tax of RM12 million recorded in previous financial year ended 2019. The increase in loss before tax was mainly due to losses arising from disruption to our operations caused by the first MCO, the non-cash one-off event on impairments, write-off of plant & machineries and inventories initiated during the process of the year end audit carried out.

For the Group's Thailand segment, loss before tax for the current financial year was RM124 million compared to loss before tax of RM74 million in previous financial year ended 2019. The increase in loss before tax was mainly due to the impairment, write-off and provision of plant, machinery, inventories and receivables of the Group's solid wood furniture operations. The impairment and write-off are a one-off event and non-cash in nature and were made in view of a change in the Group's business directions for its solid wood furniture operation. Our solid wood furniture's original market was solely focused on China but due to the severe economic shutdown in China as a result of Covid-19 and the expected slow recovery in orders subsequent to that, the Group had decided to focus on Thailand market for the time being. Due to this switch of target market and the differentiation of products for the target market coupled with the continued pandemic situation, it was deemed prudent by auditor for impairment, write-off and provision be carried out until the whole market situation improves for the better.

For the Group's Indonesia segment, profit before tax was RM4 million for the current financial year compared to loss before tax of RM0.2 million in the previous financial year ended 2019. The profit before tax was due to higher margin contributed by higher average selling price and lower cost in our major raw material.

The Group's consolidated loss before tax in the current financial year was RM99 million compared to loss before tax of RM42 million recorded in the previous financial year ended 2019. The increase in loss before tax was mainly due to the non-cash one-off event on impairment, write-off of plant, machineries and inventories carried out during the year end audit, losses arising from interruptions to the Group's Malaysian operations during the first MCO and reduction in production output from one of our MDF production line being refurbished after fire incident. The write-off and impairment in Malaysia were however able to be partially offset by the insurance income for the fire incident recognised during the current financial year.

Group's Profit/Loss after Tax

The Group's consolidated loss after tax for the financial year ended 2020 was RM101 million compared to loss after tax of RM42 million in the previous financial year ended 2019. The increase in loss after tax was due to the non-cash one-off event on impairment, write-off of plant, machineries and inventories during the year end audit, losses arising from lower production volumes due to interruptions to the Group's Malaysian operations as mentioned above.

Nevertheless, in terms of operations, for the current financial year showed better operational results than previous financial year ended 2019 due to higher average selling price from our panel board products and higher contribution from our value-added downstream operations.

Shareholders' Equity

The Group's total equity decreased by 12% to RM1,022 million at the end of the current financial year compared to RM1,164 million at the end of the previous financial year ended 2019. The decrease was a result of the negative results realised by the Group in the current financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Total Assets

The Group's total assets decreased by 8% from RM1,578 million in the previous financial year ended 2019 to RM1,452 million in the current financial year. The decrease was mainly due to the impairment and write-off of assets recognised by the Group during the current financial year.

The trade and other receivables of the Group decreased by 2% to RM95 million in the current financial year compared to RM96 million in the previous financial year ended 2019 is due to the Group's overall lower revenue in the current financial year.

The Group's Inventories reduced by 16% from RM248 million in the previous financial year ended 2019 to RM208 million in the current financial year. The decrease was mainly due the impairment and write-off of inventory by the Group during the current financial year coupled with the management's effort in reducing stock holdings in the Group.

The Group's bank balances remained strong at a higher amount of RM122 million compared to previous financial year ended 2019 of RM105 million. The increase in the Group's bank balance was generated from operating profit before changes in working capital of RM92 million as well as additional loan drawn down during the current financial year.

Total Liabilities

The Group's total liabilities increased by 4% from RM414 million in the previous financial year ended 2019 to RM430 million in the current financial year mainly due to the increase in bank borrowings to finance capital expenditure and acquisition of remaining shares in a subsidiary during the current financial year.

The Group's trade and other payables in the current financial year decreased by 1% from RM107 million in the previous financial year 2019 to RM106 million.

Borrowings

Borrowings in the Group has increased by approximately 10% from RM241 million at the end of the previous financial year 2019 to RM264 million in the current financial year. This was due to additional trade facilities drawn down to finance capital expenditures and acquisition of remaining shares in a subsidiary.

Gearing Ratio (%)

The Group's gross gearing ratio for current financial year showed a slight increase of 5% to 26% compared to 21% in previous financial year ended 2019.

The Group's net gearing ratio showed an increase of 2% from the previous financial year 2019 of 12% to 14% in the current financial year due to the increase in the Group's borrowings and lower shareholders' equity after current year losses.

Earnings Per Share

The Group's net loss per share for the current financial year was 12.15 sen compared to a loss of 4.96 sen in the previous financial year 2019 was due to the higher Group's loss after tax in the current financial year 2020.

Group's Net Assets Per Share

The Group's net assets per share for the current financial year was RM1.21 compared to RM1.38 in the previous financial year 2019. The decrease in the net assets per share was from the lower value of the Group assets after impairments carried out.

Financial Position

The Group's balance sheet remains strong as at 31 December 2020 with a total net worth of RM1,022 million. The Group's cash and cash equivalents of RM122 million against its borrowings of RM264 million gives a net debt of RM142 million in financial year 2020 compared to RM136 million in previous financial year 2019.

The Group remains confident in maintaining a sound financial position and the Board believes that the Group will be able to continue its operations and meet its liabilities for a foreseeable future.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

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

Our KRAs / KPIs based on Financial and Non-Financial Targets set for the Group in 2020 was not met due to the disruption in production operations as the Group had not anticipated a lower production volume and drop in demand in the overall market / industry caused by the Covid-19 Pandemic across the globe.

Review of our Operating Activities

During the current financial year, the Group continued to place its focus on individual manufacturing plant's strength and capabilities to gain cost efficiency and higher productivity. Unfortunately, Malaysian operations were hampered by shutdown of our operations and disruption in our supply chain during the first Movement Control Order (MCO) as a result of the Covid-19 pandemic.

Due to the oversupply and weak market demand of Panel Board Products, the Group experience a sharp decline in the sales of panel board products and this had eventually forced a reduction in production output in most of our manufacturing plants and this had led to a higher cost of production in majority of our plants.

Even though majority of our plants had tune up their cost of production for a breakeven or a marginal profit, this was not able to be realised due to the forced shut down of operations during the MCO period.

The capital expenditures in the current financial year for the Group is RM38 million and this was mainly to replace machines parts to enhance the machineries in the whole Group.

Risks

Competition Risk

The Risk of a continued Low Average Selling Price due to start-ups of newly installed MDF Production lines in neighboring countries such as Thailand and Vietnam, causing over supply in the market and this will continue until the market is able to absorb the additional supply capacity and/or equalise the demand and supply of panel boards.

To mitigate this risk, the Group has enhanced the value-added activities on its raw boards by increasing the production output for its Secondary Processes to enable the Group to compete in a slightly different market for a better profit margin. The additional volume on added value products produced has increase the utilisation of raw boards and has allowed us to compete in a slightly different market for a better profit margin.

Operational Risk

The Operational Risk remain in the supply of raw materials to all plants particularly on the supply of wood as the Group's main raw material is rubber wood & mixed tropical wood. The supply of wood can and have affected the Group due to prolonged monsoon season yearly or a change in government policies for wood industry similar to what was encountered during the MCO periods.

As for the prolonged monsoon season, this happens yearly where plantations areas are flooded and this prevents the works on land clearing and felling of trees being delayed. The effect of the prolong monsoon will be shortage of wood supply to all similar industries and thereon lead to higher cost of raw materials and a lower production output due to insufficient wood supply during this period. This however is an inherent risk faced by the Group and all wood industry players.

In normal circumstances to ensure and maintain the quality level of our products, rubber wood is processed within 2-3 weeks from being harvested and therefore our stock pile for rubber wood is only stored to last for about a period of one month. Any break in the supply chain exceeding 2 (two) weeks will cause disruption to our production line and delivery of our products of which will eventually affect the financial performance of the Group.

In mitigating this risk, increased in the intake of wood supply at each mill starts as early as month of September yearly before rainy season. However, by doing this, the quality of our products will have to be compromise due to the wood being kept for a longer period and loses its natural contents for quality. Additionally, product cost will increase due to the increase in the consumption of glue (higher cost involved) due to old wood being used. Hence, this risk is unable to be eliminated but can only be minimised.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Cont'd)

Financial Risk

The Financial Risk of the Group remains mainly on the fluctuation of the Malaysia Ringgit, Thai Baht and Indonesian Rupiah against the US Dollar and the Euro. Our Group's export sales proceeds are mainly derived in US dollar and therefore the weakening or strengthening of the US Dollar against the Malaysian Ringgit, Indonesian Rupiah and the Thai Baht can affect the Group's financial performance.

Additionally, the Group's foreign currency borrowings consist of US Dollar and Euro and any fluctuation of US Dollar against the Euro will lead to foreign exchange impact either positively or negatively.

The currency translation losses can and may be realised should the US Dollar weakens or Euro strengthens, this can have a negative impact to the Group's financial performance or vice versa. In the current financial year 2020, the foreign exchange losses were RM2 million compared to a gain of RM5 million in the previous financial year 2019.

In mitigating this Risk, fluctuation of currencies is constantly being monitored at the Group level. The Group does not practice any hedging and it is a policy to have a natural hedge between the Group's foreseeable payments and collections. However, any form of hedging will be given due consideration by the Management if the need arises.

Forward Looking Statement – Prospect

The Covid-19 outbreak impacted the world economy by surprise in 2020 with unexpected travel bans, movement controls and economic lockdowns and the world's economy experience a negative GDP growth in 2020.

With the progressive roll-out of vaccines and the uncertainty of the United States 2020 elections behind us, there is optimism that the world's largest economy can lead the rest of the world on a sustained path of recovery with various countries beginning to experiment opening up various sectors of their economies.

Financial year 2020 has been the most challenging year so far for the Group as it is for most other companies. Nonetheless, the Group has taken the multitude of challenges head-on and consolidated our strengths whilst improving on our vulnerabilities. Our continued focus on expanding our downstream segment has shown positive results and the panel board segment especially the particleboard product has began to show improvement with better product mix and improved average selling prices.

With our continuing cost restructuring, whilst the effects of the pandemic are still being felt plus hiccups on the path of the world economic recovery such as container shortage and surge in oil price, these are expected to be resolved through vaccine roll-outs and market forces. Therefore, the Board is cautiously optimistic that the Group is well on its path of recovery in 2021.

Dividend Policy

Due to the Group's non-profitable financial year 2020, the Board of Directors will not be proposing any dividends in the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("BOD") of Evergreen Fibreboard Berhad ("EFB") takes this opportunity to provide an insight into the Corporate Governance practices in the Group during the financial year ended 31 December 2020 ("FY2020").

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. We in EFB do not see governance as just a matter for the Board but good governance practice is made the responsibility of all our directors and management by upholding our set governance standards together with continuous efforts made to strengthen the governance structures and processes in the Group.

The fundamentals of our corporate governance are guided by Vision & Mission and Core Values complete with a balanced commercial success to be achieved while addressing the needs of our customers and stakeholders. We believe that good corporate governance will result in sustainability that brings value to our shareholders.

The BOD hereby presents this Overview Statement and elaborate how the Group has applied the principles as set out in the Malaysian Code on Corporate Governance (the "CG Code") for Board leadership and effectiveness, effective audit and risk management integrity in corporate reporting and meaningful relationship with stakeholders.

ON BOARD LEADERSHIP & EFFECTIVENESS

Practice 1.1

Our Board as a whole is responsible for setting 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.

1.1 The Board reviews the Group's overall strategy together with the Group Executive Directors and Senior Management Team (Key Officers) who head start it by developing and presenting the strategy. Thereon it is reviewed, constructively challenged and approved or disapproved by the Board.

The BOD together with Management on a regular basis deliberates on Key Operational matters and thereon: -

a) approved the Group's annual Corporate Management Plans that are linked to the strategic financial and non-financial objectives for the financial year presented to the Board by Management at the start of each financial year;

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

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

d) reviews and approves the revised Risk Management and Sustainability Framework for changes made in view of the changes in the Group or by authorities;

e) reviews the findings by Internal Auditors on each audit review for any inadequacy of Internal Controls (Policies and Procedures) and thereon obtain Management's commitment on improvements to be carried out as recommended by Internal Auditors;

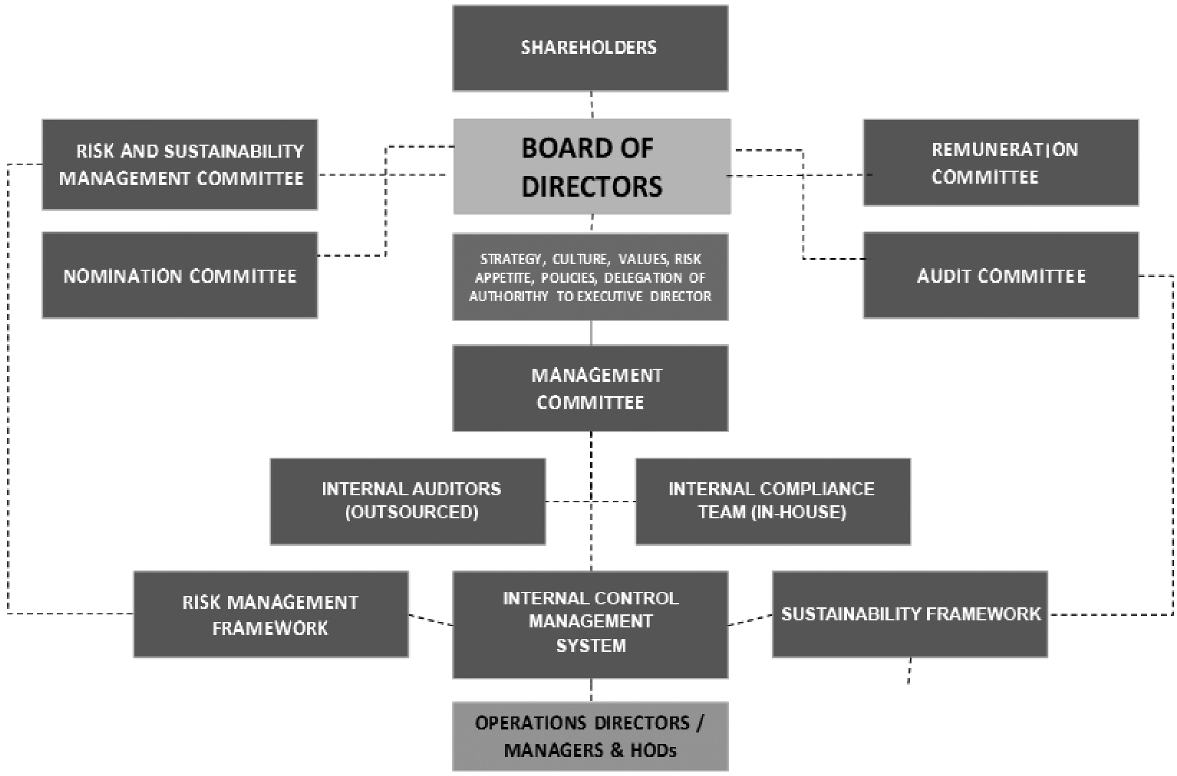
f) reviewed succession plans for Key Officers, Executive Directors and Board Members in November 2020 board meeting including the specific trainings to be carried out for personnel in succession line; and

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

GOVERNANCE FRAMEWORK

Our corporate governance framework takes into consideration the CG Code and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The framework includes the interaction between the stakeholders and the Board, demonstrates how the Board Committee structure facilitates the interaction between the Board and the Management Team and also illustrates the flow of concerns from stakeholders. The process flow sees the delegation flow through the Board and its committees to the Top Management committees and into the organization. At the same time, accountability flows back upwards from the Company to Stakeholders.



Practice 1.2

Mr. Jonathan Law Ngee Song is our Independent Non-Executive Chairman and his main role and responsibilities are strictly on matters of the Board. He possesses the Leadership Skills to provide 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 Secretary, he reviews the compliance level of the Company on corporate governance matters including the step-ups on a periodic basis and thereon discuss amongst the Board Members and Management to put in practice the necessary changes.

Practice 1.3

Our Board Chairman's position and function is entirely different from our President / Chief Executive Officer and they both hold separate roles.

Practice 1.4

Our Company is being supported by 2 (two) qualified and competent Company Secretaries namely Madam Leong Siew Foong (MAICSA NO. 7007572) (CCM PC NO. 202008001117) and Santhi A/P Saminathan (MAICSA NO. 7069709) (CCM PC NO. 201908002933) and they are capable of carrying out their duties attached to their post.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 1.5

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

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

Practice 2.1

Our Board Charter is being reviewed on a regular basis and is made available on the Company's website at www.evergreengroup.com.my. Contents clearly indicates the respective roles and responsibilities of the Board, its Committees, Members and Management including issues and decisions that are strictly reserved for the Board's discussion and approval.

Practice 3.1

Our Code of Conduct & Business Ethics ("the Code") is being reviewed regularly to formalise the ethical standards set for Employees and Directors in the Group. The Code also enhances the Corporate Governance practices towards the Group achieving a culture of Integrity, Transparency and Accountability.

For accessibility to the Code and its revision, the Code is made available to the general public on the Company's website www.evergreengroup.com.my and it is also made available in the Company's Electronic Document Management System (EDMS) which is accessible to all Head of Departments in the Group at any point in time.

Practice 3.2

Our Policy on Whistleblowing and Anti Bribery/Corruption are reviewed on a regularly basis and approved by the Board prior to it being made available on the Company's website at www.evergreengroup.com.my.

Practice 4.1

Our Board comprises of 7 (seven) members, made out of three (3) Independent Directors, three (3) Executive Directors and 1 (one) Non-Independent Non-Executive Director which is a departure from Practice 4.1.

The Company had initially planned to achieve the 50% percentage of Independent Directors on-board in 2020 but due to the pandemic situation in the whole country, all plans were temporarily put on-hold. Company has now resume sourcing additional member for the board and Practice 4.1 shall be applied in 4Q of 2021.

Practice 4.2

The Company has put in practice on any of our independent director who has reached the 12th year service, in retaining him/her as an Independent Directors, the Company shall use the formalise two-tier voting process to seek shareholders' approval at each annual general meeting.

Practice 4.3 - Step Up

The Company does not have a policy to limit the tenure of its independent directors to 9 years.

In view of the Company's Departure of Practice 4.3, the Company's alternative practice which is in line with Practice 4.2, for our independent director who has reached 12th year service and in retaining him/her as an Independent Directors, the Company shall use the two-tier voting process to seek shareholders' approval in a general meeting.

Practice 4.4

Our Policy on Diversity is being reviewed regularly and it clearly indicates the criteria for selection of Board Members such as, the required skills for the boardroom, relevant experience, age, background culture and gender which have been set by the Board to ensure a mixture of skills that is able to contribute different ideas in board's discussion and decision.

The recruitment and appointment of Senior Management/Key Officers is the responsibility of the Executive Directors using the same criteria in our diversity policy for recruitment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 4.5

The Group's Policy on Diversity: -

a. On gender diversity – The Company targets a composition of 30% for woman directors against its overall board composition.
Currently the Company has achieved 28.5% of its target and with the additional recruitment of Independent Director, the Company will be able to achieve its target set.

b. On the independence of Independent Directors on retaining an Independent Director beyond the 12th year, the Company shall comply to Practice 4.2.
Company uses the two-tier voting process to seek shareholders' approval annually for retaining an Independent Director beyond the 9 (nine) years tenure.

c. On Having an Active and Dynamic Board – The Company have set a minimum age for recruitment of directors to be above thirty years and no older than sixty years of age.
All of our current Board Members are within the age range set by the Company.

d. On Mix of Skill of Board and Senior Management- The Company has set a criteria list for Board Members & Senior Management in the Terms of Reference of the Nomination Committee.
Our current Board Members are of diverse mixture on skills with knowledge and experience in the Group's industry, accounting, finance, audit and legal.

Practice 4.6

For 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) for male candidates.

Practice 4.7

Our Nomination Committee comprises of 3 (three) members all of whom are Independent Non-Executive Directors and is being chaired by our Senior Independent Non-Executive Director, Ms. Nirmala A/P Doraisamy.

Practice 5.1

Annual Assessment / Evaluation

1) In December 2020, Nomination Committee undertook Annual Performance Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, Individual Directors, Key Officers and the Company's Secretary.

2) Senior Independent Director, Ms. Nirmala A/P Doraisamy, together with the Members of the Nomination Committee lead the annual assessment process.

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

4) Completed evaluation forms were emailed back directly to the Senior Independent Director's designated email address and she tabulated the results on all evaluations received.

5) The performance evaluation results showed a positive outcome with all obtaining satisfactory to good performance for the financial year 2020 which includes the Directors seeking re-election in the coming AGM.

6) NC Chairman thereon forwarded the evaluation results to the Board Chairman and made known that all members, key officers and company secretary on their results including making known the minor improvements needed.

7) The summary on the trainings to be arranged for year 2021 based on the training needs carried out was given to Human Resource Training Department for trainings to be arranged for all members and key officers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Trainings attended by Directors during the current financial year 2020 is as follows: -

Director	Trainings/Fairs Attended
JONATHAN LAW NGEE SONG	SUSTAINABILITY & CORPORATE LIABILITY
KUO JEN CHANG	SUSTAINABILITY & CORPORATE LIABILITY
KUO JEN CHIU	ENTERPRISE RISK MANAGEMENT & SUSTAINABILITY
	SUSTAINABILITY & CORPORATE LIABILITY
KUAN KAI SENG	SUSTAINABILITY & CORPORATE LIABILITY
HENRY KUO	SUSTAINABILITY & CORPORATE LIABILITY
MARY HENERIETTA LIM	ENTERPRISE RISK MANAGEMENT & SUSTAINABILITY
KIM NEO	TAXATION & TRADE FACILITATION COUNCIL
	SEMINAR ON INDUSTRY4WARD INCENTIVES
	REPORTING FRAMEWORK FOR BENEFICIAL
	OWNERSHIP (BO) OF LEGAL PERSONS
	SALES TAX 2018 - MANAGEMENT OF EXEMPTION FACILITIES & SCRAP/ WASTE DISPOSAL
	SUSTAINABILITY & CORPORATE LIABILITY
NIRMALA A/P DORAISAMY	VALUATION IN PRACTICE: DEMYSTIFYING
	BUSINESS VALUATION
	MFRS 9 AND RELATED STANDARDS GRASPING THE KEY POINTS IN APPLICATION
	STAYING AHEAD WITH DATA ANALYTICS
	DESIGNING RISK APPETITE FRAMEWORK
	HOW TO BE AN EFFECTIVE NED IN A DISRUPTIVE WORLD
	INTRODUCTION TO INTEGRATED REPORTING
	SUSTAINABILITY & CORPORATE LIABILITY

Practice 6.1

1. The Company's Remuneration policy on fees and allowances structure for Non-Executive Directors ("NED") was reviewed and approved by the Board is being used to reward NEDs. The framework on fees structure and allowances takes into consideration the responsibilities of each individual director their roles and their contribution to the Board as well as the Board Committees they sit in.

2. A formal remuneration framework and salary structure for Executive Directors and Key Officer/Senior Management is reviewed by the Board yearly based on the current economic situation including the anticipated performance of the Group.

3. The framework and salary structure are based on the Financial Performance and Key Results Area set for each subsidiary or business units. It 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.

4. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 6.2

6.2.1 Our Remuneration Committee ("RC") comprises of 3 (three) members all of whom are Independent Non-Executive Directors and is chaired by Mr. Jonathan Law Ngee Song. Executive Directors attend meetings based on invitation only for clarification on matters related to the remuneration of Key Officers.

6.2.2 RC is responsible to review the Independent Non-Executive Directors' Fees, Allowances and the Remuneration of Executive Directors including Key Officers of the Company as to ensure their retention and they are being appropriately remunerated for their contributions.

6.2.3. 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 7.1

The Fees, Allowances and Benefits paid to Non-Executive Directors for financial year 2020 of which were approved by shareholders on 17th August 2020 are as follows: -

Director	By the Company	By Subsidiaries
Jonathan Law Ngee Song	RM121,005.00	NIL
Kuan Kai Seng	RM 83,625.00	NIL
Henry S Kuo	RM 60,735.00	NIL
Nirmala A/P Doraisamy	RM 82,260.00	NIL

Total remuneration and benefits paid to each individual Executive Director for the current financial year 2020 are as follows: -

Directors	By Company	By Subsidiary
Kuo Jen Chang	RM1,033,180	RM91,463
Kuo Jen Chiu	RM1,486,352	RM65,628
Mary Henerietta Lim Kim Neo	RM 416,989	NIL

Note: Effective May 2020, a direct pay cut of 30% was carried out on all Senior Management, Key Officers and Executive Directors. For Senior Management and Key Officers pay cut was restored to its original effective December 2020 but the Group's Chief Executive Officer and the Chief Operating Officer have remained with a 30% pay cut for now.

Practice 7.2

The Company has departed from this practice as the Board and the Remuneration Committee are of the opinion that since the disclosure of Executive Director's remuneration have already included 3 (three) of its Key Management and this have also been stated in the audited financial statements of which is considered adequate (which is in compliance with requirements of Paragraph 17 of MFRS 124 indicated in page 120 of this Annual Report").

Nonetheless, the Board gives its assurance that their remuneration and benefit package is comparable against the same industry and the Company is able to retain the needed talents so far.

Practice 7.3 - 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 8.1

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 8.2

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

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

Practice 8.3

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

Practice 8.4 - Step Up

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

Practice 8.5

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

Practice 9.1

Our Enterprise Risk Management and Internal Control Framework is reviewed regularly by the Committee and thereon approved by the Board.

Practice 9.2

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

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

The Group's Internal Audit functions for the financial year 2020 was outsourced to BDO Governance Advisory Sdn. Bhd. ("BDO") to carry out review and assess the adequacy and integrity of the Group's internal control system.

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

Practice 9.3 - Step Up

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

Practice 10.1

The Internal Auditors of BDO Governance Advisory Sdn. Bhd. ("BDO") reports directly to the Audit Committee and takes instructions from the Audit Committee Chairman on areas to be audited for each period. BDO then reports on the findings together with their recommendations on any weaknesses to the Audit Committee and subsequently the Chairman of the Audit Committee reports to the Board.

Practice 10.2

Our Internal Auditor BDO Governance Advisory Sdn. Bhd. and their Personnel(s) have confirmed in writing that they are free from any relationships or conflict of interest with the Group's Directors and Senior Management Staffs and therefore there is no impairment to their independence. BDO's function team is headed by its Executive Director who possess the required relevant qualification and experience and is assisted by three (3) 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 11.1

1. A policy on communication with our Stakeholders is in practice and policy was reviewed in November 2019. Any feedback from Stakeholders is made known to the Board for their advice and necessary action to be taken by 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 non-financial announcements made to the Stock Exchange. Any presentation slides given or communicated to shareholders in general meetings, investors meeting and road shows are being posted on to our website to be accessed by all stakeholders and the general public at any point in time.

Practice 11.2

Regular communication with certain principal shareholders is being carried out by our Group's Investor Relation Officer to understand their concerns and views on the Company's performance and plans ahead. Any feedbacks or concerns raised by shareholders are communicated to the Board to ensure that the Board and Management are mindful of shareholders' concerns.

Through our website, stakeholders and the general public can send in their feedbacks or concerns on any matter(s) through this feedback column.

Practice 12.1

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

Practice 12.2

Annual General Meeting is the principal forum for dialogue with our shareholders/stakeholders and it is where 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 12.3

The Annual General Meeting voting process is carried out through the manual balloting and the Board is in the process of understanding the technologies available for implementation of electronic balloting and Virtual Meetings by Financial Year 2021.

The Board of Directors has approved this statement on 29 April 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROLS

Board's Responsibility

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

In line with the Malaysian Code on Corporate Governance ("MCCG"), the Board has established a Risk & Sustainability Management Committee ("RSMC") comprising a majority of Independent Directors with written Terms of Reference. The RSMC is assisted by a Risk & Sustainability Management Working Group ("RSMWG") made up of Operation Directors/ Managers from each operation sites /business units and is led by the Executive Directors.

Our Enterprise Risk Management System

Our Enterprise Risk Management Framework reviewed and approved by the Board is guided by the Principles of ISO 31000 Standards. It is an objective-centric based approach that enables the Group to leverage on value creation that ties with the Risks of the Group's Business Strategies & Objectives while keeping risk level within the Group's approved risk appetite.

Risk assessment/identification is carried out by RSMWG at each operation site/business units on a half yearly basis taking into consideration the changes in regulatory requirements, business and market environment. To mitigate identified risk, appropriate controls to reduce the risk level are proposed and discussed with Management for approval prior to controls being put in place.

Risks Register at each operation site/business units are reviewed monthly at each subsidiary level meeting with Management whereby any new identified risks are being highlighted and any incidents based on risk identified are highlighted where additional mitigations are proposed to be put in place to increase the effectiveness in controls.

After controls are put in place on risk identified, risks at each operation site/business units are compiled into individual subsidiary/business unit risk registers and thereon risk register of all business units/subsidiaries are compiled into the Group Risk Register.

Key Material risk from the Group's Risk Register including subsequent new key material risk identified are then presented to the RSMC on a half yearly basis for their review and directions.

Establishment and revision of Framework and Policies with regards to Risk Management and Sustainability are presented to RSMWG and Management for their review and thereon forwarded to RSMC for their recommendation to the Board for approval.

Risk Management Activities

Activities carried out by RSMC during the financial year 2020 are as follows: -

There were 3 (three) RSMC meetings carried out on 19 June, 10 August and 25 November 2020. In these meeting: -

1. RSMC reviewed the framework on Enterprise Risk & Sustainability Management, Business Continuity Plan, Crisis Management Plan, Policies on Code of Conduct and Ethics for Directors and Anti-Bribery/Corruption thereby RSMC provided management with their input to improvise these frameworks, plans and policies.

2. RSMC reviewed the Key Material Risks presented by Management and RSMC requested Management to present the risks pertaining to the uncertainty of the business environment and the financial impact arising from Covid-19 pandemic due to the lockdown situations in each region.

   RSMC also raised their concerns on the Group's operations in Malaysia and overseas pertaining to the pandemic risk, on the safety of the employees and also on the living condition of the foreign workers employed by the Group.

   As a follow-up to the above, Management tabled a review of financial impact to the Group's performance arising from COVID-19 pandemic. RSMC reviewed management's action plans to reduce the financial impact arising from weak market situation for the Group's core products. RSMC also noted management's strategies which is to focus on the downstream operations / products. As for the MDF market that is still facing market challenges, RSMC requested management to present updates and action plans.

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

3. RSMC was made known by management that enhanced standard operational procedures with regard to the pandemic have been established and put in place Group-wide. As for the living condition of foreign workers, management gave their assurance that they are in compliant with the required local laws.

4. Risk assessment was also carried out for long term supply contracts for the Group's products, foreign exchange risk pertaining to long term contracts, risk from Group's overseas operations and the fire incident in 2020. RSMC took note of the mitigations that was put in place by management.

5. RSMC took note of the project plans to install additional Solar Panels on the roof tops of the Company as well as other 2 (two) other subsidiaries (Nilai and Segamat Plants). RSMC was made known that for this project, the Company will not incur any financial investment and management is still in discussion with solar panel vendor on the installation with an option for the Company to buy over the solar panel in future.

6. RSMC was presented with the Anti-Bribery/Corruption Policy and the recommended areas for improvement. Management also tabled its plans and schedules for the roll out of policies and procedures to deter any incidents of bribery in the Group.

7. RSMC was made known of Bursa Securities sustainability assessment on the Group that highlighted areas for improvement. Committee took note of this matter and advised Management to focus on the recommended areas for improvement and look into how material matters are being managed against what is required by the Sustainable Development Goals (SDG) including the reporting standards required. RSMC also requested Management to prepare a road map on sustainability efforts and initiatives.

8. Management reported that for financial year 2020, Group had focus on the following matters and that it will be reported in the 2020 Annual Report: -
   a) Occupational Safety & Health (Accidents & PPE)
   b) Environment Management (Dust/Smoke Emission)
   c) Renewal Energy (Biomass Energy and Solar Panels)

9. The Trainings on Risk Management and Sustainability attended by risk management officers and management for the financial year are as follows: -
   a) Enterprise Risk Management & Sustainability;
   b) The Sustainability Accelerator Workshops (4 Days);
   c) Learn all about Sustainability Reporting Requirements;
   d) Sustainability Reporting Ensuring relevance to Financial Market;
   e) Scope & Materiality in Sustainability Reporting; and
   f) Corporate Liability.

System of Internal Control

The Group's Organisation Structure clearly defines the roles & responsibilities including the segregation of duties. The Group's Internal Control System in place consists of policies, on operating procedures,working instructions and set limit of authority in all operation site/business units which are being reviewed yearly and thereon updated into the Group's Document Management System (DMS).

Additionally, the Group's Enterprise Resource Planning, Payroll System and the Document Management System operates on servers which are situated and controlled in the Head Quarters premises and no changes to the system can be made at the subsidiary level.

Internal Control Activities

Internal Control activities in the current financial year were mainly on the: -
a) Review of Internal Control System including updating reviewed documents into the document management software system;
b) Review of Limit of Authority for all companies and incorporate additional controls as needed;
c) Establishment of policies and procedure with regard to Anti Bribery/Corruption as required by the authorities; and
d) Establishment of In-house Compliance Team in all subsidiaries. Findings by this team will be extended to out-source Internal Auditors to review findings further.

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

Internal Audit

Based on our usual Internal Audit Plan, there are 3-4 cycles of internal audits to be carried in each financial year. However, due to the lock down period from March to May 2020, the partial lock down thereafter, coupled with the closure of borders and the strict SOPs in place, the Group was only able to carry out one audit cycle locally during the current financial year. As for the financial year 2021, the Internal Audit works by BDO has commenced their usual audit cycles as per schedule.

On 25 November 2020, the Internal Auditor presented the internal audit on the internal control review of vendor management, procurement control of Evergreen Fibreboard Berhad. Additionally, a follow up review on the internal control weakness of Sale to Receipt Controls and Information Technology Controls was presented by outsource Internal Audit (BDO) to the Audit Committee (AC). The AC reviewed the recommendations made by BDO on weakness that was identified and management's action taken to rectify those weaknesses.

Review by the Board

The Board reviewed the Audit Committee's report on the findings by the Internal Auditors including the additional controls to be put in place and thereby given the assurance by Management, that the necessary actions will be carried out within the timeline indicated.

The Board have also received assurance from the Group Chief Executive Officer/President and the Group Financial Controller during the board meeting, 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 having reviewed the Group's Risk Management Framework, the Internal Control System, the reports on internal audits by Internal Auditors and together with the assurance from the Group Chief Executive Officer/President and the Group Financial Controller is assured on the adequacy and integrity of the Internal Control System for the Group but will continue to strengthen controls within the Group.

Weaknesses in the Internal Controls that resulted in Material Losses

During the current financial year 2020, there were no major non- compliance issues in the Group except for some minor weakness in our overseas subsidiaries which has been addressed. There was no failure in our System of Internal Control that had resulted in any material losses or omission within the Group. Nevertheless, the BOD together with Management will continuously take additional measures to further enhance the Group's System of Internal Control.

Review by External Auditors

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

The Board of Directors has approved this Statement on 29 April 2021.

AUDIT COMMITTEE'S REPORT

The Board presents the Audit Committee Report which provides insights into the manner in which the Audit Committee (AC) discharged its functions for the Group in 2020.

ROLE OF THE AUDIT COMMITTEE

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

COMPOSITION AND ATTENDENCE

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

The AC Chairman, Mr Kuan Kai Seng is a member of the Chartered Accountants of New Zealand and the Malaysian Institute of Accountants. Accordingly, this complies with paragraph 15.09 of the MMLR. The others members of the AC are Ms Nirmala A/P Doraisamy and Mr Jonathan Law Ngee Song. The profiles and attendance records of the AC members are set out in the Directors' profile section of the Annual Report and Financial Statements 2020.

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

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

MEETINGS

The AC held five meetings on 17 February 2020, 17 April 2020, 19 June 2020, 10 August 2020 and 25 November 2020. The Group Executive Director, Group Financial Controller and Group Corporate Controller were invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and Group's financial and operational matters.

EFB Group's External Auditor Messrs. Baker Tilly Monteiro Heng ("BT") attended three out of five AC meetings held on 17 February 2020, 17 April 2020 and 25 November 2020.

The partner and key members of staff of BDO Governance Advisory Sdn Bhd ("BDO"), a professional service firm that carry out EFB Group's Internal Audit functions attended the AC meetings held on 25 November 2020 to table the respective Internal Audit ("IA") reports. The relevant responsible Management member of the respective auditee was invited to brief the AC on specific issues arising from the IA reports.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting by the Company Secretary. On 17 February 2020, 19 June 2020, 10 August 2020 and 25 November 2020, the AC Chairman presented to the Board the AC's recommendation to approve the quarterly Condensed Consolidated Financial Statements 2019 and three quarterly Condensed Consolidated Financial Statements 2020. The AC Chairman also conveyed to the Board matters of significant concern and changes.

SUMMARY OF ACTIVITIES

A. EXTERNAL AUDIT

1. From 1 January 2020 to 31 December 2020, the AC reviewed the external audit review memorandum presented by BT for the year ended 31 December 2019, reviewed the final draft account for financial year ended 2019 with BT and management, BT's limited review of the fourth quarterly Condensed Consolidated Financial Statements 2019, BT's limited review of the third quarterly Condensed Consolidated Financial Statements 2020, undertaken an evaluation of the external auditor as prescribed by the MCGG, reviewed the external audit strategy of BT for the 2020 audit and has taken into account the auditor's effectiveness and efficiency. Any decision to open the external auditor to tender is taken on recommendation of the Audit Committee. There are no contractual obligations that restrict the Company's current choice of external auditor.

AUDIT COMMITTEE'S REPORT (Cont'd)

2. As part of the AC's efforts to ensure the reliability of EFB Group's quarterly Condensed Consolidated Financial Statements 2019 and 2020 and compliance with applicable Financial Reporting Standards and to keep BT informed of EFB Group's financial performance and operations, BT undertook a limited review of EFB Group's fourth quarterly Condensed Consolidated Financial Statements 2019 and third quarterly Condensed Consolidated Financial Statements 2020 before these were presented to the AC for review and recommendation for the Board's approval and adoption.

3. On 17 April 2020, the AC discussed with BT the outcome of evaluation of the external auditor as prescribed by the MCGG conducted by the AC. Apart from the evaluation the AC assessed the ongoing effectiveness and quality of the external auditor and the audit process on the basis of meetings and internal discussion with Group financial personnel, senior management and other Board members.

   On 25 November 2020, BT sought the AC's approval for the proposed audit and non-audit fee services to be provided for 2020 for the Annual Audit Plan. The AC reviewed BT's proposed audit, audit related and another services fee to be provided for 2020. The nature and level of all the services provided by BT is a factor taken into account by the Audit Committee when it reviews annually the independence of the external auditor. Fee paid to the auditor for audit, audit related and other services are analysed in notes to the financial statements. On the confirmation by BT of their independence in the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, including the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysia Institute of Accountants the AC thereafter recommend BT's fee to the Board for approval.

4. On 25 November 2020, the Group Corporate Controller and the Group Financial Controller sought the AC's approval for the proposed audit, audit related and other services fee to be provided by the External Auditors for the Group's subsidiary companies in Indonesia, Messrs. Johan Malonda Mustika & Rekan ("JMMR") (A member firm of BT) and Thailand, Messrs. INTADIT CPA Office Company Limited ("ICPOCL") that are not audited by the Group's External Auditors, BT for 2020. The AC reviewed JMMR's and ICPOCL's the proposed audit, audit related and services fee to be provided for 2020. The nature and level of all the services provided by the JMMR and ICPOCL is a factor taken into account by the Audit Committee when it reviews annually the independence of the external auditor. Fee paid to the auditor for audit, audit related and other services fee are analysed in notes to the financial statements. On the confirmation by JMMR and ICPOCL of their independence in the conduct of the audit engagement in accordance with International Ethics Standards Board of Accountants, Code of Ethics of Professional Accountants, the AC thereafter recommend their audit fee to Board for approval.

FINANCIAL STATEMENTS AND REPORTING

1. The quarterly Condensed Consolidated Financial Statements for the fourth quarter of 2019 and the first, second and third quarters of 2020, which were prepared in compliance with Malaysian Financial Reporting Standard ("MFRS")134 "Interim Financial Reporting", International Accounting Standards 34 "Interim Financial Reporting" and Paragraph 9.22, including Appendix 9B of the MMLR, were reviewed at the AC meetings on 17 February 2020, 19 June 2020, 10 August 2020 and 25 November 2020 (after a limited review of the fourth quarter Condensed Consolidated Financial Statements ended 31 December 2019 and third quarter Condensed Consolidated Financial Statements ended 30 September 2020 by BT), and thereafter recommended it to the Board for approval.

   In ensuring the Integrity of the information, the Group Financial Controller and the Group Corporate Controller had on 17 February 2020, 19 June 2020, 10 August 2020 and 25 November 2020, through the presentation of the quarterly Condensed Consolidated Financial Statements 2020 to the AC has given assurance to the AC that:

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

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

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

   iv. Adequate process and controls were in place for effective and efficient financial reporting and disclosures under MFRSs and MMLR; and

   v. The quarterly Condensed Consolidated Financial Statements did not contain material misstatement and give a true and fair view of the financial position of the Group and the respective companies within the Group.

AUDIT COMMITTEE'S REPORT (Cont'd)

2. On 17 February 2020, BT presented their interim audit findings to the AC for their audit of the Financial Statement ended 31 December 2019 primarily to ensure that the fourth quarter Condensed Consolidated Financial Statements ended 31 December 2019 does not vary significantly from the final published Financial Statement ended 31 December 2019 and to resolve any outstanding issues arising from the audit.

3. On 25 November 2020, BT presented the Audit Planning Memorandum 2020 of EFB Group for the financial year ending 31 December 2020. The AC reviewed the Audit Plan 2020 and after highlighting certain areas of concerns where BT has to pay attention to during the course of their audit. The AC thereafter recommended to the Board for approval.

4. The AC met with BT without the presence of any Executive Directors and Management on 17 February 2020 and 25 November 2020. No critical issues where highlighted to the AC in these meetings.

B. INTERNAL AUDIT

INTERNAL AUDITOR APPOINTMENT AND RISK MANAGEMENT COMMITTEE

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

2. EFB listed on Bursa Malaysia Securities Berhad, has obligations to ensure that it has in place a sound and effective system of risk management and internal control. In fulfilling its obligations, EFB has outsourced its internal audit function to BDO to review and assess the adequacy and integrity of internal control system of EFB Group. The fee per cycle would be RM32,500 per audit cycle (excluding SST and out of pocket expenses).

   On 25 November 2020, the IA presented the internal audit on the internal control review of vendor management, procurement control of Evergreen Fibreboard Berhad. Besides, follow up review on the internal control weakness of Sale to receipt controls and Information Technology controls also presented by IA to the AC. The AC reviewed the recommendations made by BDO on weakness that was identified and management action taken to rectify those weaknesses.

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

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

D. RELATED PARTY TRANSACTION

1. The AC has taken note that there was no related party transaction reported or declared during the course of the four AC meetings on 17 February 2020, 19 June 2020, 10 August 2020 and 25 November 2020 except for inter-company transactions undertaken between companies within the EFB Group, compensation of key management personnel and the independent NEDs and the non-independent NED directors' fees computation which shall be reported in the Financial Statements 2020.

NOMINATION COMMITTEE'S REPORT

The Board presents the Nomination Committee's Report which provides insights into the manner in which the Nomination Committee ("NC") discharged its functions in the financial year 2020.

ROLE OF THE NOMINATION COMMITTEE

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

COMPOSITION AND ATTENDANCE

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

The NC Chairman for the financial year 2020 is Ms. Nirmala A/P Doraisamy who is also the Senior Independent Director. Other members of the NC are Mr. Jonathan Law and Mr. Kuan Kai Seng. The profiles and attendance records of the NC members are set out in the Directors' profile section of this Annual Report.

During the financial year 2020, the Board reviewed the NC's terms of office and assessed the performance of NC members through the annual Board and Committee effectiveness evaluation. NC carried out the annual evaluation and the Board is satisfied that the NC members have discharged their functions, duties and responsibilities in accordance with NC's Terms of Reference, and they have supported the Board in ensuring that the Group upholds appropriate Corporate Governance ("CG") standards.

MEETINGS

NC held 2 (two) meetings during the financial year 2020, on 17 February and 25 November 2020 and the Executive Directors were invited to these meetings when needed to facilitate direct communication as well as to provide clarification on issues and to present the Group's Succession plan matters.

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

SUMMARY OF ACTIVITIES

As required under Paragraph 15.08A(3) of Bursa Securities Listing Requirements on the activities carried out by the NC in discharging its duties for the financial year 2020.

On Succession Planning

Succession Plans on Executive Directors and Key Officers were presented by Management to the Nomination Committee for their comments and recommendation as follows: -

a) Succession Plans for Key Officers, Executives Directors and the Board has been completed and in place; and

b) Candidates in Succession plans has the On-the-job training and all the key positions and identified successors is able to carry out their job accordingly.

The NC noted the proposed Succession Plans and advised Management to expedite plans for positions recommended.

NOMINATION COMMITTEE'S REPORT (Cont'd)

Annual Assessment / Evaluation

1) In December 2020, Nomination Committee undertook Annual Performance Assessment to review and evaluate the effectiveness of the Board as a whole, the Committees, Individual Directors and Key Officers of the Company.

2) Senior Independent Director, Ms. Nirmala A/P Doraisamy, together with the Members of the Nomination Committee lead the annual assessment process.

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

4) Completed evaluation forms were emailed back directly to the Senior Independent Director's designated email address and she tabulated the results on all evaluations received.

5) The performance evaluation results showed a positive outcome with all obtaining satisfactory to good performance for the financial year 2020.

6) NC Chairman thereon forwarded the evaluation results to the Board Chairman and informed all members on the results including making known the minor improvements and trainings needed to be attended in the following year.

7) Human Resource Department was given a copy on the summary of training needs for the subsequent year to be attended by directors and key officers.

Re-election of Directors

1) NC reviewed the evaluations of the 2 (two) retiring Directors and recommended to the Board for the re-election of Ms. Nirmala A/P Doraisamy and Mr. Kuo Jen Chiu at the forthcoming Annual General Meeting.

2) NC carried out assessment on the independence of Mr. Jonathan Law Ngee Song due to the fact that he has exceeded his ninth-year term. Based on the results of the evaluation, Mr. Jonathan Law has exercised his judgement in an independent and unfettered manner and has discharged his duties with reasonable care, skill and diligence. The NC therefore recommended Mr. Jonathan Law to the Board, to continue his office as an Independent Director and to seek shareholders' approval in the forthcoming Annual General Meeting in compliance to Practice 4.2 of the MCCG.

REMUNERATION COMMITTEE'S REPORT

The Board presents the Remuneration Committee's Report that provides insights into the manner in which the Remuneration Committee ("RC") discharged its functions in the financial year 2020.

ROLE OF THE REMUNERATION COMMITTEE

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

COMPOSITION AND ATTENDANCE

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

The RC Chairman, is Mr. Jonathan Law Ngee Song and the other members of the RC are Mr. Kuan Kai Seng and Ms. Nirmala A/P Doraisamy. The profiles and attendance records of RC members are set out in the Directors' profile section of this Annual Report.

During the financial year 2020, the Board reviewed the terms of office of the RC and assessed the performance of RC Members through an annual Board and Committee effectiveness evaluation carried out by the Nomination Committee. The Board is satisfied that the RC members had discharged their functions, duties and responsibilities in accordance with the RC's Terms of Reference, and have supported the Board in ensuring that the Group upholds appropriate Corporate Governance ("CG") Standards.

MEETINGS

The RC held two (2) meetings on 17 February and 25 November during the financial year 2020 and the Executive Directors were invited to the meeting to facilitate direct communication as well as to provide clarification pertaining to the remuneration of Senior/Key Management.

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

SUMMARY OF ACTIVITIES

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

Review of Framework

1) Framework on fees and allowances for all Non-Executive Directors was last reviewed by the Remuneration Committee and approved by the Board on November 2019 which is incorporated into the Remuneration Policy which made part of the RC Terms of Reference that is made available on the Company's website at www.evergreengroup.com.my.

2) Framework on Remuneration for Executive Directors and Key Officer/Senior Management in place was last reviewed and approved by the Board in February 2018.

REMUNERATION COMMITTEE'S REPORT (Cont'd)

Review of Remuneration

1) In 17 February 2020 meeting, Management presented RC with the final results on the performance of all companies and business units for the year 2019. RC was made known of the Bonus quantum and Increment rate for each company/business unit based on their financial performance and KPIs achieved.

   Management went on to present the Groups overall performance and achievement to seek approval from the Board through the RC on the Bonus quantum for Senior/Key Management.

   It was proposed that due to the weak performance by the Group, salary increment for key officers/senior management and executive directors for 2020 was put on hold.

   RC deliberated on the fees and allowance to be paid to Non-Executive Directors and also any revision to the framework in place and it was agreed by the Board that there will not be any revision due to the weak performance of the Group. All Directors abstained from participation and deliberation of their own remuneration.

   Based on the final performance results presented, RC Chairman obtained the Board's approval for the increment and bonus package for Heads of each Business Units, Executive Directors and key officers/senior management.

2) In 25 November 2020 meeting, based on the remuneration framework approved, Executive Directors reviewed the performance of each Company/Business Unit to determine the approximate financial performance achievement for the year 2020. Management made known the tentative bonus quantum and salary increment to the Board through the RC for pre-approval on the Bonus and Increment which was to be paid in January for each subsidiary. Additionally, Management also made known to the RC on Management's action on the salary cut of executive directors and key officers/senior management effective May 2020.

   Management will be circulating the final results together with the list on payment to be made for Board's approval in the next meeting in February 2021.

STATEMENT ON SUSTAINABILITY

The Board of Directors (the" BOD") of Evergreen Fibreboard Berhad ("EFB" or the "Company") hereby presents the Group's Sustainability Statement covering the material risk on Economic, Environmental and Social (EES) aspects of the Group's businesses and operations in all countries that the Group operates in.

Objective of Reporting

This Sustainability Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), as well as Practice Note 9 of the Listing Requirements regarding the manner of sustainability disclosure as prescribed by Bursa.

In the preparation of this Statement, the Company has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits, issued by Bursa.

This Sustainability Statement contain adequate information to enable our stakeholders to have a clear understanding of the Economic, Environment and Social risks and opportunities which are material to the Group business and stakeholders. It also includes measures taken by the Group to mitigate the risks and take advantage of any opportunity's insight on our sustainability journey.

Scope of Reporting

Our Group's Sustainability Statement covers our operations in 3 (three) countries, Malaysia, Thailand and Indonesia.

The Group's main business segment is in manufacturing of Panel Boards consisting of Medium Density Fibreboard ("MDF"), Particle Board ("PB") and Added Value Panel Boards Products (Downstream Processes). Other business segment is Ready-to-Assemble Furniture ("RTA"), Solid Wood Products (Furniture/Parts), Resin/Adhesive and Green Energy.

Sustainability Statements covers our largest business segment which is on the Panel Boards as this segment is our core products and it represents 84% of the Groups business and Resin/Adhesive business segment due to the fact that this is a main raw material for manufacturing of our panel boards.

Another segment which our statement has expanded to cover for the first time is on our Indonesia segment and is being covered this financial period mainly because it has become a wholly owned subsidiary of the Group during the current financial year.

The Group's business segment that is being excluded from this report are furniture manufacturing, rubber plantation, biomass power generation as the Board has considered and deemed the impact, either positive or negative, of these businesses are minimal to the Group as well as to its stakeholders as these segments represents only 16% of the Group's overall business.

Governance Structure

With the aim to foster sustainability governance within our Group, sustainability elements have been incorporated into Vision, Mission and Core Values to ensure that the management of matters relating to sustainability begins at the highest level within the Group.

Our Risk & Sustainability Management Committee, Senior Management Committee and the Risk and Sustainability Working Group support the Board in fostering the efforts and practices on sustainability. They are guided by the established Policies and Procedures in place with specific focus on ensuring the successful implementation of respective strategies.

Our Sustainability Governance Framework is led by our President/Group CEO, Vice president/COO together with Group Executive Director, Key Officers and the Operations Director/Managers of each Operation and Business Units.

Nevertheless, the BOD holds ultimate responsibility in ensuring the sustainability, i.e., economic, environmental and social aspects, is considered in the Company's Corporate Strategy.

The established Risk & Sustainability Management Committee ("RSMC"), assists the Board to review the Group's sustainability strategies including the material sustainability matters whereby the implementation of sustainability strategies are the responsibilities of the Risk & Sustainability Management Working Group ("RSMWG"), which comprises of Senior Management, Key Officers and Operation Directors/Managers.

STATEMENT ON SUSTAINABILITY (Cont'd)

The RSMWG is also responsible for developing sustainable strategies based and guided by the Group's Corporate Strategy which are for RSMC's recommendation to the Board for approval.

Senior Management have been tasked by the BOD to assist the RSMWG by providing management leadership to relevant departments and functions in view of managing the Group's material economic, environmental, social and governance matters.

Materiality Assessment Process

Our materiality assessment process identifies sustainability matters that are significant to the Group's business and stakeholders. This facilitates the response to and from management on key sustainability opportunities and risks.

The Materiality Assessment process was undertaken in the following manner: -

1. Assessment of the most relevant Sustainability matters on EES that are material to the Group's operation/ business;

2. Assessment of the most important issues for the Company as well our stakeholders;

3. Assessment, Identifying and Prioritisation Stakeholder; and

4. Engagement of Stakeholder.

Thereon, list of material sustainability matters is then compiled into a Register and prioritise based on their importance to the Group.

Following the materiality assessment process and stakeholder engagements, the Group's sustainability themes are prioritised as follows: -

Economic
Ethical Business Dealings

Environmental
Toxic and hazardous material management

Social
Occupational safety and health
People development

On the Area of Economic

On Ethical Business Dealings, we conduct our business dealings with integrity at all times based on the policies and procedures of: -

- *Our Code of Conduct and Ethical Behavior* which outlines our guiding principles for general ethical standards that are made applicable to all our employees and directors;

- *Our Anti-Bribery and Anti-Corruption Policy* that clearly prohibits any acts, either directly or indirectly, of inducing, soliciting, seeking, offering and receiving any and all sorts of benefits, incentives, commissions, gifts and advantages, either in cash or kind, in all business dealings with or for the Group; and

- *Our Whistleblowing Policy* provides an avenue for employees and the general public to lodge complaints of corrupt practices or wrongdoings in a confidential manner whereby employees making such reports will be treated fairly and protected from reprisals.

STATEMENT ON SUSTAINABILITY (Cont'd)

On the Environment

On our responsibilities for the environment, we focus to reduce the impact of our manufacturing activities towards the environment and our commitment to conduct business in a responsible manner, with a view for a sustainable tomorrow our future generations.

On Environmental Compliance, we conduct business in line with the environmental laws and regulations of Malaysia whereby the following measures have been put in place:

a) Technically and Certified competent persons to manage and monitor environmental compliance at our plants;

b) Competent persons and relevant departments are trained to ensure that they are equipped and updated with technical knowledge and kept abreast with environmental matters;

c) An Environmental Enforcement Committee provides a platform to highlight environmental risks and opportunities brainstorm and resolve environmental issues; and

d) In our pursuit of environmental best practices, we had also embarked on:

   i) Renewable energy, we have a biomass energy plant and completed the installation of photo-voltaic solar panels for 1mw. Additionally, we have a 15mw solar panel project in the pipe line to be install in the next financial year.

Production	2018	2019	2020
Solar PV	NIL	1200.0 mwh	733.2 mwh
Biomass Energy	140,560,292 mw	129,027,168 mw	105,759,701 mw

   ii) On Toxic and hazardous material management, we continuously strive to improve our management of effluents and scheduled waste generated from our processes in a responsible manner. Our initiatives include: -

   - Ensuring management and disposal of scheduled waste across all plants are carried out in a lawful manner;

   - Improving the performance and monitoring of our waste water treatment plants, while maintaining the required Standard A or B rating target for water discharge;

   - Review of hazardous materials management to improve safe storage within the allowable time frame before disposal carried out; and

   - Ensure no Dust Emission with timely maintenance of equipment to ensure dust is contained within enclosed systems in order to comply to the Environmental Law. Air quality of our surroundings are continuously being measured to monitor and ensure emission level do not exceed the regulated levels set by environment authorities. Following are incidents on emission experience by the Group: -

Emission On	2018	2019	2020
Dust	1	2	2
Smoke	1	1	1
Penalties/Fines	NIL	NIL	NIL

On Social

On human rights and equal opportunities, we are committed to protect the rights of its people and strive to ensure a fair, safe and healthy working environment. We ensure adherence to all Malaysian labour laws and regulations, and our human rights policies. Some of the main practices in the Group are listed below:

- **Minimum Wage**

  The Group is in compliance with the national statutory minimum wage rate in Malaysia for all local and foreign employees.

STATEMENT ON SUSTAINABILITY (Cont'd)

- **Employment age**

  The minimum age for employment set in the Group is 18 and we strictly prohibit the employment of child labour. The Children and Young Persons (Employment) (Amendment) Act 2010 defines a "child" as any person who has not completed his 15th year of age and a "young person" as any person who has not completed his 18th year of age.

- **Workforce diversity and non-discrimination**

  The Group practices equal employment opportunity and fair terms of employment mutually agreed between the Company, the employee and the National Union. We prohibit any form of discrimination based on background, race, religion, gender, age and nationality. Our workforce diversity is shown below:

Local Workforce by Gender	Male	%	Female	%
2018	1549	74	553	26
2019	1422	73	522	27
2020	1297	76	406	24

- **A Voice for employees**

  We uphold the rights of our people to be heard where we establish and is in place a Grievance Policy with clear mechanisms to provide a safe and confidential way for employees to report misconduct, non-compliance, issues with employment conditions or job responsibilities, and other matters related to the work environment. Any grievance raised is treated confidentially and in an unbiased manner, with the aim of facilitating an amicable solution in order to maintain working relationships in the Company. Additionally, our whistleblowing channel is also made available to our employees.

- **Practical care for foreign workers**

  We do not condone unethical or exploitative recruitment practices and practice a Zero-Cost Recruitment Policy and we are mindful that zero-cost recruitment is a continuous process that requires collaboration with employees and stakeholders. To this end, EFB maintains a Supplier (B) membership in SEDEX and conducts social compliance audits at our plants to ensure that SEDEX Members Ethical Trade Audit requirements are met.

  During the financial year, we provided pandemic guidance and care for our foreign workers. This included health and hygiene education on masks and sanitizers, physical distancing, and movement restrictions. As practical care, factory workers were provided masks and sanitizers, while meals were provided for a period of time during movement restrictions. We also reviewed space arrangements at workers' accommodation and set aside quarantine accommodation. Additionally, all our foreign workers were screened for COVID-19 under our groupwide voluntary screening programme in early 2021 and this was also in adherence to the government's directive to have all foreign workers to be screened.

- **Safety and health of workers**

  On the Occupational Safety and Health, we believe that a lack of good safety and health practices may lead to incidents that would affect the health and safety of our employees, operational efficiency and reputation and in the long run, impact our profitability.

  Managing our employees' safety and health as the Group's business largely involves manufacturing operations where employees are required to work with machinery and equipment and therefore employees are exposed to hazards such as sharp tools, crush points, fire hazards, exposure to dust and chemicals, etc. on a daily basis and is particularly important given the stricter compliance being imposed by Authorities, and observance of, safety and health-related legislation requirements and especially when a majority of our operations involve the usage of heavy machineries.

  Apart from controls in place and in further efforts to prevent any occupational safety and health hazards occurring, all plants in the Group provides safety awareness trainings to employees across all levels.

STATEMENT ON SUSTAINABILITY (Cont'd)

For the financial year 2020 under review, the Group has provided employees with safety and health trainings that includes the following areas:

a) Kursus Pengenalan Pertolongan Cemas Dan CPR

b) Advanced Hirarc for Effective Accident Prevention by Integration of Hierarchy of Control (HOC) and Prevention through Design

c) Conference in Occupational Safety & Health

d) Introduction to Managing Human Error at Workplace

e) Schedule Waste Management

Our Group-wide safety policy is targeted for a zero case of lost-time injury of not more than 3 days; and zero fatality.

For the financial year ended 31 December 2020, the Group's accident records are as follows: -

Accidents by Gender	**2018 (Cases)**	**2019 (Cases)**	**2020 (Cases)**
Male	14	4	5
Female	1	1	1

Accidents by Nationality	**2018 (Cases)**	**2019 (Cases)**	**2020 (Cases)**
Local	8	3	2
Foreigner	7	2	4

With continuous efforts and controls implemented in each manufacturing plants in the Group, accident rates during the current financial year 2020 have slightly increase by a single case but in comparison with financial year 2018, accident rates have reduced.

Nevertheless, the Group managed to achieved its target of zero case on fatality so far but will further review existing Standard Operating Procedures for further improvements.

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

The Group must ensure compliance to the safety & health and environment law as its license to operate is highly dependent on their approval to operate. Hence, should there be an event of a material non-compliance, the license to operate may be temporarily suspended or a penalty or legal action taken against the Directors/ Company.

Conclusion

The Group is aware of the areas for improvement to successfully embed sustainability in all its business decisions and therefore have taken the necessary steps to improvise in these areas as to ensure sustainability is successfully and effectively embedded.

Hence, we are looking forward to enhance our sustainability efforts against the themes on Sustainability Development Goals that are linked to the Group and thereon, the Group will be able to report and present its sustainability efforts in a structured manner as recommended.

The BOD has reviewed the sustainability efforts process of the Group and has approved this Statement on 29 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

1) Conflict of Interest

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

2) Material Contracts

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

3) Utilisation of Proceeds

There was no corporate proposal in the current financial year.

4) Non-Audit Fees

The amount of non-audit fees for services provided by the external auditors for the current financial year is stated on page 119 of this Annual Report.

5) Contracts relating to Loan

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

6) Recurrent Related Party Transactions

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

7) 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 2020

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

The Board of Directors ("the Board") of EFB are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2020, the Company and the Group have adopted the recommended accounting policies that are consistently applied and supported by reasonable, prudent judgments and estimates. The Board have also ensured that all applicable accounting standards have been complied during the preparation of the audited financial statements of the Company and the Group.

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

The Board have also ensured timely release of the quarterly and annual financial results of the Group for the financial year ended 31 December 2020 to Bursa Securities and the Securities Commission that enable the public and investors to be well informed of the Group's financial position.

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

FINANCIAL STATMENTS

DIRECTORS' REPORT

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 2020.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(101,426,590)	15,023,182
Attributable to:		
Owners of the Company	(102,784,222)	15,023,182
Non-controlling interests	1,357,632	-
	(101,426,590)	15,023,182

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 2020.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS' REPORT (Cont'd)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

Other than as disclosed in Note 41 to the financial statements, in the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (Cont'd)

TREASURY SHARES

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

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 2020, the Company held 622,000 treasury shares out of its 846,423,985 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM482,899. Further details are disclosed in Note 19 to the financial statements.

DIRECTORS

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

Henry S Kuo*
Kuan Kai Seng
Kuo Jen Chang*
Kuo Jen Chiu*
Law Ngee Song
Mary Henerietta Lim Kim Neo*
Nirmala A/P Doraisamy

* 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	
Kuo Wen Chi	(Resigned on 20 October 2020)
Erik Setiawan	(Resigned on 21 October 2020)
Suwandi	(Resigned on 21 October 2020)

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

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

		Number of Ordinary Shares			
		At 1.1.2020	Additions	Transferred	At 31.12.2020
Direct interests:					
Kuo Jen Chang		142,355,865	-	-	142,355,865
Kuo Jen Chiu		124,120,141	-	-	124,120,141
Mary Henerietta Lim Kim Neo		6	-	-	6
Henry S Kuo		17,320,864	-	-	17,320,864
Indirect interests:					
Kuo Jen Chang	*	159,173,720	-	-	159,173,720
Kuo Jen Chiu	*	177,409,444	-	-	177,409,444
Henry S Kuo	*	34,641,730	-	-	34,641,730

* Deemed interested by virtue of the interest of siblings.

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and certain officers of the Company were RM10,000,000 and RM34,890 respectively.

SUBSIDIARIES

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

DIRECTORS' REPORT (Cont'd)

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 41 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

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

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

………………………………………………

KUO JEN CHIU
Director

………………………………………………

MARY HENERIETTA LIM KIM NEO
Director

Date: 29 April 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	925,604,560	1,022,144,571	146,470,160	144,801,039
Right-of-use assets	6	37,198,613	39,636,405	8,516,472	8,949,997
Biological assets	7	36,900,000	36,700,000	-	-
Goodwill on consolidation	8	9,584,046	9,584,046	-	-
Other intangible assets	9	50,098	82,675	-	-
Investment properties	10	-	-	3,853,431	4,007,964
Investment in subsidiaries	11	-	-	471,626,499	437,462,704
Deferred tax assets	12	1,803,422	1,803,422	-	-
Amounts owing by subsidiaries	14	-	-	37,775,093	55,784,598
Total non-current assets		1,011,140,739	1,109,951,119	668,241,655	651,006,302
Current assets					
Inventories	13	208,275,064	248,105,695	45,659,618	39,084,622
Trade and other receivables	14	94,946,473	96,474,451	83,895,769	51,057,217
Other current assets	15	12,461,228	15,759,233	3,326,036	2,320,163
Tax assets		2,717,913	2,857,172	647,810	135,362
Deposits, cash and bank balances	16	113,221,844	95,720,816	21,005,550	29,709,342
Short-term fund	17	9,250,774	9,028,760	9,250,774	9,028,760
Total current assets		440,873,296	467,946,127	163,785,557	131,335,466
TOTAL ASSETS		1,452,014,035	1,577,897,246	832,027,212	782,341,768
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	18	344,749,212	344,749,212	344,749,212	344,749,212
Treasury shares	19	(482,899)	(482,899)	(482,899)	(482,899)
Other reserves	20	96,000,448	105,347,803	-	-
Retained earnings		581,253,462	685,064,758	352,824,594	339,107,393
		1,021,520,223	1,134,678,874	697,090,907	683,373,706
Non-controlling interests		-	29,683,307	-	-
TOTAL EQUITY		1,021,520,223	1,164,362,181	697,090,907	683,373,706

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (Cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current liabilities					
Loans and borrowings	21	63,432,600	77,583,819	19,234,378	22,104,157
Lease liabilities	22	2,485,509	3,675,931	221,271	339,528
Deferred tax liabilities	12	34,527,805	37,449,455	-	-
Retirement benefits obligation	23	14,887,105	11,952,986	5,937,936	4,199,798
Total non-current liabilities		115,333,019	130,662,191	25,393,585	26,643,483
Current liabilities					
Loans and borrowings	21	197,000,638	157,875,414	60,546,206	47,465,866
Lease liabilities	22	1,339,422	1,850,528	121,064	122,815
Trade and other payables	24	106,454,147	106,983,850	47,014,597	23,538,204
Contract liabilities	25	9,100,257	15,077,518	1,860,853	1,197,694
Tax liabilities		1,266,329	1,085,564	-	-
Total current liabilities		315,160,793	282,872,874	109,542,720	72,324,579
TOTAL LIABILITIES		430,493,812	413,535,065	134,936,305	98,968,062
TOTAL EQUITY AND LIABILITIES		1,452,014,035	1,577,897,246	832,027,212	782,341,768

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	26	859,788,868	967,920,317	170,466,176	210,402,655
Cost of sales	27	(725,288,434)	(842,456,959)	(177,993,741)	(208,763,293)
Gross profit/(loss)		134,500,434	125,463,358	(7,527,565)	1,639,362
Other income	28	25,980,851	15,299,674	53,668,679	31,665,402
Selling and administrative expenses		(144,472,251)	(163,381,548)	(14,000,066)	(19,219,966)
Net impairment losses on financial assets		(1,916,348)	(2,819,241)	-	-
Other expenses	29	(105,965,660)	(9,191,104)	(15,110,701)	(4,192,724)
		(252,354,259)	(175,391,893)	(29,110,767)	(23,412,690)
(Loss)/Profit from operations		(91,872,974)	(34,628,861)	17,030,347	9,892,074
Finance costs		(7,126,053)	(7,581,697)	(2,316,280)	(2,692,563)
(Loss)/Profit before tax	30	(98,999,027)	(42,210,558)	14,714,067	7,199,511
Tax (expense)/credit	32	(2,427,563)	(228,250)	309,115	2,760,820
(Loss)/Profit for the financial year		(101,426,590)	(42,438,808)	15,023,182	9,960,331
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(7,072,002)	24,204,421	-	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefits obligation, net of deferred tax liabilities		(1,114,966)	354,222	(1,305,981)	-
Other comprehensive (loss)/ income for the financial year		(8,186,968)	24,558,643	(1,305,981)	-
Total comprehensive (loss)/ income for the financial year		(109,613,558)	(17,880,165)	13,717,201	9,960,331

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
(Loss)/Profit attributable to:					
Owners of the Company		(102,784,222)	(41,957,190)	15,023,182	9,960,331
Non-controlling interests		1,357,632	(481,618)	-	-
		(101,426,590)	(42,438,808)	15,023,182	9,960,331
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(110,883,298)	(17,552,416)	13,717,201	9,960,331
Non-controlling interests		1,269,740	(327,749)	-	-
		(109,613,558)	(17,880,165)	13,717,201	9,960,331
Basic and diluted loss per share (sen)	33	(12.15)	(4.96)	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company							
At 1 January 2020		344,749,212	383,083	104,964,720	(482,899)	685,064,758	1,134,678,874	29,683,307	1,164,362,181
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(102,784,222)	(102,784,222)	1,357,632	(101,426,590)
Other comprehensive loss for the financial year		-	-	(7,072,002)	-	(1,027,074)	(8,099,076)	(87,892)	(8,186,968)
Total comprehensive loss		-	-	(7,072,002)	-	(103,811,296)	(110,883,298)	1,269,740	(109,613,558)
Transaction with owners									
Changes in ownership interests in a subsidiary, representing total transaction with owners	11	-	(2,275,353)	-	-	-	(2,275,353)	(30,953,047)	(33,228,400)
At 31 December 2020		344,749,212	(1,892,270)	97,892,718	(482,899)	581,253,462	1,021,520,223	-	1,021,520,223

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

Group	Note	Attributable to owners of the Company							
		Share capital RM	Equity transaction reserve RM	Foreign exchange reserve RM	Treasury shares RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2019		344,749,212	383,083	80,760,299	(482,899)	730,881,446	1,156,291,141	30,011,056	1,186,302,197
Total comprehensive loss for the financial year									
Loss for the financial year		-	-	-	-	(41,957,190)	(41,957,190)	(481,618)	(42,438,808)
Other comprehensive income for the financial year		-	-	24,204,421	-	200,353	24,404,774	153,869	24,558,643
Total comprehensive loss		-	-	24,204,421	-	(41,756,837)	(17,552,416)	(327,749)	(17,880,165)
Transaction with owners									
Dividends paid on shares, representing total transaction with owners	34	-	-	-	-	(4,059,851)	(4,059,851)	-	(4,059,851)
At 31 December 2019		344,749,212	383,083	104,964,720	(482,899)	685,064,758	1,134,678,874	29,683,307	1,164,362,181

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

Company	Note	← Attributable to owners of the Company → Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2019		344,749,212	(482,899)	333,206,913	677,473,226
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	9,960,331	9,960,331
Transaction with owners					
Dividends paid on shares, representing total transaction with owners	34	-	-	(4,059,851)	(4,059,851)
At 31 December 2019		344,749,212	(482,899)	339,107,393	683,373,706
Total comprehensive income for the financial year					
Profit for the financial year		-	-	15,023,182	15,023,182
Other comprehensive loss for the financial year		-	-	(1,305,981)	(1,305,981)
Total comprehensive income		-	-	13,717,201	13,717,201
At 31 December 2020		344,749,212	(482,899)	352,824,594	697,090,907

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(98,999,027)	(42,210,558)	14,714,067	7,199,511
Adjustments for:					
Amortisation of intangible assets		37,445	37,307	-	-
Bad debts written off		5,698,963	130,000	-	-
Depreciation of:					
- property, plant and equipment		73,418,833	75,256,160	11,746,823	13,614,019
- right-of-use assets		2,608,658	2,622,693	433,525	401,075
- investment properties		-	-	154,533	154,533
Interest expense		7,126,053	7,581,697	2,316,280	2,692,563
Interest income		(1,352,399)	(1,650,789)	(2,164,334)	(3,221,645)
Dividend income from subsidiaries		-	-	(25,000,000)	(22,000,000)
Fair value loss on short-term fund		29,918	8,185	29,918	8,185
Gain arising from fair value adjustment on biological assets		(200,000)	(2,400,000)	-	-
Gain on lease modification		(8,305)	-	-	-
Impairment loss on:					
- investment in subsidiaries		-	-	-	46,000
- property, plant and equipment		25,877,102	-	-	-
- trade receivables		2,297,625	2,819,241	-	-
Inventories written down		38,340,297	5,080,299	510,346	-
Inventories written off		3,741,109	-	520,392	-
Loss/(Gain) on disposal of property, plant and equipment		301,222	(388,640)	179,922	(564)
Property, plant and equipment written off		28,218,069	208,439	12,286,197	-
Provision for retirement benefits obligation		2,327,658	1,395,158	507,980	456,200
Reversal of impairment loss on investment in subsidiaries		-	-	(935,395)	-
Reversal of impairment loss on trade receivables		(381,277)	-	-	-
Unrealised loss on foreign exchange		2,738,590	3,711,558	1,583,926	4,138,539
		190,819,561	94,411,308	2,170,113	(3,711,095)
Operating profit before changes in working capital, carried forward		91,820,534	52,200,750	16,884,180	3,488,416

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities (cont'd)					
Operating profit before changes in working capital, brought forward		91,820,534	52,200,750	16,884,180	3,488,416
Changes in working capital:					
Inventories		(4,058,081)	(340,720)	(7,605,734)	1,042,620
Trade and other receivables		(6,257,989)	12,055,185	(23,391,316)	47,441
Trade and other payables		(3,841,004)	(15,738,348)	22,290,113	(1,021,165)
		(14,157,074)	(4,023,883)	(8,706,937)	68,896
Net cash generated from operations		77,663,460	48,176,867	8,177,243	3,557,312
Payment of retirement benefits obligation		(472,022)	(788,893)	(75,823)	(475,915)
Interest paid		(7,126,053)	(7,581,697)	(2,316,280)	(2,692,563)
Tax paid		(4,878,389)	(5,768,932)	(203,333)	(216,663)
Net cash from operating activities		65,186,996	34,037,345	5,581,807	172,171
Cash flows from investing activities					
Acquisition of additional interest in a subsidiary	11	(33,228,400)	-	(33,228,400)	-
Repayments from/(Advances to) subsidiaries		-	-	5,273,258	(13,853,742)
Dividend income received from subsidiaries		-	-	25,000,000	22,000,000
Interest received		1,352,399	1,650,789	2,164,334	3,221,645
Additions of right-of-use assets	6	-	-	-	(1,592,244)
Purchase of property, plant and equipment	5(a)	(38,124,876)	(64,732,327)	(26,092,601)	(7,803,497)
Purchase of other intangible assets		(6,035)	(2,211)	-	-
Placement of short-term fund	(c)	(251,932)	(9,036,945)	(251,932)	(9,036,945)
Proceeds from disposal of property, plant and equipment		1,030,211	388,645	210,538	135,565
Placement of time deposits		(42,432)	(23,499)	(16,622)	-
Net cash used in investing activities		(69,271,065)	(71,755,548)	(26,941,425)	(6,929,218)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from financing activities	(b)				
Advances from subsidiaries		-	-	1,927,213	12,460
Drawdown of term loans		-	23,634,615	-	23,634,615
Drawdown of trade facilities		172,866,200	127,074,413	51,719,500	31,420,900
Dividend paid to owners of the Company		-	(4,059,851)	-	(4,059,851)
Payments of lease liabilities		(1,871,176)	(1,845,723)	(120,008)	(113,680)
Repayments of term loans		(22,066,725)	(26,373,567)	(9,622,604)	(10,929,015)
Repayments of trade facilities		(126,447,743)	(95,823,045)	(31,420,900)	(27,843,100)
Net cash from financing activities		22,480,556	22,606,842	12,483,201	12,122,329
Net increase/(decrease) in cash and cash equivalents		18,396,487	(15,111,361)	(8,876,417)	5,365,282
Cash and cash equivalents at the beginning of the financial year		94,842,703	106,067,294	29,509,342	24,337,449
Effects of exchange rate changes on cash and cash equivalents		(937,891)	3,886,770	156,003	(193,389)
Cash and cash equivalents at the end of the financial year	16	112,301,299	94,842,703	20,788,928	29,509,342

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Included in net cash from operating activities:					
Payments relating to short-term leases and low-value assets	30	6,356,231	7,051,580	1,392,341	1,667,821
Interest paid in relation to lease liabilities	30	150,586	254,404	20,146	25,550
Included in net cash from financing activities:					
Payments of lease liabilities		1,871,176	1,845,723	120,008	113,680
Total cash outflows for leases		8,377,993	9,151,707	1,532,495	1,807,051

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

(b) Reconciliation of liabilities arising from financing activities:

Group	Note	1.1.2020 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Foreign exchange movement RM	Non-cash Lease modification RM	31.12.2020 RM
Trade facilities	21	127,074,413	46,418,457	-	(626,670)	-	172,866,200
Term loans	21	108,384,820	(22,066,725)	-	1,248,943	-	87,567,038
Lease liabilities	22	5,526,459	(1,871,176)	423,364	(9,317)	(244,399)	3,824,931
		240,985,692	22,480,556	423,364	612,956	(244,399)	264,258,169
Company							
Trade facilities	21	31,420,900	20,298,600	-	-	-	51,719,500
Term loans	21	38,149,123	(9,622,604)	-	(465,435)	-	28,061,084
Lease liabilities	22	462,343	(120,008)	-	-	-	342,335
Amounts owing to subsidiaries	24	17,060	1,927,213	-	-	-	1,944,273
		70,049,426	12,483,201	-	(465,435)	-	82,067,192

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

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

Group	Note	1.1.2019 RM	Cash flows RM	Non-cash: Acquisition RM	Non-cash: Foreign exchange movement RM	31.12.2019 RM
Trade facilities	21	95,603,119	31,251,368	-	219,926	127,074,413
Term loans	21	112,647,992	(2,738,952)	-	(1,524,220)	108,384,820
Lease liabilities	22	4,748,812	(1,845,723)	2,623,370	-	5,526,459
		212,999,923	26,666,693	2,623,370	(1,304,294)	240,985,692
Company						
Trade facilities	21	27,843,100	3,577,800	-	-	31,420,900
Term loans	21	25,514,334	12,705,600	-	(70,811)	38,149,123
Lease liabilities	22	576,023	(113,680)	-	-	462,343
Amounts owing to subsidiaries	24	4,600	12,460	-	-	17,060
		53,938,057	16,182,180	-	(70,811)	70,049,426

(c) The short-term fund is an integral part of the Group's and the Company's capital management as disclosed in Note 39.

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 29 April 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (cont'd)

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

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (cont'd)

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.1 Basis of consolidation (cont'd)

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

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

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

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

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

(b) Non-controlling interests

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

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

(c) Transactions eliminated on consolidation

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

3.2 Separate financial statements

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

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

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

(b) Translation of foreign operations

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

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

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Financial instruments (cont'd)

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

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

Debt instruments

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

- **Amortised cost**

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

- **Fair value through profit or loss ("FVPL")**

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

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

(ii) Financial liabilities

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

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

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

3.4 Financial instruments (cont'd)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(c) Regular way purchase or sale of financial assets

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

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

Trade date accounting refers to:

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

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

(d) Derecognition

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Financial instruments (cont'd)

(d) Derecognition (cont'd)

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

(e) Offsetting of financial instruments

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

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

3.5 Property, plant and equipment

(a) Recognition and measurement

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

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

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

(b) Subsequent costs

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

(c) Depreciation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.5 Property, plant and equipment (cont'd)

(d) Derecognition

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

3.6 Investment properties

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

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

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

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

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

3.7 Leases

(a) Definition of lease

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

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

(b) Lessee accounting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.7 Leases (cont'd)

(b) Lessee accounting (cont'd)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.7 Leases (cont'd)

(b) Lessee accounting (cont'd)

Lease liability (cont'd)

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

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

Short-term leases and leases of low value assets

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

(c) Lessor accounting

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

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

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

3.8 Goodwill and other intangible assets

(a) Goodwill

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

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

(b) Computer software

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Goodwill and other intangible assets (cont'd)

(c) Amortisation

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

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

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

3.9 Biological assets

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

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

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

3.10 Inventories

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

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

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

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

3.11 Cash and cash equivalents

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

3.12 Impairment of assets

(a) Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.12 Impairment of assets (cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.12 Impairment of assets (cont'd)

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

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

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

(b) Impairment of non-financial assets

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

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group and the Company operate an unfunded post-employment benefit plan to employees as provided in the employment agreements between the companies in the Group and the Company and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation.

The Group and the Company recognise the following costs in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

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

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

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

3.16 Revenue and other income (cont'd)

(a) Sale of goods – manufacturing

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

Sales are made with a credit term of 15 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts where applicable. The Group and the Company use the expected value method because it is the method that the Group and the Company expect to better predict the estimated volume discounts to which it will be provided to the customers.

The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.18 Income tax (cont'd)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.22 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

(a) Fair value of biological assets

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

The fair value of the rubber trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees. As prices in agricultural business are volatile, the actual cash flows may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

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.

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 the saleability of the inventories. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of 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 13.

(c) Impairment of property, plant and equipment

The Group assesses impairment of property, plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use.

The Group estimated the fair value of the property, plant and equipment based on the market valuation performed by an external independent valuer. The economic uncertainty from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the valuations. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

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

(d) Impairment of investment in subsidiaries

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

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. The economic uncertainties from COVID-19 pandemic may result in high level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold land improvement and buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2020								
Cost								
At 1 January 2020	27,423,690	235,468,471	1,571,400,264	28,736,038	29,000,238	4,738,886	68,558,781	1,965,326,368
Additions	-	275,425	27,855,133	62,410	252,537	124,917	9,554,454	38,124,876
Disposals	-	-	(3,517,675)	(57,171)	(997,762)	-	(313,397)	(4,886,005)
Written off	-	(666,281)	(113,974,513)	(14,906)	-	-	(4,768,442)	(119,424,142)
Reclassification	-	756,005	15,225,144	23,952	31,727	-	(16,036,828)	-
Exchange differences	(345,387)	(1,566,737)	(10,766,055)	(222,115)	(330,182)	(3,510)	(117,448)	(13,351,434)
At 31 December 2020	27,078,303	234,266,883	1,486,222,298	28,528,208	27,956,558	4,860,293	56,877,120	1,865,789,663
Accumulated depreciation								
At 1 January 2020	-	90,583,301	800,618,691	19,409,196	26,904,294	2,822,869	-	940,338,351
Depreciation charge for the financial year(Note 30)	-	7,011,766	64,188,364	811,913	955,755	451,035	-	73,418,833
Disposals	-	-	(2,514,325)	(42,486)	(997,761)	-	-	(3,554,572)
Written off	-	-	(91,194,094)	(11,979)	-	-	-	(91,206,073)
Exchange differences	-	(845,833)	(6,154,465)	(182,470)	(306,714)	(3,249)	-	(7,492,731)
At 31 December 2020	-	96,749,234	764,944,171	19,984,174	26,555,574	3,270,655	-	911,503,808
Accumulated impairment loss								
At 1 January 2020	-	-	2,843,446	-	-	-	-	2,843,446
Impairment loss (Note 30)	-	3,194,843	20,094,846	1,167,240	12,864	-	1,407,309	25,877,102
Exchange differences	-	(5,086)	(30,048)	(1,858)	(20)	-	(2,241)	(39,253)
At 31 December 2020	-	3,189,757	22,908,244	1,165,382	12,844	-	1,405,068	28,681,295
Carrying amount								
At 31 December 2020	27,078,303	134,327,892	698,369,883	7,378,652	1,388,140	1,589,638	55,472,052	925,604,560

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Group	Freehold land RM	Freehold land improvement and buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2019								
Cost								
At 1 January 2019	26,063,658	229,442,616	1,504,215,263	27,181,138	28,869,857	4,697,023	42,165,567	1,862,635,122
Additions	-	139,793	22,623,406	105,843	263,014	27,471	41,572,800	64,732,327
Disposals	-	-	(237,401)	-	(1,296,432)	-	-	(1,533,833)
Written off	-	-	(1,848,731)	(1,205)	(12,312)	-	-	(1,862,248)
Reclassification	-	55,213	15,365,010	748,330	-	-	(16,168,553)	-
Exchange differences	1,360,032	5,830,849	31,282,717	701,932	1,176,111	14,392	988,967	41,355,000
At 31 December 2019	27,423,690	235,468,471	1,571,400,264	28,736,038	29,000,238	4,738,886	68,558,781	1,965,326,368
Accumulated depreciation								
At 1 January 2019	-	80,534,136	720,300,864	17,970,234	25,848,863	2,347,762	-	847,001,859
Depreciation charge for the financial year (Note 30)	-	7,028,973	65,633,537	869,974	1,261,351	462,325	-	75,256,160
Disposals	-	-	(237,398)	-	(1,296,430)	-	-	(1,533,828)
Written off	-	-	(1,649,115)	(720)	(3,974)	-	-	(1,653,809)
Exchange differences	-	3,020,192	16,570,803	569,708	1,094,484	12,782	-	21,267,969
At 31 December 2019	-	90,583,301	800,618,691	19,409,196	26,904,294	2,822,869	-	940,338,351
Accumulated impairment loss								
At 1 January 2019/ 31 December 2019	-	-	2,843,446	-	-	-	-	2,843,446
Carrying amount								
At 31 December 2019	27,423,690	144,885,170	767,938,127	9,326,842	2,095,944	1,916,017	68,558,781	1,022,144,571

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2020								
Cost								
At 1 January 2020	4,883,644	35,059,153	301,148,942	1,801,665	3,174,667	3,559,390	449,520	350,076,981
Additions	-	265,184	25,639,661	-	-	117,338	70,418	26,092,601
Disposals	-	-	(1,209,301)	-	-	-	-	(1,209,301)
Written off	-	-	(86,969,714)	-	-	-	-	(86,969,714)
Reclassification	-	-	256,017	23,952	-	-	(279,969)	-
At 31 December 2020	4,883,644	35,324,337	238,865,605	1,825,617	3,174,667	3,676,728	239,969	287,990,567
Accumulated depreciation								
At 1 January 2020	-	10,644,434	188,433,708	1,727,330	2,687,594	1,782,876	-	205,275,942
Depreciation charge for the financial year (Note 30)	-	620,760	10,556,940	13,419	172,503	383,201	-	11,746,823
Disposals	-	-	(818,841)	-	-	-	-	(818,841)
Written off	-	-	(74,683,517)	-	-	-	-	(74,683,517)
At 31 December 2020	-	11,265,194	123,488,290	1,740,749	2,860,097	2,166,077	-	141,520,407
Carrying amount								
At 31 December 2020	4,883,644	24,059,143	115,377,315	84,868	314,570	1,510,651	239,969	146,470,160

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Company	Freehold land RM	Buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Motor vehicles RM	Computers and communication system RM	Construction in progress RM	Total RM
2019								
Cost								
At 1 January 2019	4,883,644	32,001,145	289,490,247	1,799,315	3,331,667	3,545,033	7,645,534	342,696,585
Additions	-	3,037,483	4,307,454	2,350	-	14,357	441,853	7,803,497
Disposals	-	-	(266,101)	-	(157,000)	-	-	(423,101)
Reclassification	-	20,525	7,617,342	-	-	-	(7,637,867)	-
At 31 December 2019	4,883,644	35,059,153	301,148,942	1,801,665	3,174,667	3,559,390	449,520	350,076,981
Accumulated depreciation								
At 1 January 2019	-	10,083,436	176,076,056	1,713,213	2,672,090	1,405,228	-	191,950,023
Depreciation charge for the financial year (Note 30)	-	560,998	12,488,752	14,117	172,504	377,648	-	13,614,019
Disposals	-	-	(131,100)	-	(157,000)	-	-	(288,100)
At 31 December 2019	-	10,644,434	188,433,708	1,727,330	2,687,594	1,782,876	-	205,275,942
Carrying amount								
At 31 December 2019	4,883,644	24,414,719	112,715,234	74,335	487,073	1,776,514	449,520	144,801,039

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM38,124,876 (2019: RM64,732,327) and RM26,092,601 (2019: RM7,803,497) respectively which are satisfied by the following:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash payments	38,124,876	64,732,327	26,092,601	7,803,497

(b) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 21 are as follows:

	Group	
	2020 RM	2019 RM
Freehold land	20,427,462	20,732,576
Freehold buildings	21,269,495	26,879,122
Plant and machinery and other assets	274,759,833	316,411,575
	316,456,790	364,023,273

(c) During the financial year, an impairment loss of RM25,877,102 (2019: Nil) was recognised in profit or loss under other expenses, representing the impairment of certain freehold land improvement and buildings, machinery and equipment in Malaysia and Thailand in view of the significant adverse change in business climate arising from COVID-19 pandemic. The recoverable amount of RM24,000,000 of the property, plant and equipment located in Thailand as at 31 December 2020 was based on a valuation performed by a registered valuer and taken into consideration the age and obsolescence of the plant and machinery.

Fair value information

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3 was based on market comparison and depreciated replacement cost approach. The value of the property, plant and equipment was determined by comparing recent quotation, transactions and sale evidence involving other similar plant and machinery with compatible function, feature, capacity and other relevant specification and by estimating the current new replacement cost of the property, plant and equipment and therefrom less the accrued depreciation for age and obsolescence.

Valuation processes applied by the Group

The fair value of property, plant and equipment 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 property, plant and equipment of a subsidiary located in Thailand 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 property, plant and equipment, the highest and best use of the property, plant and equipment is their current use.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

6. RIGHT-OF-USE ASSETS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cost				
At 1 January	51,769,623	49,152,899	12,842,605	11,250,361
Additions	423,364	2,623,370	-	1,592,244
Derecognition*	(1,138,829)	-	-	-
Exchange differences	(16,404)	(6,646)	-	-
At 31 December	51,037,754	51,769,623	12,842,605	12,842,605
Accumulated depreciation				
At 1 January	12,133,218	9,510,525	3,892,608	3,491,533
Depreciation charge for the financial year (Note 30)	2,608,658	2,622,693	433,525	401,075
Derecognition*	(902,735)	-	-	-
At 31 December	13,839,141	12,133,218	4,326,133	3,892,608
Carrying amount				
At 31 December	37,198,613	39,636,405	8,516,472	8,949,997

* 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, hostels and motor vehicles.

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

	Group				
	Leasehold land RM	Warehouse/ Equipment RM	Hostels RM	Motor vehicles RM	Total RM
Carrying amount					
At 1 January 2019	35,267,125	2,960,342	729,707	685,200	39,642,374
Additions	-	2,431,287	192,083	-	2,623,370
Depreciation	(849,076)	(1,267,316)	(323,804)	(182,497)	(2,622,693)
Exchange differences	(6,646)	-	-	-	(6,646)
At 31 December 2019	34,411,403	4,124,313	597,986	502,703	39,636,405
Additions	-	83,211	340,153	-	423,364
Depreciation	(855,565)	(1,265,407)	(319,316)	(168,370)	(2,608,658)
Derecognition	-	(18,357)	(217,737)	-	(236,094)
Exchange differences	(12,055)	-	(4,349)	-	(16,404)
At 31 December 2020	33,543,783	2,923,760	396,737	334,333	37,198,613

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 (cont'd):

	Company			
	Leasehold land RM	Hostels RM	Motor vehicles RM	Total RM
Carrying amount				
At 1 January 2019	6,951,149	176,160	631,519	7,758,828
Additions	1,592,244	-	-	1,592,244
Depreciation	(192,084)	(60,398)	(148,593)	(401,075)
At 31 December 2019	8,351,309	115,762	482,926	8,949,997
Depreciation	(224,534)	(60,398)	(148,593)	(433,525)
At 31 December 2020	8,126,775	55,364	334,333	8,516,472

The Group and the Company lease land and warehouses for their office space and operation site over a few plots of stated-owned land in Malaysia and Indonesia. The leases for office space and operation site generally have lease terms between 50 to 60 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 6 years.

The Group and the Company also lease motor vehicles with remaining lease terms of 5 years. The carrying amount of motor vehicles of the Group and of the Company amounting to RM334,333 (2019: RM482,926) are held in trust by one of the directors as at end of the financial year.

<u>Termination options</u>

The Group and the Company have several lease contracts that include termination options. These options are negotiated by the Group and the Company to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs.

The undiscounted potential future rental payments relating to periods following the exercise date of termination options that are not included in the lease term are as follows:

	Group/Company		
	Within five years RM	More than five years RM	Total RM
Termination options expected to be excercised	59,400	-	59,400

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS

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

	Group	
	2020	**2019**
	RM	**RM**
At fair value:		
Immature rubber trees	32,100,000	31,800,000
Tropical wood trees	4,800,000	4,900,000
At 31 December	36,900,000	36,700,000

Fair value information

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

Level 3 fair value

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

	Group	
	2020	**2019**
	RM	**RM**
Immature rubber trees		
At 1 January	31,800,000	30,400,000
Gain recognised in profit or loss (Note 28)	300,000	1,400,000
At 31 December	32,100,000	31,800,000
Tropical wood trees		
At 1 January	4,900,000	3,900,000
(Loss)/Gain recognised in profit or loss (Note 28)	(100,000)	1,000,000
At 31 December	4,800,000	4,900,000

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. BIOLOGICAL ASSETS (cont'd)

Fair value information (cont'd)

Level 3 fair value (cont'd)

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

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

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Tropical wood trees	Discounted cash flows	Estimate of future cash flows (20 hoppus tons of tropical wood of various species with an average sale value of RM900 (2019: RM900 per hoppus ton)	The higher the average sale value, the higher the fair value

(c) The Group had planted on 2,758 (2019: 2,956) acres of land with rubber trees as at the end of financial year. In the previous financial year, the rubber trees planted on 470 acres of land had matured at the end of the previous financial year while the remaining planted rubber trees will attain maturity upon the sixth to seventh year of planting.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Rubber plantations and rubber seedlings	Discounted cash flows	Estimated yield of rubber latex per acre (2020: 800-1,300kg; 2019: 800-1,300kg);	The higher the estimated yield of rubber latex per acre, the higher the fair value
		Estimated latex selling price (2020: RM4.85/kg; 2019: RM4.65/kg); and	The higher the latex selling price, the higher the fair value
		Estimated harvesting and collection cost (2020: RM1.40/kg; 2019: RM1.30/kg)	The lower the harvesting and collection cost, the higher the fair value

Valuation processes applied by the Group

The fair value of biological assets is determined by external independent valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd., a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The valuation company provides the fair value of the Group's biological assets on a yearly basis. Changes in Level 3 fair values are analysed by the 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 2020 RM	Group 2019 RM
Cost		
At 1 January/31 December	19,590,250	19,590,250
Accumulated impairment loss		
At 1 January/31 December	(10,006,204)	(10,006,204)
Carrying amount		
At 31 December	9,584,046	9,584,046

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 2020 RM	Group 2019 RM
Thailand operations	4,893,263	4,893,263
Malaysia operations	4,690,783	4,690,783
	9,584,046	9,584,046

Key assumptions used in value-in-use calculations

The recoverable amount of CGU of Malaysia and Thailand operations as at 31 December 2020 and 31 December 2019 are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are based on the cash flows forecasted in the preceding years. The key assumptions used for value-in-use calculations are as follows:

Group	Malaysia operations	Thailand operations
31.12.2020		
Key assumptions used in value-in-use calculations		
Growth rate	2.42%	0.00%
Gross margin	13.00%	22.00%
Discount rate	13.00%	13.00%
31.12.2019		
Key assumptions used in value-in-use calculations		
Growth rate	0.00%	0.00%
Gross margin	13.00%	25.00%
Discount rate	12.00%	12.00%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. GOODWILL ON CONSOLIDATION (cont'd)

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

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

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the gross margin achieved in five 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

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

Sensitivity to change in assumptions

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 CGUs to exceed its recoverable amounts.

9. OTHER INTANGIBLE ASSETS

	Group	
	2020 RM	**2019 RM**
Cost		
At 1 January	411,937	384,975
Additions	6,035	2,211
Exchange differences	(6,072)	24,751
At 31 December	411,900	411,937
Accumulated amortisation		
At 1 January	329,262	273,838
Amortisation charge for the financial year (Note 30)	37,445	37,307
Exchange differences	(4,905)	18,117
At 31 December	361,802	329,262
Carrying amount		
At 31 December	50,098	82,675

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. INVESTMENT PROPERTIES

	Company 2020 RM	Company 2019 RM
At cost		
At 1 January/31 December	5,636,660	5,636,660
Accumulated depreciation		
At 1 January	(1,628,696)	(1,474,163)
Depreciation charge for the financial year (Note 30)	(154,533)	(154,533)
At 31 December	(1,783,229)	(1,628,696)
Carrying amount		
At 31 December	3,853,431	4,007,964

(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:

	2020 RM	2019 RM
Rental income	799,704	799,704
Direct operating expenses	103,266	100,034

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
2020				
Terrace house	-	-	540,000	540,000
Leasehold land and factory building	-	-	21,081,000	21,081,000
	-	-	21,621,000	21,621,000
2019				
Terrace house	-	-	500,000	500,000
Leasehold land and factory building	-	-	19,825,454	19,825,454
	-	-	20,325,454	20,325,454

The valuation of Level 3 investment properties as at 31 December 2020 and 31 December 2019 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 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM	Company 2019 RM
At cost		
Unquoted shares, at cost		
At 1 January	481,932,838	445,582,838
Additions during the financial year	33,228,400	36,350,000
At 31 December	515,161,238	481,932,838
Accumulated impairment loss		
At 1 January	(44,470,134)	(44,424,134)
Impairment loss during the financial year (Note 29)	-	(46,000)
Reversal of impairment loss (Note 28)	935,395	-
At 31 December	(43,534,739)	(44,470,134)
	471,626,499	437,462,704

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest 2020	Effective equity interest 2019
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%	51%
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%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of company	Principal place of business/ country of incorporation	Principal activities	Effective equity interest 2020	Effective equity interest 2019
Dawa Timber Industries Sdn. Bhd.	Malaysia	Manufacturing of fancy plywood	99.99%	99.99%
Evergreen Agro Sdn. Bhd.	Malaysia	Planters, cultivators and buyers of rubber and every kind of produce of the soil	100%	100%
Locomotion Services Sdn. Bhd.	Malaysia	Provide warehouse and logistics services	100%	100%
Evergreen Plantation Resources Sdn. Bhd.	Malaysia	Managing of plantation	100%	100%
Craft Master Timber Products Sdn. Bhd.	Malaysia	Manufacture of wood pellets	100%	100%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	100%
Subsidiary of Craft Master Timber Products Sdn. Bhd.				
Asian Oak Co., Ltd.*	Thailand	Producing and distributing wood products	99.99%	99.99%
Subsidiary of Siam Fibreboard Co., Ltd.				
Siam Furniture (Shanghai) Co., Ltd.^	The People's Republic of China	Distributing the household products made of rubber wood	100%	100%
Subsidiary of Evergreen Plantation Resources Sdn. Bhd				
Jasa Wibawa Sdn. Bhd.	Malaysia	Dealing in sawn-logs and cultivation of rubber trees	100%	100%

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

^ The subsidiary was consolidated using unaudited management financial statements as it had been placed under Member's Voluntary Winding-up in The People's Republic of China. The Member's Voluntary Winding-up was completed on 1 February 2021.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Acquisition of additional interest in PT Hijau Lestari Raya Fibreboard

On 6 November 2020, the Company had acquired additional 14,210 ordinary shares, representing additional 48.99% equity interest in PT Hijau Lestari Raya Fibreboard for a total consideration of USD8,000,000 (equivalent to approximately of RM33,228,400). Consequently, the Company's effective equity interest in PT Hijau Lestari Raya Fibreboard had increased from 51% to 99.99%.

Effect of the increase in the Company's effective equity interest is as follows:

	2020 RM
Fair value of consideration transferred	33,228,400
Increase in share of net assets	(30,953,047)
Excess charged directly to equity	2,275,353

(b) Subscription for additional interests in subsidiaries

(i) On 30 December 2019, the Company had further subscribed for 8,000,000 ordinary shares of Evergreen Plantation Resources Sdn. Bhd. by way of capitalising amount owing from its subsidiary, Jasa Wibawa Sdn. Bhd. to the Company of RM8,000,000.

(ii) On 30 December 2019, the Company had further subscribed for 27,000,000 ordinary shares in the share capital of Allgreen Timber Products Sdn. Bhd. by way of capitalising the amount owing to the Company of RM27,000,000.

(iii) On 30 December 2019, the Company had further subscribed for 1,350,000 ordinary shares in the share capital of Craft Master Timber Products Sdn. Bhd. by way of capitalising the amount owing to the Company of RM1,350,000.

(c) Non-controlling interests in a subsidiary

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

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

Name of company	Principal place of business/ country of incorporation	Equity interest 2020 %	2019 %
PT Hijau Lestari Raya Fibreboard	Indonesia	-	49

Carrying amount of non-controlling interests:

Name of company	2020 RM	2019 RM
PT Hijau Lestari Raya Fibreboard	-	29,683,307

Profit or loss allocated to non-controlling interests:

Name of company	2020 RM	2019 RM
PT Hijau Lestari Raya Fibreboard	1,269,740	(327,749)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. INVESTMENT IN SUBSIDIARIES (cont'd)

(c) Non-controlling interests in a subsidiary (cont'd)

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

	PT Hijau Lestari Raya Fibreboard RM
Summarised statement of financial position	
As at 31 December 2019	
Non-current assets	72,691,557
Current assets	50,572,551
Non-current liabilities	(4,604,674)
Current liabilities	(45,204,282)
Net assets	73,455,152
Summarised statement of comprehensive income	
Financial year ended 31 December 2019	
Revenue	82,762,814
Loss for the financial year	(982,894)
Total comprehensive income	(628,672)
Summarised cash flow information	
Financial year ended 31 December 2019	
Net cash flows from operating activities	18,235,335
Net cash flows used in investing activities	(8,894,032)
Net cash flows used in financing activities	(17,113,799)
Net decrease in cash and cash equivalents	(7,772,496)
Dividends paid to non-controlling interests	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax liabilities				
At 1 January	(35,646,033)	(40,399,478)	-	(2,980,234)
Recognised in:				
- profit or loss (Note 32)	2,837,330	4,724,337	-	2,980,234
- other comprehensive income	50,591	-	-	-
Exchange differences	33,729	29,108	-	-
At 31 December	(32,724,383)	(35,646,033)	-	-

(a) Presented after appropriate offsetting as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Deferred tax assets	1,803,422	1,803,422	-	-
Deferred tax liabilities	(34,527,805)	(37,449,455)	-	-
	(32,724,383)	(35,646,033)	-	-

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

	Group 2020 RM	Group 2019 RM
Deferred tax assets		
Unabsorbed capital allowances	42,252,033	10,647,018
Unutilised tax losses	2,842,347	11,446,862
Unabsorbed reinvestment allowances	10,966,724	26,232,332
Unrealised loss on foreign exchange	11,979	1,020,336
Provision for bonus	242,834	-
Provision for retirement benefits obligation	2,505,955	1,830,102
Others	437,699	154,594
	59,259,571	51,331,244
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and their tax bases	(82,172,880)	(75,263,968)
Changes in fair value of biological assets	(8,856,000)	(8,808,000)
Unrealised gain on foreign exchange	(955,074)	(2,905,309)
	(91,983,954)	(86,977,277)
	(32,724,383)	(35,646,033)

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. DEFERRED TAX (cont'd)

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

	Group 2020 RM	Group 2019 RM
Provision for bonus	234,969	-
Provision for retirement benefits obligation	2,715,377	562,308
Unabsorbed capital allowances	62,297,223	69,008,484
Unutilised tax losses	64,485,087	58,831,961
Unabsorbed increased export allowances	598,667	598,667
Unabsorbed investment tax allowances	76,051,303	76,051,303
Unabsorbed reinvestment allowances	113,088,377	107,224,509
Unrealised loss on foreign exchange	3,701,625	-
Others	57,082	39,652
	323,229,710	312,316,884
Potential deferred tax assets not recognised at 24% (2019: 24%)	77,575,130	74,956,052

	Company 2020 RM	Company 2019 RM
Unabsorbed reinvestment allowances	5,863,868	-
Potential deferred tax assets not recognised at 24% (2019: 24%)	1,407,328	-

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

The unutilised tax losses available for offset against future taxable profits of the Group will expire in the following financial years:

	Group 2020 RM
2025	57,201,261
2026	464,614
2027	6,819,212
	64,485,087

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INVENTORIES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Raw materials	35,351,340	37,101,743	11,640,743	5,799,399
Work-in-progress	31,975,359	64,712,189	1,667,164	914,135
Finished goods	44,317,157	50,029,555	12,992,204	12,069,942
Factory supplies	4,865,020	3,331,327	2,399,303	1,394,223
Fertilizer, chemicals and consumables	153,498	190,161	-	-
Packing materials	2,682,223	2,995,570	1,574,339	1,475,995
Spare parts	88,930,467	89,745,150	15,385,865	17,430,928
	208,275,064	248,105,695	45,659,618	39,084,622

(a) The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM725,288,434 (2019: RM842,456,959) and RM177,993,741 (2019: RM208,763,293) respectively.

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Inventories written down	38,340,297	5,080,299	510,346	-
Inventories written off	3,741,109	-	520,392	-
	42,081,406	5,080,299	1,030,738	-

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current:					
Non-trade					
Amounts owing by subsidiaries	(a)	-	-	37,775,093	55,784,598
Current:					
Trade					
External parties	(d)	71,175,635	86,975,611	5,712,842	5,853,482
Subsidiaries		-	-	20,453,332	16,105,386
		71,175,635	86,975,611	26,166,174	21,958,868
Less: Impairment loss on trade receivables	(d)	(4,905,727)	(3,395,760)	-	-
		66,269,908	83,579,851	26,166,174	21,958,868

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

14. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-trade					
Amounts owing by subsidiaries	(b)	-	-	39,648,267	26,912,020
Other receivables	(c)	22,095,998	2,700,785	17,644,966	1,304,727
Deposits		2,515,123	1,999,059	436,362	413,022
Goods and services/value added tax refundable		4,065,444	8,194,756	-	468,580
		28,676,565	12,894,600	57,729,595	29,098,349
Total trade and other receivables (current)		94,946,473	96,474,451	83,895,769	51,057,217
Total trade and other receivables (non-current and current)		94,946,473	96,474,451	121,670,862	106,841,815

(a) Amounts owing by subsidiaries represent advances which are unsecured, which bear interest at rates ranging from 2.21% to 4.00% (2019: 1.75% to 4.90%) and is expected to be settled in cash. However, this amount is not expected to be settled within the twelve months after the reporting date.

(b) Amounts owing by subsidiaries represent advances to subsidiaries which are unsecured, which bear interest at rates ranging from 2.57% to 4.36% (2019: 3.90% to 4.60%) and is expected to be settled in cash.

(c) Included in other receivables of the Group and the Company are amounts receivable from insurance compensation of RM18,358,314 (2019: Nil) and RM16,275,000 (2019: Nil) respectively.

(d) 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 (2019: 15 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

<u>Receivables that are impaired</u>

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

	Group 2020 RM	Group 2019 RM
At 1 January	3,395,760	560,825
Charge for financial year		
- Individually assessed	2,297,625	2,819,241
Reversal of impairment loss	(381,277)	-
Written off	(320,221)	-
Exchange differences	(86,160)	15,694
At 31 December	4,905,727	3,395,760

The information about the credit exposures are disclosed in Note 37(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. OTHER CURRENT ASSETS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current:				
Prepayments	4,559,436	2,446,585	776,807	516,628
Advance payments to suppliers	7,901,792	13,312,648	2,549,229	1,803,535
	12,461,228	15,759,233	3,326,036	2,320,163

16. DEPOSITS, CASH AND BANK BALANCES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash and bank balances	97,333,747	80,194,836	5,821,376	14,861,475
Deposits placed with licensed banks (Note (a))	14,967,552	14,647,867	14,967,552	14,647,867
Time deposits (Note (b))	920,545	878,113	216,622	200,000
Deposits, cash and bank balances as reported in the statements of financial position	113,221,844	95,720,816	21,005,550	29,709,342
Less: Time deposits	(920,545)	(878,113)	(216,622)	(200,000)
Cash and cash equivalents as reported in the statements of cash flows	112,301,299	94,842,703	20,788,928	29,509,342

(a) The deposits placed with licensed banks are placements with periods of less than 3 months and bear interest at rates ranging from 1.60% to 3.55% (2019: 3.15% to 3.45%) and mature within 3 months.

(b) Time deposits are deposits placed with licensed banks for periods of more than 3 months and bear interest at rates ranging from 1.50% to 3.30% (2019: 1.05% to 4.30%) per annum and mature within one year.

17. SHORT-TERM FUND

	Group/Company 2020 RM	Group/Company 2019 RM
Current:		
Financial assets at fair value through profit or loss ("FVPL")		
- Unquoted money market fund	9,250,774	9,028,760

Short-term fund is a fund invested in money market which is managed by investment bank and it is redeemable at any point in time.

It is an integral part of the Group's and the Company's capital management as disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		← Amounts →	
	2020 Unit	2019 Unit	2020 RM	2019 RM
Issued and fully paid up (no par value):				
At 1 January/31 December	846,423,985	846,423,985	344,749,212	344,749,212

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

19. TREASURY SHARES

	Group/Company			
	Number of ordinary shares		← Amounts →	
	2020 Unit	2019 Unit	2020 RM	2019 RM
At 1 January/31 December	622,000	622,000	482,899	482,899

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The Company's share buyback scheme was approved by the Company's shareholders in the Annual General Meeting held on 28 July 2020 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.

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

20. OTHER RESERVES

(a) Equity transaction reserve

The equity transaction reserve comprises the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(b) Foreign exchange reserve

The foreign exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. LOANS AND BORROWINGS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current:				
Secured:				
Term loans	33,853,315	41,064,693	17,235,977	17,793,450
Unsecured:				
Term loans	29,579,285	36,519,126	1,998,401	4,310,707
	63,432,600	77,583,819	19,234,378	22,104,157
Current:				
Secured:				
Trade facilities	49,543,000	42,129,000	-	-
Term loans	13,424,218	19,355,318	5,011,706	11,040,966
Unsecured:				
Trade facilities	123,323,200	84,945,413	51,719,500	31,420,900
Term loans	10,710,220	11,445,683	3,815,000	5,004,000
	197,000,638	157,875,414	60,546,206	47,465,866
Total loans and borrowings				
Trade facilities	172,866,200	127,074,413	51,719,500	31,420,900
Term loans	87,567,038	108,384,820	28,061,084	38,149,123
	260,433,238	235,459,233	79,780,584	69,570,023

(a) The loans and borrowings of the Group and of the Company are secured by the following:
   (i) Debentures over fixed and floating charges over the present and future assets of the Company and certain subsidiaries;
   (ii) Legal charge over the freehold land, buildings and plant and machinery of certain subsidiaries as disclosed in Note 5;
   (iii) Priority and security sharing agreement; and
   (iv) Corporate guarantee by the Company.

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

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Trade facilities	0.85 - 4.22	1.68 - 4.75	0.85 - 3.20	2.25 - 4.62
Term loans	0.90 - 3.49	0.90 - 5.09	2.21 - 3.44	3.91 - 5.09

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. LEASE LIABILITIES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current:				
Unsecured:				
Lease liabilities	2,207,856	3,348,675	-	55,365
Secured:				
Lease liabilities	277,653	327,256	221,271	284,163
	2,485,509	3,675,931	221,271	339,528
Current:				
Unsecured:				
Lease liabilities	1,166,484	1,492,766	58,173	63,285
Secured:				
Lease liabilities	172,938	357,762	62,891	59,530
	1,339,422	1,850,528	121,064	122,815
Total lease liabilities	3,824,931	5,526,459	342,335	462,343

Vehicles of the Group and of the Company as disclosed in Note 6 are pledged for leases. The interest rates implicit in the lease liabilities ranging from 2.52% - 4.35% (2019: 2.52% - 5.04%).

The incremental borrowing rate applied to other lease liabilities is 3.20% (2019: 4.35%).

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

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Minimum lease payments				
Not later than 1 year	1,457,883	2,049,186	134,753	140,153
Later than 1 year and not later than 2 years	1,286,975	2,254,531	75,353	134,753
Later than 2 years and not later than 5 years	1,306,483	1,671,801	163,211	226,060
Later than 5 years	-	12,503	-	12,503
	4,051,341	5,988,021	373,317	513,469
Less: Future finance charges	(226,410)	(461,562)	(30,982)	(51,126)
Present value of minimum lease payments	3,824,931	5,526,459	342,335	462,343
Present value of minimum lease payments				
Not later than 1 year	1,339,422	1,850,528	121,064	122,815
Later than 1 year and not later than 2 years	1,168,385	2,076,383	66,252	118,257
Later than 2 years and not later than 5 years	1,317,124	1,587,114	155,019	208,837
Later than 5 years	-	12,434	-	12,434
	3,824,931	5,526,459	342,335	462,343
Less: Amount due within 12 months	(1,339,422)	(1,850,528)	(121,064)	(122,815)
Amount due after 12 months	2,485,509	3,675,931	221,271	339,528

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. RETIREMENT BENEFITS OBLIGATION

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	11,952,986	11,489,445	4,199,798	4,219,513
Current service costs and interest expense (Note 31)	2,490,877	1,395,158	507,980	456,200
Remeasurement of actuarial gain from financial assumption	1,165,557	(354,222)	1,305,981	-
Benefits paid	(472,022)	(788,893)	(75,823)	(475,915)
Reversal of retirement benefits	(163,219)	-	-	-
Exchange differences	(87,074)	211,498	-	-
At 31 December	14,887,105	11,952,986	5,937,936	4,199,798

Significant actuarial assumptions

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

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Discount rate	2.99 – 7.20	2.99 – 8.00	3.70	5.40
Salary increase rate	3.00 – 7.00	3.00 – 7.00	3.00 – 5.00	3.00 – 5.00

Sensitivity analysis

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

	Reasonably possible change in assumption	Group		Company	
		Effect on defined benefit obligation			
		Increase RM	Decrease RM	Increase RM	Decrease RM
2020					
Discount rate	1%	(4,686,878)	5,273,225	(556,325)	649,826
Salary increase rate	1%	5,712,376	(4,802,703)	732,884	(634,299)
2019					
Discount rate	1%	(3,906,701)	4,597,409	(385,085)	442,905
Salary increase rate	1%	4,791,862	(4,055,178)	562,040	(489,527)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current:					
Trade					
Third parties	(a)	54,827,317	54,800,143	15,579,672	10,385,779
Amounts owing to subsidiaries	(a)	-	-	15,631,804	2,814,268
		54,827,317	54,800,143	31,211,476	13,200,047
Non-trade					
Amounts owing to subsidiaries	(b)	-	-	1,944,273	17,060
Other payables		16,406,954	18,366,497	5,673,892	4,599,905
Amounts owing to non-controlling interests	(c)	-	5,319,304	-	-
Goods and services/value added tax payable		2,819,491	2,798,899	2,892	-
Deposits		775,063	829,082	-	-
Accruals		31,625,322	24,869,925	8,182,064	5,721,192
		51,626,830	52,183,707	15,803,121	10,338,157
Total trade and other payables		106,454,147	106,983,850	47,014,597	23,538,204

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 7 to 90 days (2019: 7 to 90 days).

(b) The amounts owing to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand in cash and cash equivalents.

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

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 37(b)(iii).

25. CONTRACT LIABILITIES

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Contract liabilities relating to sales of goods	9,100,257	15,077,518	1,860,853	1,197,694

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. CONTRACT LIABILITIES (cont'd)

(a) Significant changes in contract balances

	Contract liabilities (increase)/decrease	
	2020 RM	2019 RM
Group		
Revenue recognised that was included in contract liability at the beginning of the financial year	15,077,518	9,394,535
Increases due to advances received from customers, but revenue not recognised	(9,100,257)	(15,077,518)
Company		
Revenue recognised that was included in contract liability at the beginning of the financial year	1,197,694	594,894
Increases due to advances received from customers, but revenue not recognised	(1,860,853)	(1,197,694)

26. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At a point in time:				
Sales of fibreboard and furniture parts	807,694,126	930,447,278	170,466,176	210,402,655
Sales of urea formaldehyde concentrate and adhesive products	8,220,201	17,974,593	-	-
Sales of wood pellet	43,716,994	17,941,825	-	-
Others	157,547	1,556,621	-	-
	859,788,868	967,920,317	170,466,176	210,402,655

27. COST OF SALES

Cost of sales represents cost of inventories sold.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. OTHER INCOME

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Dividend income from subsidiaries	-	-	25,000,000	22,000,000
Gain on disposal of property, plant and equipment	-	388,640	-	564
Gain arising from fair value adjustment of biological assets	200,000	2,400,000	-	-
Gain on lease modification	8,305	-	-	-
Interest income	1,352,399	1,650,789	2,164,334	3,221,645
Insurance compensation	21,520,114	1,033,143	21,413,326	982,190
Others	706,445	1,273,348	-	49,536
Realised gain on foreign exchange	821,008	8,296,502	2,871,846	4,127,690
Rental income	441,500	257,252	1,283,778	1,283,777
Reversal of impairment loss on investment in subsidiaries	-	-	935,395	-
Waiver of debts by trade creditors	931,080	-	-	-
	25,980,851	15,299,674	53,668,679	31,665,402

29. OTHER EXPENSES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Bad debts written off	5,698,963	130,000	-	-
Fair value loss on short-term fund	29,918	8,185	29,918	8,185
Impairment loss on:				
- investment in subsidiaries	-	-	-	46,000
- property, plant and equipment	25,877,102	-	-	-
Inventories written down	38,340,297	5,080,299	510,346	-
Inventories written off	3,741,109	-	520,392	-
Loss on disposal of property, plant and equipment	301,222	-	179,922	-
Property, plant and equipment written off	28,218,069	208,439	12,286,197	-
Tax penalty	837,890	-	-	-
Unrealised loss on foreign exchange	2,738,590	3,711,558	1,583,926	4,138,539
Others	182,500	52,623	-	-
	105,965,660	9,191,104	15,110,701	4,192,724

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. (LOSS)/PROFIT BEFORE TAX

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Amortisation of intangible assets	9	37,445	37,307	-	-
Auditors' remuneration					
- auditors of the Company					
- statutory audit					
- current year		305,500	315,500	131,000	134,000
- over provision in prior years		(500)	(2,885)	-	-
- non-statutory audit		13,000	13,000	13,000	13,000
- component auditors of the Group		263,361	267,515	-	-
Depreciation of:					
- property, plant and equipment	5	73,418,833	75,256,160	11,746,823	13,614,019
- investment properties	10	-	-	154,533	154,533
- right-of-use assets	6	2,608,658	2,622,693	433,525	401,075
Employee benefits expense	31	99,552,896	108,389,596	23,422,361	26,746,536
Impairment loss on trade receivables		2,297,625	2,819,241	-	-
Reversal of impairment loss on trade receivables		(381,277)	-	-	-
Interest expense:					
- lease liabilities		150,586	254,404	20,146	25,550
- trade facilities		4,614,382	4,183,991	1,205,421	1,348,425
- term loans		2,361,085	3,143,302	1,090,713	1,318,588
Expenses relating to low value assets and short-term leases		6,356,231	7,051,580	1,392,341	1,667,821

31. EMPLOYEE BENEFITS EXPENSE

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Wages and salaries		85,309,520	97,604,103	19,987,200	22,985,570
Defined contribution plan		4,360,727	4,784,145	2,061,628	2,307,830
Social security contribution		1,386,279	1,706,399	340,133	341,524
Other staff related expenses		6,005,493	2,899,791	525,420	655,412
Retirement benefit obligations	23	2,490,877	1,395,158	507,980	456,200
		99,552,896	108,389,596	23,422,361	26,746,536

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. EMPLOYEE BENEFITS EXPENSE (cont'd)

Included in employee benefits expense are:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Directors of the Company				
Executive:				
Salaries, bonus and emoluments	2,993,367	5,027,012	2,836,276	4,255,042
Defined contribution plan	43,320	50,511	43,320	50,511
Benefits-in-kind	56,925	66,200	56,925	66,200
	3,093,612	5,143,723	2,936,521	4,371,753
Non-executive:				
Fees	328,335	305,520	328,335	305,520
Allowances	14,490	14,415	14,490	14,415
Benefits-in-kind	4,800	3,600	4,800	3,600
	347,625	323,535	347,625	323,535
Directors of subsidiaries				
Executive:				
Salaries, bonus and emoluments	205,261	125,912	-	-
	3,646,498	5,593,170	3,284,146	4,695,288

32. TAX EXPENSE/(CREDIT)

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current income tax:				
Current income tax charge	5,525,736	5,676,818	-	460,469
Over provision in prior financial years	(260,843)	(724,231)	(309,115)	(241,055)
	5,264,893	4,952,587	(309,115)	219,414
Deferred tax (Note 12):				
Reversal of temporary differences	(3,658,361)	(5,979,882)	(575,579)	(4,045,220)
Under provision in prior financial years	821,031	1,255,545	575,579	1,064,986
	(2,837,330)	(4,724,337)	-	(2,980,234)
Tax expense/(credit) recognised in profit or loss	2,427,563	228,250	(309,115)	(2,760,820)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before tax	(98,999,027)	(42,210,558)	14,714,067	7,199,511
Tax at Malaysian statutory income tax rate of 24%	(23,759,766)	(10,130,534)	3,531,376	1,727,883
Different tax rates in other countries	4,868,336	3,004,389	-	-
Income not subject to tax	(841,016)	(1,617,400)	(6,736,105)	(6,335,137)
Expenses not deductible for tax purposes	18,980,743	8,591,889	1,221,822	772,637
Utilisation of previously unrecognised deferred tax assets	-	(151,408)	-	-
Deferred tax assets not recognised during the financial year	2,619,078	-	1,407,328	249,866
(Over)/Under provision in prior financial years				
- income tax	(260,843)	(724,231)	(309,115)	(241,055)
- deferred tax	821,031	1,255,545	575,579	1,064,986
Tax expense/(credit)	2,427,563	228,250	(309,115)	(2,760,820)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

33. LOSS PER SHARE

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

	Group	
	2020 RM	2019 RM
Loss attributable to the owners of the Company	(102,784,222)	(41,957,190)
Weighted average number of ordinary shares for basic loss per share	845,801,985	845,801,985
Basic loss per share (sen)	(12.15)	(4.96)

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. DIVIDENDS

	Company	
	2020 RM	2019 RM
Single tier final dividend of 0.48 sen per ordinary share in respect of the financial year ended 31 December 2018, paid on 16 August 2019	-	4,059,851

35. COMMITMENTS

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
In respect of capital expenditure property, plant and equipment:				
- Contracted but not provided for	4,098,999	3,691,799	2,735,025	598,811

36. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:
(i) Subsidiaries; and
(ii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2020 RM	2019 RM
Transactions with subsidiaries are as follows:		
- Sale of products and rendering of service	(84,836,506)	(54,095,135)
- Dividend income	(25,000,000)	(22,000,000)
- Rental income	(1,283,778)	(1,283,778)
- Interest income	(1,458,633)	(2,359,281)
- Sale of spare parts	(272,461)	(561,241)
- Sales of property, plant and equipment	(194,146)	(133,515)
- Management fees	(7,830,445)	(8,606,856)
- Purchase of products	48,611,206	45,315,696
- Purchase of property, plant and equipment	57,758	4,828,069
- Purchase of spare parts	157,342	72,627
- Expenses relating to short-term leases	115,200	336,830

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. RELATED PARTIES (cont'd)

(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	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term employees benefits	3,584,773	5,521,600	3,222,421	4,623,718
Benefits-in-kind	61,725	71,570	61,725	71,570
	3,646,498	5,593,170	3,284,146	4,695,288

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost
(ii) Fair value through profit or loss ("FVPL")

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2020			
Financial assets			
Group			
Trade and other receivables, excluding goods and services/value added tax refundable	90,881,029	90,881,029	-
Deposits, cash and bank balances	113,221,844	113,221,844	-
Short-term fund	9,250,774	-	9,250,774
	213,353,647	204,102,873	9,250,774
Company			
Trade and other receivables	121,670,862	121,670,862	-
Deposits, cash and bank balances	21,005,550	21,005,550	-
Short-term fund	9,250,774	-	9,250,774
	151,927,186	142,676,412	9,250,774

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (cont'd)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2020			
Financial liabilities			
Group			
Trade and other payables, excluding goods and services/value added tax payable	103,634,656	103,634,656	-
Loans and borrowings	260,433,238	260,433,238	-
Lease liabilities	3,824,931	3,824,931	-
	367,892,825	367,892,825	-
Company			
Trade and other payables, excluding goods and services/value added tax payable	47,011,705	47,011,705	-
Loans and borrowings	79,780,584	79,780,584	-
Lease liabilities	342,335	342,335	-
	127,134,624	127,134,624	-
At 31 December 2019			
Financial assets			
Group			
Trade and other receivables, excluding goods and services/value added tax refundable	88,279,695	88,279,695	-
Deposits, cash and bank balances	95,720,816	95,720,816	-
Short-term fund	9,028,760	-	9,028,760
	193,029,271	184,000,511	9,028,760
Company			
Trade and other receivables, excluding goods and services/value added tax refundable	106,373,235	106,373,235	-
Deposits, cash and bank balances	29,709,342	29,709,342	-
Short-term fund	9,028,760	-	9,028,760
	145,111,337	136,082,577	9,028,760

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (cont'd)

	Carrying amount RM	Amortised cost RM	FVPL RM
At 31 December 2019			
Financial liabilities			
Group			
Trade and other payables, excluding goods and services/value added tax payable	104,184,951	104,184,951	-
Loans and borrowings	235,459,233	235,459,233	-
Lease liabilities	5,526,459	5,526,459	-
	345,170,643	345,170,643	-
Company			
Trade and other payables, excluding goods and services/value added tax payable	23,538,204	23,538,204	-
Loans and borrowings	69,570,023	69,570,023	-
Lease liabilities	462,343	462,343	-
	93,570,570	93,570,570	-

(b) Financial risk management

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in deposits with licensed banks.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity analysis

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:			
31 December 2020	+ 100	(2,008,362)	(2,008,362)
	- 100	2,008,362	2,008,362
31 December 2019	+ 100	(1,831,491)	(1,831,491)
	- 100	1,831,491	1,831,491
Company:			
31 December 2020	+ 100	608,934	608,934
	- 100	(608,934)	(608,934)
31 December 2019	+ 100	532,246	532,246
	- 100	(532,246)	(532,246)

(ii) Foreign exchange risk

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk are primarily United States Dollar ("USD") and Euro ("EUR"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(ii) Foreign exchange risk (cont'd)

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

	USD RM	EUR RM	Total RM
Functional currency of Group			
At 31 December 2020			
Ringgit Malaysia	15,553,015	(32,731,499)	(17,178,484)
Thai Baht	5,598,256	(120,427)	5,477,829
Indonesian Rupiah	(3,036,569)	(1,653,618)	(4,690,187)
	18,114,702	(34,505,544)	(16,390,842)
At 31 December 2019			
Ringgit Malaysia	20,932,810	(42,242,183)	(21,309,373)
Thai Baht	11,570,526	(28,604)	11,541,922
Indonesian Rupiah	5,291,901	(818,357)	4,473,544
	37,795,237	(43,089,144)	(5,293,907)
Functional currency of Company			
At 31 December 2020			
Ringgit Malaysia	(3,633,594)	1,156,561	(2,477,033)
At 31 December 2019			
Ringgit Malaysia	7,862,964	501,336	8,364,300

Sensitivity analysis

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

		Effect on (loss)/profit after tax for the financial year			
		Group		Company	
	Change in rate	2020 RM	2019 RM	2020 RM	2019 RM
- USD	+ 3%	413,015	861,731	(82,846)	179,276
	- 3%	(413,015)	(861,731)	82,846	(179,276)
- EUR	+ 3%	(786,726)	(982,432)	26,370	11,430
	- 3%	786,726	982,432	(26,370)	(11,430)

(iii) Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

Maturity analysis

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

		← Contractual undiscounted cash flows →			
Group	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
2020					
Financial liabilities:					
Trade and other payables	103,634,656	103,634,656	-	-	103,634,656
Loans and borrowings	260,433,238	200,842,364	65,281,664	-	266,124,028
Lease liabilities	3,824,931	1,457,883	2,593,458	-	4,051,341
	367,892,825	305,934,903	67,875,122	-	373,810,025
2019					
Financial liabilities:					
Trade and other payables	104,184,951	104,184,951	-	-	104,184,951
Loans and borrowings	235,459,233	162,100,450	74,302,455	6,485,169	242,888,074
Lease liabilities	5,526,459	2,049,186	3,926,332	12,503	5,988,021
	345,170,643	268,334,587	78,228,787	6,497,672	353,061,046
Company					
2020					
Financial liabilities:					
Trade and other payables	47,011,705	47,011,705	-	-	47,011,705
Loans and borrowings	79,780,584	61,324,342	19,859,567	-	81,183,909
Lease liabilities	342,335	134,753	238,564	-	373,317
Financial guarantee contracts	-	179,887,654	-	-	179,887,654
	127,134,624	288,358,454	20,098,131	-	308,456,585
2019					
Financial liabilities:					
Trade and other payables	23,538,204	23,538,204	-	-	23,538,204
Loans and borrowings	69,570,023	48,528,866	22,842,054	-	71,370,920
Lease liabilities	462,343	140,153	360,813	12,503	513,469
Financial guarantee contracts	-	157,522,514	-	-	157,522,514
	93,570,570	229,729,737	23,202,867	12,503	252,945,107

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant.

The credit risk of the Group's and of the Company's other financial assets, which comprise deposit, cash and bank balances arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Trade receivables

Exposure to credit risk
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 RM179,887,654 (2019: RM157,522,514) relating to a corporate guarantee provided by the Company to bank for subsidiaries' bank borrowings.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided.

The Group and the Company determine concentrations of credit risk by monitoring the country and industry sector profile of their trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables at the reporting date are as follows:

	Group			
	2020 RM	%	2019 RM	%
By country:				
Malaysia	51,296,338	77%	51,204,335	61%
Thailand	5,054,268	8%	18,881,374	23%
Other countries	9,919,302	15%	13,494,142	16%
	66,269,908	100%	83,579,851	100%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

	Company			
	2020 RM	%	2019 RM	%
By country:				
Malaysia	23,918,977	91%	20,961,222	95%
Other countries	2,247,197	9%	997,646	5%
	26,166,174	100%	21,958,868	100%

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

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

	Gross carrying amount at default RM
Group	
At 31 December 2020	
Current	51,106,301
1-30 days past due	10,918,744
31-60 days past due	4,023,319
61-90 days past due	850
91-120 days past due	-
>120 days past due	220,694
	66,269,908
Individually impaired	4,905,727
	71,175,635
Company	
At 31 December 2020	
Current	20,495,018
1-30 days past due	2,774,990
31-60 days past due	2,896,142
61-90 days past due	24
	26,166,174

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Trade receivables (cont'd)

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

	Gross carrying amount at default RM
Group	
At 31 December 2019	
Current	53,414,750
1-30 days past due	21,835,855
31-60 days past due	4,160,981
61-90 days past due	1,225,418
91-120 days past due	857,970
>120 days past due	2,084,877
	83,579,851
Individually impaired	3,395,760
	86,975,611
Company	
At 31 December 2019	
Current	13,713,728
1-30 days past due	3,365,074
31-60 days past due	372,106
61-90 days past due	599,572
91-120 days past due	701,889
>120 days past due	3,206,499
	21,958,868

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

(iv) Credit risk (cont'd)

Other receivables and other financial assets

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

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low risk and did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM179,887,654 (2019: RM157,522,514) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 37(b)(iii). As at 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)

37. 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 their fair values due to the relatively short-term nature of these financial instruments.

The fair value of the short-term fund is determined by reference to redemption price at the end of the reporting period.

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 (2019: 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/Company	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31 December 2020					
Financial assets					
Fair value through profit or loss					
- short-term fund	9,250,774	9,250,774	-	-	9,250,774
Group/Company					
31 December 2019					
Financial assets					
Fair value through profit or loss					
- short-term fund	9,028,760	9,028,760	-	-	9,028,760

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. 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.

<u>Segment profit</u>

Segment performance is used to measure performance as Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

<u>Segment assets and liabilities</u>

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

2020	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and elimination RM	Total RM
Revenue							
Revenue from external customers		472,328,569	299,743,437	87,716,862	-	-	859,788,868
Inter-segment revenue	(a)	213,108,773	84,394,327	-	-	(297,503,100)	-
Total revenue	(c)	685,437,342	384,137,764	87,716,862	-	(297,503,100)	859,788,868
Results							
Segment profit/(loss)		2,194,943	(119,239,262)	3,874,630	(49,072)	21,345,787	(91,872,974)
Finance costs		(6,892,268)	(4,357,368)	-	-	4,123,583	(7,126,053)
(Loss)/Profit before tax		(4,697,325)	(123,596,630)	3,874,630	(49,072)	25,469,370	(98,999,027)
Tax expense		(1,323,610)	-	(1,103,953)	-	-	(2,427,563)
(Loss)/Profit for the financial year		(6,020,935)	(123,596,630)	2,770,677	(49,072)	25,469,370	(101,426,590)
Assets:							
Segment assets		1,622,953,425	435,564,843	112,549,544	21,265	(719,075,042)	1,452,014,035
Liabilities:							
Segment liabilities		474,925,060	243,992,293	38,017,378	162,373	(326,603,292)	430,493,812

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

2020	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and elimination RM	Total RM
Other information:	(b)						
Amortisation of intangible assets		-	37,445	-	-	-	37,445
Bad debts written off		847,716	4,411,467	439,780	-	-	5,698,963
Capital expenditures	(d)	43,315,702	5,218,869	2,358,348	-	(12,338,644)	38,554,275
Depreciation of:							
- property, plant and equipment		37,275,887	27,543,310	8,620,844	-	(21,208)	73,418,833
- right-of-use assets		2,546,914	-	-	-	61,744	2,608,658
Gain arising from fair value adjustment of biological assets		(200,000)	-	-	-	-	(200,000)
Fair value loss on short-term fund		29,918	-	-	-	-	29,918
Interest income		(2,640,885)	(2,673,991)	(162,565)	-	4,125,042	(1,352,399)
Interest expense:							
- lease liabilities		142,949	6,178	-	-	1,459	150,586
- trade facilities		3,755,334	1,684,782	-	-	(825,734)	4,614,382
- term loans		2,993,985	2,666,408	-	-	(3,299,308)	2,361,085
Impairment loss on:							
- property, plant and equipment		1,219,747	24,657,355	-	-	-	25,877,102
- trade receivables		369,840	4,555,879	663,392	-	(3,291,486)	2,297,625
Inventories written down		510,346	37,829,951	-	-	-	38,340,297
Inventories written off		3,741,109	-	-	-	-	3,741,109
Insurance compensation		(21,413,326)	(106,788)	-	-	-	(21,520,114)
Property, plant and equipment written off		28,218,069	-	-	-	-	28,218,069
Reversal of impairment loss on trade receivables		(381,277)	-	-	-	-	(381,277)
Expenses relating to low value assets and short-term leases		7,166,721	1,127,774	18,142	-	(1,956,406)	6,356,231

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

2019	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and elimination RM	Total RM
Revenue							
Revenue from external customers		557,380,770	327,776,733	82,762,814	-	-	967,920,317
Inter-segment revenue	(a)	214,810,186	60,514,883	-	-	(275,325,069)	-
Total revenue	(c)	772,190,956	388,291,616	82,762,814	-	(275,325,069)	967,920,317
Results							
Segment profit/(loss)		20,200,079	(70,276,859)	204,919	(86,160)	15,329,160	(34,628,861)
Finance costs		(7,990,918)	(3,942,874)	(444,721)	-	4,796,816	(7,581,697)
Profit/(Loss) before tax		12,209,161	(74,219,733)	(239,802)	(86,160)	20,125,976	(42,210,558)
Tax credit/(expense)		1,528,279	(1,013,437)	(743,092)	-	-	(228,250)
Profit/(Loss) for the financial year		13,737,440	(75,233,170)	(982,894)	(86,160)	20,125,976	(42,438,808)
Assets:							
Segment assets		1,596,333,255	557,612,989	123,264,108	67,649	(699,380,755)	1,577,897,246
Liabilities:							
Segment liabilities		415,124,506	237,939,381	49,808,956	155,195	(289,492,973)	413,535,065

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

2019	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Adjustments and elimination RM	Total RM
Other information:	(b)						
Amortisation of intangible assets		-	37,307	-	-	-	37,307
Bad debts written off		130,000	-	-	-	-	130,000
Capital expenditures	(d)	53,628,911	5,615,155	8,113,842	-	-	67,357,908
Depreciation of:							
- property, plant and equipment		39,046,268	28,755,851	7,454,041	-	-	75,256,160
- right-of-use assets		2,571,008	-	-	-	51,685	2,622,693
Fair value loss on short-term fund		8,185	-	-	-	-	8,185
Gain arising from fair value adjustment of biological assets		(2,400,000)	-	-	-	-	(2,400,000)
Interest income		(3,895,389)	(2,458,275)	(97,097)	(72)	4,800,044	(1,650,789)
Interest expense:							
- lease liabilities		229,412	21,764	-	-	3,228	254,404
- trade facilities		3,492,257	1,618,071	444,721	-	(1,371,058)	4,183,991
- term loans		4,269,249	2,303,039	-	-	(3,428,986)	3,143,302
Impairment loss on trade receivables		744,523	13,132,115	1,195,448	-	(12,252,845)	2,819,241
Inventories written down		-	5,080,299	-	-	-	5,080,299
Insurance compensation		(1,033,143)	-	-	-	-	(1,033,143)
Property, plant and equipment written off		142	-	208,297	-	-	208,439
Expenses relating to low value assets and short-term leases		4,823,315	1,240,059	988,206	-	-	7,051,580

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

(b) Inter-segment income and expenses are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

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

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2020				
Sales of fibreboard and furniture parts	420,233,827	299,743,437	87,716,862	807,694,126
Sales of urea formaldehyde concentrate and adhesive products	8,220,201	-	-	8,220,201
Sales of wood pellet	43,716,994	-	-	43,716,994
Others	157,547	-	-	157,547
	472,328,569	299,743,437	87,716,862	859,788,868
2019				
Sales of fibreboard and furniture parts	519,907,731	327,776,733	82,762,814	930,447,278
Sales of urea formaldehyde concentrate and adhesive products	17,974,593	-	-	17,974,593
Sales of wood pellet	17,941,825	-	-	17,941,825
Others	1,556,621	-	-	1,556,621
	557,380,770	327,776,733	82,762,814	967,920,317

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

	2020 RM	2019 RM
Intangible assets	6,035	2,211
Property, plant and equipment	38,124,876	64,732,327
Right-of-use assets	423,364	2,623,370
	38,554,275	67,357,908

(e) Geographical information

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

	2020 RM	2019 RM
Revenue from sales to external customers by location of the customers		
United States	90,071,353	58,806,130
Africa	70,704,656	53,342,801
Europe	13,855,328	34,894,720
Far East Asia	69,669,426	61,596,932
Middle East	207,222,246	297,282,591
South Asia	4,975,785	12,121,508
South East Asia	403,290,074	449,875,635
	859,788,868	967,920,317

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. SEGMENT INFORMATION (cont'd)

(e) Geographical information (cont'd)

(ii) The following is the analysis of non-current assets other than financial instruments, deferred tax assets and goodwill on consolidation, which is analysed by the Group's geographical location:

	Malaysia RM	Thailand RM	Indonesia RM	Total RM
2020				
Property, plant and equipment	585,430,411	276,159,186	64,014,963	925,604,560
Right-of-use assets	36,463,747	20,184	714,682	37,198,613
Biological assets	36,900,000	-	-	36,900,000
Intangible assets	-	50,098	-	50,098
Total non-current assets	658,794,158	276,229,468	64,729,645	999,753,271
2019				
Property, plant and equipment	621,903,506	328,182,118	72,058,947	1,022,144,571
Right-of-use assets	39,003,795	-	632,610	39,636,405
Biological assets	36,700,000	-	-	36,700,000
Intangible assets	-	82,675	-	82,675
Total non-current assets	697,607,301	328,264,793	72,691,557	1,098,563,651

39. 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 2020 and 31 December 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises loans and borrowings, lease liabilities and trade and other payables, less short-term fund, deposits, cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group and the Company.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loans and borrowings	260,433,238	235,459,233	79,780,584	69,570,023
Lease liabilities	3,824,931	5,526,459	342,335	462,343
Trade and other payables	106,454,147	106,983,850	47,014,597	23,538,204
Deposits, cash and bank balances	(113,221,844)	(95,720,816)	(21,005,550)	(29,709,342)
Short-term fund	(9,250,774)	(9,028,760)	(9,250,774)	(9,028,760)
Net debt	248,239,698	243,219,966	96,881,192	54,832,468
Equity attributable to the owners of the Company				
Total capital	1,021,520,223	1,134,678,874	697,090,907	683,373,706
Capital and net debt	1,269,759,921	1,377,898,840	793,972,099	738,206,174
Gearing ratio	20%	18%	12%	7%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year presentation:

Group	As previously classified RM	Reclassifications RM	As reclassified RM
2019			
Statements of comprehensive income			
Cost of sales	(847,537,258)	5,080,299	(842,456,959)
Other income	15,291,489	8,185	15,299,674
Selling and administrative expenses	(163,511,548)	130,000	(163,381,548)
Other expenses	(3,972,620)	(5,218,484)	(9,191,104)

Company	As previously classified RM	Reclassifications RM	As reclassified RM
2019			
Statement of comprehensive income			
Other income	31,657,217	8,185	31,665,402
Other expenses	(4,184,539)	(8,185)	(4,192,724)

41. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 6 November 2020, the Company had acquired additional 14,210 ordinary shares, representing additional 48.99% equity interest in PT Hijau Lestari Raya Fibreboard for a total consideration of USD8,000,000 (equivalent to approximately of RM33,228,400). Further details are disclosed in Note 11(a).

(b) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group has considered and estimated the impact of the COVID-19 pandemic in the Group's financial position and performance by carrying out the impairment assessment of its property, plant and equipment, inventories and trade receivables.

In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the reporting date, used internal and external sources, including economic forecasts and estimates from market sources. However, the impact assessment of the COVID-19 pandemic is a continuing process and the Group will continue to monitor any material changes to future economic conditions.

The Group's operations are largely dependent on market demands and hence, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. As the Group's earnings and operating cashflows are expected to be affected by the challenging operating environment due to the COVID-19 pandemic, the Group is currently focusing on capital and cash flow management, including cost-cutting measures and actively seeking to enhance their financing facilities. These are expected to equip the Group with sufficient cash flows and financial resources to meet its obligations as and when they fall due. Details of the Group's liquidity risk management and available facilities are disclosed under the liquidity risk section in Note 37 (b)(iii).

As the ongoing COVID-19 pandemic continues to evolve, there is significant uncertainty over the duration of the pandemic and its full range of possible effects on the Group's financial and liquidity positions.

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 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of directors:

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

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

Batu Pahat

Date: 29 April 2021

STATUTORY DECLARATION
Pursuant to Section 251(1) of the Companies Act 2016

I, **TEE KIM FOOM**, being the officer primarily responsible for the financial management of Evergreen Fibreboard Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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.

…………………………………………
TEE KIM FOOM
MIA Membership No.: 19204

Subscribed and solemnly declared by the abovenamed at Batu Pahat in the State of Johor Darul Ta’zim on 29 April 2021.

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 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 141.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

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

The Group has a significant balance of biological assets amounting to RM36,900,000 as at 31 December 2020. The biological assets comprise of tropical wood trees and rubber trees. The biological assets of the Group are required to be measured at fair value less costs to sell in accordance with MFRS 141 *Biological Assets*.

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

The fair value of the rubber trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees. As prices in agricultural business are volatile, the actual cash flows may not coincide with the estimates made and this may have a significant effect on the Group's financial position and results.

Our audit response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the independent professional valuer, including consideration of their qualifications and experience;
- reviewing the discounted cash flow calculations and the underlying valuation model by comparing to available market data;
- corroborating the key inputs to the model, including commodity prices and yield and to market data;
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the biological assets;
- checking the mathematical accuracy of the discounted cash flow calculations; and
- reviewing the disclosure requirements in accordance with MFRS 141 *Biological Assets*.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (cont'd)

Group (cont'd)

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

The Group has significant inventories amounting to RM208,275,064 as at 31 December 2020. The valuation of the Group's inventories is stated at the lower of cost or net realisable value. The review of saleability and valuation of inventories at the lower of cost and net realisable value are an area of significant judgement and estimate. The Group specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. The economic uncertainties resulting from COVID-19 pandemic may continue to impact the saleability of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amounts of inventories.

We focused on the valuation of inventories due to the significance of the value of inventories as part of the total assets and the multiple locations in which the inventories are located.

Our audit response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with the monitoring and detection and write down/off of slow-moving inventories as at 31 December 2020;
- observing year end physical inventory count to examine the physical existence and condition of the inventories;
- reviewing the significant component auditor's working papers on the valuation of the inventories;
- reviewing subsequent sales and evaluating the Group's assessment on estimated net realisable values on selected inventory items; and
- evaluating whether the inventories have been written down to their net realisable values for inventory items with net realisable values lower than their costs.

Plant and equipment (Notes 4(c) and 5 to the financial statements)

Certain plant and equipment of the Group relating to the manufacturing operations in Thailand have been making continuous gross losses since the previous financial years. The Group assesses impairment of plant and equipment whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group estimated the fair value of the plant and equipment based on the market valuation performed by an external independent valuer. The economic uncertainty from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the valuations. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our audit response:

Our audit procedures included, among others:

- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant plant and equipment and discussed with external valuers on their valuation approach and the significant judgements they made, including the selection of comparable plant and equipment and adjustments for differences in key attributes made to the transacted value of comparable plant and equipment; and
- assessing the valuation approach used and appropriateness of the key assumptions.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia) (Cont'd)

Key Audit Matters (cont'd)

Company

Investment in subsidiaries (Notes 4(d) and 11 to the financial statements)

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

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. The economic uncertainties from COVID-19 pandemic may result in high level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Company's financial position and results if the actual cash flows are less than the expected.

Our audit response:

Our audit procedures focused on evaluating the cash flow projections and the Company's forecasting procedures which included, among others:

- comparing the actual results with previous budgets to assess the performance of the business;
- comparing the Company's assumptions to externally derived data as well as our assessment of key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia) (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EVERGREEN FIBREBOARD BERHAD
(Incorporated in Malaysia) (Cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Zu Wei
No. 03545/12/2022 J
Chartered Accountant

Kuala Lumpur

Date: 29 April 2021

STATEMENT OF SHAREHOLDINGS
AS AT 30 APRIL 2021

Total Number of Issued Shares	:	846,423,985 ordinary shares
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	Percentage of Shares
Less than 100	100	4,363	0.00
100 - 1,000	623	381,176	0.05
1,001 - 10,000	4,381	25,495,369	3.01
10,001- 100,000	3,331	112,494,028	13.30
100,001 to less than 5% of issued shares	592	440,951,043	52.13
5% and above of issued shares	2	266,476,006	31.51
	9,029	845,801,985	100.00

** excluding a total of 622,000 ordinary shares bought back and retained as treasury shares.*

THIRTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares	Percentage of Shares
1. KUO JEN CHANG	142,355,865	16.83
2. KUO JEN CHIU	124,120,141	14.67
3. KUO HUEI CHEN	32,526,790	3.85
4. KUO JEFFREY S	17,320,865	2.05
5. KUO JUSTIN S	17,320,865	2.05
6. KUO HENRY S	17,320,864	2.05
7. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	15,529,900	1.84
8. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD. PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE	12,892,700	1.52
9. JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	11,075,600	1.31
10. CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR NG PAIK PHENG	9,141,700	1.08
11. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR MGF CAPITAL LIMITED	7,780,000	0.92
12. EVAWORLD SDN. BHD.	7,079,290	0.84
13. MAYBANK NOMINEES (TEMPATAN) SDN BHD. PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI	6,600,000	0.78
14. CHEE AH KUAN	6,500,000	0.77

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 30 APRIL 2021

THIRTY LARGEST SHAREHOLDERS

Shareholders	Number of Shares	Percentage of Shares
15. CIMB GROUP NOMINEES (ASING) SDN. BHD EXEMPT AN FOR DBS BANK LTD	6,365,700	0.75
16. CIMSEC NOMINEES (TEMPATAN) SDN BHD. CIMB FOR NG AH CHAI	6,000,000	0.71
17. MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR	5,701,200	0.67
18. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LOH YIH	5,516,400	0.65
19. SUSY DING	4,623,350	0.55
20. PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	4,239,800	0.50
21. CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	3,450,000	0.41
22. CESFIELD DEVELOPMENT SDN. BHD	3,255,740	0.38
23. YEAT SIAW PING	3,227,700	0.38
24. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEE KHENG	3,210,000	0.38
25. CHEE CHEN KAI	3,174,000	0.38
26. CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	3,137,600	0.37
27. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI	3,021,950	0.36
28. TEOH CHENG HUA	3,000,000	0.35
29. YEW YEE YONG	3,000,000	0.35
30. DO HOCK KWONG	2,967,000	0.35

STATEMENT OF SHAREHOLDINGS (Cont'd)
AS AT 30 APRIL 2021

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company: -

Substantial Shareholders	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1. KUO JEN CHANG	142,355,865	16.83	159,173,720 (1)	18.82
2. KUO JEN CHIU	124,120,141	14.67	177,409,444 (1)	20.98
3. KUO HUEI CHEN	35,053,579	4.15	266,476,006 (1)	31.51

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:

Substantial Shareholders	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1. KUO JEN CHANG	142,355,865	16.83	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. JONATHAN LAW NGEE SONG	0	0.00	0	0.00
5. KUAN KAI SENG	0	0.00	0	0.00
6. HENRY S KUO	17,320,864	2.05	34,641,730 (1)	4.10
7. NIRMALA A/P DORAISAMY	0	0.00	0	0.00

Notes:
(1) *Deemed interested by virtue of the interest of his or her siblings.*

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We ____

being a member/members of Evergreen Fibreboard Berhad, hereby appoint (1) Mr/Ms ____________________

______________________________________ (NRIC No. ________________) of

____ or

failing whom, ______________________________ (NRIC No. ________________) of

* (2) Mr./Ms. ______________________________ (NRIC No. ________________) of

____ or

failing whom, ______________________________ (NRIC No. ________________) of

____

as my/our proxy to vote for *me/us and on *my/our behalf at the **Thirtieth Annual General Meeting** of the Company to be held at **Iskandar Ballroom, Level 3A, JEN Johor Puteri Harbour by Shangri-La, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia on Friday, 25 June 2021 at 9.00 a.m.** and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)
First Proxy (1) ________________)%   First Proxy (2) ________________)%

*My/Our proxy is to vote as indicated below: -

Agenda	Resolution	For*	Against*
Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors	1		
Re-election of Mr. Kuo Jen Chiu	2		
Re-election of Madam Nirmala A/P Doraisamy	3		
Approval of Non-Executive Directors' fees and allowances up to an amount of RM450,000 for the financial year ending 31 December 2021.	4		
Approval of authority to issue shares pursuant to pursuant to Sections 75&76	5		
Approval of Proposed Authority for the Company to purchase its own shares	6		
Approval to designate Mr. Jonathan Law Ngee Song as an Independent Director	7		
Amendments to Existing Constitution of the Company	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.

As witness my hand this ____ day of ______ 2021

____
Signature of Member(s)

NOTES: -

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

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Affix Stamp

The Secretary
EVERGREEN FIBREBOARD BERHAD (Reg No: 199101006810) (217120-W)
11th Floor, Menara Symphony,
No: 5, Jalan Professor Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya, Selangor.

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Evergreen Fibreboard Berhad
Registration No.199101006810 (217120-W)

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86400 Parit Raja,
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Malaysia.

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