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ANNUAL REPORT 2019



NEXTGREEN
GLOBAL
BERHAD

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NOTICE OF THE 14TH ANNUAL GENERAL MEETING

NEXTGREEN GLOBAL BERHAD

[Registration No. 200501037512 (719660-W)]
(Incorporated in Malaysia)

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting ("14th AGM") of the Company will be held at Perdana Hall 1 & 2, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Saturday, 29 August 2020 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial period ended 1 July 2018 to 31 December 2019 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 100 of the Constitution of the Company and being eligible, have offered themselves for re-election: -
 - a) Lim Kah Yen Ordinary Resolution 1
 - b) Anuar Bin Malek Ordinary Resolution 2
3. To re-elect the following Directors who retire in accordance with Article 107 of the Constitution of the Company and being eligible, have offered themselves for re-election: -
 - a) Dato' Dr Haji Sohaimi Bin Shahadan Ordinary Resolution 3
 - b) Datuk Lawrence Yeo Chua Poh Ordinary Resolution 4
4. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of RM248,344.83 for their services from 4 December 2018 to 29 August 2020 in excess of the current approved limit. Ordinary Resolution 5
5. To approve the payment of Directors' Fees and benefits payable to the Non-Executive Directors up to RM340,000.00 for the period from 14th AGM up to the 15th AGM. Ordinary Resolution 6
6. To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Ordinary Resolution 7

NOTICE OF THE 14TH ANNUAL GENERAL MEETING

(continued)

Special Business

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

7. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016 Ordinary Resolution 8

“THAT subject to the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), Additional Temporary Relief Measures to Listed Corporations for Covid-19, issue by Bursa Securities on 16 April 2020 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and 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 to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“20% General Mandate”); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities;

AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company”

8. Proposed retention of Chew Yuit Yoo as Independent Non-Executive Director. Ordinary Resolution 9

“THAT in accordance with the Malaysian Code on Corporate Governance (“MCCG”), Chew Yuit Yoo be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provision of the relevant regulatory authorities.”

9. Proposed retention of Thiang Chew Lan as Independent Non-Executive Director. Ordinary Resolution 10

“THAT in accordance with the MCCG, Thiang Chew Lan be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provision of the relevant regulatory authorities.”

10. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC No. 201908002253)
VIMALRAJ A/L SHANMUGAM (MAICSA 7068140 / SSM PC No. 20200800925)
Company Secretaries

Kuala Lumpur

Date: 30 June 2020

NOTICE OF THE 14TH ANNUAL GENERAL MEETING

(continued)

NOTES:

1. *A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) proxies, he/she must specify the proportions of his/her shareholdings to be represented by each proxy.*
3. *The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorized.*
4. *For the purpose of determining a member who shall be entitled to attend the 14th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 25 August 2020. Only a depositor whose name appears on the Record of the Depositors as at 25 August 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
5. *The instrument appointing a proxy must be properly executed and deposited at the Share Registrar's Office, at Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.*

Explanatory Notes to Ordinary Business:

- (a) The audited financial statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.
- (b) Ordinary Resolution 6: Payment of Directors' Fees and Other Benefits Payable

Section 230(1) of the Act provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Board wishes to seek shareholders' approval for the payment of a maximum aggregate amount of RM340,000 for Directors' fees and benefits payable to the Non-Executive Directors for the period from the 14th AGM until the conclusion of the next AGM of the Company.

Directors' benefits include allowances and other claimable benefits which calculated based on the current Board size and the number of schedule meetings for the period commencing from the 14th AGM until the conclusion of the next AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

NOTICE OF THE 14TH ANNUAL GENERAL MEETING

(continued)

Explanatory Notes to Special Business:

- (a) The proposed Ordinary Resolution 8 is a renewal general mandate and if passed, will empower the Directors of the Company to allot and issue new shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit ("General Mandate"), provided that the number of shares issued pursuant to this General Mandate, when aggregated with the total number of any such shares issued during the preceding twelve (12) months, does not exceed 20% of the total number of issued shares of the Company at the time of issue. This General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The 20% General Mandate is pursuant to directive letter from Bursa Securities dated 16 April 2020 in relation to a temporary relief measures in view of the trying and challenging times due to the Covid-19 pandemic for listed issuer to seek a higher general mandate of not more than 20% of the total number of issued shares (excluding treasury shares) instead of 10%.

Having considered the current economic climate arising from the global Covid-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Act, from its shareholders at the forthcoming 14th AGM of the Company.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

- (b) The proposed Ordinary Resolutions 9 & 10, in observing the recommendation in relation to the tenure of an Independent directors as prescribed by MCGG, the Board, after having assessed the independence of Chew Yuit Yoo and Thiang Chew Lan, considers them to be independent and recommends that they be retained as Independent Non-Executive Directors of the Company. The details of the Board assessment and justifications are stated in the Overview Statement of Corporate Governance of the Annual Report 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr. Haji Sohaimi Bin Shahadan
Independent Non-Executive Chairman

Dato' Lim Thiam Huat
Managing Director

Lim Kah Yen
Executive Director
(Appointed on 7 November 2019)

Datuk Lawrence Yeo Chua Poh
Non-Independent Non-Executive Director

Chew Yuit Yoo
Senior Independent Non-Executive Director

Thiang Chew Lan
Independent Non-Executive Director

Dato' Dr. Koe Seng Kheng
Independent Non-Executive Director

Anuar Bin Malek
Non-Independent Non-Executive Director
(Appointed on 8 November 2019)

AUDIT COMMITTEE

Chew Yuit Yoo, Chairperson
Thiang Chew Lan, Member
Dato' Dr. Koe Seng Kheng, Member

NOMINATION COMMITTEE

Chew Yuit Yoo, Chairperson
Thiang Chew Lan, Member
Dato' Dr. Koe Seng Kheng, Member

REMUNERATION COMMITTEE

Thiang Chew Lan, Chairperson
Chew Yuit Yoo, Member
Dato' Dr. Koe Seng Kheng, Member

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Vimalraj A/L Shanmugam (MAICSA 7068140)

REGISTERED OFFICE

Suite 10.02, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (03) 2298 0263
Fax : (03) 2298 0268

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (118401-V)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

CORPORATE OFFICE

Level 6-02, Menara LGB
No. 1, Jalan Wan Kadir
Taman Tun Dr Ismail
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Tel : (03) 7725 2088 (HL)
Fax : (03) 7725 2099
Email : info@nextgreenglobal.com
Website : www.nextgreenglobal.com

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43200 Cheras, Selangor
Tel : (03) 9076 3399 (HL)
Fax : (03) 9074 7573
Email : bhs@bhsbookprint.com

PRINCIPAL BANKERS

Public Bank Berhad (6463-H)
AmBank (M) Berhad (8515-D)

AUDITORS

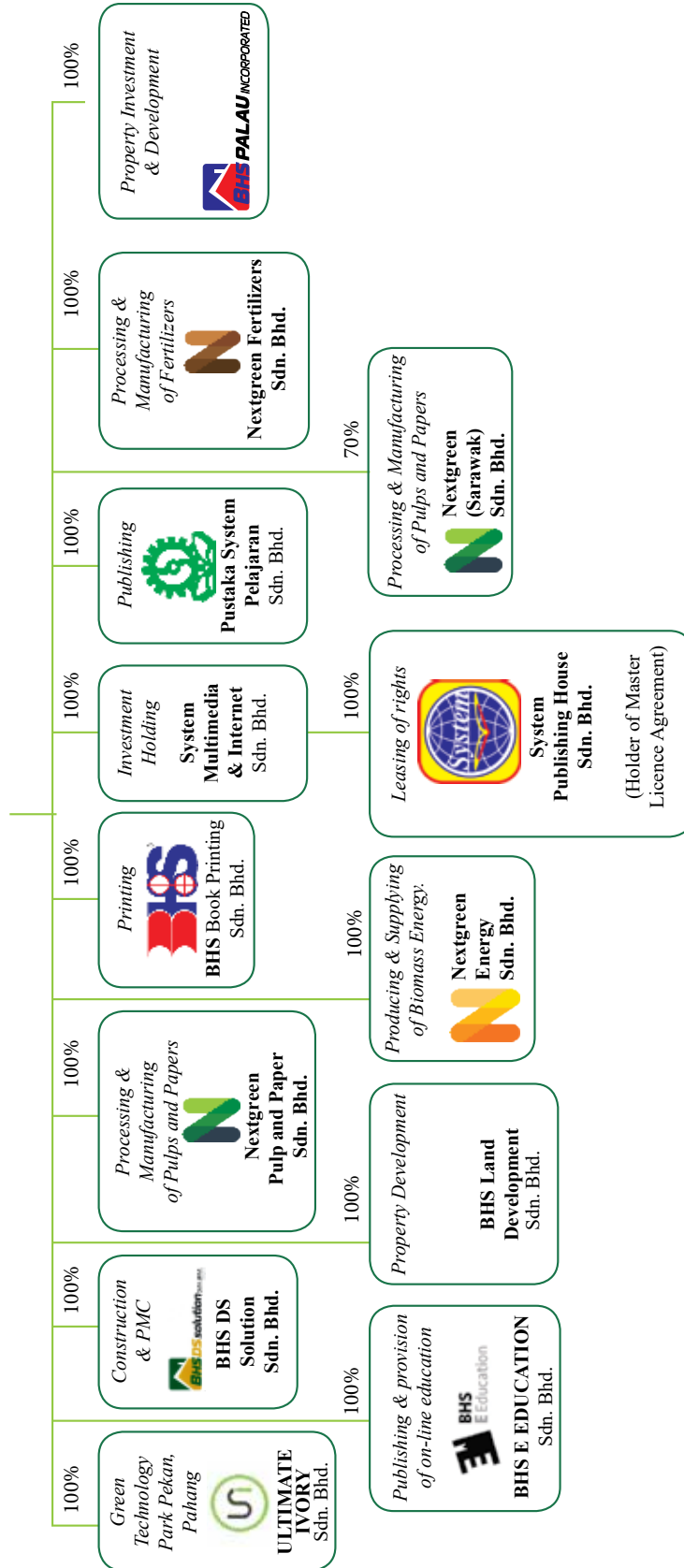
Russell Bedford LC & Company (AF 1237)
Chartered Accountants
Suite 37, Level 21, Mercu 3
No. 3, Jalan Bangsar, KL Eco City
59200 Kuala Lumpur
Tel : (03) 2202 6666
Fax : (03) 2202 6699

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : NGGB
Stock Code : 7241

CORPORATE STRUCTURE

Nextgreen Group Structure

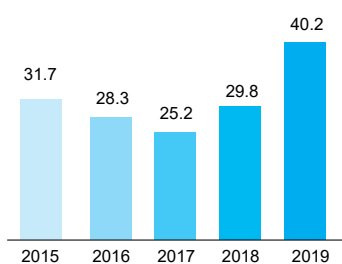


FINANCIAL HIGHLIGHTS

	2015 RM million	2016 RM million	2017 RM million	2018 RM million	2019 RM million
FINANCIAL RESULTS					
Revenue	31.7	28.3	25.2	29.8	40.2
Gross Profit	1.2	3	(0.7)	1.7	3.2
Profit/(Loss) Before Tax (PBT)	2.6	(2.8)	(12.6)	(2.0)	(44.3)
Profit/(Loss) After Tax (PAT)	2.8	(3.2)	(10.1)	(1.8)	(45.6)
Earnings Per Share (sen)					
- Basic	0.81	(0.84)	(2.39)	(0.41)	(9.92)
- Diluted	0.81	(0.84)	(2.39)	(0.41)	(9.92)
FINANCIAL POSITIONS					
Total Shareholders' Equity	83	112	117	118	99
Total Assets	99	132	131	135	131
Total Liabilities	16	20	14	16	32
Net Assets Per Share	27	27	27	27	20

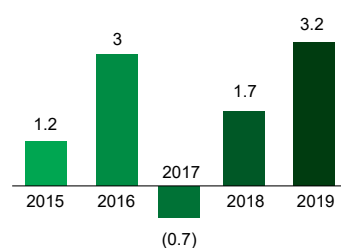
GROUP REVENUE

(RM million)



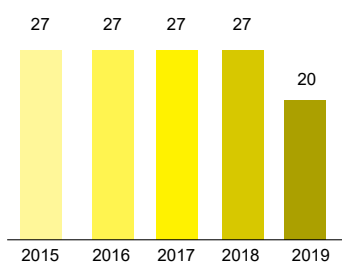
GROSS PROFIT

(RM million)



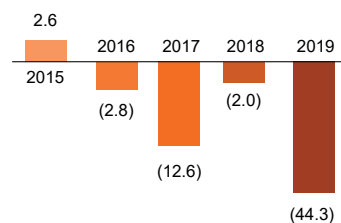
NET ASSET PER SHARE

attributable to Ordinary Equity Holders

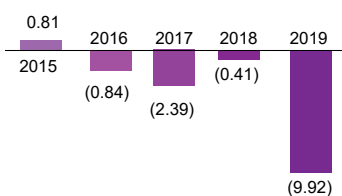


(LOSS)/PROFIT BEFORE TAX

(RM million)

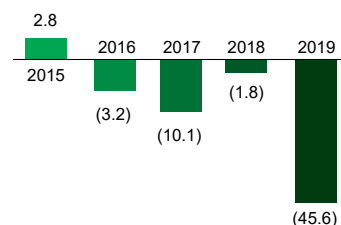


(LOSS)/EARNINGS PER SHARE



(LOSS)/PROFIT AFTER TAX

(RM million)

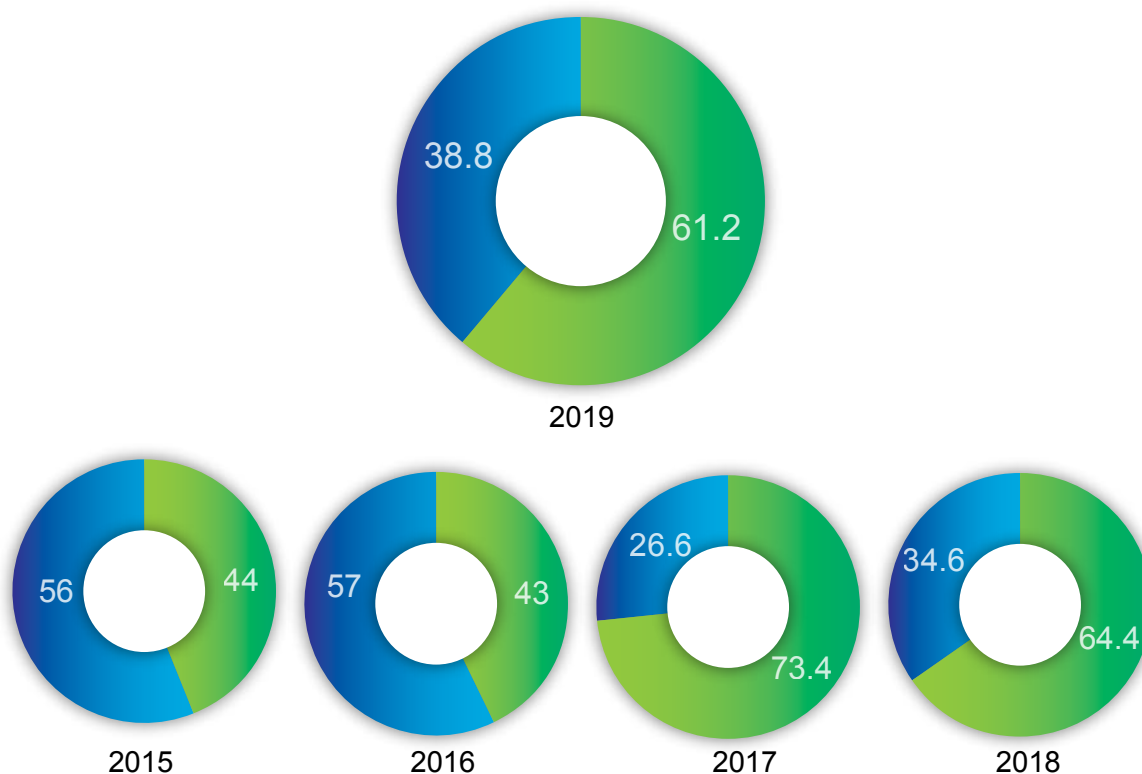


FINANCIAL HIGHLIGHTS

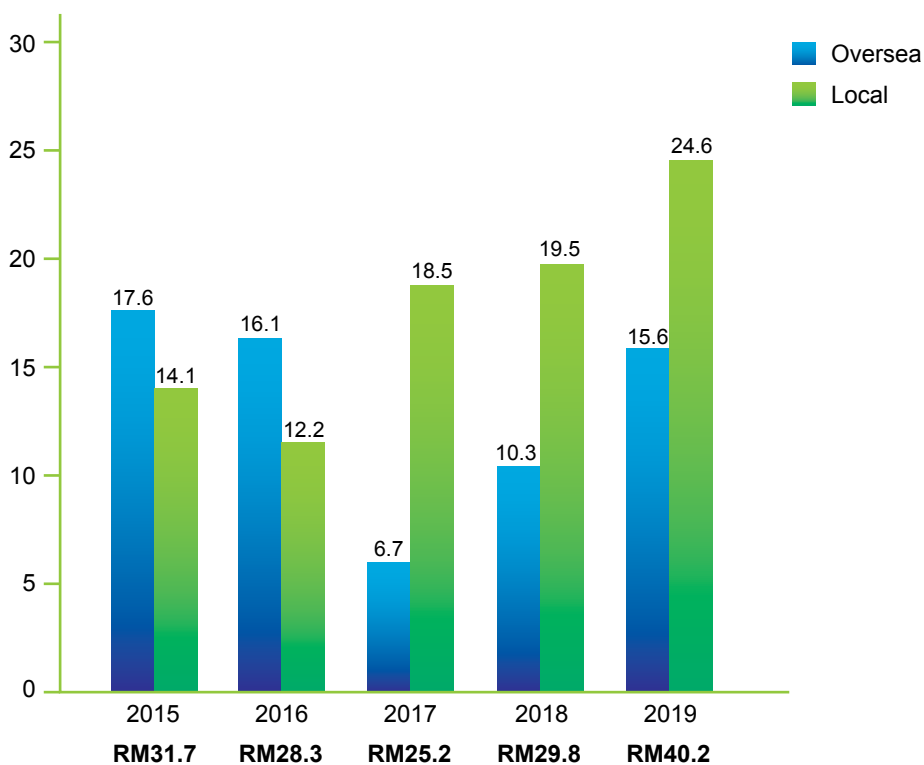
(continued)

Revenue

Analysis by location



Million (RM)



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DIRECTORS' PROFILE

Dato' Dr. Haji Sohaimi Bin Shadan

Age 51, Male, Malaysian

Independent Non-Executive Chairman

Qualifications

He holds a Bachelor Degree in Business Administration from Universiti Kebangsaan Malaysia in 2000 and obtained a Master Degree in Business Administration from West Coast Institute of Technology and Management, Perth, Australia in 2002. He also holds a Master Degree in Corporate Communication from University Pertanian Malaysia in 2004. He has been awarded Honorary Ph.D. from Geomatika University College for Entrepreneur achievement.



Work Experience

He was appointed as the Non-Independent Non-Executive Chairman of the Company on 8 August 2014. On 6 October 2016, Dato' Haji Sohaimi had been re-designated as Independent Non-Executive Chairman.

He is Independent Non-Executive Director for Trive Property Group Berhad since 2018, Executive Director of Quantum Solar Park, Malaysia, the Group Chairman of LeBlanc Berhad, the Chairman of Consolidated Fertiliser Corporation Sdn Bhd and the Chairman of Hitech Construction Sdn Bhd.

Previously, he was the Independent Non-Executive Chairman of PDZ Holdings Berhad from 2014 to 2017, EKA Noodles Berhad from 2014 to 2017, the Independent Non-Executive Director of KUB Malaysia Berhad from 2014 to 2015 and the Independent Non-Executive Director of Damansara Realty Berhad from 2014 to 2015. He was also the Chairman of Pelaburan MARA Berhad (PMB) from 2014 to 2015, an investment entity for Majlis Amanah Rakyat (MARA) Pelaburan MARA Berhad (PMB) 2013 to 2015, an investment entity for Majlis Amanah Rakyat (MARA) and the former Chairman of Kraftangan Malaysia from 2011 to 2014.

From 1998 to 2010, he was the Director of Institute of Bumiputra Entrepreneurs and from 2013 to 2015 he was entrusted by the Ministry of Rural and Regional Development (KKLW) to lead the investment entity for Majlis Amanah Rakyat, Pelaburan MARA Berhad from 2013 to 2015. He served as the Chairman of Kraftangan Malaysia from 2011 to 2014. He was also the Chairman of Kolej Poly-Tech MAEA (KPTM) from 2010 until 2013.

While engaging in his business, Dato' Dr. Haji Sohaimi is passionate in entrepreneurship arena, he is the Chairman of Asean Young Entrepreneurs Secretariat (1998-2000), the Chairman of PERDASAMA MUDA Malaysia before appointed as Vice President IV of PERDASAMA, the Committee Member of Selangor Malay Chamber of Commerce Malaysia (DPMM) (2009 - 2010), the Patron of Consortium Cartoonist at Work (CaW), the Entrepreneurs Speaker for Institute Keusahawan Negara (INSKEN) and the Entrepreneur Speaker for Pusat Pembangunan Usahawan Malaysia (MEDEC).

He is also active in community works and has worked closely with charity organization and founded an orphanage shelter, "Teratak Che Dah" in Kuang, Selangor. The orphanage house set to provide better education, protection and housing to the unfortunates. He also founded Yayasan Jamin as Non-Government Organisation aimed at social services regardless of religion, ethnicity and activities by helping people in need around Malaysia.

Currently, Dato' Dr. Haji Sohaimi holds directorship in Trive Property Group Berhad and LeBlanc Berhad.

DIRECTORS' PROFILE

(continued)

Dato' Lim Thiam Huat

Age 56, Male, Malaysian
Managing Director

He was appointed to the Board on 17 December 2014. He has more than 28 years of extensive experience in the field of construction and project development. He had successfully completed projects like commercial high rise cum shopping complexes, industrial buildings, housing projects, hotel/ resorts, hospital and luxurious apartments.

In 2003, Dato' Lim diversified his business focus to environmentally friendly business and entered into a partnership with a Chinese partner to research into using Empty Fruit Bunches ("EFB") from palm oil waste to manufacture pulp and paper. In 2008, Dato' Lim and his partner incorporated Green Patent Technologies Sdn Bhd to patent the technology in Malaysia, China, Indonesia and Thailand. This technology is called Pre-Conditioning Refiner Chemical Recycled Bleached Mechanised Pulp ("PRC RBMP"). Dato' Lim's experience and involvement in PRC RBMP technology started from the incubation stage of the technology. PRC RBMP was specially researched and developed to solve the palm oil industry and paper industry problems without harming the ecological system.

The design of PRC RBMP uniquely allows for the creation of multiple business ventures that are "green" in nature and groundbreaking. He drives the business direction of the Group and sets the missions and objectives for the Group to achieve.

He was also appointed as Economic Consultant to the Republic of Palau in Malaysia on 28 August 2015 and he was also appointed as Honorary Consul of the Republic of Palau to Malaysia on 5 November 2015.

Dato' Lim does not hold any other directorship in other public companies and listed corporations.



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DIRECTORS' PROFILE

(continued)

Lim Kah Yen

Age 29, Female, Malaysian
Executive Director



Qualifications

She graduated with a Bachelor's Degree in Biological Science from University of Exeter, UK, and a Master's Degree in Biotechnology, Bioprocessing and Business Management from University of Warwick, United Kingdom. She has also completed a one-year course in Pulp and Paper-Making Technology at Shaanxi University of Science and Technology, China.

Work Experience

She was appointed to the Board on 07 November 2019.

She is currently the Executive Director at Nextgreen Pulp & Paper Sdn Bhd, involving in the company's operations, strategic planning, and business development, including establishing collaborative relationships with potential business partners and clients. She joined Nextgreen in 2016 as an R&D Executive and was promoted to R&D Director responsible for R&D activities derived from PRC-RBMP technology. Her other duties include collaborating with universities, grant applications, conducting feasibility studies and business proposals. One important area of her focus is on the commercialisation of lignin extraction from black liquor of pulping process.

Lim Kah Yen is the daughter of Dato' Lim Thiam Huat (Managing Director).

Lim Kah Yen does not hold any other directorship in other public companies and listed corporations.

Datuk Lawrence Yeo Chua Poh

Age 56, Male, Malaysian
Non-Independent Non-Executive Director



Qualifications

He holds Bachelor of Laws Degree (LL. B) from the Monash University School of Laws, Melbourne, Australia and also Bachelor of Economics Degree (B.Ec.) from the Monash University School of Economics, Melbourne, Australia. He is a practicing lawyer, notary public, corporate advisor and company secretary.

Work Experience

He was appointed to the Board on 10 March 2016.

He also appointed as a CEO to several companies such as Amechanus Holdings Sdn Bhd, Green Symphony Technology Sdn Bhd, Sara-Ed Trading Sdn Bhd and Set Construction Sdn Bhd.

He is a member of Kelab Golf Sarawak (KGS) since 1999 and the Sarawak Club since May 2012. He is the Treasury of One Belt One Road Association (Persatuan Muafakat One Belt One Road).

Datuk Lawrence Yeo Chua Poh does not hold any other directorship in other public companies and listed corporations.

DIRECTORS' PROFILE

(continued)

Anuar Bin Malek

Age 58, Male, Malaysian

Non-Independent Non-Executive Director



Qualifications

He holds a Degree in Corporate Communications (Hons) from Universiti Putra Malaysia.

Work Experience

He was appointed to the Board on 8 November 2019 as a Non-Independent Non-Executive Director.

Began his career with FELDA in 1981 and has been with the organisation for almost 40 years to date. In 2012, he became the Director of the Community Development Department of FELDA. He was promoted to Deputy Director General of Community Development in 2015, a position which he holds to this day.

He also acts as a Non-Independent Non-Executive Director of MSM Malaysia Holdings Berhad and sits on the Board Governance and Risk Management Committee of MSM.

Currently, En Anuar Bin Malek holds directorship in MSM Malaysia Holdings Berhad and Koperasi Permodalan FELDA Malaysia Berhad.

Chew Yuit Yoo

Age 61, Female, Malaysian

Senior Independent Non-Executive Director



Qualifications

She is a member of the Malaysian Institute of Accountants.

Work Experience

She was appointed to the Board of our Company on 7 August 2007.

She brings with her over 30 years of finance, accounting and stock broking experience. After obtaining her professional accounting qualification from ACCA in 1983, she was trained in several accounting firms, namely Keyse, Poulter Partners & Co, Lawrence Fink & Co and Maliney Wilkins & Co in London for three years. She subsequently joined Bolton Finance Bhd as an Assistant Accountant after returning from London in 1985 and was holding the post of an Accountant before she left the company in 1990. Thereafter, she joined Prime Credit Leasing Sdn Bhd (a subsidiary of Berjaya Group) in 1990 as an Accountant. She then left to join her present employer, Maybank Investment Bank Bhd (formerly known as Aseambankers Malaysia Berhad) as a Remisier in 1993.

She is the Chairperson of the Audit Committee and Nomination Committee and also a member of Remuneration Committee.

Chew Yuit Yoo does not hold any other directorship in other public companies and listed corporations.

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DIRECTORS' PROFILE

(continued)

Thiang Chew Lan

Age 68, Female, Malaysian
Independent Non-Executive Director



Qualifications

She holds a certificate in Book-Keeping (Intermediate) accredited by the London Chamber of Commerce (LCCI) and Pitman Examinations Institute London in Book-Keeping (Intermediate and Advanced).

Work Experience

She was appointed to the Board of our Company on 30 January 2009.

She started her career as a Bank teller in Hock Hua Bank Berhad in 1971. She was the head of department of General Ledger/Statistics in 1974 until 1979. Then she moved on to head the department of Fixed Deposits and Remittances and was given authority to authenticate test-keys for 3 years. Between 1983-1991, she was transferred to take charge of the Savings/ Fixed Deposits, Current Account and Clearing. She was given the task of Branch Audit from 1992 to 1993. When Hock Hua Bank merged with Public Bank in 2001, she had experiences in taking charged of the ATM/Safe Deposit Box as a Frontline officer. Over the years, she had accumulated more than 36 years of experience in Banking Industry until her retirement in September 2007.

She is the Chairperson of Remuneration Committee and the member of the Audit Committee and Nomination Committee.

Thiang Chew Lan does not hold any other directorship in other public companies and listed corporations.

Dato' Dr Koe Seng Kheng

Age 49, Male, Malaysian
Independent Non-Executive Director



Qualifications

He pursued a Bachelor Degree of Business Administration in Year 1993, Master Degree in Business Administration in Year 1998, and PhD in Business Administration in Year 2011, accredited by the Infrastructure University Kuala Lumpur.

Work Experience

He was appointed to the Board of our Company on 28 April 2014.

He started his career as a teacher in Confucian Private Secondary School and part- time lecturer for College for the past 15 years. After a long service in education field, he started to focus and manage businesses in property investment and management in Malaysia. At present, he sits on the Board of Director of several other private limited companies that involve in different industries such as Trading, Food and Beverage industries.

He is a member of the Audit Committee, Nomination Committee and also Remuneration Committee.

Dato' Dr Koe Seng Kheng does not hold any other directorship in other public companies and listed corporations.

Other information in respect of all Directors

1. Save as disclosed above, none of the Directors have any family relationship with any director and/or major shareholder of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have been convicted for offences other than traffic offences, if any, within the past 5 years.
4. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY MANAGEMENT TEAM'S PROFILE



Oh Kim Heng

Age 54, Male, Malaysian
Project Director (Since 2014)

Work Experience

He holds a Diploma in Building Technology (TARC). He joined our Group in 2014 and has been involved with the project undertaken by Nextgreen Pulp and Paper Sdn Bhd in setting up a Pulp and Paper mill.

Before joining us, he was actively involved in the construction industry over the past 26 years. He was fully in charge of the contracts management and administration and procurement of materials for the projects undertaken which included the preparation of feasibility study, preliminary costs estimates, cost planning and analysis, tender pricing, projects budgeting, cashflow projection, main and sub-contract agreements, cost control, monitoring of variation claims, client's payment certifications and finalisation of accounts. In addition, he was also involved in sourcing and procurement of the right materials for the projects and all necessary forwarding arrangements and assist in the bank financing applications of the projects undertaken. The projects which he was involved included hospital, industrial buildings, residential developments, shopping complexes and colleges and universities.

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



Thirugnana Sambatham

Age 71, Male, Malaysian
Senior Sales Manager (Since 1975)

Work Experience

He has been with our Group for more than 41 years. He began his career as a Sales Representative in 1969 for Book Distributors Sdn Bhd. He then left to join our Group in 1975 to assume the same position and was subsequently promoted as a Sales Supervisor in 1980. He was then promoted to his present position in 1990 and his current responsibilities include managing the sales and marketing team and ensuring that sales targets are achieved. He is also responsible for the marketing and sales of our Group's printing services overseas especially in the African market which he has vast knowledge and experience. He attends the annual Frankfurt Book Fair as part of the marketing and sales activity.

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



Liew Yew Foong

Age 56, Female, Malaysian
Human Resource and Prepress Manager (Since 1983)

Work Experience

She has been with our Group for more than 33 years. She joined our Group after her STPM in 1983 as a Layout Artist for a year. She was then transferred to work as an Editorial Assistant. She remained in the job for the next seven years until she was promoted as Personal Assistant to the former Managing Director. She assisted the former Managing Director in the implementation of the management plans of our Group. She is responsible for the management of all overseas tenders and overseas customer correspondences as well as liaising with our overseas suppliers. She is also the Human Resource Manager who manages our staff payroll and recruitment of our Group. In addition, as a Prepress Manager, she monitors and oversee our Prepress work flow using CTP (Computer to Plate) technology to prepare the materials for printing.

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

KEY MANAGEMENT TEAM'S PROFILE

(continued)



George Tan Boon Sim

Age 59, Male, Malaysian

Chief Operating Officer (Since 2018)

George Tan joined the Company in 2018 in the capacity of Chief Operating Officer. He holds a BSc in Civil Engineering, as well as a Master's in Business Administration focusing in Operations Management and a Graduate Certificate in Project Management.

He has 36 years' experience in the field of construction, engineering and manufacturing of building materials. In the last 25 years, he held senior positions from General Manager to Managing Director/CEO. Besides Malaysia, he has worked in California, USA and in emerging economies such as Vietnam. His responsibilities includes managing P&L of the various business entities, advising business partners on management/operational concerns, chartering long-term stable growth with prudent business strategies & action plans as well developing business opportunities with his corporate network.

George Tan currently assists and advises the Managing Director in the formulation and implementation in the key strategic/operational areas. He is also responsible for forming smart business partnerships and alliances beneficial to the Company's growth including monitoring and driving the operational & financial performance in alignment with the Company's long-term strategic plan.

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



Wan Noor Azhan Bin Wan Shahruddeen, CA (M)

Age 40, Male, Malaysian

Group Accountant (Since 16 June 2020)

He is our new appointed Group Accountant which come on board 16 June 2020. He held a Diploma in Accountancy and Bachelor Degree in Accounting from local University. He was a Chartered Accountant and has been a member of the Malaysian Institute of Accountants since 2010. He started his career ambition to be a qualified accountant by joining MK Land Group in 2001 as Accounts Assistant. After three (3) years, his career journey continues and becoming Accounts Executive and being promoted to Senior Executive during his four (4) years of service with NAZA Group. He then joined Privasia Technology Berhad in 2009 as Assistant Accountant and being re designated as Accountant after he had obtaining MIA Membership in 2010. His passionate towards professional Accountant career has continued his career journey as an Accountant and later in 2013 he joined CENSOF Holdings Berhad, a listed entity in Bursa Malaysia Main Market to take charge of the Accounts and Finance function for the holding company. After completing six (6) months probationary period, he was transferred to a subsidiary company as Head of Finance to lead the whole accounts and finance operation for the company. A year later he was transferred back to the Group and being promoted as Deputy CFO assist Group CFO oversee the full spectrum of accounting, finance, reporting, treasury, taxation and corporate finance for the Group. Prior to joining NGB Group, he was working with a start-up private limited company for two and half year as corporate advisory. His advisory cover area of accounting and finance, secretarial, and tax. He brings with him 19 years of experience in financial accounting, taxation and corporate finance. His area of responsibilities is to oversee the overall function which included finance and accounting, reporting, internal control, regulation, analysis, corporate finance and taxation.

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

Other information in respect of all Key Management Team ("KMT")

1. None of the KMT have any family relationship with any director and/or major shareholder of the Company.
2. None of the KMT have any conflict of interest with the Company.
3. None of the KMT have been convicted for offences other than traffic offences, if any, within the past 5 years.
4. None of the KMT have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF COMPANY'S BUSINESS

Nextgreen Global Berhad ("NGGB") is a Malaysia-based investment holding company, started its operation as a printer, offering prepress (including desktop publishing), press and postpress.

In 2015, NGGB has diversified its business activity into the manufacturing of renewable pulp and paper products to revolutionising the industry through integrating the production of non-wood green pulp and paper with renewable energy and zero waste technology.

NGGB has also diversified beyond its core business activities, including the construction, development, and management of Green Technology Park (GTP). In 2016, the Pahang State Government approved and granted Ultimate Ivory Sdn Bhd, a wholly owned subsidiary of NGGB, 410 acres of land in Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang for development into Green Technology Park, Pekan ("GTP").



Green Technology Park (GTP)

The GTP is an Eco-innovative, self-sustaining industrial Park set in Pahang. As a pioneer in the green technology industry, GTP integrates renewable energy and zero waste technology with its operations. The core of GTP is to manufacture non-wood pulp and paper products by integrating the world's first technology breakthrough in pulp and paper production with zero waste and renewable energy technology.

NGGB has the necessary know-how with its' exclusively owned patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (PRC-RBMP) Technology, to fully utilise the Empty Fruit Bunches (EFB) and set a solid foundation in GTP for further innovation of oil palm biomass.

The patented PRC-RBMP is a major technological breakthrough in the pulp and paper industry, which is able to effectively convert oil palm empty fruit bunches (EFB) into pulp. It is a 'hybrid' of chemical, mechanical and thermal processes that can preserve the condition of EFB fibre for paper production.

With exclusively owned patented technology, GTP is able to convert EFB into non-wood pulp and paper, box linear paper, corrugated paper and tissue paper. In addition, using biotechnology, other oil palm biomass and waste can be converted into agro-feed and organic fertilizer, achieving the concept of 'zero-waste'. The development of GTP Pekan project is divided into 5 phases. Within GTP, there will be an integrated pulp and paper mill, animal feed mill, fertilizer plant, centralised wastewater treatment plant, alkali recovery treatment plant, and light industries.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Principle activities in our Group:

The Group has 3 core business activities. First, the printing and publishing business. Second, the development of Green Technology Park and third, the manufacturing non-wood pulp and paper products. In 2019, only the first and second businesses are under operation and the third business' factory is at an advanced stage of construction. The pulp and paper making plant will be ready for production in last quarter of 2020.

Printing Business

The printing factory is located at Lot 4, Lorong CJ 1/1B, Kawasan Perindustrian Cheras Jaya, 43200 Cheras, Selangor. The factory was bought in Dec 2014 and it was extensively renovated to house a bigger scale of printing business. Local sales comprised mainly magazines, leaflets and educational books whereas overseas sales were primarily educational books.

In 2019, the print orders from the overseas' Government started to resume and the local sales also picked up mainly for the educational books printing. These has elevated the sales revenue from RM26.85 million to RM39.44 million in the financial year ended 31 December 2019. Our wholly-owned subsidiary, Pustaka Sistem Pelajaran Sdn Bhd, was awarded a contract from the Ministry of Education that worth RM3.2million.



GTP Park Development and Management

Ultimate Ivory Sdn Bhd, was granted 410 acres of land in Pekan, approved by the Pahang State Government in 2016, for the development of Green Technology Park (GTP). The Company planned to develop the technology park in five phases over a period of 5 years. GTP Phase 1; wood-free pulp and paper making plant is under construction.

On 28 February 2019, Nextgreen Pulp & Paper Sdn Bhd ("NPPSB"), wholly-owned subsidiary, has received a Letter of Intent (LOI) from Japan Crown Package Co. Ltd. for the intention to purchase 200 MT/year of EFB paper and 2,000 MT/year of Unglazed Bleached Kraft Paper from Phase 1 of GTP. Further, on the same date, NGGB have signed a Memorandum of Understanding (MOU) with Crown Package Co. Ltd. to conduct a feasibility study for the possibility to establish a Joint Venture on pulp-molding business.



On 28 March 2019, Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC) has approved NPPSB for a pre-commercialization project of Sustainable Food Packaging Material from Oil Palm Empty Fruit Bunch (EFB) Cellulosic Fibre. Our R&D projects are still ongoing with University Putra Malaysia (UPM) and on 1 August 2019, the Company have signed a licensing agreement with UPM on the technology know-how of nanocellulose production.

As of 2 April 2019, the Letter of Intent (LOI) between Marubeni Corporation, a Japanese trading and investment conglomerate and NGGB has been signed for the intention to purchase 5,000 MT/year of woodfree paper and 3,000 MT/year of bleached chemical pulp from Phase 1 of GTP.

On June 2019, the Group made amendments on GTP Phase 1 production line from 10,000MT to 12,000MT, an additional 2,000MT of unbleached pulp product line, for the Company's Japanese client.

In the third quarter of 2019, NPPSB received Manufacturing license from Ministry of International Trade and Industry, Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

COMPANY FINANCIAL REVIEW

NGGB changed its financial year end from 30 June 2019 to 31 December 2019 during the current financial period. Given this change, the Company's financial information presented below covers an 18-month period from 1 July 2018 to 31 December 2019 for the current financial period. Accordingly, the financial performance for the current financial period ended 31 December 2019 is not comparable with the previous financial year ended 30 June 2018.

The Group has recorded a revenue of RM40.24 million for the financial year ended 31 December 2019 ("FY2019") as compared to RM29.84 million in the previous financial year. The key driver and largest contributor to the Group's revenue, Printing and Publishing, recorded 98% or RM39.44 million to total revenue. However, the Group reported a loss after tax of RM45.58 million as compared to the loss after tax of RM1.77 million in the previous financial year. The loss was mainly due to impairment of the property, plant and equipment ("PPE") under construction (Pulp & Paper Mill) of RM29.89 million, impairment of the trade receivable and higher operating expenses for printing business and pre-operating expenses incurred for industrial park development.

Printing & Publishing

For FYE 31 December 2019, the printing activity generated sales of RM39.44 million compared with the previous financial year of RM26.85 million, an increase of 46.89%. Looking at the customer by geographical segmentation, RM23.89 million of revenue derived from local customers and RM15.55 million derived from oversea. However, it incurred a loss after tax of RM10.92 million due to impairment of trade receivable of RM5.3 million and higher operating expenditures.

Overall, the impairment on PPE does not have any cash flow impact to the Group's operation. Despite the material impact to the Group's result, the management is confident the non-cash impairment losses on PPE will be recovered upon the commencement of commercial production for the pulp & paper business, which will generate positive cash flow in the coming financial year.

Property Development and Management

For FYE 31 December 2019, the property development and management activities recorded a revenue of RM 0.8 million compared with the preceding year of RM3 million. During current financial year, the Group entered into sales and purchase agreement to dispose a piece of developed land acreage of 8.68 acres to Gaya Sepadu Sdn Bhd for a sales value of RM 4.92 million and is expected to contribute positively to the next financial year.

REVIEW OF OPERATING ACTIVITIES

Printing Business

As noted above, the sales of printing business had increased from RM26.85 million in FYE 2018 to RM39.44 million in FYE 2019.

It is expected that the orders from overseas and local government will improve further in FYE 2020, as government orders especially on the education sectors will have consistent demand.



Park Development and Management

Following the receiving of Letter of Intent from Crown Package Co. Ltd. for the intention to purchase pulp and paper commodities from Nextgreen Pulp and Paper Sdn Bhd, a Memorandum of Understanding was signed between Crown Package Co. Ltd. and NGGB on 28 February 2019 to carry out a feasibility study on the possibility to establish a joint venture pulp-molding business.

With the potential of collaboration with Japanese clients, the Group expand an additional 2,000MT/year of unbleached pulp product line, which increased GTP phase 1 production line from 10,000MT/year to 12,000MT/year. Following the signing of Memorandum of Understanding (MOU) with IHI Corporation and Nomura Holdings. Inc on the 8th of November 2018. The Group and other parties on July 2019, have agreed to extend the MOU to carryout feasibility study on developing a 30-megawatt Biomass Power Plant, Wastewater treatment plant and Alkaline Recovery Plant for GTP Pahang, together with the collaboration structure.

ANTICIPATED KNOWN RISK AND MITIGATION PLANS

The Group like any other businesses is subject to prevailing economic conditions and uncertain market forces. A number of these potential risks and uncertainties that could materially and adversely impact on the Group's performance and financial results are as follows:

Foreign Exchange risk

As the Group operates internationally and is exposed to the risks of fluctuations of the foreign currency. The foreign denominated assets and liabilities together with the expected cash flow from purchases and sales, give rise to foreign exchange exposures. Any significant fluctuations in the exchange rate may have a material impact on the Group's performance. However, the risk of exchange fluctuation has to a certain extent been mitigated by the natural hedge where import of purchases using foreign currency trade loans are settled in foreign currency derived from export proceeds. In addition, our management is constantly monitoring our Group's foreign exchange exposure and will take the necessary measures to minimise the exposure.

Single country risk

The Group's exports are mainly to a single country. As we had experienced, when a country's economy was affected, the sales revenue dropped substantially and it was not possible to immediately replace the lost sales with sales from other sources. This gave rise to a material adverse impact on the Group's results. The Group is taking the following steps to overcome the risks of reliance on a single country's sales:

- diversifying sales to other countries and continue to explore new markets;
- strategize to increase local sales;
- increase the Company's revenue base by increasing other sales products.



MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Retention of Key Personnel and Experienced Workforce

Any successful company would rely on its key personnel and experienced workforce to attain its goal. Without an exception, our Group also rely on key personnel and experienced staff to drive its operations into profitability and also to drive its newly diversified businesses to succeed. A loss of certain key personnel may have an adverse impact on the performance of the Group. The Group has in place competitive remuneration packages, training, conducive working environment, ESOS for its employees and also has available career advancements within the Group.

FORWARD LOOKING STATEMENT

Possible Trend and Outlook

Printing sectors have always been very competitive especially in recent years and the Group relied on export sales to enhance its revenue. The Group had made progress in both overseas and local market. As above mentioned, the Group's subsidiary was awarded a contract worth RM3.2million by Malaysia Ministry of Education, thus, contract from local Government is expected to contribute a substantial income to the Group. Although the printing business is in decline due to the rise of digitalisation, traditional printing and publishing in education sector have maintained a strong steady growth (MarketLine, 2019). Therefore, the Group's printing business is taking steps to reinforce its position by focusing on education sector's orders. The Group's printing business is looking forward to secure more orders from education sectors, especially with overseas' Government and local Government.

The Group has further the discussion on potential off-taking by exporting its products to Japan, one of the largest importers of pulp and paper products. Besides local market, our paper products is also potentially open to Japanese market.

The Group had rounds of discussion with potential investors who are interested to engage in green projects located in GTP Pekan. As above mentioned, the Group have potential customers from Japan intended to work along in the Group's green projects in GTP Pekan.

The third business activity of the Group, pulp and paper manufacturing is expected to start production in December 2020. In addition, the global paper and paperboard market value in 2018 is \$394.1 billion (MarketLine, 2019). The market value of global paper and paperboard is expected to reach USD 489.7 billion in 2023, an 24.3% increase from 2018 (MarketLine, 2019). Therefore, the Group is confident to present a favourable outcome in the coming future.

The Group's first pulp and paper plant will complete installation and start commissioning in the last quarter of 2020. It is possible that the Group will take longer time than expected on commissioning due to the COVID-19 pandemic. However, although the progress of the pulp and paper plant is behind from schedule due to COVID-19 and Movement Control orders (MCO), the Company is still making conspicuous progress.

Dividend Policy

The Group is at the stage of developing new business sources and the cash generated from the existing business is ploughed back into the business. Therefore, for FYE2019, the Group will unlikely be able to declare and pay any dividend. However, the Group will review its dividend policy as and when the circumstances permit.

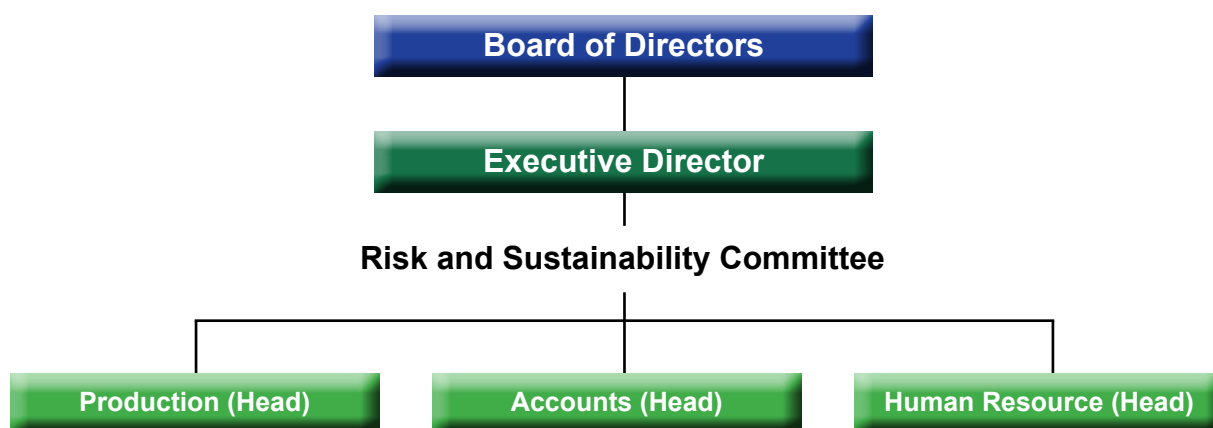
CORPORATE SUSTAINABILITY STATEMENT

The Board acknowledges the evolving trend of stakeholders reviewing not merely the financial performance of the Group but also the impacts the businesses have on the Economic, Environmental and Social (“EES”) risks and opportunities. In light of the wider focus, the Board when formulating policies and business strategies have leveraged and embedded sustainability in its decision-making process so that it will bring long term benefits and business continuity.

1. GOVERNANCE STRUCTURE

The Board has the overall responsibility to ensure that it supports and integrates the recommended sustainability considerations in its decision. To achieve this, the Board has put in place a governance structure to identify, assess, manage and recommend for adoption the sustainability matters as presented by the business. Therefore, it has delegated the task to an executive director who will head the Group’s Sustainability Drive. The executive director is assisted by a Risk and Sustainability Committee which comprised of the heads of various departments as follows:

Printing Business



2. SCOPE

This Sustainability Statement focuses on the printing business of the Group as the other businesses have yet to be in production and operation.

3. MATERIAL SUSTAINABILITY MATTERS

The objective of the Group is to focus on the sustainability matters that is most important to achieving the long-term goal of the company. The Committee has identified through an assessment process the issues on EES affecting the business and prioritise the materiality these have on the company and also the stakeholders. Once these have been identified, a list is submitted to the executive director for further deliberation.

The following sustainability matters are considered material both by the management and the stakeholders.

4. ECONOMIC ISSUES

4.1 Export Proceeds

The Company has been exporting its products for many years. It has contributed to the positive inflow of foreign currency and helped the country achieved a balanced of payment surplus.

4.2 Business Ethics and Transparency

The Company cultivates a code of high ethics, integrity and transparency in the conduct of its employees in discharging their duties and responsibility. It has always adopted zero tolerance policy towards corrupt practices which prohibit all employees directly or indirectly soliciting from and offering to any parties’ bribe or reward in relation to the dealings in the business of the Company.

The Company also provides a level playing field for its suppliers and business partners where they are selected solely based on merit of their products and services to promote fair competition and equal opportunity.

5. ENVIRONMENTAL ISSUES

The company has complied with the legal and regulatory requirements of the Department of Environment in respect of the disposal of waste generated from the production processes. Waste is separated into hazardous and non-hazardous, packed and stored away in a room and collected by a licensed agent under the Environment Quality Act 1974. Solid wastes are segregated into their respective categories before they are collected by the approved company for disposal or recycling.

The Company has also contracted with agents to collect waste paper, paper core, used plates for recycling.

6. SOCIAL ISSUES

The company pursues an employment policy of human rights and non-discrimination. It adheres to the minimum wage policy as implemented by the Government and complies with the Employment Act and Regulations. It also promotes workplace equality and diversity.

6.1 Safety and Health

The Occupational Safety and Health Committee continue to monitor the safety and health procedures are appropriately adhered to by all employees in the work place. During the year a 2-day course on safety was conducted for the benefits of its employees by an external company specialized in industrial safety and management. The training is titled "Emergency Response Plan & Preparedness Combined Drill".

6.2 Training and Skill Development

The Company continues to upgrade its machinery and software. This has provided on going personal improvement opportunities to our employees. The suppliers would organise and provide training to member of staff who have been selected to run the machine. Some staff were sent for external courses. In addition, the production meetings are conducted regularly to deliberate and brief the employees on the job training to improve on the quality of the print products.

6.3 Staff Gathering and Lucky Draws

The gathering is intended to promote staff mingling and communication to provide a friendly workplace and conducive work environment.

7. OTHER SUSTAINABILITY ISSUES - DIVERSIFICATION OF CORE BUSINESS

The Group started off as a printing business and now has ventured into the production of renewable paper using oil palm biomass like empty fruit bunches. It has 410 acres land designated as Green Technology Park ("GTP") Pekan. The masterplan of GTP is driven by the natural topography of the land. We maximise the usage of land, plan according to the land contour, design water flows with gravity from high level of wetlands to low level of lake and plan to put in mini hydro. During site cleaning, trees chopped are kept for producing fertilizer, large trees are still remained for landscaping. This green project with 410 acres of land will contribute in the reduction of deforestation, promote renewable energy in industrial use and reduce carbon emissions.

The factory is located on the 20 acres land and will commence production in end of 2020. The project will contribute to a reduction of:

- deforestation;
- green house effects on gas and carbon emission;
- waste by using by-product to produce valuable products;
- reliance on fossil fuel for energy generation;

The project will reduce the import of paper for use locally and thereby save on the foreign currency and when the scale of the project gets bigger, it may even generate substantial foreign currency for the country in future in addition to providing many employment opportunities to Malaysian.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company provides an overview of the application of the corporate governance practices of the Group during the financial period ended 31 December 2019 with reference to the principles set out in the latest Malaysian Code on Corporate Governance (“MCCG”).

The Board of Directors (“Board”) has also provided specific disclosures on the application of each Practices in its Corporate Governance Report (“CG Report”). The CG Report was announced together with this Annual Report of the Company which could be obtained by accessing this link www.nextgreenglobal.com. Shareholders are advised to read this overview statement together with the CG Report.

In overall, the Board is of the view that the Company has, in all material aspect, complied with the Principles and Practices as set out in the MCCG. The explanation for the departure of the MCCG practices, if any, is reported in the announced CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) BOARD RESPONSIBILITIES

The Board assumes full responsibilities of the overall performance of the Group. In discharging their fiduciary responsibilities, the Board sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by management in the quarterly financial results.

Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board's decision-making process.

The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group. The position of the Chairman is held by an Independent Director.

The Board has formalised and adopted its Board Charter (“Charter”) and has done a review of its Charter before issuing this Annual Report. The Charter is available for reference at the Company's website at www.nextgreenglobal.com

Key matters reserved for the Board's approval include business plan, annual budget, dividend policy, business continuity plan, new issues of securities, business restructuring, and disposal and acquisition of assets/ investments.

The Board Committees, namely Audit Committee, Nominating Committee, and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective Terms of Reference. Accordingly, the ultimate responsibility for the final decision on all Board Committees' matters lie with the Board.

The Board is provided with and has access to all Company's information to enable it to discharge its duties. The management is invited to attend the Board and Board Committees' meetings and to brief and provide explanation to the directors on the operations in the Group. The Board is also briefed by the Company Secretary, External Auditors and the Internal Auditors on the changes in corporate regulatory requirements. In addition, the Board collectively could engage independent professionals when necessary to seek their advices in furtherance of their duties.

Procedurally, when external advices are necessary, the director who intends to seek such consultation or advice shall notify the management or Secretary of such request. Upon obtaining the Board Chairman's or Managing Director's approval, the director can engage the services of the adviser and the fee for the independent professional advice shall be borne by the Company. All advices and opinions from the advisers shall then be reported to the Board.

The Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. All Directors have unrestricted access to the advice and services of the Company Secretaries. Further information of the roles and responsibilities carried out by the Company Secretaries are set out in Practice 1.4 of the Company's CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The Company has defined its Code of Conduct and Ethics (which is included in its Board Charter) and whistleblowing policy, addressing, inter-alia, the following subjects:

- Fraud;
- Conflict of interest;
- Insider trading;
- Sexual harassment;
- Misuse of confidential information;
- Non-compliance of regulatory requirements; and
- Concealment of any or a combination of the above.

The whistleblowing policy provides a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employees, management and the directors of the Group. The identity of the whistle blower and all concerns raised would be treated as private and confidential in order to protect the whistle blower from victimization or harassment arises from the reporting.

The Board meets at least every quarter and on other occasions, as and when necessary, to approve quarterly financial results, statutory financial statements, the Annual Report as well as to review the performance of the company and its operating subsidiaries, governance matters, related party transactions, major acquisition or disposal of assets and other business development matters.

During the financial period ended 31 December 2019, eight (8) Board meetings were held. The details of attendance by the Board members during their tenure as directors are as follows:-

Directors	No. of meetings attended by Directors
Dato' Sohaimi Bin Shahadan [Independent Non-Executive Chairman]	6/8
Dato' Lim Thiam Huat [Managing Director]	8/8
Datuk Lawrence Yeo Chua Poh [Non-Independent Non-Executive Director] (Re-designation from Executive Director on 25 November 2019)	7/8
Lim Kah Yen [Executive Director] (Appointed on 7 November 2019)	1/1
Anuar Bin Malek [Non-Independent Non-Executive Director] (Appointed on 8 November 2019)	1/1
Chew Yuit Yoo [Senior Independent Non-Executive Director]	8/8
Thiang Chew Lan [Independent Non-Executive Director]	8/8
Dato' Dr. Koe Seng Kheng [Independent Non-Executive Director]	8/8
Koo Thiam Yoong [Executive Director] (Resigned on 28 February 2019)	4/4
Nor' Azamin Bin Salleh [Executive Director] (Resigned on 1 July 2019)	4/5
Datuk Lee Hwa Cheng [Non-Independent Non-Executive Director] (Resigned on 17 February 2020)	6/8
Dr. Hidayah Binti Ariffin [Independent Non-Executive Director] (Resigned on 7 November 2019)	5/6

Board papers are circulated to the Board members prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively. The Company Secretary had attended all the Board and Board Committees meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The Directors recognise the needs to attend training to enable them to discharge their duties effectively. During the financial year and up to the printing time, the Directors have participated in relevant training programmes to enhance their skills and knowledge and to keep abreast with the relevant change in laws, regulations and business environment. The trainings attended by the Directors are listed below:

Directors	Training Attended	Date
Dato' Sohaimi Bin Shahadan	Risk Management Briefing and Workshop	11 February 2019
Dato' Lim Thiam Huat	1. Tokyo International Packaging Exhibition 2018 2. South China Morning Post's China Conference 3. IGEM: International Greentech & Eco Products Exhibition & Conference Malaysia 4. Risk Management Briefing and Workshop 5. International Biomass Expo 6. Nikkei Forum: Focus on Malaysia Business and Investment Opportunities Amid New Challenges 7. IGEM: International Greentech & Eco Products Exhibition & Conference Malaysia 8. The 1st Japan-ASEAN Multi-Stakeholder Strategic & Conference Malaysia 9. Session on Corporate Governance & Anti-Corruption 10. Islamic Finance News Forum: Green & Sustainable Finance	2-5 October 2018 10 October 2018 17-20 October 2018 11 February 2019 28 February 2019 3 September 2019 9-11 October 2019 12 October 2019 31 October 2019 3 December 2019
Lim Kah Yen	1. Malaysia International Agriculture Technology Exhibition 2. Tokyo International Packaging Exhibition 2018 3. IGEM: International Greentech & Eco Products Exhibition & Conference Malaysia 4. Britain After Brexit: Breaking with Europe and Business Prospect for ASEAN 5. International Symposium on Applied Engineering and Sciences (SAE S2018) 6. Risk Management Briefing and Workshop 7. International Biomass Expo 8. Lignin Biorefinery Talk: Emerging Trends Towards Sustainable Biotechnology 9. IPMEX: International Printing, Paper, Packaging Machinery Exhibition 2019 10. FRIM Pulp & Paper Making Course 11. Nikkei Forum: Focus on Malaysia Business and Investment Opportunities Amid New Challenges 12. Technical Talk on "The Potential for Mass Production of Nanocellulose from Oil Palm Biomass In Malaysia" 13. Malaysian Technology Development Corporation (MTDC) Technology Conference 2019 14. IGEM: International Greentech & Eco Products Exhibition & Conference Malaysia 15. The 1st Japan-ASEAN Multi-Stakeholder Strategic Consultancy Forum 16. AI and The Future of Work 17. Islamic Finance News Forum: Green & Sustainable Finance 18. Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	29 September 2018 2-5 October 2018 17-20 October 2018 26 November 2018 15-16 December 2018 11 February 2019 28 February 2019 13 March 2019 1-4 July 2019 8-10 July 2019 3 September 2019 28 September 2019 1-2 October 2019 9-11 October 2019 12 October 2019 3 December 2019 3 December 2019 17-18 February 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Directors	Training Attended	Date
Datuk Lawrence Yeo Chua Poh	1. Raising Defences Section 17A, MACC Act 2. Malaysia Biomass Industries Confederation Seminar 2019 (Green Ocean Business Models, Markets & Funding Opportunities)	27 August 2019 24 September 2019
Anuar Bin Malek	1. Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	30-31 October 2019
Chew Yuit Yoo	Risk Management Briefing and Workshop	11 February 2019
Thiang Chew Lan	Risk Management Briefing and Workshop	11 February 2019
Dato' Dr. Koe Seng Kheng	Risk Management Briefing and Workshop	11 February 2019

The training needs of each Director would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of the Board Committees.

(2) BOARD COMPOSITION

As of the date of this Statement, the Board consists of eight (8) members, comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, one (1) Senior Independent Non-Executive Director, two (2) Independent Directors, one (1) Non-Independent Non-Executive Director, and two (2) Executive Directors. The Board composition complied with the MMLR that requires at least two (2) or one-third (1/3) of the Board members to be independent directors. The Company also complied with the practice recommended in the MCCG having at least 50% independent directors on Board. The Chairman of the Board of Directors is an independent director.

Nonetheless, all board members are mindful of ensuring the objectivity and fairness in board's decision making. The Board also has appointed Chew Yuit Yoo to act as the Senior Independent Non-Executive Director, serving as an alternative for shareholders to convey their concerns and seek clarifications from the Board through an independent director.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) year term, an Independent Director may continue to serve on the Board as an Independent Director subject to shareholder's approval.

Currently, two (2) Independent Directors have exceeded a cumulative term of nine (9) years and more. As recommended by the MCCG, the Company will seek shareholders' approval for the purpose of retaining them as Independent Directors.

The Nominating Committee is established and maintained to ensure that there are transparent procedures for selection and appointment of new directors to the Board and assessment of Board's, Board Committees' and individual directors' performance. The Nominating Committee is chaired by a Senior Independent Non-Executive Director. The Nominating Committee considers recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.

During the financial year, there was one (1) meeting conducted by the Nominating Committee. The results of the evaluation of the Board's and individual board members' performances; the Board's assessment of the Board Committees; the independence of the Independent Directors and explanation for retaining an Independent Director serving more than nine (9) years are reported in the Nomination Committee Statement on pages 33 to 34 of this Annual Report.

The appointment of Board and senior management are based on objective criteria and merit of the candidates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

3. REMUNERATION

The present members of the Remuneration Committee are:

- Chairperson** : Thiang Chew Lan
(Independent Non-Executive Director)
- Members** : Chew Yuit Yoo
(Senior Independent Non-Executive Director)
: Dato' Dr. Koe Seng Kheng (Independent Non-Executive Director)

During the financial year ended 31 December 2019, three (3) Remuneration Committee meetings were held and attended by all members.

The main function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Managing Director and Executive Directors of the Group. The remuneration packages of Non-Executive Directors are determined by the Board as a whole.

The Remuneration Committee considers the principles recommended by the MCCG in determining the directors' remuneration, whereby, the remuneration of the executive directors is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined based on their experience and the level of responsibilities assumed.

During the financial year, the Remuneration Committee undertaken the following activities:

- (a) Reviewed and recommended Directors' fees payable to Non-Executive Directors for Board's approval; and
- (b) Reviewed and recommended Directors' benefits payable to the Directors for Board's approval.

The amount of Directors' fee and benefits payable to the non-executive directors proposed for the shareholders' approval at the forthcoming 14th AGM is RM340,000.00. The foregoing mandate is for payment of fees for the period from the 14th AGM to the date of the next AGM to be held in 2020.

The terms of reference of the Remuneration Committee are available on the Company's website at www.nextgreenglobal.com

The details of Directors' remuneration for the financial year ended 31 December 2019 are as follows:

COMPANY LEVEL

Directors	Directors' fee	Meeting Allowances	Salaries	Bonus	Benefits in-kind	Other Emoluments
Dato' Sohaimi Bin Shahadan	180,000	-	-	-	10,800	-
Dato' Lim Thiam Huat	-	-	505,385	-	42,000	-
Koo Thiam Yoong	-	-	134,795	-	6,600	-
Nor' Azamin Bin Salleh	-	-	192,762	-	-	-
Lim Kah Yen	-	-	5,975	-	-	-
Datuk Lee Hwa Cheng	4,000	-	153,628	-	-	-
Datuk Lawrence Yeo Chua Poh	4,000	-	191,708	-	-	-
Anuar Bin Malek	7,067	2,000	-	-	-	-
Chew Yuit Yoo	81,360	12,000	-	-	-	-
Thiang Chew Lan	72,000	11,000	-	-	-	-
Dato' Dr. Koe Seng Kheng	72,000	11,000	-	-	-	-
Dr. Hidayah Binti Ariffin	56,267	6,000	-	-	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

GROUP LEVEL

Directors	Directors' fee	Meeting Allowances	Salaries	Bonus	Benefits in-kind	Other Emoluments
Dato' Sohaimi Bin Shahadan	-	-	-	-	-	-
Dato' Lim Thiam Huat	-	-	-	-	-	-
Koo Thiam Yoong	-	-	-	-	-	-
Nor' Azamin Bin Salleh	-	-	-	-	-	-
Lim Kah Yen	-	-	92,014	-	-	-
Datuk Lee Hwa Cheng	-	-	-	-	-	-
Datuk Lawrence Yeo Chua Poh	-	-	-	-	-	-
Anuar Bin Malek	-	-	-	-	-	-
Chew Yuit Yoo	-	-	-	-	-	-
Thiang Chew Lan	-	-	-	-	-	-
Dato' Dr. Koe Seng Kheng	-	-	-	-	-	-
Dr. Hidayah Binti Ariffin	-	-	-	-	-	-

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. Presently, the members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

Board took note on the Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee and has incorporated this under the Terms of Reference of Audit Committee.

AC has policies and procedures to review, access and monitor the performances, suitability and independence of the external auditors.

The Audit Committee take cognizance of its responsibility to review the adequacy and integrity of financial information by considering the results of both the Internal and External Auditors' findings and reports as well as management actions to improve its systems of internal control. The summary of work of Audit Committee is reported in the Audit Committee Report on pages 31 to 32 of this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROL

The Board as a whole responsible for the overall and oversight of risk management in the Group covering the system of risk management and internal control for financial, operational and compliance while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.

Further details of the Group's systems of risk management and internal control are reported in the Statement on Risk Management and Internal Control on pages 37 to 38 of this Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control. Going forward, the Board will review, adopt, implement and disclose an internationally recognised risk management framework; and define its risk policy and risk appetite.

The Internal Audit Function is carried out by IA Essential Sdn Bhd an internal audit consulting firm. The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive. Further details of Internal Audit Function are reported in the CG Report which is available on the Company's website at www.nextgreenglobal.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. It is believed that clear and consistent communication with investors promotes better appreciation of the Company's business and activities, reduces share price volatility, and allows the Company's business and prospects to be evaluated fairly.

The Group has also leveraged on its corporate website to communicate, disseminate and add depth to its communication with the public.

2. CONDUCT OF GENERAL MEETINGS

General meetings are an important avenue for Board Members to engage with shareholders. Shareholders are provided with the opportunity to seek clarification on the Group's strategy, performance and major developments during the general meetings. Shareholders' right relating to general meeting is also published on the Company's website at www.nextgreenglobal.com.

The Board has adopted the recommendation of the MCGG for the Notice of the 14th AGM to be given to the shareholders at least twenty-eight (28) days prior to the meeting. The Board encourages shareholders to participate in the questions and answers session and to interact and feedback to the Chairman for opinions or concerns during the AGM. The Chairman and the respective Chairmen of the Board Committees as appropriate will respond to questions raised by the shareholders during the AGM. The Board had also identified Chew Yuit Yoo to act as the Senior Independent Non-Executive Director to provide shareholders and investors an alternative way to convey their concerns and seek independent view.

The Company may respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested.

Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this statement, and considers that this overview statement provides the information necessary to enable shareholders to evaluate how the MCGG has been applied. The Board considers and is satisfied that the Group has fulfilled its obligation under the MCGG, MMLR and all applicable laws and regulations throughout the financial year.

This Statement is made in accordance with a resolution of the Board dated 25 June 2020.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial period ended 31 December 2019.

COMPOSITION OF AUDIT COMMITTEE

Chairman: Chew Yuit Yoo
Senior Independent Non-Executive Director

Members: Thiang Chew Lan
Independent Non-Executive Director

Dato' Dr. Koe Seng Kheng
Independent Non-Executive Director

The Audit Committee ('AC') composition is in line with Paragraph 15.09 of Main Market Listing Requirement ("MMLR"). As at the date of this Annual Report, the AC comprises three (3) members who are Independent and Non-Executive Directors. The Chairperson of the AC is a fellow member of Malaysian Institute of Accountants. The profile of the members of the AC is contained in the *Profile of Directors* as set out on pages 13 and 14 of this Annual Report.

The AC conducted seven (7) meetings during the financial year and these meetings were attended by all members of the AC.

TERMS OF REFERENCE

The Terms of Reference of AC is available on the Company's corporate website at www.nextgreenglobal.com for shareholders' reference pursuant to MMLR. These Terms of Reference were updated in accordance with the latest practices in the MCGG on the provisions of the composition requirements of AC members as well as the roles of AC Chair and members.

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of AC was a key audit partner of the external auditors of the Group.

SUMMARY OF WORK

The work carried out by the AC in discharging its duties and functions with respect to their responsibilities during the financial periods were summarized as follows:

- (a) Reviewed the unaudited quarterly financial results, cash flows and financial positions for each financial quarter by considering any significant transactions or changes in accounting that may impact the Group's financial position and performance before submitting these interim financial statements to the Board for review and approval and announcement to the public;
- (b) Reviewed the annual audited financial statement, auditors' report and accounting issues arising from the audit of the financial period ended 31 December 2019 and discussed with Management and the External Auditors on the accounting principles and standards that were applied in the annual audited financial statements;
- (c) Considered changes in and implementation of major accounting policies and practices to the Group; significant matters and unusual events or transaction highlighted by the External Auditors and how these significant matters were addressed including the basis for the exercise of judgement arising from the audit;
- (d) Reviewed the External Auditors' Audit Progress Memorandum and deliberated the key audit observations and risks as well as key audit matters brought up by the External Auditors;
- (e) Reviewed the External Auditors' audit strategy and audit approach via Audit Planning Memorandum for 2019;
- (f) Reviewed the control deficiencies noted and reported by the External Auditors in their management letter;
- (g) Conducted private meeting session with the External Auditors without the presence of executive board members and management personnel to further discuss matters arising from audit and assess the assistance given by the Management to the External Auditors;

AUDIT COMMITTEE REPORT

(continued)

- (h) Reviewed the performance, effectiveness and independence of the External Auditors and made recommendations to the Board on the appointment and remuneration of auditors including the position of non-audit services;
- (i) Reviewed the progress of internal audit plan to ensure that the direction of the audit and risk assessment is appropriate to the environment in which the Group is operating;
- (j) Reviewed the impact of the audit findings and the recommendations for improvement highlighted in Internal Audit Report presented by the Internal Auditors;
- (k) Followed-up the status of past audit findings raised by the Internal Auditors to ensure the proposed action plans are implemented by the management;
- (l) Reviewed the Corporate Governance Statement, Audit Committee Report, and Statement on Risk Management and Internal Control for Board's consideration and approval for inclusion in the annual report;
- (m) Updated the quarterly status of related party transactions to ensure these transactions were transacted on an arm's length basis and are not detrimental to the interests of minority shareholders;
- (n) Reported to the Board on matters addressed in the AC meetings; and
- (o) Reviewed and approved the Terms of Reference of AC aligned with the developments of MMLR and MCCG.

INTERNAL AUDIT FUNCTION

The MMLR provides that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the AC.

The Group had established an internal audit function. This function is outsourced to a professional services firm, IA Essential Sdn Bhd, headed by Chong Kian Soon, Professional member of The Institute of Internal Auditors Malaysia. The primary responsibility of this internal audit function is to assist the Board and the AC in reviewing the systems of internal control and providing recommendations to strengthen these systems.

The Internal Auditors have organized their work with reference to the principles of the international professional practice framework on internal auditing covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, the internal audit plan is developed in consultation with management taking into consideration the Group's structure, concerns and the challenges faced. The proposed internal audit plan is presented to the AC for deliberation and approval before internal audit reviews are carried out.

Internal audit reviews are carried out quarterly in accordance with the risk-based Annual Audit Plan approved by the AC. Prior to the presentation of report to the AC, comments from the management are obtained and incorporated into the internal audit findings and reports. The summary of work conducted and reported by the Internal Auditors to the AC during the AC's meetings in the current financial year are as follows:

- (i) Identified and reported to AC the Proposed Internal Audit Plan 2019 for approval;
- (ii) Evaluate the effectiveness of management control procedures and adherence to the operating instructions in BHS Book Printing Sdn Bhd and Ultimate Ivory Sdn Bhd;
- (iii) Conducted follow-up audits to ascertain status of management implementation of audit recommendations;
- (iv) Reviewed and updated Board Charter, Code of Conducts and Ethics, Whistleblowing Policy and Procedure, Remuneration Policy and Procedure, and Term of Reference of AC, Nominating Committee and Remuneration Committee in accordance with the latest Malaysian Code of Corporate Governance ("the new MCCG") and Companies Act 2016; and
- (v) Conducted risk management exercise by defining the Group' Risk Appetite and identified high-level risk for Green Technology Park and pulp and paper business.

The Internal Auditors attended five (5) AC meetings during the financial year under review. The total cost incurred during the current financial year for the internal audit function of the Group is RM128,882.15.

NOMINATION COMMITTEE STATEMENT

The current members of the Nomination Committee are:

Chairman: Chew Yuit Yoo
Senior Independent Non-Executive Director

Members: Thiang Chew Lan
Independent Non-Executive Director

Dato' Dr. Koe Seng Kheng
Independent Non-Executive Director

The Terms of Reference of the Nomination Committee are available at the Company's website at www.nextgreenglobal.com

The Nomination Committee assists the Board in reviewing the new candidate in terms of the candidates' skill, knowledge, expertise and experience before recommending to the Board for decision. For assessment and selection of director candidate, consideration would be taken on the need to meet the regulatory requirements such as Companies Act 2016, the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") and other criteria such as:

- Age
- Industrial experience, skillsets and knowledge
- Academic qualification
- Expected contributions to the existing and new businesses
- Expected enhancement to the board's strength and network

For appointment of Independent Directors, the Nomination Committee would also assess whether the candidate meets the requirements for independence based on criteria prescribed in the Listing Requirements.

The Nomination Committee is empowered to identify and recommend new appointments to the Board. The potential candidates may be proposed by existing directors, senior management staff, shareholders or third-party referral, or through independent recruitment agencies. Under normal circumstances, the Nomination Committee would review new board candidates proposed by the Executive Directors to fill vacancy arises from resignation, retirement or any other reasons and make the recommendation to the Board thereon for decision. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

The Malaysian Code of Corporate Governance ("MCCG") emphasizes the importance of right board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of board members. Upon receipt of the proposal, the Nomination Committee is responsible to conduct an assessment and evaluation on the proposed candidate. The assessment/ evaluation process may include, at the Nomination Committee's discretion, reviewing the candidate's resume, biographical information, candidate's qualifications and conducting background searches.

The Board is supportive of gender diversity and encourages female participation in the board. However, the Board did not formalize the gender diversity through a policy as the Board believes that appointment of directors should be based on merit and performance of the individual. Presently, out of the eight (8) board members, three (3) of them are female.

In accordance with the constitution of the Company, all newly appointed Directors are subject to retirement by rotation and are entitled for re-election at the first annual general meeting after their appointment. Pursuant to Clause 107 of the Company's Constitution, at each annual general meeting one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office at least once in every (3) years but shall be eligible for re-election.

In recommending the Directors for re-election to the Board, the Nomination Committee would also refer to the individual Directors' annual assessment results to ensure that feedback given and scoring achieved by the relevant directors who are retiring by rotation are satisfactory.

The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees, including assessment of independence of independent directors.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/ mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors is assessed in the areas of contribution and interaction with peer and quality of the input of the Director.

NOMINATION COMMITTEE STATEMENT

(continued)

Performance of the individual Directors, Board, and Board Committees are assessed through self-assessment questionnaires. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Nomination Committee for discussion.

During the financial year, Nomination Committee has reviewed the present composition of the Board and was of the view that the Board composition was made up of a balance mixture of skills and professionalism, no additional board member is required for the time being. All Directors have completed the Self-Assessment and Evaluation form. In summary, the Nomination Committee noted that performance of the Board of Directors, Board Committees and individual Directors was adequate.

Criteria for assessments:-

- (a) The policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
- (b) the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
- (c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.

Summary of the activities carried out by the Nomination Committee during the financial year as follows:-

- (a) Assessment and evaluation of Directors, Board and Board Committees.
- (b) Review on the re-election of the Directors standing for re-election at the 14th Annual General Meeting for Board's approval.
- (c) Review on the appointment of Lim Kah Yen as Executive Director.
- (d) Review on the retention of Chew Yuit Yoo and Thiang Chew Lan who have served more than nine (9) years as Independent Directors. Upon review, it was noted that: -
 - They have fulfilled the definition of Independent Director in Listing Requirements;
 - They are able to exercise independent judgment and act in the best interest of the Company despite their long tenure as Independent Directors in the Company; and
 - They have shown great integrity and independence at discharging their duties as Independent Directors.

OTHER COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees incurred by the Group in respect of the financial period ended 31 December 2019 are RM144,000 and RM61,275 respectively.

2. Material contracts

There is no material contract entered into by the Company or its subsidiaries involving directors' and major shareholders' interest which was entered into since the end of the previous financial year and/or still subsisting at the end of the financial year.

3. Utilisation of Proceeds from Rights Issue

The Company raised total gross proceeds of RM41,640,984 from the Rights Issue exercise with the allotment and issuance of 99,145,199 ordinary shares of RM0.25 each at an issue price of RM0.42 on 19 October 2015.

The proceeds raised from the right issue exercise have been fully utilised.

The status of the utilisation of proceeds from the right issue is as follows:

	Proposed Utilisation RM'000	Balance Actual Utilisation RM'000	Intended to be Utilised RM'000	Timeframe for Utilisation
Acquisition of land	7,000	7,000	-	Within 24 months
Purchase of plant and machinery and other ancillary facilities	33,641	33,641	-	Within 24 months
Estimated expenses in relation to the rights issue exercise	1,000	1,000	-	Within 6 months
Total	41,641	41,641	-	

During the financial year, the Company had issued 45,800,000 new shares. The first tranche of 10,000,000 and second tranche of 11,300,000 Placement Shares were issued on 1 March 2019 and 26 March 2019 at an issue prices of RM0.45 per share and total cash proceeds of RM9.585 million were raised.

The third tranche of 2,750,000 and fourth tranche of 18,750,000 Placement Shares at an issue prices of RM0.40 per share were subsequently issued on 12 July 2019 and 26 July 2019 and total cash proceeds of RM8.6 million were raised. On 4 October 2019, the Company has completed a fifth tranche and final closing of 3,000,000 Placement shares at an issue prices of RM0.40 per share and total cash proceeds of RM1.2 million were raised.

OTHER COMPLIANCE INFORMATION

(continued)

The status of the utilisation of proceeds from the private placement is as follows:

	Proposed Utilisation RM'000	Balance Actual Utilisation RM'000	Intended to be Utilised RM'000	Timeframe for Utilisation
Payment for the land	6,758	-	6,758	Within 12 months
Infrastructure cost for the development of main building of Phase 1A of GTP Pekan Project	5,080	5,080	-	Within 12 months
Infrastructure costs related to the development of Phase 2 of GTP Pekan Project which include sand backfilling for main access roads, site clearance, earth work and other site preparation as well as improvements for wetland, sand stockpiled area and ground improvement and etc.	5,058	5,058	-	Within 12 months
Working capital	2,339	2,339	-	Within 12 months
Estimated expenses in relation to the private placement	150	150	-	Within 1 month
Total	19,385	12,627	6,758	

4. Related Party Transactions

An internal compliance framework exists to ensure that the Company meets its obligations, including that of related party transactions under the MMLR. The Board reviews all related party transactions during financial period, and the details are disclosed in page 91 under Notes to the financial statements.

5. Statement of Directors' Responsibility in relation to the Financial Statements

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provision of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. In the preparation of the financial statements for the financial period ended 31 December 2019, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgement and estimates.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement of Risk Management and Internal Control is made in pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") with regard to the disclosure of the Group's state of risk management and internal control. In making this Statement, the Board is guided by the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines") issued by the Task Force on Internal Control with the endorsement of the Bursa Securities.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks.

Presently, the Group's risk management continues to be driven by all Executive Directors and assisted by management. The Executive Directors and management are accountable to the Board for identifying, evaluating, managing, monitoring risks, and providing assurance to the Board that the processes thereof have been carried out as part of the Group's operating and business management processes. External and relevant professionals would be drawn on to assist and provide advices to the management team when necessary. The Board will continue to deliberate the options for the international risk management framework and adopt a suitable framework for the Group going forward.

The key risk focus of the management in the forthcoming year is to improve the cash flows positions of the Group by:

- Strengthening the credit control;
- Exploring and securing new printing orders;
- Generating profits from the disposal of developed land at Pekan Green Technology Park;
- Leveraging on its low gear position to seek financing from financial institutions; and
- Seeking the shareholders' approval for private placement of shares.

INTERNAL CONTROLS

Apart from the above, the present key internal controls and review processes in the Group are as follows:

- (i) Management organization structure defining the management responsibilities and hierarchical structure of reporting lines and accountability;
- (ii) Limit of authority and approval facilitating delegation of authority;
- (iii) Periodic performance reports for the management monitoring and ensuring that the business operations are progressed in accordance with the objectives and targets;
- (iv) Preparation of annual sales forecast, budgeted profit or loss and cash flow projection for monthly monitoring and tracking of performance;
- (v) Provision of on-job training to employees in order to strengthen our controls on the business competitiveness and capability of our organisation; and
- (vi) Financial exposure arising from burglary, consequential loss and fire are covered by appropriate insurance policies.

BOARD REVIEW MECHANISM

In order to ensure the objectivity of the review of the systems of risk management and internal control framework in the Group, the Audit Committee ("AC") is instituted by the Board to undertake this oversight role.

The AC assesses the adequacy and effectiveness of internal controls based on the internal audit findings presented by the Internal Auditors. These reviews were done quarterly where the Internal Auditors will present their internal audit report to the AC and audit issues and action taken by management to address control deficiencies will be deliberated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

Management also supplements the Audit Committee review on control and risk assessment when presenting their quarterly financial performance and results to the Audit Committee. In this process, the Audit Committee will review and analyse the interim financial results in corroboration with management representations on operations, the performance of its subsidiaries vis-à-vis the risks and challenges in the business. As part of this process, AC also deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors.

Annually, upon completion of audit, the External Auditors will report to the AC on their audit findings. As part of this review, AC will obtain feedback from the External Auditors on control deficiencies noted by them in the course of their statutory audit.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa's Guidelines, management is responsible to the Board for identifying risks; implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

Before producing this Statement, the Board has received assurance from Managing Director that, to the best of his knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board derives its comfort of the state of internal control and risk management of the Group from the following processes and information:

- Periodic review of financial information covering financial performance, quarterly financial results and key business indicators;
- Audit Committee's review and consultation with the management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of the systems of internal control from the Internal Auditors; and
- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses.

The Board wishes to reiterate that risk management and internal control would be continuously improved in line with the evolving business development. However, it should also be noted that systems of risk management and internal control are only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. However, AAPG3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

This Statement on Risk Management and Internal Control was made in accordance with the approval of the Board dated 25 June 2020.

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial period 1 July 2018 to 31 December 2019.

Change of financial year end

The Company changed its financial year end from 30 June to 31 December to be coterminous with its corporate substantial shareholder. Accordingly, the financial statements for the current financial period are drawn up for the period 1 July 2018 to 31 December 2019 or a period of eighteen months.

Principal activities

The principal activities of the Company are that of investment holding and the provision of management services. The details of the subsidiaries, including their principal activities, are disclosed in Note 13 to the financial statements.

Financial results

	GROUP RM	COMPANY RM
Net loss for the financial period	45,575,397	2,101,470

In the opinion of the directors, the results of the operations of the Group and the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial period.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

Issue of shares and debentures

During the financial period, the Company issued 45,800,000 new ordinary shares by way of private placements for a total cash consideration of RM19,385,000 for the purposes of funding the construction of the Group's pulps and papers factory. The tranches of the private placements issued are as follows:

- 21,300,000 new ordinary shares at an issue price of RM0.45 per share; and
- 24,500,000 new ordinary shares at an issue price of RM0.40 per share.

The new ordinary shares issued during the financial period ranked parri passu in all respects with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial period.

Warrants 2015/2020

The Company had in October 2015 issued 198,290,398 warrants in conjunction with its rights issue exercise. The warrants are constituted by a deed poll dated 13 October 2015 ("Deed Poll").

The salient features of the warrants are as follows:

- The issue date of the warrants is 19 October 2015 and the expiry date is on 18 October 2020. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.60 per ordinary share until the expiry of the exercise period;
- The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;
- The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and
- The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

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DIRECTORS' REPORT

(continued)

The movements in the Company's warrants during the financial period are as follows:

Entitlement for ordinary shares	Balance at 1.7.2018	Exercised	Expired	Balance at 31.12.2019
Number of unexercised warrants	198,290,398	-	-	198,290,398

Treasury shares

During the financial period, the Company disposed of its entire holdings of 16,365,100 treasury shares to the open market for a total cash consideration of RM7,239,684.

Share options

No options have been granted by the Company to any parties during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial period, there were no unissued shares of the Company under options.

Directors

The directors of the Company in office since the end of the previous financial period to the date of this report are:

Dato' Lim Thiam Huat	
Dato' Sohaimi Bin Shahadan	
Datuk Lawrance Yeo Chua Poh	
Dato' Dr. Koe Seng Kheng	
Chew Yuit Yoo	
Thiang Chew Lan	
Lim Kah Yen	- Appointed on 7 November 2019
Anuar Bin Malek	- Appointed on 8 November 2019
Nor' Azamin Bin Salleh	- Appointed on 19 July 2018;
Resigned on 1 July 2019	
Dr Hidayah Binti Ariffin	- Appointed on 6 September 2018;
	Resigned on 7 November 2019
Koo Thiam Yoong	- Resigned on 28 February 2019
Datuk Lee Hwa Cheng	- Resigned on 17 February 2020

Directors' interests in shares

The shareholdings in the Company and its related companies of those who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept under Section 59 of the Companies Act 2016, are as follows:

	Balance as at 1.7.2018/date of appointment	Number of ordinary shares		Balance as at 31.12.2019
		Bought	Sold	
Shareholdings registered in the name of director:				
Dato' Lim Thiam Huat	82,385,288	200,000	(9,062,724)	73,522,564
Dato' Dr. Koe Seng Kheng	450,602	-	-	450,602
Thiang Chew Lan	554,805	-	-	554,805
Datuk Lee Hwa Cheng	6,362,076	-	-	6,362,076
Lim Kah Yen	-	5,810,000	(200,000)	5,610,000
Other shareholdings in which directors are deemed to have interests:				
Thiang Chew Lan *	280,186	-	-	280,186
Chew Yuit Yoo *	261,248	-	-	261,248
Datuk Lee Hwa Cheng #	4,177,776	-	-	4,177,776
Datuk Lawrance Yeo Chua Poh #	30,000,000	-	-	30,000,000
Dato' Lim Thiam Huat *	4,810,000	1,000,000	(5,810,000)	-

DIRECTORS' REPORT

(continued)

Directors' interests in shares (continued)

	Number of warrants over ordinary shares			
	Balance as at 1.7.2018/date of appointment	Bought	Sold	Balance as at 31.12.2019
Warrants registered in the name of director:				
Dato' Lim Thiam Huat	76,432,004	-	-	76,432,004
Dato' Dr. Koe Seng Kheng	3,125,300	-	3,125,300	-
Thiang Chew Lan	277,402	-	-	277,402
Other holdings in which directors are deemed to have interests:				
Thiang Chew Lan *	140,092	-	-	140,092
Chew Yuit Yoo *	130,624	-	-	130,624

* Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016

Deemed interested by virtue of Section 8(4) of the Companies Act 2016

Other than as stated, none of the other directors in office at the end of the financial period had any interest in the shares of the Company and its related companies during the financial period, according to the register required to be kept under Section 59 of the Companies Act 2016.

Directors' benefits

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

The details of the directors' remuneration are disclosed in Note 6 to the financial statements.

There were no arrangements during or at the end of the financial period, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company during the financial period.

Other statutory information

Before the financial statements of the Group and 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 provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

- which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

DIRECTORS' REPORT

(continued)

In the interval between the end of the financial period and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial period in which this report is made; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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, which would render any amount stated in the financial statements misleading.

Auditors' remuneration

The auditors' remuneration for the Group and the Company is disclosed in Note 6 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM THIAM HUAT

LIM KAH YEN

Kuala Lumpur

Dated: 23 June 2020

DIRECTORS' REPORT

(continued)

STATEMENT BY DIRECTORS

The directors of NEXTGREEN GLOBAL BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the period 1 July 2018 to 31 December 2019.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM THIAM HUAT
Kuala Lumpur
Dated: 23 June 2020

LIM KAH YEN

STATUTORY DECLARATION

I, WAN NOOR AZHAN BIN WAN SHAHRUDDEN (MIA membership number: 32383), being the officer primarily responsible for the financial management of NEXTGREEN GLOBAL 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.

Subscribed and solemnly declared by)
the above named WAN NOOR AZHAN BIN)
WAN SHAHRUDDEN at Kuala Lumpur in)
Wilayah Persekutuan on 23 June 2020)

WAN NOOR AZHAN BIN WAN SHAHRUDDEN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEXTGREEN GLOBAL BERHAD
(INCORPORATED IN MALAYSIA)

1. Report on the audit of the financial statements

1.1 Opinion

We have audited the accompanying financial statements which comprise the statements of financial position of the Group and the Company as at 31 December 2019, and the related statements of comprehensive income, changes in equity and cash flows for period 1 July 2018 to 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2019, and of their financial performance and their cash flows for the period 1 July 2018 to 31 December 2019 in accordance with the Companies Act 2016 ("Act") and the Malaysian Financial Reporting Standards.

1.2 Basis for opinion

We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing. Our responsibilities under those standards are further described in paragraph 1.6.

We are independent of the Group in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the MIA 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.

1.3 Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current reporting period. 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.

1.3.1 Impairment review on property, plant and equipment under construction

We focused on the property, plant and equipment under construction of the Group. As at the date of our report, the construction of the pulps and papers factory is in progress and the delivery of the plant and equipment is ongoing. As disclosed in Note 11.1 to the financial statements, due to the delay in the construction of factory, management has revised its business plan and cash flows projections and also performed an impairment review during the reporting period. An impairment loss of RM29,887,342 was recognised to write down the property, plant and equipment under construction to its recoverable amount.

How the matter was addressed in the audit

We performed the following audit procedures:

- performed site visit in Pekan, Pahang and discussed on the status of the progress of the construction of factory and the installation and commissioning of plant and equipment with project managers;
- checked the sources of available funds to complete the factory, plant and equipment under construction;
- reviewed approved business plan and cash flows projections with committed timeline by board of directors;
- checked reasonableness of key assumptions of the cash flows projections used to determine the recoverable amount by benchmarking the discount rates, papers prices and inflation to externally available data; and
- performed sensitivity analysis and stress-test over key assumptions in the model in order to assess the potential impact of a range of possible outcomes.

We did not find any material exception in the procedures performed.

1.3.2 Recoverability of trade receivables

As disclosed in Note 17 to the financial statements, the net carrying amount of trade receivables of the Group was RM13,285,046 as at 31 December 2019 and management has recognised an expected credit loss of RM5,316,089 during the reporting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEXTGREEN GLOBAL BERHAD
(INCORPORATED IN MALAYSIA)
(continued)

The recoverability of trade receivables is a key audit matter in our audit as this involves management's estimates in relation to credit risk exposure. The Group also has a significant number of receivable balances that are overdue, leading to the risk that the Group's impairment for trade receivables is insufficient if the amounts are not recoverable.

How the matter was addressed in the audit

- We reviewed and verified the collections received during the reporting period and collections subsequent to the reporting period to bank records;
- We assessed the adequacy of credit impaired assessment performed by management on overdue and large receivables. On overdue balances where no allowance for impairment was made, we obtained evidence in the form of subsequent receipts, historical payment trend and customer's correspondence to support the recoverability of the balances; and
- We tested the adequacy of the amount of expected credit losses made by management by challenging the relevant assumptions and also taking into account historical data from the Group's previous collections experience. We also considered the adequacy of the amount of impairment in the light of available evidence including the aging profile of receivables at end of reporting period and at the time of audit, the history of bad debt exposure and recent changes in payment profile.

We did not find any material exception in the procedures performed.

1.3.3 Risk of impairment of plant and equipment

A subsidiary of the Company, BHS Book Printing Sdn Bhd has incurred losses for the past few years. This is an indication that an impairment might have occurred on the carrying amount of the plant and equipment of RM13,926,609 as at 31 December 2019. Management has performed an impairment review and concluded that there is no impairment in respect of the plant and equipment as the recoverable amount was higher than the carrying amount.

We focused on this area due to the nature of judgements and assumptions made by management in determining whether there is any impairment that has occurred.

How the matter was addressed in the audit

We tested management's impairment review by performing the following work:

- comparing the assumptions used within the impairment review model to approved budgets and business plans and other evidence of future intentions;
- benchmarking of key assumptions including prices of papers, exchange rates, discount rates and inflation against our own internal research data;
- reviewed available qualitative information, supporting the projection of printing orders; and
- performed sensitivity analysis and stress-test over the key assumptions in the model used in deriving on the recoverable amount.

We did not find any material exception in the procedures performed.

1.3.4 Impairment assessment of the carrying amount of investment in subsidiaries and recoverability of amount due from subsidiaries

As disclosed in Note 13 and Note 18 to the financial statements, the carrying amount of investment in subsidiaries and amount due from subsidiaries amounted to RM65,167,754 and RM100,604,835 respectively as at 31 December 2019. The assessment of recoverable amount of investment in subsidiaries and amount due from subsidiaries which is interrelated requires significant judgements and assumptions used in the calculation.

We focused on this area due to the significant judgements and assumptions made by management in determining the recoverable amount of the investment in subsidiaries and amount due from subsidiaries.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEXTGREEN GLOBAL BERHAD
(INCORPORATED IN MALAYSIA)
(continued)

How the matter was addressed in the audit

We tested management's impairment review by performing the following work:

- comparing the assumptions used within the impairment review model to approved budgets and business plans and other evidence of future intentions;
- benchmarking of key assumptions including prices of papers, exchange rates, discount rates and inflation against our own internal research data;
- performed sensitivity analysis and stress-test over the key assumptions in the model used in deriving on the recoverable amount; and
- checked the appropriateness of management's assessment on the expected credit losses of amount due from subsidiaries.

We did not find any material exceptions in the procedures performed.

1.4 Other information

Management is responsible for the other information. The other information comprises the information included in the Company's directors' report and annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

1.5 Responsibilities of management and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Act and the Malaysian Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company and/or its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

1.6 Auditors' responsibilities for the audit of the financial statements

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion solely to you, as a body, in accordance with Section 266 of the Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the Approved Standards on Auditing in Malaysia and the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEXTGREEN GLOBAL BERHAD
(INCORPORATED IN MALAYSIA)
(continued)

1.6 Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with the Approved Standards on Auditing in Malaysia and the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 and/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 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 13 to the financial statements.

3. Engagement partner

The engagement partner on the audit resulting in this independent auditors' report is Chin Kim Chung.

RUSSELL BEDFORD LC & COMPANY
AF 1237
CHARTERED ACCOUNTANTS

CHIN KIM CHUNG
02006/09/2020 J
CHARTERED ACCOUNTANT

Kuala Lumpur

Dated: 23 June 2020

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

	Note	Group		Company	
		1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Revenue	4	40,244,846	29,848,582	809,693	543,348
Cost of sales	5	(37,066,572)	(28,105,478)	-	-
Gross profit		3,178,274	1,743,104	809,693	543,348
Other operating income		3,165,334	1,558,141	1,491,471	942,000
(Allowance for)/reversal of expected credit loss of receivables - net		(4,257,316)	2,769,798	-	-
Other operating expenses		(45,872,385)	(8,103,715)	(4,402,637)	(2,685,713)
Loss from operations	6	(43,786,093)	(2,032,672)	(2,101,473)	(1,200,365)
Finance income	7	6,073	5,234	3	4
Finance costs	8	(471,597)	(340,054)	-	-
Net finance (costs)/income		(465,524)	(334,820)	3	4
Share in profit of associate, net of tax		-	352,335	-	-
Loss before tax		(44,251,617)	(2,015,157)	(2,101,470)	(1,200,361)
Income tax expense	9	(1,323,780)	243,909	-	-
Net loss for the period/year		(45,575,397)	(1,771,248)	(2,101,470)	(1,200,361)
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		101,155	(438,690)	-	-
Other comprehensive income/(loss) for the period/year, net of tax		101,155	(438,690)	-	-
Total comprehensive loss for the period/year		(45,474,242)	(2,209,938)	(2,101,470)	(1,200,361)
Basic loss per shares (sen)	10	(9.92)	(0.41)		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 31.12.2019 RM	Group 30.6.2018 RM	Company 31.12.2019 RM	Company 30.6.2018 RM
Non current assets					
Property, plant and equipment	11	53,864,816	41,399,778	181,051	308,148
Intangible asset	12	500,000	500,000	-	-
Investment in subsidiaries	13	-	-	65,167,754	64,914,754
Other investments	14	12,689	12,689	-	-
Inventories	16	6,457,347	6,372,143	-	-
Other receivables	18	-	250,000	99,570,431	72,807,818
Deferred tax assets	15	147,994	1,471,774	-	-
		60,982,846	50,006,384	164,919,236	138,030,720
Current assets					
Inventories	16	45,206,857	30,631,104	-	-
Trade receivables	17	13,285,046	15,302,410	-	-
Other receivables, deposits and prepayments	18	8,706,870	36,314,772	2,881,516	690,398
Tax recoverable		1,307,178	1,853,233	72,518	84,380
Fixed deposit with a licensed bank		55,000	-	-	-
Cash and bank balances	19	1,685,134	585,558	23,640	769
		70,246,085	84,687,077	2,977,674	775,547
Total assets		131,228,931	134,693,461	167,896,910	138,806,267
Equity					
Share capital	20	135,678,442	114,591,680	135,678,442	114,591,680
Reserves	21	(36,181,831)	3,895,580	26,246,626	22,951,265
Equity attributable to owners of the Company		99,496,611	118,487,260	161,925,068	137,542,945
Non-controlling interest		30	30	-	-
Total equity		99,496,641	118,487,290	161,925,068	137,542,945
Non current liabilities					
Hire purchase liabilities	22	235,475	150,251	-	-
Borrowings	23	5,099,900	5,147,417	-	-
		5,335,375	5,297,668	-	-
Current liabilities					
Trade payables	24	11,842,327	5,162,377	-	-
Other payables and accruals	25	14,001,634	4,791,352	5,971,842	1,263,322
Tax payable		317	317	-	-
Borrowings	23	430,014	750,722	-	-
Hire purchase liabilities	22	122,623	203,735	-	-
		26,396,915	10,908,503	5,971,842	1,263,322
Total liabilities		31,732,290	16,206,171	5,971,842	1,263,322
Total equity and liabilities		131,228,931	134,693,461	167,896,910	138,806,267

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

Group	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Merger reserve RM	Treasury shares RM	Warrant reserve RM	Retained profits/ loss RM	Equity attributable to owners of the Company RM	Non-controlling interest RM	Total equity RM
At 1 July 2018	114,591,680	2,797,932	(315,231)	(16,832,846)	(8,194,763)	16,854,684	9,585,804	118,487,260	30	118,487,290
Transactions with owners:										
Transfer from share premium	1,842,853	(1,842,853)	-	-	-	-	-	-	-	-
Disposal of treasury shares	-	(955,079)	-	-	8,194,763	-	-	7,239,684	-	7,239,684
Issue of shares pursuant to private placements	19,385,000	-	-	-	-	-	-	19,385,000	-	19,385,000
Share issue expenses	(141,091)	-	-	-	-	-	-	(141,091)	-	(141,091)
	21,086,762	(2,797,932)	-	-	8,194,763	-	-	26,483,593	-	26,483,593
Net loss for the period	-	-	-	-	-	-	(45,575,397)	(45,575,397)	-	(45,575,397)
Other comprehensive income for the period:										
Foreign currency translation	-	-	101,155	-	-	-	-	101,155	-	101,155
At 31 December 2019	135,678,442	-	(214,076)	(16,832,846)	-	16,854,684	(35,989,593)	99,496,611	30	99,496,641

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

STATEMENTS OF CHANGES IN EQUITY

(continued)

Group	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Merger reserve RM	Treasury shares RM	Warrant reserve RM	Retained profits RM	Equity attributable to owners of the Company RM	Non-controlling interest RM	Total equity RM
At 1 July 2017	114,591,680	4,963,826	123,459	(16,832,846)	(14,272,720)	16,854,684	11,357,052	116,785,135	-	116,785,135
Transactions with owners:										
Disposal of treasury shares	-	(2,165,894)	-	-	6,077,957	-	-	3,912,063	-	3,912,063
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	30	30
	-	(2,165,894)	-	-	6,077,957	-	-	3,912,063	30	3,912,093
Net loss for the year	-	-	-	-	-	-	(1,771,248)	(1,771,248)	-	(1,771,248)
Other comprehensive loss for the year:										
Foreign currency translation	-	-	(438,690)	-	-	-	-	(438,690)	-	(438,690)
At 30 June 2018	114,591,680	2,797,932	(315,231)	(16,832,846)	(8,194,763)	16,854,684	9,585,804	118,487,260	30	118,487,290

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

STATEMENTS OF CHANGES IN EQUITY

(continued)

Company	Share capital RM	Share premium RM	Treasury shares RM	Warrant reserve RM	Retained profits RM	Total RM
At 1 July 2017	114,591,680	4,963,826	(14,272,720)	16,854,684	12,693,773	134,831,243
Transactions with owners:						
Disposal of treasury shares	-	(2,165,894)	6,077,957	-	-	3,912,063
Net loss/Total comprehensive loss for the year	-	-	-	-	(1,200,361)	(1,200,361)
At 30 June 2018	114,591,680	2,797,932	(8,194,763)	16,854,684	11,493,412	137,542,945
Transactions with owners:						
Transfer from share premium	1,842,853	(1,842,853)	-	-	-	-
Disposal of treasury shares	-	(955,079)	8,194,763	-	-	7,239,684
Issue of shares pursuant to private placements	19,385,000	-	-	-	-	19,385,000
Share issue expenses	(141,091)	-	-	-	-	(141,091)
Net loss/Total comprehensive loss for the period	21,086,762	(2,797,932)	8,194,763	-	-	26,483,593
At 31 December 2019	-	-	-	-	(2,101,470)	(2,101,470)
At 31 December 2019	135,678,442	-	-	16,854,684	9,391,942	161,925,068

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

STATEMENTS OF CASH FLOWS

FOR THE PERIOD 1 JULY 2018 TO 31 DECEMBER 2019

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Cash flows from/(used in) operating activities				
Loss before tax	(44,251,617)	(2,015,157)	(2,101,470)	(1,200,361)
Adjustments for:				
Allowance for expected credit losses	5,316,089	282,283	-	-
Reversal of expected credit losses	(1,058,773)	(3,052,081)	-	-
Depreciation	4,457,755	3,185,250	132,397	87,557
Recognition/(Reversal) of impairment loss on investment in subsidiaries - net	-	-	597,000	(332,000)
Interest expense	471,597	340,054	-	-
Impairment loss on property, plant and equipment under construction	29,887,342	-	-	-
Unrealised loss/(gain) on foreign exchange	9,328	(128,937)	-	-
Plant and equipment written off	7,532	-	-	-
Dividend income	(1,680)	(1,890)	-	-
Gain on disposal of				
- a subsidiary	(1,563,454)	(20,680)	(1,486,471)	-
- an associate	-	(750,950)	-	-
Loss/(Gain) on disposal of plant and equipment	123,937	(39,999)	(5,000)	-
Interest income	(6,073)	(5,234)	(3)	(4)
Operating loss before working capital changes	(6,608,017)	(2,207,341)	(2,863,547)	(1,444,808)
Increase in inventories	(16,121,804)	(10,345,157)	-	-
(Increase)/Decrease in trade and other receivables	(3,239,784)	10,235,519	(143,698)	(440)
Increase in trade and other payables	11,197,679	1,874,168	967,636	107,683
Cash used in operations	(14,771,926)	(442,811)	(2,039,609)	(1,337,565)
Income tax refunded	621,321	93,050	27,995	90,000
Income tax paid	(75,266)	(149,076)	(16,133)	(25,662)
Net cash used in operating activities	(14,225,871)	(498,837)	(2,027,747)	(1,273,227)

STATEMENTS OF CASH FLOWS

(continued)

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Cash flows from/(used in) investing activities				
Additions of property, plant and equipment	(20,414,006)	(803,925)	(5,300)	-
Acquisition and subscription of shares in subsidiaries	-	-	-	(4,000,070)
Net cash inflow on acquisition of a subsidiary	-	30	-	-
Proceeds from disposal of				
- plant and equipment	147,000	40,000	5,000	-
- a subsidiary	1,299,876	115,336	1,300,000	-
- an associate	1,000,000	-	-	-
Deposit received from disposal of a subsidiary	2,240,884	-	2,240,884	-
Placement of fixed deposit	(55,000)	-	-	-
(Advances to)/Repayments from subsidiaries	-	-	(27,973,562)	1,498,930
Dividends received	1,680	1,890	-	-
Deposits refunded/(paid) for purchase of land held for development	2,120,000	(2,120,000)	-	-
Interest received	6,073	5,234	3	4
Net cash used in investing activities	(13,653,493)	(2,761,435)	(24,432,975)	(2,501,136)
Cash flows from/(used in) financing activities				
Proceeds from				
- foreign currency trade loan	-	2,720,854	-	-
- issue of shares	19,243,909	-	19,243,909	-
- disposal of treasury shares	7,239,684	3,912,063	7,239,684	3,912,063
- third party interest free loan	6,000,000	-	-	-
- term loan	5,099,900	-	-	-
- trade finance	168,000	-	-	-
Repayments of				
- foreign currency trade loan	-	(2,984,470)	-	-
- hire purchase liabilities	(312,884)	(217,789)	-	-
- third party interest free loan	(2,445,000)	-	-	-
- term loans	(5,898,139)	(680,560)	-	-
Advances from/(Repayments to) a director	-	(51,621)	-	-
Advances from subsidiaries	-	-	-	161,293
Repayments to a former subsidiary	-	-	-	(300,000)
Interest paid	(471,597)	(340,054)	-	-
Net cash from financing activities	28,623,873	2,358,423	26,483,593	3,773,356

STATEMENTS OF CASH FLOWS

(continued)

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Net increase/(decrease) in cash and cash equivalents	744,509	(901,849)	22,871	(1,007)
Cash and cash equivalents at beginning of period/year	585,558	1,487,520	769	1,776
Effect of exchange rate changes on the balance of cash and cash equivalents of foreign subsidiary	93,053	(113)	-	-
Cash and cash equivalents at end of period/year	1,423,120	585,558	23,640	769
Cash and cash equivalents comprises:				
Cash and bank balances	1,685,134	585,558	23,640	769
Fixed deposit with a licensed bank	55,000	-	-	-
Bank overdraft	(262,014)	-	-	-
	1,478,120	585,558	23,640	769
Less: Fixed deposit with maturity more than 3 months	(55,000)	-	-	-
	1,423,120	585,558	23,640	769

Reconciliation of liabilities arising from financing activities

	1.7.2018 RM	Cash flows RM	Non-cash changes RM	31.12.2019 RM
Group				
Amount due to a director of the Company	105,750	-	(105,750)	-
Term loans	5,898,139	(798,239)	-	5,099,900
Trade finance	-	168,000	-	168,000
Third party interest free loan	-	3,555,000	-	3,555,000
Hire purchase liabilities	353,986	(312,884)	316,996	358,098
	1.7.2017 RM	Cash flows RM	Non-cash changes RM	30.6.2018 RM
Group				
Amount due to a director of the Company	157,371	(51,621)	-	105,750
Short term borrowings	263,616	(263,616)	-	-
Term loans	6,578,699	(680,560)	-	5,898,139
Hire purchase liabilities	361,775	(217,789)	210,000	353,986

STATEMENTS OF CASH FLOWS

(continued)

Reconciliation of liabilities arising from financing activities (continued)

	1.7.2018 RM	Cash flows RM	Non-cash changes RM	31.12.2019 RM
Company				
Amount due to a subsidiary	883,087	-	(883,087)	-
	1.7.2017 RM	Cash flows RM	Non-cash changes RM	30.6.2018 RM
Company				
Amount due to a subsidiary	721,794	161,293	-	883,087
Amount due to a former subsidiary	300,000	(300,000)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. General information

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 13.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's registered office is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Level 06-02, Menara LGB, No.1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The Company changed its financial year end from 30 June to 31 December to be coterminous with its substantial corporate shareholder. Accordingly, the financial statements for the current financial period are drawn up for the period 1 July 2018 to 31 December 2019 or a period of eighteen months.

The financial statements were approved and authorised for issue by the board of directors on

2. Principal accounting policies

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act 2016 and the Malaysian Financial Reporting Standards.

The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

2.2 Basis of preparation of the financial statements

2.2.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised in Note 2.2.2.

The Group has adopted the new and revised Malaysian Financial Reporting Standards ("MFRSs") and IC interpretations that become mandatory for the current reporting period. The adoption of these new and revised MFRSs and IC interpretations does not result in significant changes in accounting policies of the Group other than as follows:

(i) MFRS 9 Financial Instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at the inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.1 Basis of accounting (continued)

The effect of adopting MFRS 9 is disclosed in Note 32.

The Group has not adopted the new standards, amendments to published standards and IC Interpretations that have been issued but not yet effective. These new standards, amendments to published standards and IC Interpretations do not result in significant changes in accounting policies of the Group upon their initial application other than the following:

- (i) MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019)

The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance lease under MFRS 117. The standard includes two recognition exemptions for lessees – leases of low value assets and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change of lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset.

- (i) MFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019) (continued)

Lessor accounting is substantially unchanged. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases which is operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted.

The Group is in the process of making an assessment where the impact of MFRS 16 is expected to be in the period of initial application.

2.2.2 Significant accounting policies

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 the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The formation of the Group during restructuring exercise on 8 August 2007 has been accounted for as a business combination under common control in which all of the combining entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Basis of consolidation (continued)

When the merger method of accounting is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the cost of the investment and the nominal value of shares acquired is treated as a merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that the laws and statutes do not prohibit the use of such reserves. The results and financial positions of the companies being merged are included as if the merger had been effected throughout the current and previous reporting periods.

The consolidated financial statements incorporate the financial statements of the combining entities in which the common control combination occurs as if they had been combined from the date when combining entities first came under the control of the controlling parties until the date that such control ceases.

Subsequent acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the reporting periods in which the costs are incurred and the services are received.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Non-controlling interests in the results of the Group are presented in the statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the reporting period between non-controlling interests and the owners of the Company. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as a financial asset depending on the level of influence retained.

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Revenue recognition (continue)

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised 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.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Revenue is recognised only when it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the goods or services sold.

Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	31.12.2019	30.6.2018
	RM	RM
United States Dollar	4.0925	4.0385

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expenses in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contribution to defined contribution plans such as Employees Provident Fund are recognised in profit or loss as incurred.

Income tax

Income tax on the profit or loss for the reporting period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the reporting period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other

comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

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

Impairment of non financial assets

The carrying amount of non financial assets subject to accounting for impairment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss in the reporting period in which it arises.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. The reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Property, plant and equipment and depreciation

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

No depreciation is provided on leasehold building, renovation and plant and equipment under construction until the asset is ready for its intended use.

Depreciation on property, plant and equipment is calculated to write off the cost of the assets to its residual values on a straight line basis at the following annual rates based on their estimated useful lives:

Leasehold land	over the unexpired lease period of 83 to 99 years
Leasehold building	2%
Factory equipment, plant and machinery	5% - 20%
Renovations	10%- 20%
Office equipment, furniture and fittings	10%
Computers	25%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Intangible asset

Intangible asset comprising a master license acquired separately is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

The costs of the master license is amortised on a straight line basis over its license period of fifteen (15) years.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company is exposed or has rights to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Inventories

(i) Property development

Properties held for development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non current assets and is stated at the lower of cost and net realisable value.

Properties held for development are reclassified as current assets at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Inventories (continue)

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses. These assets are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

(ii) Manufacturing and trading

Inventories comprising raw materials, work in progress, trading merchandise and finished goods are stated at the lower of cost and net realisable value. Cost of inventories is determined on a first in first out basis. Net realisable value represents the estimated selling prices less all estimated costs to completion and costs to be incurred in selling and distribution.

Cost of raw materials and trading merchandise comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Cost of work in progress and finished goods comprises the cost of raw materials used, direct labour and appropriate production overheads.

Leases

Assets acquired under leases or hire purchase which transfers substantially all the risks and rewards incidental to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to profit or loss over the terms of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each reporting period.

All other leases which do not meet such criteria are classified as operating lease. Lease payments under operating leases are recognised as an expense in profit or loss on a straight line basis over the terms of the relevant lease.

Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Financial instruments

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instrument.

A financial instrument (unless it is a trade receivable without a significant financing component) is recognised initially at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. A trade receivable without significant financing component is initially measured at the transaction price.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Financial instruments (continue)

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

On initial recognition, financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at fair value through profit or loss or at amortised cost, as appropriate.

(i) Financial assets at amortised cost

A financial asset is classified at amortised cost if it meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortised cost are measured using the effective interest method and are subject to impairment. Gains or losses are recognised in profit or loss when the financial assets at amortised cost are derecognised or impaired, and through the amortisation process (finance income).

(ii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss does not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income. Dividends are recognised as other income in profit or loss when the right of payment has been established.

(iii) Financial liabilities at amortised cost

Financial liabilities are classified at amortised cost if they are not:

- a) contingent consideration of an acquirer in a business combination;
- b) financial guarantee contracts;
- c) loan commitments;
- d) designated at fair value through profit or loss; or
- e) liabilities that arise when a transfer of a financial asset that does not qualify for derecognition or when the continuing involvement approach applies.

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

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Financial instruments (continue)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the proceeds received net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the reporting period in which they are approved.

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

Expected credit losses

The Group recognises an allowance for expected credit losses ("ECL") on the financial assets at amortised cost.

ECL are generally based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECL are recognised in profit or loss.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Where appropriate, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Loss allowances for debt instruments measured at amortised costs are deducted from the gross carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Expected credit losses (continue)

Low credit risk

A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

Significant increase in credit risk

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition and when estimating ECL, the Group considers 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 historical experience and informed credit assessment and including forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Definition of default

The Group considers a debt instrument to be in default when:

- a) The Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group; or
- b) The financial asset is more than 90 days past due.

Credit impaired financial assets

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 includes the following observable events:

- a) Significant financial difficulties of the debtor;
- b) A breach of contract, such as a default or past due event;
- c) The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- d) It becoming probable that the borrower will enter into bankruptcy or other financial reorganisations; or
- e) Disappearance of an active market for that financial asset because of financial difficulties.

Write off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Subsequent recoveries of a financial asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Current versus non-current classification

Assets and liabilities are presented based on a current/non-current classification. An asset is current when it is:

- a) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- b) Held primarily for the purpose of trading;
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2.2.2 Significant accounting policies (continued)

Current versus non-current classification (continue)

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in the normal operating cycle;
- b) It is held primarily for the purpose of trading;
- c) It is due to be settled within twelve months after the reporting period; or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Statements of cash flows

Statements of cash flows are prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and fixed deposit with maturity more than 3 months.

3. Critical accounting estimates and judgements

In the preparation of the financial statements, the directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period other than as follows:

(i) Impairment of non financial assets

The Group assesses impairment of property, plant and equipment under construction, plant and equipment and investment in subsidiaries when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value (after taking into account the costs to sell) or the value in use of the relevant assets.

Significant variations to the assumptions and estimates used to determine future cash flows could result in changes to the assessment of the recoverability of these non financial assets.

(ii) Measurement of ECL allowance for financial assets

The loss allowances or provision for financial assets are based on assumptions about risk of default and expected loss of the probability of non-payment and is determined using historical data and forward-looking information in estimating future cash flows and the lifetime expected credit loss for the receivables. The Group uses judgement in making these assumptions and it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking estimates at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Revenue

4.1 Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue:

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Type of goods or service				
Management fees	-	-	809,693	543,348
Printing services	38,251,505	26,756,234	-	-
Sales of books	1,193,341	97,162	-	-
Sales of land	-	2,995,186	-	-
Consultancy fee	800,000	-	-	-
	40,244,846	29,848,582	809,693	543,348

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Timing of revenue recognition				
At a point in time	40,244,846	29,848,582	809,693	543,348

4.2 Performance obligations

Management fees

The Company provides management services to its subsidiaries. The performance obligation is satisfied upon services rendered and payment is generally due within 30 days from billing date.

Printing services

The Group provides printing services for books and magazines. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery.

Sales of books

The Group sells books to government and third parties. The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery.

Sales of land

The Group sells land. The performance obligation is satisfied upon the control of the land is transferred and delivered to the purchaser and payment is generally due within 90 days from date of sale and purchase agreement.

Consultancy fee

The Group provides consultancy services to its customers. The performance obligation is satisfied upon services rendered and payment is generally due within 30 days from billing date.

4.3 Transaction price allocated to the remaining performance obligations

For practical expediency, no information is provided on the remaining performance obligation at the reporting date that have an original expected duration of one year or less as allowed under the paragraph 121(a) of MFRS 15.

4.4 Financing components

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. Cost of sales

	Group	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Printing services	36,069,355	27,028,550
Sales of books	997,217	82,320
Sales of land	-	994,608
	37,066,572	28,105,478

6. Loss from operations

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Loss from operations is arrived at after charging:				
Auditors' remuneration				
- statutory audit	144,000	141,300	38,000	36,000
- under provision in prior period/year	10,137	3,710	-	-
- other services	61,275	14,109	20,140	4,000
Loss on disposal of plant and equipment	128,937	-	-	-
Loss on foreign exchange				
- realised	77,931	558,215	-	-
- unrealised	9,328	-	-	-
Operating lease expense on				
- machinery and equipment	127,582	331,313	-	-
- premises	1,106,983	674,626	-	-
Plant and equipment written off	7,532	-	-	-
Research and development expenses	114,405	-	-	-
And crediting:				
Dividend income from financial assets at fair value through profit or loss	1,680	1,890	-	-
Gain on disposal of				
- a subsidiary	1,563,454	20,680	1,486,471	-
- an associate	-	750,950	-	-
Gain on foreign exchange				
- unrealised	-	128,937	-	-
Gain on disposal of plant and equipment	5,000	39,999	5,000	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. Loss from operations (continued)

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Staff costs comprise:				
Defined contribution plan	834,246	546,141	152,908	101,294
Salaries, bonus, allowances and overtime	9,837,237	5,719,355	1,706,573	1,057,351
Other employee related expenses	217,369	108,235	7,763	4,759
	10,888,852	6,373,731	1,867,244	1,163,404
Staff costs capitalised as costs of property development inventories (Note 16)	(1,536,950)	(748,299)	-	-
	9,351,902	5,625,432	1,867,244	1,163,404

The key management personnel of the Company whose remuneration is analysed as follows:

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Executive directors:				
- remuneration other than fees	1,285,628	779,520	1,193,614	779,520
Non executive directors:				
- fees	509,333	266,460	509,333	266,460
Total directors' remuneration	1,794,961	1,045,980	1,702,947	1,045,980
Estimated money value of benefits other than in cash				
- Executive directors	37,900	45,100	37,900	45,100
- Non executive directors	7,200	7,200	7,200	7,200
	45,100	52,300	45,100	52,300
Total directors' remuneration including benefits other than in cash	1,840,061	1,098,280	1,748,047	1,098,280

The number of directors of the Company where total remuneration during the reporting period falls within the following bands is analysed as follows:

	1.7.2018 to 31.12.2019	1.7.2017 to 30.6.2018
Executive directors:		
Below RM50,000	1	-
RM100,001 – RM150,000	1	2
RM150,001 – RM200,000	3	-
RM200,001 – RM250,000	-	1
RM350,001 – RM400,000	-	1
RM500,001 – RM550,000	1	-
Non executive directors:		
Below RM50,000	3	2
RM50,001 – RM100,000	4	1
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Finance income

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Interest income from bank accounts	6,073	5,234	3	4

8. Finance costs

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Interest expense				
- banker acceptance	50,438	-	-	-
- bank guarantees	6,540	4,477	-	-
- bank overdraft	2,573	-	-	-
- foreign currency trade loan	3,242	30,215	-	-
- hire purchase	25,467	19,454	-	-
- term loans	383,337	285,908	-	-
	471,597	340,054	-	-

9. Income tax expense

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Expected Malaysia income tax payable				
- under provision in prior years	-	(1,776)	-	-
Deferred tax (Note 15)				
- current period/year	(1,323,780)	245,685	-	-
	(1,323,780)	243,909	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. Income tax expense (continued)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Loss before tax	(44,251,617)	(2,015,157)	(2,101,470)	(1,200,361)
Less: Share in profit of associate, net of tax	-	(352,335)	-	-
Adjusted loss before tax	(44,251,617)	(2,367,492)	(2,101,470)	(1,200,361)
Taxation at statutory tax rate of 24% (30.6.2018: 24%)	10,620,000	568,000	504,000	288,000
Expenses not deductible for tax purposes	(8,754,400)	(547,679)	(410,000)	(85,000)
Income not subject to tax	375,400	193,464	358,000	80,000
Income exempted from tax	-	238,600	-	-
Utilisation of previously unrecognised deferred tax assets	8,000	147,800	-	-
Deferred tax assets not recognised	(2,265,780)	(354,500)	(452,000)	(283,000)
Reversal of deferred tax assets previously recognised	(1,307,000)	-	-	-
Under provision in prior years - income tax	-	(1,776)	-	-
Income tax expense	(1,323,780)	243,909	-	-

A subsidiary of the Company, Ultimate Ivory Sdn Bhd ("Ultimate Ivory") was granted East Coast Economic Region incentives by Malaysian Investment Development Authority. By virtue of this East Coast Economic Region incentives, the statutory income of Ultimate Ivory from property development activities under Income Tax (Exemption) (No. 8) Order 2016/P.U. (A) 161/2016, Income Tax Act 1967 are exempted from income tax for a period of 10 years commencing from first year of assessment of 2017.

10. Loss per share

Basic

Basic loss per ordinary share is calculated based on the net loss attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Net loss attributable to owners of the Company	(45,575,397)	(1,771,248)
Weighted average number of ordinary shares in issue (net of treasury shares held)	459,512,730	433,654,836
Basic loss per ordinary share (sen)	(9.92)	(0.41)

Diluted

Diluted loss per share are not presented in the financial statements for the reporting periods ended 31 December 2019 and 30 June 2018 as the fair value of the ordinary shares of the Company during the reporting period is below the exercise price of the warrants. These potential ordinary shares have a diluted effect only if the fair value of the ordinary shares during the reporting period exceeds the exercise price of these potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Property, plant and equipment

Group	Leasehold land and building RM	Factory equipment, plant and machinery RM	Office equipment, furniture and fittings RM	Computers RM	Motor vehicles RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
Cost								
At 1 July 2017	20,316,079	37,322,863	386,404	393,015	2,531,358	1,319,382	-	62,417,440
Additions	3,106	80,525	173,484	120,460	252,280	1,331,352	-	2,034,686
Disposals	-	-	-	-	(260,000)	-	-	(260,000)
Reclassification	-	-	-	-	-	(234,572)	-	-
Exchange differences	-	(46,278)	-	-	-	-	-	(46,278)
At 30 June 2018	20,319,185	37,357,110	559,888	513,475	2,523,638	2,416,162	-	64,145,848
Transferred from non refundable deposits	-	-	-	-	-	-	27,404,406	27,404,406
Additions	-	45,987	253,284	90,246	354,796	13,049,077	5,700,000	19,676,539
Disposals	-	(756,100)	-	-	(276,704)	-	-	(1,032,804)
Disposal of a subsidiary	-	-	-	(2,469)	-	-	-	(2,469)
Write offs	-	(4,415)	(8,452)	-	-	-	-	(12,867)
Exchange differences	-	9,780	-	-	-	-	-	9,780
At 31 December 2019	20,319,185	36,652,362	804,720	601,252	2,601,730	15,465,239	33,104,406	110,188,433
Accumulated depreciation								
At 1 July 2017	471,786	17,700,971	163,888	244,301	1,171,336	-	-	19,826,070
Charge for the year	314,926	2,297,381	39,795	92,122	383,876	-	-	3,185,250
Disposals	-	-	-	-	(259,999)	-	-	(259,999)
Exchange differences	-	(5,251)	-	-	-	-	-	(5,251)
At 30 June 2018	786,712	19,993,101	203,683	336,423	1,295,213	-	-	22,746,070
Charge for the period	472,026	2,997,755	85,807	132,716	663,248	-	-	4,457,755
Disposals	-	(485,164)	-	-	(276,703)	-	-	(761,867)
Disposal of a subsidiary	-	-	-	(926)	-	-	-	(926)
Write offs	-	(1,177)	(4,158)	-	-	-	-	(5,335)
Exchange differences	-	578	-	-	-	-	-	578
At 31 December 2019	1,258,738	22,505,093	285,332	468,213	1,681,758	-	-	26,436,275

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Property, plant and equipment (continued)

Group	Leasehold land and building RM	Factory equipment, plant and machinery RM	Office equipment, furniture and fittings RM	Computers RM	Motor vehicles RM	Leasehold building renovation under construction RM	Plant and equipment under construction RM	Total RM
Accumulated impairment losses								
At 1 July 2017/30 June 2018	-	-	-	-	-	-	-	-
Impairment loss for the period	-	-	-	-	-	9,516,538	20,370,804	29,887,342
At 31 December 2019	-	-	-	-	-	9,516,538	20,370,804	29,887,342
Carrying amount								
At 31 December 2019	19,060,447	14,147,269	402,398	519,388	133,039	919,972	12,722,602	53,864,816
At 30 June 2018	19,532,473	17,364,009	325,452	356,205	1,228,425	2,416,162	-	41,399,778

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Property, plant and equipment (continued)

Company	Computers RM	Office equipment RM	Motor vehicles RM	Total RM
Cost				
At 1 July 2017/2018	7,087	-	563,603	570,690
Additions	-	5,300	-	5,300
Disposals	-	-	(129,704)	(129,704)
As at 31 December 2019	7,087	5,300	433,899	446,286
Accumulated depreciation				
At 1 July 2017	4,690	-	170,295	174,985
Charge for the year	778	-	86,779	87,557
At 30 June 2018	5,468	-	257,074	262,542
Charge for the period	1,167	1,060	130,170	132,397
Disposals	-	-	(129,704)	(129,704)
At 31 December 2019	6,635	1,060	257,540	265,235
Carrying amount				
At 31 December 2019	452	4,240	176,359	181,051
At 30 June 2018	1,619	-	306,529	308,148

At the reporting date:

- (i) property, plant and equipment of the Group have been charged as collaterals to secure the term loan referred to in Note 23 are as follows:

	31.12.2019 RM	Group 30.6.2018 RM
<u>At carrying amount</u>		
Leasehold land	10,417,290	10,617,621
Leasehold building	8,643,157	8,914,852
	19,060,447	19,532,47

- (ii) the title deeds of the leasehold land of a subsidiary, Ultimate Ivory Sdn Bhd ("UI") of RM195,113 (30.6.2018: RM195,113) have yet to be transferred to UI by the Pahang State Government; and
- (iii) motor vehicles of the Group with carrying amount of RM598,664 (30.6.2018: RM641,216) are acquired under hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Property, plant and equipment (continued)

During the reporting period, cash payments made to purchase property, plant and equipment are as follows:

	Group		Company	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Total additions	19,676,539	2,034,686	5,300	-
Additions through				
- hire purchase	(316,996)	(210,000)	-	-
- other payables	-	(1,054,463)	-	-
	19,359,543	770,223	5,300	-
Payments made for previous year acquisition	1,054,463	33,702	-	-
Total cash payments	20,414,006	803,925	5,300	-

11.1 Impairment review on property, plant and equipment under construction for pulps and papers business

Due to delay in the construction of the pulps and papers factory, management performed an impairment review on its leasehold building, plant and equipment under construction. The review led to the recognition of impairment loss of RM29,887,342 to write down the leasehold building, plant and equipment under construction to its recoverable amount. The recoverable amount of the leasehold building, plant and equipment under construction is determined based on its value in use calculations using cash flow projections from financial budgets approved by management. The impairment loss has been included in profit or loss under "Other operating expenses" line item.

11.2 Impairment review on plant and equipment for printing business

A subsidiary of the Company, BHS Book Printing Sdn Bhd, has been making losses for the past reporting periods. The recoverable amount of the plant and equipment is determined from a value in use calculations using cashflows projections from financial budgets prepared by management. Based on the impairment assessment, the recoverable amount of the plant and equipment is higher than the carrying amount.

11.3 Key assumptions used in the value in use calculations

The respective calculation of value in use for leasehold building, plant and equipment under construction for pulps and papers business and plant and equipment for printing business is most sensitive to the following assumptions:

- The discount rates used for the value in use calculation for pulps and papers business and printing business are based on the country's industry weighted average cost of capital specific to these businesses of 8.20% and 10.23% respectively; and
- The value assigned to the key assumptions such as sales growth, papers prices, fixed and variable costs are based on the management's assessment of future trends of the businesses and their historical data.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Intangible asset

	Group License RM
Cost	
At 1 July 2017/30 June 2018/31 December 2019	500,000

The Group had entered into a Master License Agreement with Green Patent Technologies Sdn Bhd ("GPTSB"), a company which is 65% owned by Dato' Lim Thiam Huat, a major shareholder and a director of the Company, for the grant of a master licence at purchase consideration of RM500,000 to use the inventions and designs owned by GPTSB as licensor upon the terms and conditions contained in the agreement. The licence is granted for an initial period of fifteen (15) years commencing the date when the intended factory or plant for manufacturing of pulps and papers is constructed and commissioned.

13. Investment in subsidiaries

	Company 1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Unquoted shares at cost		
At beginning of period/year	78,704,089	74,704,019
Subscription of additional shares in existing subsidiaries	1,500,000	3,999,998
Acquisition of subsidiaries	-	72
Disposal of a subsidiary	(1,000,000)	-
At end of period/year	79,204,089	78,704,089
Accumulated impairment losses		
At beginning period/year	13,789,335	14,121,335
Impairment loss	597,000	610,000
Reversal of impairment loss	-	(942,000)
Disposal of a subsidiary	(350,000)	-
At end of period/year	14,036,335	13,789,335
Carrying amount	65,167,754	64,914,754

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Investment in subsidiaries (continued)

The details of the subsidiaries are as follows:

	Country of incorporation	Group's effective interest and voting		Principal activities
		31.12.2019 %	30.6.2018 %	
Subsidiaries of the Company				
BHS Book Printing Sdn Bhd	Malaysia	100	100	Printing of books and magazines
Pustaka Sistem Pelajaran Sdn Bhd	Malaysia	100	100	Book publisher
System Multimedia and Internet Sdn Bhd	Malaysia	100	100	Dormant
BHS DS Solution Sdn Bhd	Malaysia	100	100	Construction and renovation works
Nextgreen Pulp & Paper Sdn Bhd	Malaysia	100	100	Processing and manufacturing of pulps and papers and related products
Ultimate Ivory Sdn Bhd	Malaysia	100	100	Industrial park developer and manager
BHS Palau Incorporated*	Republic of Palau	100	100	Property development and management
Firasat Prima Sdn Bhd	Malaysia	-	100	Property developer
BHS Land Development Sdn Bhd	Malaysia	100	100	Dormant
BHS E Education Sdn Bhd	Malaysia	100	100	Dormant
Nextgreen Fertilizer Sdn Bhd	Malaysia	100	100	Manufacture, import, export, and trading of fertilizers
Nextgreen Energy Sdn Bhd	Malaysia	100	100	Dormant
Nextgreen (Sarawak) Sdn Bhd	Malaysia	70	70	Dormant
Subsidiary of System Multimedia and Internet Sdn Bhd				
System Publishing House Sdn Bhd	Malaysia	100	100	Dormant

* No statutory audit requirement

During the reporting period:

- (a) On 10 December 2018, the Company disposed of 100% equity interest in Firasat Prima Sdn Bhd for a total cash consideration of RM3,000,000; and
- (b) On 21 January 2019, the Company further subscribed for additional 1,500,000 ordinary shares in BHS DS Solution Sdn Bhd ("BHSDS") by way of capitalisation of amount due from BHSDS of RM1,500,000.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Investment in subsidiaries (continued)

In the previous reporting period:

- (a) On 11 September 2017, the Company subscribed for 2 ordinary shares for RM2 representing 100% of the issued and paid up share capital of Nextgreen Energy Sdn Bhd ("NESB"). With the subscription, NESB became a subsidiary of the Company. The intended principal activity of NESB is to produce and supply biomass power and energy;
- (b) On 25 September 2017, the Company subscribed 70 ordinary shares of Nextgreen (Sarawak) Sdn Bhd ("NSSB"), for RM70 representing 70% of the issued and paid up share capital of NSSB. With the acquisition and subscription, NSSB became a subsidiary of the Company. The intended principal activity of NSSB is manufacturing, trading and selling of pulp, paper and its related products and development of Integrated Green Technology Park;

The acquisition did not have a significant impact to the financial results of the Group.

- (c) On 11 October 2017, Pustaka Sistem Pelajaran Sdn Bhd, a wholly owned subsidiary of the Company, disposed of 50% equity interest in Pustaka Yakin Pelajar Sdn Bhd ("Yakin") for a total consideration of RM146,717. Yakin became an associate of the Group. Subsequently, on 29 December 2017, the remaining 50% equity interest was disposed of for a total consideration of RM1,250,000. Following the disposal, Yakin ceased to be an associate of the Group;
- (d) On 29 June 2018, the Company further subscribed for additional 999,998 ordinary shares in Nextgreen Fertilizer Sdn Bhd ("NFSB") by way of capitalisation of amount due from NFSB of RM999,998; and
- (e) On 29 June 2018, the Company further subscribed for additional 3,000,000 ordinary shares in Ultimate Ivory Sdn Bhd ("UISB") by way of capitalisation of amount due from UISB of RM3,000,000.

Disposal of subsidiaries

The disposal of subsidiaries had the following financial effects on the Group financial statements:

	31.12.2019 RM	Group 30.6.2018 RM
Plant and equipment	1,543	3,078
Inventories	1,460,847	-
Other receivables, deposits and prepayments	24,000	373,395
Cash and cash equivalents	124	31,381
Other payables and accruals	(49,968)	(135,100)
	1,436,546	272,754
Less: Cash consideration received and receivable	(3,000,000)	(146,717)
Fair value of investment in associate retained	-	(146,717)
Gain on disposal of a subsidiary	(1,563,454)	(20,680)
Cash consideration received and receivable	3,000,000	146,717
Less: Cash consideration receivable	(1,700,000)	-
Less: Cash and cash equivalents disposed of	(124)	(31,381)
Net cash inflow on disposal of subsidiaries	1,299,876	115,336

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Investment in subsidiaries (continued)

Disposal of subsidiaries (continued)

	Company 31.12.2019 RM
Gross consideration received and receivable	(3,000,000)
Carrying amount of investment in a subsidiary	650,000
Waiver of amount due to fellow subsidiaries	863,529
Gain on disposal of a subsidiary	<u>(1,486,471)</u>

The disposals did not have a significant impact to the financial results of the Group.

The gain on disposal of subsidiaries has been recognised in the Group's and Company's profit or loss under "Other operating income" line item.

Impairment of investment in subsidiaries

During the reporting period, the directors performed an impairment test on the investment in certain loss making subsidiaries. An impairment loss of RM597,000 was recognised to write down the investment of BHS DS Solution Sdn Bhd ("BHSDS") to its recoverable amount. The recoverable amount of the investment in BHSDS has been determined based on its fair value less costs of disposal.

In the previous reporting period, recoverable amounts are determined based on the respective fair value less costs of disposal of these subsidiaries. Reversal of impairment loss and impairment loss have been recognised to write back and write down respectively the investments to their respective recoverable amounts.

The reversal and impairment loss during the previous reporting period of the respective subsidiaries are as follows:

	Company 1.7.2017 to 30.6.2018 RM
<u>Reversal of impairment loss recognised</u>	
Pustaka Sistem Pelajaran Sdn Bhd	(942,000)
<u>Impairment loss recognised</u>	
Firasat Prima Sdn Bhd	350,000
Nextgreen Fertilizer Sdn Bhd	260,000
Net	(332,000)

The amount of reversal of impairment loss recognised has been included in the Company's profit or loss under "Other operating income" line item.

The amount of impairment loss recognised has been included in the Company's profit or loss under "Other operating expenses" line item.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. Other investments

	31.12.2019 RM	Group 30.6.2018 RM
Financial assets at fair value through profit or loss		
- Quoted equity shares in Malaysia	12,689	12,689

15. Deferred tax assets/(liabilities)

	1.7.2018 to 31.12.2019 RM	Group 1.7.2017 to 30.6.2018 RM
At beginning of period/year	1,471,774	1,226,089
Recognised in profit or loss (Note 9)		
- current period/year	(1,323,780)	245,685
At end of period/year	147,994	1,471,774

	31.12.2019 RM	Group 30.6.2018 RM	31.12.2019 RM	Company 30.6.2018 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	2,531,394	4,175,874	6,800	3,000
Deferred tax liabilities	(2,383,400)	(2,704,100)	(6,800)	(3,000)
	147,994	1,471,774	-	-

Deferred tax liabilities are in respect of the following:

	31.12.2019 RM	Group 30.6.2018 RM	31.12.2019 RM	Company 30.6.2018 RM
Tax effects of:				
Unrealised gain on foreign exchange	-	(31,000)	-	-
Differences between accounting depreciation and tax capital allowances	(2,383,400)	(2,673,100)	(6,800)	(3,000)
	(2,383,400)	(2,704,100)	(6,800)	(3,000)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15. Deferred tax assets/(liabilities) (continued)

The analysis of unrecognised deductible temporary differences, unused tax losses and unused tax credits is as follows:

	Group			
	31.12.2019 RM	Gross 30.6.2018 RM	Tax effects 31.12.2019 RM	30.6.2018 RM
Unabsorbed capital allowances	11,333,000	8,806,000	2,720,000	2,114,000
Unutilised business losses to be utilised up to financial year ending:				
- 31 December 2025	-	14,587,000	-	3,500,000
- 31 December 2026	15,328,000	-	3,678,000	-
Allowance for expected credit losses	7,476,000	3,220,000	1,794,000	773,000
Sales commission payable	675,000	465,000	162,000	112,000
	34,812,000	27,078,000	8,354,000	6,499,000
Less: Deferred tax assets recognised	(9,930,500)	(17,399,000)	(2,383,400)	(4,175,874)
Deferred tax assets not recognised	24,881,500	9,679,000	5,970,600	2,323,126

	Company			
	31.12.2019 RM	Gross 30.6.2018 RM	Tax effects 31.12.2019 RM	30.6.2018 RM
Unabsorbed capital allowances	36,000	25,000	8,600	6,000
Unutilised business losses to be utilised up to financial year ending:				
- 31 December 2025	-	3,530,000	-	847,000
- 31 December 2026	5,330,000	-	1,278,000	-
	5,366,000	3,555,000	1,286,600	853,000
Less: Deferred tax assets recognised	(28,000)	(13,000)	(6,800)	(3,000)
Deferred tax assets not recognised	5,338,000	3,542,000	1,279,800	850,000

Portion of the deferred tax assets of the Group and the Company has not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these unused tax benefits.

(continued)

16. Inventories

17. Trade receivables

The Group's normal trade credit terms range from 30 to 120 days (30.6.2018: 30 to 120 days). Other credit terms are determined on a case to case basis. Trade receivables are not secured by any collateral or credit enhancements.

17. Trade receivables (continued)

The following table provides information on the trade receivables' credit risk exposure.

[illegible]

The movements in the allowances for expected credit losses of trade receivables during the reporting period are as follows:

	1.7.2018 to 31.12.2019 RM	Group 1.7.2017 to 30.6.2018 RM
At beginning of period/year	3,219,919	5,989,717
Additions	5,316,089	282,283
Reversals	(1,058,773)	(3,052,081)
At end of period/year	7,477,235	3,219,919

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Other receivables, deposits and prepayments

	Group		Company	
	31.12.2019 RM	30.6.2018 RM	31.12.2019 RM	30.6.2018 RM
Amount due from subsidiaries	-	-	100,604,835	73,494,802
Amount due from a company in which certain directors have interest	6,595	-	-	-
Advance payment to suppliers	52,081	87,081	-	-
Advance payment for development costs	2,347,290	2,578,843	-	-
Sundry deposits	850,277	333,257	500	500
Other receivables	579,466	218,477	2,854	2,914
Disposal proceeds receivable arising from disposal of				
- a subsidiary	1,700,000	-	1,700,000	-
- an associate	250,000	1,250,000	-	-
Goods and services tax recoverable	23,136	192,364	-	-
Prepayments	776,003	492,322	143,758	-
Commitment fee and earnest deposits for purchase of raw materials	388,333	388,333	-	-
Deposits paid for acquisition of land:				
- refundable	-	2,120,000	-	-
- non refundable	400,000	400,000	-	-
	7,373,181	8,060,677	102,451,947	73,498,216
Deposits paid for purchase of plant and equipment and construction of factory building:				
- refundable	99,689	99,689	-	-
- non refundable	1,234,000	28,404,406	-	-
	1,333,689	28,504,095	-	-
	8,706,870	36,564,772	102,451,947	73,498,216
Less: non current portion				
Disposal proceeds receivable arising from disposal of an associate	-	(250,000)	-	-
Amount due from subsidiaries (Note 18.1)	-	-	(99,570,431)	(72,807,818)
	8,706,870	36,314,772	2,881,516	690,398

	31.12.2019 RM	Group 30.6.2018 RM
The non current portion of the disposal proceeds receivable arising from disposal of an associate is as follows:		
Later than 1 year and not later than 2 years	-	250,000

18.1 Amount due from subsidiaries

In conformance with the Financial Reporting Standards Implementation Committee's FRSIC Consensus 31-Classification of Amount Due from Subsidiaries and Amount Due to Holding Company that is Repayable on Demand by the Malaysian Institute of Accountants on 4 July 2018, an amount of RM99,570,431 (30.6.2018: RM72,807,818) due from subsidiaries have been presented under non current assets as these advances are not expected to be realised within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Cash and bank balances

	Group		Company	
	31.12.2019	30.6.2018	31.12.2019	30.6.2018
	RM	RM	RM	RM
Cash in hand	1,000	31,000	-	-
Cash at banks				
- interest bearing	305,938	297,083	741	769
- non interest bearing	1,378,196	257,475	22,899	-
	1,685,134	585,558	23,640	769

20. Share capital

	Group and Company			
	1.7.2018	1.7.2017	1.7.2018	1.7.2017
	to	to	to	to
	31.12.2019	30.6.2018	31.12.2019	30.6.2018
	No. of	No. of		
	ordinary	ordinary		
	shares	shares	RM	RM
Issued and fully paid:				
At beginning of period/year	458,366,718	458,366,718	114,591,680	114,591,680
Issue of shares pursuant to private placements	45,800,000	-	19,243,909	-
Transfer from share premium	-	-	1,842,853	-
At end of period/year	504,166,718	458,366,718	135,678,442	114,591,680

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. In respect of the Company's treasury shares, all right are suspended until these shares are reissued.

Warrants 2015/2020

The Company had in October 2015 issued 198,290,398 warrants in conjunction with its rights issue exercise. The warrants are constituted by a deed poll dated 13 October 2015 ("Deed Poll").

The salient features of the warrants are as follows:

- The issue date of the warrants is 19 October 2015 and the expiry date is on 18 October 2020. Any warrants not exercised at the expiry date will lapse and cease to be valid for any purpose;
- Each warrant entitles the registered holder the right to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.60 per ordinary share until the expiry of the exercise period;
- The exercise price and the number of warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions in the Deed Poll;

NOTES TO THE FINANCIAL STATEMENTS

(continued)

20. Share capital (continued)

Warrants 2015/2020 (continued)

- (d) The warrant holders are not entitled to participate in any distribution and/or offer of further securities in the Company (except for the issue of new warrants pursuant to adjustment as mentioned in item (c) above), unless and until such warrant holders exercise their rights to subscribe for new ordinary shares; and
- (e) The new ordinary shares to be issued upon exercise of the warrants, shall upon issuance and allotment, rank pari passu with the then existing ordinary shares, except that they will not be entitled to dividends, rights, allotments and/or other distributions, declared by the Company which entitlement thereof precedes the allotment date of the new ordinary shares allotted pursuant to the exercise of the warrants.

The movements in the Company's warrants during the reporting period are as follows:

	Entitlement for ordinary shares		
	Balance at 1.7.2018	Exercised	Balance at 31.12.2019
Number of unexercised warrants	198,290,398	-	198,290,398

	Entitlement for ordinary shares		
	Balance at 1.7.2017	Exercised	Balance at 30.6.2018
Number of unexercised warrants	198,290,398	-	198,290,398

NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. Reserves

	Group		Company	
	31.12.2019 RM	30.6.2018 RM	31.12.2019 RM	30.6.2018 RM
Distributable :				
(Accumulated loss)/Retained profits	(35,989,593)	9,585,804	9,391,942	11,493,412
Non distributable:				
Share premium	-	2,797,932	-	2,797,932
Foreign currency translation reserve	(214,076)	(315,231)	-	-
Merger reserve	(16,832,846)	(16,832,846)	-	-
Warrant reserve	16,854,684	16,854,684	16,854,684	16,854,684
Treasury shares	-	(8,194,763)	-	(8,194,763)
	(192,238)	(5,690,224)	16,854,684	11,457,853
	(36,181,831)	3,895,580	26,246,626	22,951,265

21.1 Share premium

Share premium represents the excess of the consideration received over the nominal value of the shares issued by the Company.

Pursuant to Section 618(2) of the Companies Act 2016, the credit standing on the share premium account has been transferred to and became part of the share capital account.

21.2 Foreign currency translation reserve

The Group's foreign exchange translation reserve is used to record exchange 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.

21.3 Merger reserve

Merger reserve represents the difference between the nominal value of shares issued by the Company over the nominal value of shares acquired in exchange for those shares, accounted for using the merger method of accounting.

21.4 Warrant reserve

Warrant reserve represents the reserves arising from the rights issue with free detachable warrants effected in October 2015. This reserve is determined based on the estimated fair value of the warrants immediately upon the listing and quotation thereof.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. Reserves (continued)

21.5 Treasury shares

	Group and Company			
	1.7.2018 to 31.12.2019 No. of treasury shares	1.7.2017 to 30.6.2018 No. of treasury shares	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
At beginning of period/year	16,365,100	26,940,000	(8,194,763)	(14,272,720)
Shares disposed of	(16,365,100)	(10,574,900)	8,194,763	6,077,957
At end of period/year	-	16,365,100	-	(8,194,763)

Treasury shares relate to ordinary shares of the Company that are held by the Company in accordance with Section 127(4)(b) of the Companies Act 2016 and are presented as a deduction from shareholders' equity.

Of the total 504,166,718 (30.6.2018: 458,366,718) issued and fully paid ordinary shares as at 31 December 2019, Nil (30.6.2018: 16,365,100) are held as treasury shares by the Company.

22. Hire purchase liabilities

	31.12.2019 RM	Group 30.6.2018 RM
Amount outstanding	404,682	389,276
Less: Interest in suspense	(46,584)	(35,290)
Principal portion	358,098	353,986
Less: Portion due within one year	(122,623)	(203,735)
Non current portion	235,475	150,251
The non current portion of the hire purchase obligations is payable as follows:		
Later than 1 year and not later than 2 years	116,952	58,642
Later than 2 years and not later than 5 years	118,523	91,609
	235,475	150,251

The weighted average effective interest rate of the hire purchase obligations is 5.68% (30.6.2018: 5.61%).

NOTES TO THE FINANCIAL STATEMENTS

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23. Borrowings

	31.12.2019 RM	Group 30.6.2018 RM
Non current portion:		
Term loans	5,099,900	5,147,417
Current portion:		
Bank overdraft	262,014	-
Trade finance	168,000	-
Term loans	-	750,722
	430,014	750,722
	5,529,914	5,898,139

The non current portion of the term loans is payable as follows:

Later than 1 year and not later than 2 years	2,640,000	785,366
Later than 2 years and not later than 5 years	2,459,900	2,580,326
Later than 5 years	-	1,781,725
	5,099,900	5,147,417

The average effective interest rates are as follows:

	31.12.2019 %	30.6.2018 %
Bank overdraft	9.70	-
Trade finance	3.86	-
Term loans	10.00	4.77

The above borrowings are secured by way of:

- (i) A registered open all monies first party charge stamped nominally over the leasehold land and building as disclosed in Note 11;
- (ii) Corporate guarantee given by the Company; and
- (iii) Joint and several personal guarantee by certain directors of the Company.

24. Trade payables

The normal trade credit terms granted to the Group range from 30 to 120 days (30.6.2018: 30 to 120 days).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

25. Other payables and accruals

	Group		Company	
	31.12.2019 RM	30.6.2018 RM	31.12.2019 RM	30.6.2018 RM
Amount due to a subsidiary	-	-	2,394,220	883,087
Amount due to a director of the Company	151,850	105,750	-	-
Overpayments from customers	123,828	122,797	-	-
Factory construction and renovation costs payable to suppliers	-	1,054,463	-	-
Goods and services tax payable	-	5,993	-	5,993
Accruals of sales commission	676,186	465,042	-	-
Rental related expenses payable				
- persons connected to a director	129,550	-	-	-
- others	1,943,290	1,588,247	-	-
Third party unsecured interest free loan	3,555,000	-	-	-
Deposits received for sale of land inventory	1,996,450	-	-	-
Other payables and accruals	5,425,480	1,449,060	3,577,622	374,242
	14,001,634	4,791,352	5,971,842	1,263,322

26. Significant related party disclosures

26.1 Related party transactions

Significant transactions with related parties are as follows:

		Group		Company	
		1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Type of transactions					
With subsidiaries:					
- BHS Book Printing Sdn Bhd	Management fee income	-	-	785,826	541,405
	Printing expenses	-	-	38,158	23,975
- Pustaka Sistem Pelajaran Sdn Bhd	Management fee income	-	-	23,867	1,943
With persons connected to a director of the Company					
- Loke Lai Wah	Rental expense	90,550	144,000	-	-
- Lim Kean Kiat	Rental expense	39,000	36,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

26.2 Related party balances (continued)

26.2 Related party balances

Individually significant outstanding balances arising from transactions other than trade transactions are as follows:

	Type of transactions	31.12.2019 RM	Group 30.6.2018 RM
Financial asset			
With a company in which certain directors have interest:			
- Nextgreen Pulp & Paper (Sarawak) Sdn Bhd	Advances	6,595	-
Financial liabilities			
With a director of the Company			
- Dato' Lim Thiam Huat	Advances	151,850	105,750
With persons connected to a director of the Company			
- Loke Lai Wah	Rental payable	90,550	-
- Lim Kean Kiat	Rental payable	39,000	-

	Type of transactions	31.12.2019 RM	Company 30.6.2018 RM
Financial assets			
With subsidiaries:			
- BHS Book Printing Sdn Bhd	Advances	34,037,559	32,223,228
- Sistem Multimedia and Internet Sdn Bhd	Advances	30,000	30,000
- System Publishing House Sdn Bhd	Advances	527,260	520,000
- Nextgreen Pulp & Paper Sdn Bhd	Advances	29,498,746	25,743,746
- Ultimate Ivory Sdn Bhd	Advances	31,154,694	10,025,579
- BHS Palau Incorporated	Advances	4,879,432	4,815,265
- Firasat Prima Sdn Bhd	Advances	-	2
- BHS E Education Sdn Bhd	Advances	10,745	6,151
- BHS Land Development Sdn Bhd	Advances	17,007	7,402
- Nextgreen (Sarawak) Sdn Bhd	Advances	15,342	12,211
- Nextgreen Energy Sdn Bhd	Advances	14,490	5,266
- Nextgreen Fertilizer Sdn Bhd	Advances	335,952	105,952
- BHS DS Solution Sdn Bhd	Advances	83,608	-
Financial liability			
With a subsidiary:			
- Pustaka Sistem Pelajaran Sdn Bhd	Advances	2,394,220	883,087

These advances are unsecured, interest free and receivable/repayable on demand.

26.3 Compensation of key management personnel

The key management personnel comprises mainly executive directors of the Company whose remuneration is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. Commitments

27.1 Capital commitments

Capital expenditures not provided for in the financial statements are as follows:

	31.12.2019 RM	Group 30.6.2018 RM
Authorised and contracted for	32,770,618	29,986,831
Analysed as follows:		
Property, plant and equipment	32,770,618	29,986,831

27.2 Operating lease commitments

	31.12.2019 RM	Group 30.6.2018 RM
The future minimum rental payments under non cancellable tenancy agreements are as follows:		
Not later than 1 year	485,095	32,000
Later than 1 year and not later than 5 years	440,333	-
	925,428	32,000

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Segment information

28.1 Business segment

For management purposes, the Group is now organised into five reportable segments comprising printing and publishing, manufacturing using green technology, property development and management, general construction and investment holding.

Management monitors the operating results of its reportable segments as well as relying on the segment information as disclosed below for the purpose of making decision about resource allocation and performance assessment.

The following table provides an analysis of Group's revenue, results, assets, liabilities and other information by reportable segments.

	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
1.7.2018 to 31.12.2019							
Revenue							
External sales	39,444,846	-	800,000	-	-	-	40,244,846
Inter-segment sales	1,039,804	-	-	-	809,693	(1,849,497)	-
	40,484,650	-	800,000	-	809,693	(1,849,497)	40,244,846
Results							
Loss from operations	(9,154,347)	(33,567,809)	(2,101,037)	(58,254)	(2,115,070)	3,210,424	(43,786,093)
Finance (costs)/income	(457,549)	(1,556)	(6,422)	-	3	-	(465,524)
Loss before tax	(9,611,896)	(33,569,365)	(2,107,459)	(58,254)	(2,115,067)	3,210,424	(44,251,617)
Income tax expense	(1,307,000)	-	-	-	-	(16,780)	(1,323,780)
Net loss for the period	(10,918,896)	(33,569,365)	(2,107,459)	(58,254)	(2,115,067)	3,193,644	(45,575,397)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Segment information (continued)

28.1 Business segment (continued)

31.12.2019	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
Assets							
Segment assets	72,628,947	29,145,716	52,521,010	3,771,808	168,404,149	(195,242,699)	131,228,931
Liabilities							
Segment liabilities	54,849,489	37,615,711	58,498,535	4,368,694	6,553,214	(132,149,803)	31,732,290
Other information							
Additions to non current assets	415,729	19,139,875	115,635	-	5,300	-	19,676,539
Depreciation	3,871,706	180,074	302,581	40,914	132,397	(69,917)	4,457,755
Non-cash items other than depreciation and amortisation:							
Allowance for expected credit losses	6,729,326	662,363	467,907	-	-	(2,543,507)	5,316,089
Loss on foreign exchange - unrealised	9,328	-	-	-	-	-	9,328
Impairment loss on property, plant and equipment under construction	-	29,887,342	-	-	-	-	29,887,342
Impairment loss on investment in a subsidiary	-	-	-	-	597,000	(597,000)	-
Plant and equipment written off	7,532	-	-	-	-	-	7,532

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Segment information (continued)

28.1 Business segment (continued)

1.7.2017 to 30.6.2018	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
Revenue							
External sales	26,853,396	-	2,995,186	-	-	-	29,848,582
Inter-segment sales	51,292	-	-	-	543,348	(594,640)	-
	26,904,688	-	2,995,186	-	543,348	(594,640)	29,848,582
Results							
(Loss)/Profit from operations	(61,877)	(706,704)	389,379	(142,873)	(1,225,743)	(284,854)	(2,032,672)
Finance (costs)/income	(321,570)	(4,165)	(7,944)	(1,145)	4	-	(334,820)
Share in profit of associate	352,335	-	-	-	-	-	352,335
(Loss)/Profit before tax	(31,112)	(710,869)	381,435	(144,018)	(1,225,739)	(284,854)	(2,015,157)
Income tax expense	257,000	(1,776)	-	-	-	(11,315)	243,909
Net profit/(loss) for the year	225,888	(712,645)	381,435	(144,018)	(1,225,739)	(296,169)	(1,771,248)

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Segment information (continued)

28.1 Business segment (continued)

30.6.2018	Printing and publishing RM	Manufacturing using green technology RM	Property development and management RM	General construction RM	Investment holding RM	Eliminations RM	Consolidated RM
Assets							
Segment assets	78,542,734	41,176,133	38,540,841	3,498,433	74,749,990	(101,814,670)	134,693,461
Liabilities							
Segment liabilities	49,844,380	29,125,840	30,820,817	5,537,065	1,838,952	(100,960,883)	16,206,171
Other information							
Additions to non current assets	456,373	1,573,438	4,875	-	-	-	2,034,686
Depreciation	2,837,367	92,031	187,594	27,312	87,557	(46,611)	3,185,250
Non-cash items other than depreciation and amortisation:							
Allowance for expected credit loss	282,283	-	-	-	-	-	282,283
Reversal of expected credit loss	(3,052,081)	-	-	-	-	-	(3,052,081)
Gain on foreign exchange - unrealised	(128,937)	-	-	-	-	-	(128,937)
Impairment loss on investment in subsidiaries	-	-	-	-	610,000	(610,000)	-
Reversal of impairment loss on investments in a subsidiary	-	-	-	-	(942,000)	942,000	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Segment information (continued)

28.2 Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets	
	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM	31.12.2019 RM	30.6.2018 RM
Malaysia	24,692,719	19,588,713	54,042,678	43,048,049
Nigeria	14,180,047	9,034,487	-	-
Kenya	1,372,080	1,225,382	-	-
Republic of Palau	-	-	6,940,168	6,958,335
	40,244,846	29,848,582	60,982,846	50,006,384

28.3 Customers segment information

Revenue from transactions with major customers that individually accounted for 10 percent or more of the Group's revenue are summarised below:

	1.7.2018 to 31.12.2019 RM	1.7.2017 to 30.6.2018 RM
Customer A	4,861,004	3,452,324
Customer B	-	2,995,186
	4,861,004	6,447,510

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Financial instruments and financial risks

29.1 Categories of financial instruments

The following table sets out the financial instruments as at the reporting date:

	Group		Company	
	31.12.2019	30.6.2018	31.12.2019	30.6.2018
	RM	RM	RM	RM
Financial assets				
Amortised cost:				
- trade and other receivables excluding prepayments	16,771,073	-	102,308,189	-
- fixed deposit with a licensed bank	55,000	-	-	-
- cash and bank balances	1,685,134	-	23,640	-
	18,511,207	-	102,331,829	-
Loans and receivables:				
- trade and other receivables excluding prepayments	-	19,323,833	-	73,498,216
- cash and bank balances	-	585,558	-	769
	-	19,909,391	-	73,498,985
Financial assets at fair value through profit or loss:				
- other investments	12,689	12,689	-	-
	18,757,895	19,922,080	102,331,829	73,498,985
Financial liabilities				
Amortised cost:				
- term loan (floating rate)	-	5,898,139	-	-
- term loan (fixed rate)	5,099,900	-	-	-
- hire purchase liabilities (fixed rate)	358,098	353,986	-	-
- short term borrowings (floating rate)	430,014	-	-	-
- trade and other payables	23,603,077	9,947,736	5,971,842	1,257,329
	29,491,089	16,199,861	5,971,842	1,257,329

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NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Financial instruments and financial risks (continued)

29.2 Financial risk management objectives and policies

The Group's overall financial risk management programme seeks to minimise potential adverse effects on financial performance of the Group.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change in the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk management

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. The Group minimises credit risk by dealing exclusively with high credit worthy counterparties. At reporting date, there were no significant concentrations of credit risk other than as follows:

	Group	
	31.12.2019	30.6.2018
	RM	RM
Amount due from one customer	3,407,259	-

	Company	
	31.12.2019	30.6.2018
	RM	RM
Amount due from three (30.6.2018: two) subsidiaries	94,690,999	57,966,974

The Company provides unsecured financial guarantees to a financial institution in respect of banking facilities granted to subsidiaries. Accordingly, the Company is contingently liable to the extent of credit facilities utilised by subsidiaries. The Company monitors on an ongoing basis the results of subsidiaries and repayments made by the subsidiaries. The maximum exposure to credit amounts to RM5,529,914 (30.6.2018: RM5,898,139) representing the outstanding banking facilities of the subsidiaries as at reporting date. The fair value of the financial guarantees provided to its subsidiaries is not expected to be material as the total borrowings of the subsidiaries are collateralised against the leasehold land and buildings of the subsidiaries. Further, the probability of the subsidiaries defaulting on the credit facilities is remote. Accordingly, the financial guarantee has not been recognised.

The Group's credit risk grading framework for expected credit losses ("ECL") model is as follows:

Category	Definition	Basis for recognition of ECL
Performing	The debtor has a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
Default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL – credit impaired
Write off	There is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or the debtor is two years past due.	Amount is written off

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Financial instruments and financial risks (continued)

29.2 Financial risk management objectives and policies (continued)

Credit risk management (continued)

i) Trade receivables

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses. Where appropriate, the Group determines the ECL on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. In determining the ECL of other trade receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

ii) Other receivables

Other receivables [other than the amount due from subsidiaries of the Company of RM100,604,835 (30.6.2018: RM73,494,802)] are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The loss allowance for the amount due from subsidiaries is measured at an amount equal to the lifetime ECL as there has been a significant increase in credit risk since initial recognition. In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

iii) Cash and bank balances (including fixed deposit)

The cash and bank balances are held with reputable financial institutions with high credit ratings and no history of default. Impairment on cash and bank balances has been measured on a 12-month ECL and reflects the short term maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the financial institutions. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Interest rate risk management

The Group's primary interest rate risk relates to interest bearing debts. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

The sensitivity analysis below has been determined based on the exposure to interest rates for the banking facilities at the reporting date. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's profitability before tax would increase/decrease by RM2,200 (2018: RM29,000).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Financial instruments and financial risks (continued)

29.2 Financial risk management objectives and policies (continued)

Liquidity risk management

The Group maintains sufficient cash and bank balances, and internally generated cash flows to finance its activities. The Group finances its operations by a combination of equity and bank borrowings.

The following tables detail the remaining contractual maturity for non derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Group	Contractual cash flows (including interest payments)				
	Carrying amount RM	Total RM	On demand or within 1 year RM	Within 1 to 2 years RM	Within 2 to 5 years RM
31.12.2019					
Non interest bearing debts	23,603,077	23,603,077	23,603,077	-	-
Interest bearing debts	5,888,012	6,517,109	570,407	3,182,048	2,764,654
	29,491,089	30,120,186	24,173,484	3,182,048	2,764,654
30.6.2018					
Non interest bearing debts	9,947,736	9,947,736	9,947,736	-	-
Interest bearing debts	6,252,125	7,319,029	1,214,179	1,067,938	3,116,619
	16,199,861	17,266,765	11,161,915	1,067,938	3,116,619
					1,920,293

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Financial instruments and financial risks (continued)

29.2 Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Company	Contractual cash flows (including interest payments)		
	Carrying amount RM	Total RM	On demand or within 1 year RM
31.12.2019			
Non interest bearing debts	5,971,842	5,971,842	5,971,842
30.6.2018			
Non interest bearing debts	1,257,329	1,257,329	1,257,329

Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

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

Functional currency of the Group	Net Financial Assets Held in Non-functional Currencies United States Dollar RM
31.12.2019	
Ringgit Malaysia	9,118,000
30.6.2018	
Ringgit Malaysia	7,778,000

There is no such exposure for the Company.

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective functional currencies of the Group. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted at the period end for a 10% change in foreign currency rates. If the relevant foreign currencies strengthen by 10% against the respective functional currencies of the Group, profitability before tax will increase by:

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(continued)

29. Financial instruments and financial risks (continued)

29.2 Financial risk management objectives and policies (continued)

Foreign exchange risk management (continued)

	31.12.2019 RM	Group 30.6.2018 RM
United States Dollar	911,800	777,800

The opposite applies if the relevant foreign currencies weaken by 10% against the functional currency of the Group.

Market price risk

Market price is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its investment in quoted equity shares. The quoted equity shares in Malaysia are listed on the Bursa Malaysia Security Berhad.

Management monitors the equity instruments on a portfolio basis. Management believes that the changes of market price of its investment in quoted equity instruments would not lead to significant changes to the performance of the Group as the carrying amount of the quoted equity instruments is not material.

30. Fair value remeasurements

30.1 Financial instruments not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the Group's hire purchase and non-current borrowings approximate their carrying amounts as these instruments were entered with interest rates which are reasonable approximation of the market interest rates on or near the reporting date.

30.2 Financial instruments and non financial assets carried at fair value

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. Fair value remeasurements (continued)

30.2 Financial instruments and non financial assets carried at fair value (continued)

Fair value hierarchy (continued)

The following table provides an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

31.12.2019	Group Fair value measurements at the end of the reporting period using			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
Recurring fair value measurements				
Financial assets				
Other investments				
- quoted equity shares	12,689	-	-	12,689

30.6.2018

Recurring fair value measurements Financial assets

Other investments				
- quoted equity shares	12,689	-	-	12,689

	Company Fair value measurements at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
31.12.2019	RM	RM	RM	RM
Non recurring fair value measurements				
Non financial assets:				
Investment in subsidiaries				
- impaired subsidiaries carried at fair value less costs of disposal	-	-	11,039,434	903,000

30.6.2018

Non recurring fair value measurements Non financial assets:

Investment in subsidiaries				
- impaired subsidiaries carried at fair value less costs of disposal	-	-	10,189,434	10,189,434

There were no transfers between these levels of fair values in the current and previous reporting periods.

Valuation techniques used to derive Level 3 fair values

The fair value of investment in subsidiaries was derived based on the audited net assets as at reporting date, as these subsidiaries are not expected to generate any substantial amount of future cashflows for discounting purposes.

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31. Capital structure and capital risk management

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the reporting period ended 31 December 2019 and 30 June 2018.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital comprises total equity of the Company. There were no changes in the Group's approach to capital management during the reporting period.

	Group		Company	
	31.12.2019 RM	30.6.2018 RM	31.12.2019 RM	30.6.2018 RM
Borrowings and hire purchase liabilities	5,888,012	6,252,125	-	-
Less: cash and bank balances and fixed deposits	(1,740,134)	(585,558)	(23,640)	(769)
Net debt/(cash)	4,147,878	5,666,567	(23,640)	(769)
Total equity	99,496,641	118,487,290	161,925,068	137,542,945
Gearing ratio (%)	4.2	4.8	N/A	N/A

32. Change in accounting policies

The Group applied MFRS 9 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Based on the transitioning provisions, the Group and the Company applied MFRS 9 retrospectively and differences arising from the adoption have been recognised directly in retained profits. The Group and the Company is not required to restate the comparative information, which continues to be reported under MFRS 139.

The transitioning to MFRS 9 did not have any significant impact on the retained profits of the Group and the Company as at 1 July 2018.

Classification and measurement

MFRS 9 contains three principal classification categories for financial assets which is measured at:

- amortised cost;
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

32. Change in accounting policies (continued)

Classification and measurement (continued)

The assessment of the Group's and the Company's business model and cash flow characteristics was made based on the facts and circumstances as at the date of initial application of 1 July 2018.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and the Company. The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets as at 1 July 2018.

MFRS 139 measurement category		MFRS 9 measurement category	
		Amortised cost RM	FVTPL RM
Group	RM		
Loans and receivables			
Trade receivables and other receivables (a)	19,323,833	19,323,833	-
Cash and bank balances	585,558	585,558	-
Fair value through profit or loss			
Other investments (b)	12,689	-	12,689
Total financial assets	19,922,080	19,909,391	12,689

MFRS 139 measurement category		MFRS 9 measurement category	
		Amortised cost RM	FVTPL RM
Company	RM		
Loans and receivables			
Trade receivables and other receivables (a)	73,498,216	73,498,216	-
Cash and bank balances	769	769	-
Total financial assets	73,498,985	73,498,985	-

- (a) Trade and other receivables that were classified as loans and receivables under MFRS 139 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 July 2018.
- (b) Quoted equity investments which are held for trading under MFRS 139 are required to be held as fair value through profit or loss under MFRS 9. There is no change in the classification and measurement for quoted equity investments at 1 July 2018.

There are no changes in classification and measurement for the Group's and the Company's financial liabilities at the date of initial application.

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33. Event subsequent to reporting period

Subsequent to the reporting period, the Company increased its issued and paid up capital by way of private placements of 27,000,000 new ordinary shares at an issuing price of RM0.40 each for cash. The net proceeds raised of approximately RM10.8 million is for the purpose of funding the construction of the Group's pulps and papers factory.

34. Comparative figures

- (i) Certain comparative figures of the Group have been reclassified to conform with current period's presentation.

	As previously reported RM	Reclassification RM	As restated RM
Group			
Statements of comprehensive income			
For the year ended 30 June 2018			
Other operating income	4,327,939	(2,769,798)	1,558,141
Reversal of expected credit loss of receivables - net	-	2,769,798	2,769,798
Statements of financial positions			
As at 30 June 2018			
Non current assets			
Land held for property development	6,372,143	(6,372,143)	-
Inventories	-	6,372,143	6,372,143
Current assets			
Property development costs	21,923,050	(21,923,050)	-
Inventories	8,708,054	21,923,050	30,631,104

The consequential changes to the prior reporting period's cash flow statements and information in the notes have also been reflected appropriately for consistency of presentation.

- (ii) The comparative figures relate to the 12 months for the period 1 July 2017 to 30 June 2018 and hence are not comparable to those of the current 18 months period ended 31 December 2019.

LIST OF PROPERTIES

The list of properties held by the Group as at 31 December 2019 is set out as follows:

Location	Description/ Existing Use	Land Area	Approximate Age of Building (Years)	Leasehold Expiry Date	Net Book Value (RM'000)	Date of Acquisition
H.S.(M): 13154 Lot PT 23675 in the Mukim of Cheras, Hulu Langat, Selangor.	Factory	7,356 (sq. m)	19	30/12/2098	19,060,447	31/12/2014
Ngetkib Hamlet Airai State Palau Cadastral Lot No. 037N06.	Land Held for Development	16,225 (sq. m)	-	30/09/2114	6,457,347	23/06/2016
Kg. Paloh Hinai Mukim Lepar, Daerah Pekan, Pahang Dahrul Makmur.	Land Held for Development	78 acres	-	Pending Issuance of Land Title from Pejabat Tanah Pahang	39,878,027	10/03/2016

ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 19 May 2020)

Total Number of Issued Shares	:	531,666,718 Ordinary Shares
Issued Share Capital	:	RM146,534,683.55
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

(Based on Register of Depositors as at 19 May 2020)

SIZE OF SHAREHOLDINGS	SHAREHOLDERS		ORDINARY SHARES	
	NUMBER	PERCENTAGE (%)	NUMBER	PERCENTAGE (%)
LESS THAN 100	157	7.71	5,812	0.00
100 TO 1,000	272	13.37	128,762	0.02
1,001 TO 10,000	561	27.57	3,719,443	0.70
10,001 TO 100,000	752	36.95	27,832,864	5.24
100,001 TO 26,583,334*	291	14.30	423,601,036	79.67
26,583,335 AND ABOVE	2	0.1	76,378,801	14.37
TOTAL	2,035	100	531,666,718	100.00

Remarks: * Less than 5% of issued number of shares
 ** 5% and above of issued number of shares

DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 19 May 2020)

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Dato' Dr Haji Sohaimi Bin Shahadan	-	-	-	-
2.	Dato' Lim Thiam Huat	65,162,564	12.26	1,614,800*	0.304
3.	Dato' Dr. Koe Seng Kheng	450,602	0.08	-	-
4.	Datuk Lawrence Yeo Chua Poh	-	-	15,000,000**	2.82
5.	Chew Yuit Yoo	-	-	261,248#	0.05
6.	Thiang Chew Lan	554,805	0.10	280,186#	0.05
7.	Lim Kah Yen	5,610,000	1.06	-	-
8.	Anuar Bin Malek	-	-	-	-

Notes:

* Deemed interested by virtue of his son's interest pursuant to Section 59 of the Companies Act, 2016

** Deemed interested by virtue of his interest in Amechanus Ventures Sdn Bhd pursuant to Section 8 of the Companies Act 2016

Deemed interested by virtue of her spouse's interest pursuant to Section 59 of the Companies Act, 2016

LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders)

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	43,914,101	8.26	-	-
2.	Dato' Lim Thiam Huat	65,162,564	12.26	1,614,800*	0.304
3.	Dato' Gan Kong Hiok	45,000,600	8.46	-	-
4.	Ling Siew Luan	38,835,899	7.30	-	-

Note:

* Deemed interested by virtue of his son's interest pursuant to Section 59 of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS (continued)

(Based on Register of Depositors as at 19 May 2020)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS (Based on Register of Depositors as at 19 May 2020)

No.	Names	No. of Shares Held	Percentage of Shareholdings (%)
1.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	43,914,101	8.26
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (001)	32,464,700	6.11
3.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	25,060,000	4.71
4.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BOCI SECURITIES LTD (CLIENTS A/C)	25,000,000	4.70
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	24,482,300	4.60
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	16,000,000	3.01
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DATO' LIM THIAM HUAT (SMART)	15,400,000	2.90
8.	AMECHANUS VENTURES SDN. BHD.	15,000,000	2.82
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LING SIEW LUAN (SMART)	14,936,700	2.81
10.	LING LEE JOU CHRISTOPHER	13,804,500	2.60
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR HSC HEALTHCARE SDN BHD (PB)	12,500,000	2.35
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ESA BIN MOHAMED	10,958,600	2.06
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR YAP KEN WEI (PBCL-0G0494)	10,166,400	1.91
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	10,000,000	1.88
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	8,920,000	1.68
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING PIEN HUOI @ LING BENG HUI (GLENEAGLES-CL)	8,715,404	1.64
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT (008)	8,491,164	1.60
18.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PRAKASH A/L K V P MENON	6,240,000	1.17
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	6,000,000	1.13
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK	6,000,000	1.13
21.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK	5,544,900	1.04
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR NG WAI HAN (TERM)	5,500,000	1.03
23.	NG LAI PING	5,236,500	0.98
24.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	5,000,000	0.94
25.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	4,889,100	0.92
26.	SOONG CHEE KEONG	4,300,000	0.81
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	4,246,440	0.80
28.	SU MING YAW	4,000,000	0.75
29.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH KING FUI	3,942,500	0.74
30.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	3,652,759	0.69
Total		360,366,068	67.77

ANALYSIS OF WARRANTS A HOLDINGS

(Based on Register of Depositors as at 19 May 2020)

NO. OF OUTSTANDING WARRANTS : 198,290,398 WARRANTS A 2015/2020
NO. OF WARRANT HOLDERS : 660

ANALYSIS BY SIZE OF WARRANTS A HOLDINGS (Based on Register of Depositors as at 19 May 2020)

SIZE OF WARRANT HOLDINGS	No. of Warrant Holders	Percentage of Warrants Holders (%)	No. of Warrants Held	Percentage of Warrants Held (%)
LESS THAN 100	69	10.45	3,264	0.00
100 TO 1,000	46	6.97	19,340	0.01
1,001 TO 10,000	153	23.18	1,008,296	0.51
10,001 TO 100,000	238	36.06	11,016,566	5.56
100,001 TO 9,914,518	153	23.18	114,810,928	57.90
9,914,519 AND ABOVE	1	0.15	71,432,004	36.02
TOTAL	660	100.00	198,290,398	100.00

Remarks: * Less than 5% of issued number of warrants

** 5% and above of issued number of warrants

DIRECTORS' WARRANT HOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANT HOLDINGS (Based on Register of Directors' Warrant Holdings as at 19 May 2020)

No.	Names	Direct No. of Warrants	Percentage (%)	Indirect No. of Warrants	Percentage (%)
1.	Dato' Dr Haji Sohaimi Bin Shahadan	-	-	-	-
2.	Dato' Lim Thiam Huat	76,432,004	38.54	-	-
3.	Dato' Dr. Koe Seng Kheng	-	-	-	-
4.	Datuk Lawrence Yeo Chua Poh	-	-	-	-
5.	Chew Yuit Yoo	-	-	130,624*	0.07
6.	Thiang Chew Lan	277,402	0.14	140,092*	0.07
7.	Lim Kah Yen	-	-	-	-
8.	Anuar Bin Malek	-	-	-	-

Note:

* Deemed interested by virtue of her spouse's interest pursuant to Section 59 of the Companies Act, 2016

ANALYSIS OF WARRANTS A HOLDINGS (continued)

(Based on Register of Depositors as at 19 May 2020)

LIST OF TOP 30 WARRANTS A HOLDERS (Based on Register of Depositors as at 19 May 2020)

No.	Names	No. of Warrants A Held	Percentage of Warrants Held (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	71,432,004	36.02
2.	LEE KOK MING	6,003,900	3.03
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DATO' LIM THIAM HUAT (SMART)	5,000,000	2.52
4.	YAP KEN WEI	3,562,400	1.80
5.	LING SIEW LUAN	3,523,278	1.78
6.	OH SEONG LYE	3,415,800	1.72
7.	LEE KOK PENG	3,213,500	1.62
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING BEE CHUN (SEREMBAN 2-CL)	2,904,300	1.46
9.	LEE KOK WEI	2,549,900	1.29
10.	LEE YOU LEONG	2,460,332	1.24
11.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP JUN WAH (KAJANG-CL)	2,415,300	1.22
12.	LEE HEE HWAK	2,386,000	1.20
13.	KOH SENG JIE	2,325,100	1.17
14.	LEE HEE HWAK	2,240,000	1.13
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE KOK TAH	2,176,936	1.10
16.	CHAI HOONG CHUN	2,054,000	1.03
17.	CHUAH KOK WEI	1,744,600	0.88
18.	SAM CHIK MING	1,672,000	0.84
19.	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TSAI, CHING-YI	1,579,900	0.80
20.	NG AH KAW @ NG AH KOW	1,570,000	0.79
21.	NG TENG LAN	1,522,000	0.77
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP KEN WEI (PB)	1,500,000	0.76
23.	CHIN SIA LAI	1,450,000	0.73
24.	LING SIEW LUAN	1,237,400	0.62
25.	YONG KIEN WEI	1,200,000	0.61
26.	LIM KAH YEE	1,187,200	0.60
27.	LYE VI MIN	1,100,000	0.55
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TANG GIK CHOON	1,020,000	0.51
29.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR WEI JUI FUNG	1,016,700	0.51
30.	LAI KIM HONG	1,000,000	0.50
Total		136,462,550	68.80

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NEXTGREEN GLOBAL BERHAD
[Registration No. 200501037512 (719660-W)]
(Incorporated in Malaysia)

FORM OF PROXY

No. of shares held	
CDS Account No.	

I/We, I.C. or Company No
(Full name in block letters)

of
(Full address)

being a member/members of NEXTGREEN GLOBAL BERHAD hereby appoint (Proxy 1)

I.C. No. of
..... or failing him/ her (Proxy 2)

I.C. No. of

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 14th Annual General Meeting of the Company to be held at Perdana Hall 1 & 2, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, 57000 Kuala Lumpur on Saturday, 29 August 2020 at 10.00 a.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	To re-elect Lim Kah Yen who retires in accordance with Article 100 of the Constitution of the Company.		
RESOLUTION 2	To re-elect Anuar Bin Malek who retires in accordance with Clause 100 of the Constitution of the Company.		
RESOLUTION 3	To re-elect Dato' Dr Haji Sohaimi Bin Shahadan who retires in accordance with Clause 107 of the Constitution of the Company.		
RESOLUTION 4	To re-elect Datuk Lawrence Yeo Chua Poh who retires in accordance with Clause 107 of the Constitution of the Company.		
RESOLUTION 5	To approve the payment of Directors' fees and benefits to the Non-Executive Directors of RM248,344.83 for their services from 4 December 2018 to 29 August 2020 in excess of the current approved limit.		
RESOLUTION 6	To approve the payment of Directors' Fees and benefits payable to the Non-Executive Directors up to RM340,000.00 for the period from 14th AGM up to the 15th AGM.		
RESOLUTION 7	To re-appoint Messrs. Russell Bedford LC & Company as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
RESOLUTION 8	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
RESOLUTION 9	To approve the retention of Chew Yuit Yoo as Independent Director		
RESOLUTION 10	To approve the retention of Thiang Chew Lan as Independent Director		

Signed this day of 2020

Signature of Shareholder(s)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy

No. of Shares:

Percentage :%

Second Proxy

No. of Shares:

Percentage :%

NOTES:

- A member entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may but need not be a member of the Company.
- Where a member appoints two (2) proxies, he/she must specify the proportions of his/her shareholdings to be represented by each proxy.
- The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
- For the purpose of determining a member who shall be entitled to attend the 14th AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 25 August 2020. Only a depositor whose name appears on the Record of the Depositor as at 25 August 2020 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- The instrument appointing a proxy must be properly executed and deposited at the Share Registrar's Office, at Boardroom Share Registrars Sdn. Bhd. Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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**AFFIX STAMP
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THE SHARE REGISTRAR
NEXTGREEN GLOBAL BERHAD
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
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