

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### **A INFORMATION REQUIRED BY MFRS 134**

#### **1. *Basis of Preparation***

These condensed consolidated interim financial statements, for the period ended 30 September 2020, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, except for the adoption of the Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2020. The initial application of the accounting standards, interpretations or amendments that are effective from 1 January 2020 do not have any material financial impacts to the current and prior financial period of the Group.

<u>Amendments/Improvements to MFRSs</u>		Effective for financial periods <u>beginning on or after</u>
MFRS 3	Business Combinations	1 January 2020
MFRS 7	Financial Instruments: Disclosures	1 January 2020
MFRS 9	Financial Instruments	1 January 2020
MFRS 101	Presentation of Financial Statements	1 January 2020
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020

#### **Standards issued but not yet effective**

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group:

<u>New MFRS</u>		Effective for financial periods <u>beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16	Leases	1 June 2020 <sup>*</sup> / 1 January 2022
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> *The Annual Improvements to MFRS Standards 2018-2020*

<sup>\*</sup> *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

<sup>#</sup> *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have material effect to the financial statements of the Group upon their initial application.

# **EVERGREEN FIBREBOARD BERHAD**

**Registration No.: 199101006810**

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### ***2. Audit Report on Preceding Annual Financial Statements***

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not subjected to any qualification.

### ***3. Seasonal or Cyclical Factors***

The Group's business operations are not affected by any major seasonal or cyclical factors except on period where adverse weather may affect log supply.

### ***4. Unusual Items Due to their Nature, Size or Incidence***

There were no items affecting the assets, liabilities, equity, net income, or cash flows in the Group that are unusual because of their nature, size or incidence during the interim period.

### ***5. Changes in Estimates***

There are no other changes in estimates that has material effect in the current quarter results.

### ***6. Debt and Equity Securities***

There were no issuance, cancellation, resale of shares bought back and repayment of debt and equity security for the financial year other than the following: -

- (a) There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 September 2020 was 622,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

### ***7. Dividends Paid***

No dividend was paid during the 3<sup>rd</sup> quarter ended 30 September 2020.

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

### 8. Profit before tax

Included in the profit before tax are the following items:

	3 months ended 30 September		9 months ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest Income	(288)	(485)	(1,010)	(1,329)
Other (income)/ expense including investment income	(257)	(936)	(1,274)	(1,339)
Interest expense/ Finance cost	2,203	2,453	6,063	6,200
Depreciation and amortisation	18,537	19,563	58,240	57,429
Loss/ (gain) on disposal of property, plant and equipment	206	(17)	561	(362)
Foreign exchange loss/ (gain)	1,069	(2,569)	1,110	(4,698)

### 9. Segmental Information

Segmental analysis is prepared based on the geographical location of the plant.  
Segmental Revenue and Results

	3 months ended 30 September 2020		3 months ended 30 September 2019	
	Segment Revenue RM'000	Segment Profit/(Loss) before tax RM'000	Segment Revenue RM'000	Segment Profit/(Loss) before tax RM'000
Malaysia	134,098	3,729	141,937	1,424
Thailand	68,834	(2,427)	82,700	(6,712)
Others	23,388	1,916	24,837	699
	<u>226,320</u>	<u>3,218</u>	<u>249,474</u>	<u>(4,589)</u>

	9 months ended 30 September 2020		9 months ended 30 September 2019	
	Segment Revenue RM'000	Segment Profit/(Loss) before tax RM'000	Segment Revenue RM'000	Segment Profit/(Loss) before tax RM'000
Malaysia	338,121	(12,954)	419,069	(7,380)
Thailand	224,144	(7,096)	243,701	(17,360)
Others	64,388	2,821	64,351	527
	<u>626,653</u>	<u>(17,229)</u>	<u>727,121</u>	<u>(24,213)</u>

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### ***10. Valuation of Investment and Property, Plant and Equipment***

No valuation was conducted during the period on the Group's property, plant and equipment.

### ***11. Subsequent Events***

No material events have arisen subsequent to the Balance Sheet date that require disclosure or adjustment to the unaudited condensed interim financial statements.

### ***12. Changes in Composition of the Group***

There were no material changes in the composition of the Group during the current financial quarter.

### ***13. Contingent Liabilities***

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

### ***14. Capital commitments***

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2020 are as follows:

	<u>RM'000</u>
Approved and contracted for	744
Approved but not contracted for	70
	<u>814</u>

### ***15. Significant Related Party Transactions***

Transactions that have been entered into are in the normal course of business and have been established under mutually agreed terms that are not materially different from those obtainable in transactions with unrelated parties. However, no such transactions arise.

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

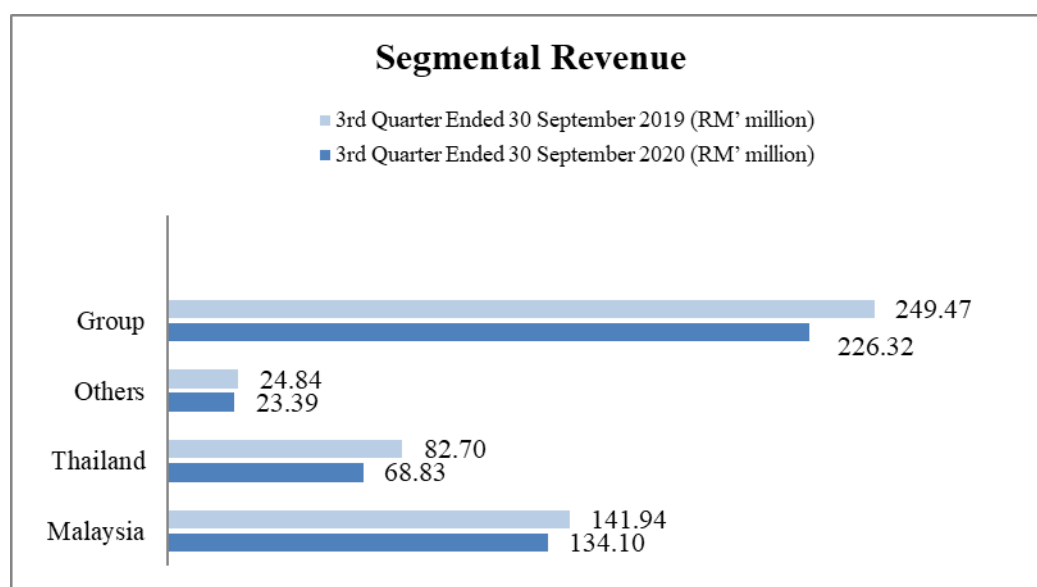
## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

### B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### 1 *Performance Review*

	3 months ended		Changes %	9 months ended		Changes %
	30 September 2020 (RM'000)	30 September 2019 (RM'000)		30 September 2020 (RM'000)	30 September 2019 (RM'000)	
Revenue	226,320	249,474	-9.3%	626,653	727,121	-13.8%
Operating Profit	38,525	33,043	16.6%	95,492	96,990	-1.5%
Profit/(Loss) Before Interest and Tax	5,421	(2,136)	-353.8%	(11,166)	(18,013)	-38.0%
Profit/(Loss) Before Tax	3,218	(4,589)	-170.1%	(17,229)	(24,213)	-28.8%
Profit/(Loss) After Tax	2,098	(6,526)	-132.1%	(20,845)	(27,542)	-24.3%
Profit/(Loss) Attributable to Owners of the Company	1,461	(6,667)	-121.9%	(21,772)	(27,598)	-21.1%

#### Segmental Revenue and Results – for 3<sup>rd</sup> Quarter Ended 30/9/2019 vs 30/9/2020

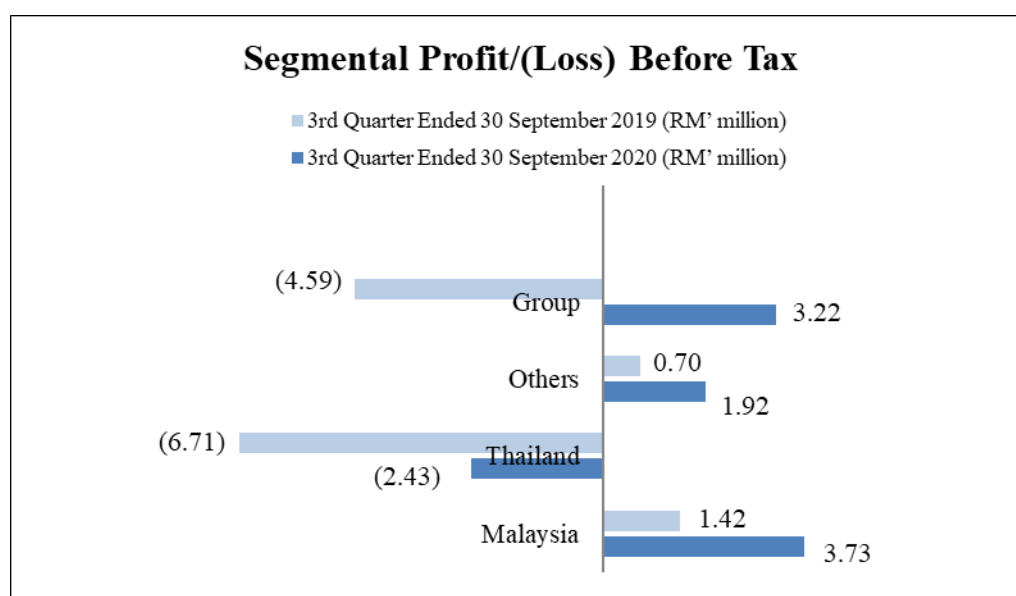


# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020



### **Malaysia segment**

The Malaysia segment's revenue for the quarter ended 30 September 2020 decreased by 5.5% or RM7.84 million to RM134.10 million from RM141.94 million recorded in the preceding year corresponding quarter. Despite of higher revenue from downstream products, the decrease in revenue was mainly due to lower sales volume from MDF as a result of stoppage of Batu Pahat MDF production line that caused by fire incident. The incident does not have material impact to the Group as all including consequential losses arising are covered by insurance (on reimbursement basis) and certain sales orders affected are able to fulfil by our overseas plants.

Profit before tax for the quarter ended 30 September 2020 increased by 162.7% to RM3.73 million from RM1.42 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was mainly contributed by higher margin from downstream products and Particle Boards.

### **Thailand segment**

The Thailand segment's revenue for the quarter ended 30 September 2020 decreased by 16.8% or RM13.87 million to RM68.83 million from RM82.70 million recorded in the preceding year corresponding quarter. Despite of higher average selling price across the market and higher sales volume, the decrease in revenue was mainly due to elimination of higher sales to our Malaysia subsidiaries.

Loss before tax for the quarter ended 30 September 2020 decreased by 63.8% to RM2.43 million from RM6.71 million recorded in the corresponding quarter of the preceding year. The decrease in loss before tax was mainly due to lower cost of raw material couple with higher margin resulted from higher average selling price across the market.

# **EVERGREEN FIBREBOARD BERHAD**

**Registration No.: 199101006810**

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### **Others segment**

On Others segment's revenue for the quarter ended 30 September 2020 decreased by 5.8% to RM23.39 million from RM24.84 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower average selling price and sales volume.

Profit before tax for the quarter ended 30 September 2020 increased by RM1.22 million to RM1.92 million from RM0.70 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was mainly due to lower of log cost and higher foreign exchange gain recorded in the current quarter.

### **Consolidated**

The Group's revenue for the quarter ended 30 September 2020 decreased by 9.3% or RM23.15 million to RM226.32 million from RM249.47 million recorded in the preceding year corresponding quarter. Despite of higher revenue from downstream products, the decrease in revenue was mainly due to lower sales volume from MDF due to stoppage of Batu Pahat MDF production line that caused by fire incident.

Profit before tax for the quarter ended 30 September 2020 increased by RM7.81 million or 170.20% to RM3.22 million from a loss before tax of RM4.59 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was attributable to higher margin from the downstream products and Particle Boards couple with lower cost of raw material.



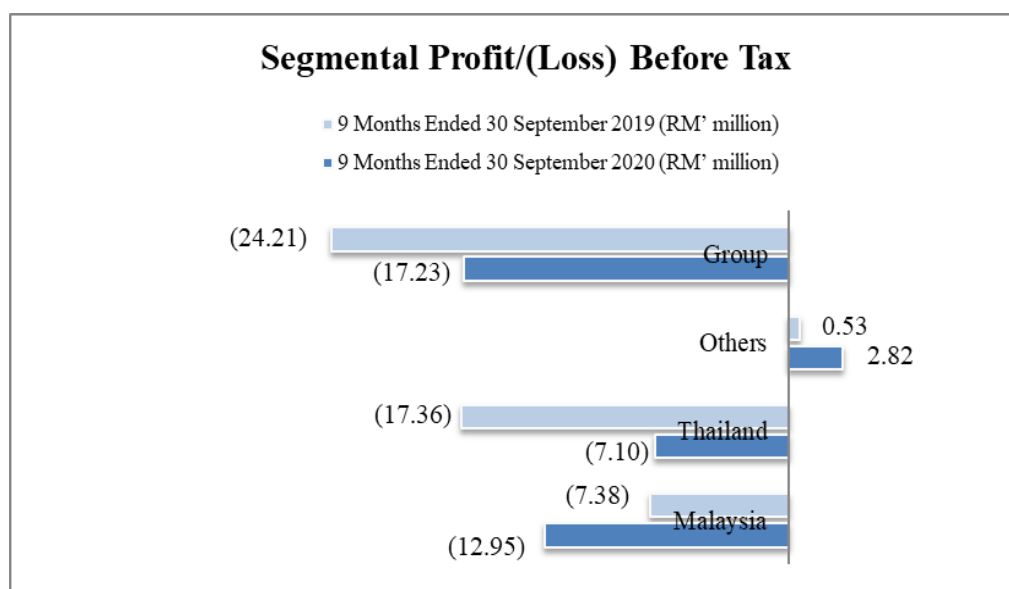
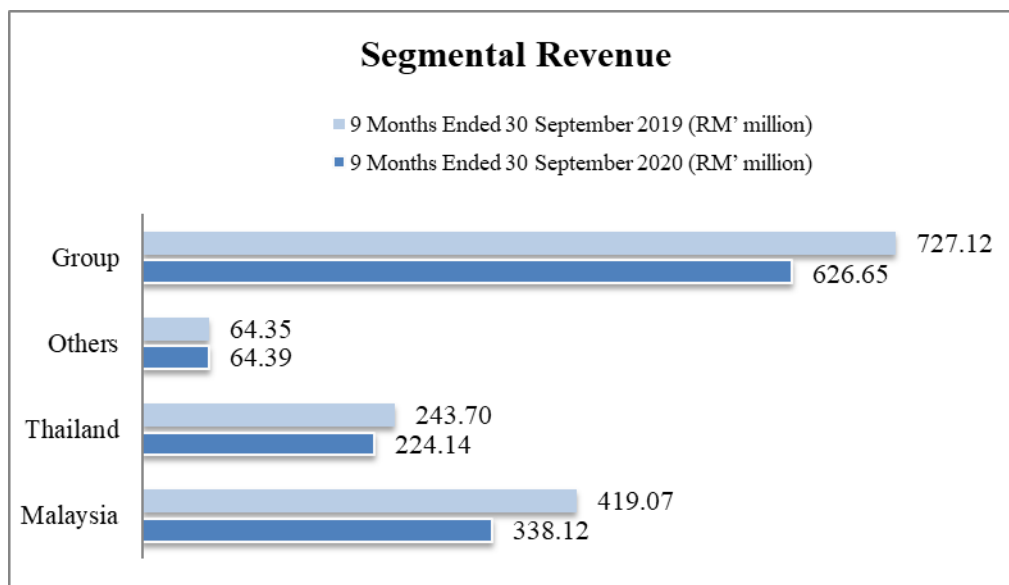
# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

### Segmental Revenue and Results – for 9 Months Ended 30/09/2019 vs 30/09/2020



#### Malaysia segment

For the current year to date, the Malaysia segment's revenue has decreased by 19.3% to RM338.12 million, as compared to the revenue of RM419.07 million for the corresponding period last year. Despite of higher revenue from downstream products and higher average selling price from panel boards, the decrease in revenue was mainly due to lower sales volume from panel boards as a result of the adverse impact caused by Covid-19 outbreak and enforcement of Movement Control Order (MCO) in Malaysia.

# **EVERGREEN FIBREBOARD BERHAD**

**Registration No.: 199101006810**

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

Loss before tax was reported at RM12.95 million for the current year to date, as compared to a loss before tax of RM7.38 million recorded in the corresponding period last year. The increase in loss before tax was mainly due to higher operational cost caused by lower production volume as the adverse impact of enforcement of MCO in Malaysia and foreign exchange loss being recorded in the current year to date.

### **Thailand segment**

For the current year to date, the Thailand segment's revenue was RM224.14 million, with a decrease of 8.0% or RM19.56 million, as compared to the revenue of RM243.70 million for the corresponding period last year. Despite of higher average selling price, the decrease in revenue was mainly due to the lower sales volume and elimination impact of inter-group sales.

For the current year to date, loss before tax was reported at RM7.10 million, as compared to a loss before tax of RM17.36 million recorded in the corresponding period last year. The decrease in loss before tax was mainly due to higher margin resulted from higher average selling prices and lower cost of raw material.

### **Others Segment**

For the current year to date, on Other segment's revenue, has increased by 0.1% to RM64.39 million, as compared to the revenue of RM64.35 million for the corresponding period last year. The increase in revenue was mainly attributable to higher average selling price despite of the impact was mitigated by lower sales volume.

Profit before tax was reported at RM2.82 million for the current year to date, as compared to a profit before tax of RM0.53 million recorded in the corresponding period last year. The increase in profit before tax was mainly due to higher margin resulted from higher average selling price and lower cost of raw material.

### **Consolidated profit before tax**

For the current year to date, the Group's revenue has decreased by 13.8% or RM100.47 million to RM626.65 million, as compared to RM727.12 million for the corresponding period last year. Despite of higher revenue from downstream products and higher average selling price from panel boards, the decrease in revenue was mainly due to lower sales volume from panel boards as a result of the adverse impact caused by Covid-19 outbreak globally and enforcement of Movement Control Order (MCO) in Malaysia.

Loss before tax was reported at RM17.23 million for the current year to date, as compared to a loss before tax of RM24.21 million recorded in the corresponding period last year. The decrease in loss before tax was attributable to higher profit

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

derived from the downstream products couple with lower cost of raw material.

### **2 *Comment on Material Change in Profit Before Taxation Against Preceding Quarter***

	Current Quarter 30-Sep-20 <u>RM'000</u>	Immediate Preceding Quarter 30-Jun-20 <u>RM'000</u>	Changes %
Revenue	226,320	172,921	30.9%
Operating Profit	38,525	25,436	51.5%
Profit/(Loss) Before Interest and Tax	5,421	(6,878)	-178.8%
Profit/(Loss) Before Tax	3,218	(8,701)	-137.0%
Profit/(Loss) After Tax	2,098	(9,687)	-121.7%
Profit/(Loss) Attributable to Owners of the Company	1,461	(11,081)	-113.2%

The current quarter revenue increased by 30.9% or RM53.40 million to RM226.32 million, as compared to RM172.92 million recorded in the preceding quarter. The increase in revenue was mainly due to higher sales volume as production recovery after MCO and contribution from downstream products.

The Group's profit before tax was reported at RM3.22 million for the current quarter, an increase of RM11.92 million compared to loss before tax of RM8.70 million recorded in the preceding quarter. The increase in profit before tax was mainly contributed by higher sales revenue couple with higher profit generated from downstream products.

### **3 *Profit Forecast or Profit Guarantee***

Not applicable as no Profit Forecast or Profit Guarantee has been issued by the Group.

### **4 *Commentary of Prospects***

The emergence of Covid-19 outbreak has brought significant economic impact globally including Malaysia and markets in which the Group's products are exported to. Moving towards the new life norm and recovery from uncertainty, the Board foresee that the market condition shall gradually pick-up in demand.

Hence, the Group will continue to focus on local market (Malaysia), increase its downstream production output with higher premium products, explore new avenues to improve cost and operational competitiveness, whilst continue to diversify and broaden our customer base to mitigate the impact.

Besides, the Group is in the progress of restructuring of our Thailand's wooden furniture parts business and assets to achieve operational efficiency for future performance enhancement. The Board will continuously monitor, take appropriate

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

and timely measures to minimize the impact of Covid-19 to the Group.

### **5 *Tax Expense***

Major Components of tax expense

	3 months ended		9 months ended	
	30 September 2020 RM'000	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Current tax expense	1,684	2,538	5,329	5,962
Deferred tax expense	(564)	(601)	(1,713)	(2,633)
	<u>1,120</u>	<u>1,937</u>	<u>3,616</u>	<u>3,329</u>

The effective tax rate of the Group for the current year to date is higher than the statutory rate due to current tax expenses incurred on profit-making companies.

### **6 *Status of Corporate Proposal Announced***

There was no outstanding corporate proposal announced as at the date of this report.

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

### 7 Borrowings and Debt Securities

The Group's borrowings are as follows: -

Denominated	As at 30 September 2020				
	In RM	In Baht	In USD	In Euro and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	48,561	-	-	48,561
Term loans	7,809	-	9,182	-	16,991
Lease liabilities	24	27	-	62	113
<u>Unsecured</u>					
Trade facilities	105,648	-	5,395	-	111,043
Term Loans	4,316	-	-	6,823	11,139
Lease liabilities	2,465	23	-	-	2,488
	<u>120,262</u>	<u>48,611</u>	<u>14,577</u>	<u>6,885</u>	<u>190,335</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	14,978	-	20,416	-	35,394
Lease liabilities	25	-	-	237	262
<u>Unsecured</u>					
Term Loans	2,498	-	-	30,822	33,320
Lease liabilities	1,572	4	-	-	1,576
	<u>19,073</u>	<u>4</u>	<u>20,416</u>	<u>31,059</u>	<u>70,552</u>
Total	<u>139,335</u>	<u>48,615</u>	<u>34,993</u>	<u>37,944</u>	<u>260,887</u>
Exchange rate RM to USD1.00		4.1500			
Exchange rate RM to THB1.00		0.1312			
Exchange rate RM to EUR1.00		4.8638			
Exchange rate RM to SGD1.00		3.0398			

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

As at 30 September 2019

Denominated	In RM	In Baht	In USD	In Euro and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	41,096	-	-	41,096
Term loans	6,943	-	5,131	-	12,074
Lease liabilities	23	260	-	59	342
<u>Unsecured</u>					
Trade facilities	60,144	-	5,027	-	65,171
Term Loans	11,004	-	65	6,404	17,473
	<u>78,114</u>	<u>41,356</u>	<u>10,223</u>	<u>6,463</u>	<u>136,156</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	27,004	-	13,676	-	40,680
Lease liabilities	49	99	-	299	447
<u>Unsecured</u>					
Term Loans	6,261	-	-	35,302	41,563
	<u>33,314</u>	<u>99</u>	<u>13,676</u>	<u>35,601</u>	<u>82,690</u>
Total	<u>111,428</u>	<u>41,455</u>	<u>23,899</u>	<u>42,064</u>	<u>218,846</u>
Exchange rate RM to USD1.00		4.1890			
Exchange rate RM to THB1.00		0.1370			
Exchange rate RM to EUR1.00		4.5652			
Exchange rate RM to SGD1.00		3.0305			

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### **8 *Changes in Material Litigation***

- a) As announced on 7 May 2019, the Board of Directors of Evergreen Fibreboard Berhad (“EFB” OR “THE COMPANY”) wishes to announce that its Indonesian Subsidiary, PT Hijau Lestari Raya Fibreboard (“ PT Hijau” or “The Subsidiary”) had on 16 April 2019 been served with a Writ of Summons and Statement of Claim filed by Pt. Hutrindo Jaya Fibreboard Manufacturing, Indonesian Legal Entity, based on Deed of Amendment No. 127 (referred to as “Plaintiff I”) and Pt. Uforin Pranjén Adhesiv Industry, Indonesian Legal Entity based on Deed of Amendment No.128 ( referred as “ Plaintiff II”) against the Subsidiary and the Company.

The Plaintiffs disputes that the Extraordinary General Meeting of Shareholders (EGMS) and the Annual General Meeting of Shareholders (AGMS) of PT. Hijau Lestari Raya Fibreboard, the Deeds to the Minutes of AGM No.6 dated November 24, 2017 and EGMS No.7 dated November 24, 2017 registered with the Ministry of Law and Human Rights of the Republic of Indonesia with No.AHU-AH.01.030203428, dated December 20, 2017, has allegedly been made against the law and is alleged to have contradicted the Articles of Association and Law No.40 of 2007 of Limited Liability Companies of which have been allegedly carried out before obtaining approval from the Board of Commissioners and shareholders (GMS) and concerning with the appointment of a director for the management composition without regard to the principle of good corporate governance. Plaintiffs is disputing:

- I. That the appointment of Mr. Zuhairi Bin Ozir in this EGMS of by PT. Hijau Lestari Raya Fibreboard citing incompetency and alleging that his appointment as Director is in conflict with the principles of Good corporate governance which may potentially cause a major loss to the Subsidiary and therefore the appointment of Mr. Zuhairi Bin Ozir in his position as Director of by PT. Hijau Lestari Raya Fibreboard for the management composition to be cancelled; and
- II. That the construction of the New Port (Jetty) owned by PT. Hijau Lestari Raya Fibreboard approved by the Shareholders in the AGMS of PT. Hijau Lestari Raya Fibreboard is allegedly to have violated the provisions contained in the Articles of Association of the Company and the statutory provisions that apply in the Republic of Indonesia.

As announced on 10 November 2020, the Board of Directors of Evergreen Fibreboard Berhad wishes to announce that the Writ of Summons and Statement of Claim on PT Hijau Lestari Raya Fibreboard & Evergreen Fibreboard Berhad, has been struck off from Palembang District Court registry as the case have been settled amicably at no cost imposed by the Court to all parties of which the Palembang Special District Court in Palembang, Indonesia have also acknowledged.

# EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020***

### **9 Dividend Payable**

The Board of Directors does not recommend any interim dividend for the current quarter under review.

### **10 Earnings Per Share**

#### **a. Basic**

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		9 months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2020
Net profit/(loss) for the period attributable to owners of the Parent (RM'000)	1,461	(6,667)	(21,772)	(27,598)
Weighted average number of ordinary shares in issue ('000)	845,802	845,802	845,802	845,802
Basic EPS (sen)	0.17	(0.79)	(2.57)	(3.26)

#### **b. Diluted**

No diluted earnings per share is calculated as there is no potential dilution of ordinary share.