



[Registration No. 200501037512 (719660-W)]



ANNUAL REPORT 2021

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NOTICE OF THE 16TH ANNUAL GENERAL MEETING

NEXTGREEN GLOBAL BERHAD

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

NOTICE OF 16TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting ("16th AGM") of Nextgreen Global Berhad ("Nextgreen" or the "Company") will be conducted on a virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities hosted on the VirtualeAGM e-portal at www.vpoll.com.my (Domain Registration No. D1A457149) provided by AI Smartual Learning Sdn. Bhd. in Malaysia on Thursday, 30 June 2022 at 10.00 a.m. or at any adjournment thereof for the transaction of the following businesses:

AGENDA

As Ordinary Business

- | | | | |
|---|----|---|--------------------------------------|
| 2 | 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | <i>Refer to Explanatory Note (a)</i> |
| | 2. | To re-elect Dato' Dr. Haji Sohaimi Bin Shahadan who is retiring by rotation pursuant to Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election. | <i>Ordinary Resolution 1</i> |
| | 3. | To re-elect Dato' Lim Thiam Huat who is retiring by rotation pursuant to Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election. | <i>Ordinary Resolution 2</i> |
| | 4. | To approve the payment of Directors' fees and other benefits up to RM550,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from the conclusion of the 16th AGM of the Company until the conclusion of the next 17th AGM of the Company in year 2023. | <i>Ordinary Resolution 3</i> |
| | 5. | To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 4</i> |

As Special Business

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

- | | | |
|----|--|------------------------------|
| 6. | AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 | <i>Ordinary Resolution 5</i> |
|----|--|------------------------------|

THAT pursuant to Sections 75 and 76 of 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, issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the 20% General Mandate 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 which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

NOTICE OF THE 16TH ANNUAL GENERAL MEETING

(continued)

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.

7. 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. 202208000250)
THIEN LEE MEE (LS0009760 / SSM PC No. 201908002254)
Company Secretaries
Selangor Darul Ehsan

Date: 29 April 2022

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders/Proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the AGM.
2. A member is entitled to participate, speak (including posing questions to the Board via real time submission of typed text) and vote (collectively referred to as "Participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by AI Smartual Learning Sdn. Bhd. in Malaysia via its portal website at www.vpoll.com.my,
3. A member who is entitled to participate at the AGM via RPV is entitled to appoint another person as his proxy to participate but shall not be entitled to appoint more than 2 proxies to Participate via RPV. A proxy may but need not be a member of the Company.
4. Where a member appoints 2 proxies, he/she must specify the proportions of his/her shareholdings to be represented by each proxy.
5. 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 an officer or its attorney of the corporation duly authorised.
6. For the purpose of determining a member who shall be entitled to participate in the AGM via RPV, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 June 2022. Only a depositor whose name appears on the Record of the Depositor as at 22 June 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. The instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or certified copy thereof must be deposited at Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or email to admin@aldpro.com.my at least 48 hours before the time appointed for holding the AGM or at any adjournment thereof.

Explanatory Notes to Ordinary Business and Special Business:

(a) Audited Financial Statements for the financial year ended 31 December 2021

The Agenda under item 1 is meant for discussion only as pursuant to Section 340(1)(a) of the Companies Act, 2016 does not require shareholders' approval, and therefore, it shall not be put forward for voting.

(b) Ordinary Resolution 3: 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 RM550,000 for Directors' fees and benefits payable to the Non-Executive Directors for the period from the conclusion of 16th AGM until the conclusion of the next AGM of the Company in year 2023.

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 conclusion of the 16th AGM until the conclusion of the next 17th AGM of the Company in year 2023.

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 16TH ANNUAL GENERAL MEETING

(continued)

(c) Ordinary Resolution 4: Re-appointment of Auditors

The Board, through the Audit Committee had reviewed and was satisfied the performance and independence of Messrs. UHY ("UHY") during the financial year ended 31 December 2021. The Board has therefore recommended the re-appointment of UHY as external auditors of the Company for the financial year ending 31 December 2022.

(d) Special Business - Ordinary Resolution 5: Authority to Allot And Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 5, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

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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, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 16th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/ or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

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 and is in the best interest of the Company and its subsidiaries.

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.

As at the date of this Notice, the Company had allotted 30,413,700 new ordinary shares via 2021 Private Placement under the General Mandate which was approved by the shareholders at the 15th AGM of the Company held on 30 June 2021. The total proceeds of RM19,760,775 was raised from the 2021 Private Placement. The details and status of the utilisation of proceeds raised from the 2021 Private Placement set out in the additional compliance information of the Annual Report 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

As at date of this Notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at the 16th AGM.

The detailed information relating to general mandate for issue of securities pursuant to Paragraph 6.03(3) of the Listing Requirements of Bursa Securities are set out under Explanatory Notes on Special Business for Ordinary Resolution 5 of the Notice of the 16th AGM of the Company.

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

Dato' Mohd Yusof Bin Din
Non-Independent Non-Executive Director

Dato' Dr Koe Seng Kheng
Independent Non-Executive Director

Teh Chau Chin
Independent Non-Executive Director

Tan Meng Chai
Independent Non-Executive Director

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AUDIT COMMITTEE

Teh Chau Chin, *Chairman*
Tan Meng Chai, *Member*
Dato' Dr. Koe Seng Kheng, *Member*

NOMINATION COMMITTEE

Tan Meng Chai, *Chairman*
Teh Chau Chin, *Member*
Dato' Dr. Koe Seng Kheng, *Member*

REMUNERATION COMMITTEE

Dato' Dr. Koe Seng Kheng, *Chairman*
Tan Meng Chai, *Member*
Teh Chau Chin, *Member*

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Dr. Koe Seng Kheng, *Chairman*
Dato' Lim Thiam Huat - *Member*
Lim Kah Yen - *Member*
Dato' Mohd Yusof bin Din - *Member*
Tan Chee Tat - *Member*

SHARIAH COMMITTEE

Dato' Mohd Yusof Bin Din, *Chairman*
Associate Professor Dr. Mushaddad bin Hasbullah,
Member
Associate Professor Dr. Mohd Affandi bin Mat Rani,
Member

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/ SSM PC No. 202208000250)

Thien Lee Mee
(LS0009760/ SSM PC No. 201908002254)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Section U2
40150 Shah Alam, Selangor
Tel : (03) 7890 0638
Fax : (03) 7890 1032

STOCK EXCHANGE LISTING

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

BUSINESS ADDRESS

Level 6-02, Menara LGB, No. 1, Jalan Wan Kadir
Taman Tun Dr. Ismail, 60000 Kuala Lumpur
Tel : (03) 7725 2088
Fax : (03) 7725 2199
Website: www.nextgreenglobal.com

PRINCIPAL BANKERS

Public Bank Berhad (6463-H)
CIMB Bank Berhad (13491-P)
Malayan Banking Berhad (196001000142)

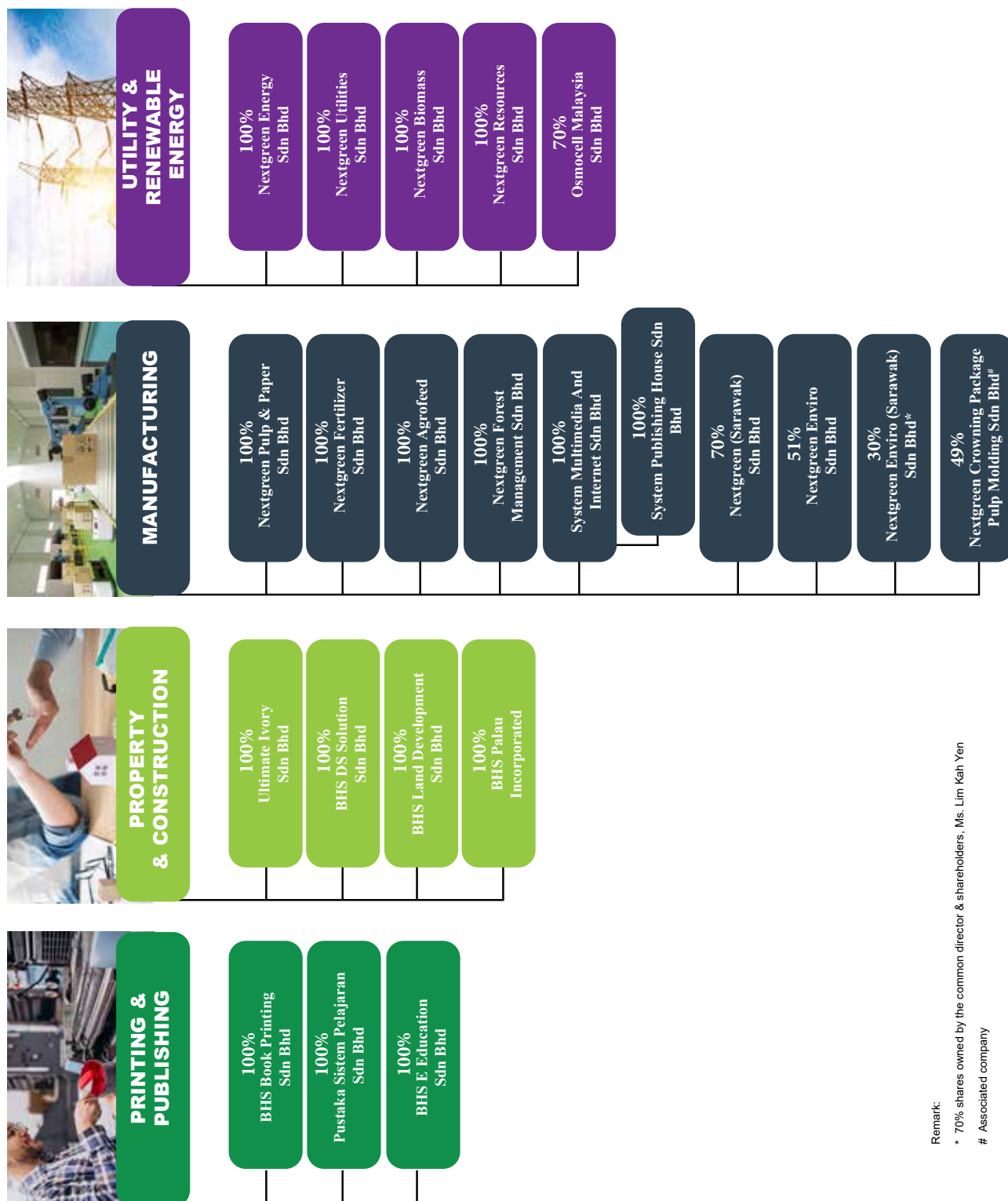
AUDITORS

UHY (AF 1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower, Mid Valley City
Lingkar Syed Putra, 59200 Kuala Lumpur
Tel : (03) 2279 3088
Fax : (03) 2279 3099

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
[Registration No. 202101043817 (1444117-M)]
Level 5, Block B, Dataran PHB, Saujana Resort,
Section U2, 40150 Shah Alam, Selangor
Tel : (03) 7890 0638
Fax : (03) 7890 1032

CORPORATE STRUCTURE



Remark:

* 70% shares owned by the common director & shareholders, Ms. Lim Kah Yen

Associated company

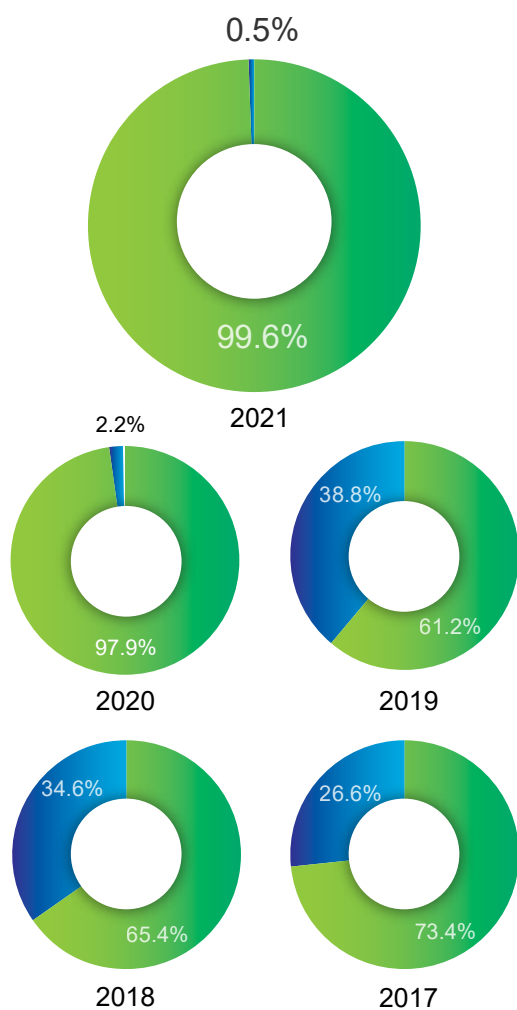
FINANCIAL HIGHLIGHTS

	2021 RM million	2020 RM million	2019 RM million	2018 RM million	2017 RM million
FINANCIAL RESULTS					
Revenue	51.3	32.3	40.2	29.8	25.2
Gross Profit	24.5	12.6	3.2	1.7	(0.7)
Profit/ (loss) before tax ("PBT")	9.8	4.2	(44.3)	(2.0)	(12.6)
Profit/ (loss) after tax ("PAT")	9.8	4.2	(45.6)	(1.8)	(10.1)
Basic earnings per share (sen)	1.4	0.8	(9.9)	(0.4)	(2.4)
Diluted earnings per share (sen)	1.3	0.8	(9.9)	(0.4)	(2.4)
FINANCIAL POSITIONS					
Total Shareholders' Equity	248	139	99	118	117
Total Assets	296	175	131	135	131
Total Liabilities	47	36	32	16	14
Net Assets Per Share (sen)	33	23	30	27	27

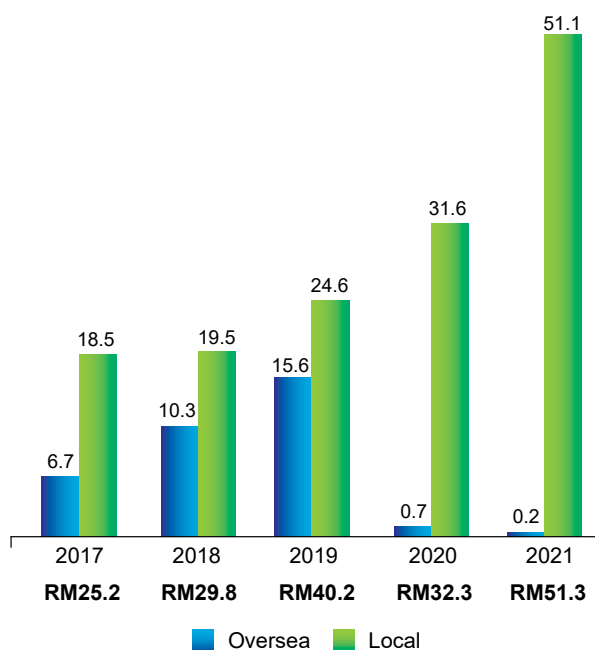
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Revenue

Analysis by location



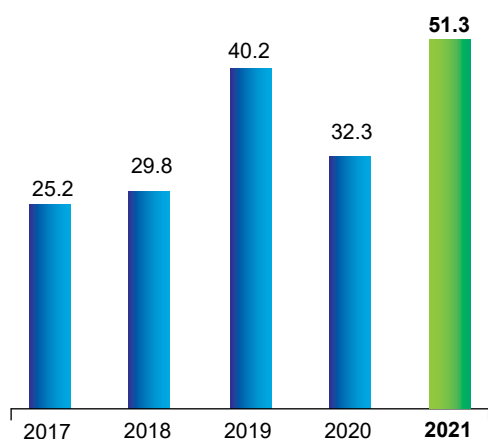
(RM Million)



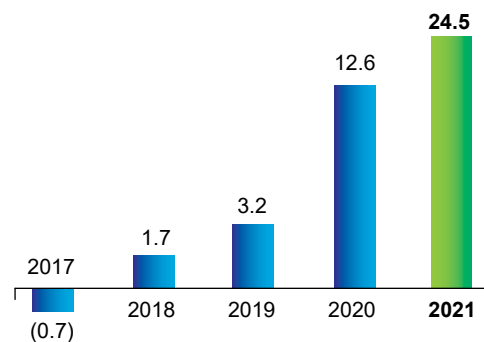
FINANCIAL HIGHLIGHTS

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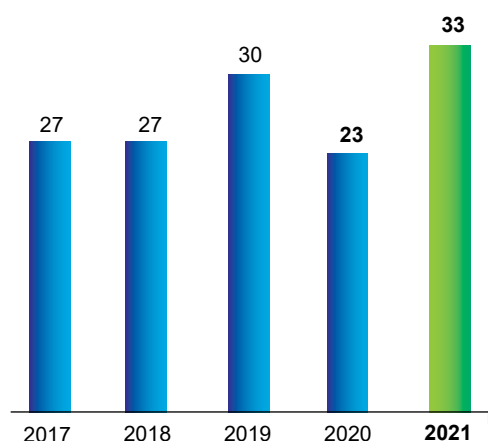
GROUP REVENUE (RM million)



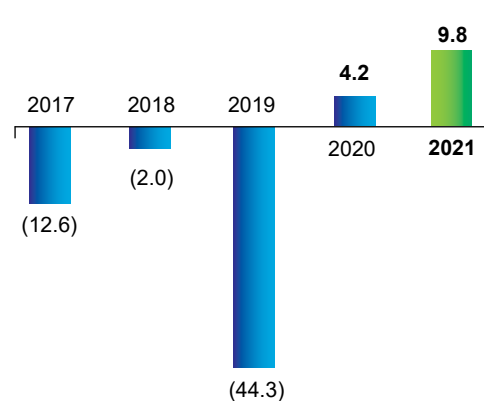
GROSS PROFIT (RM million)



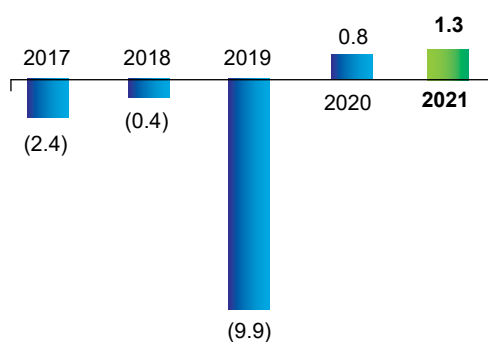
NET ASSET PER SHARE (Sen)



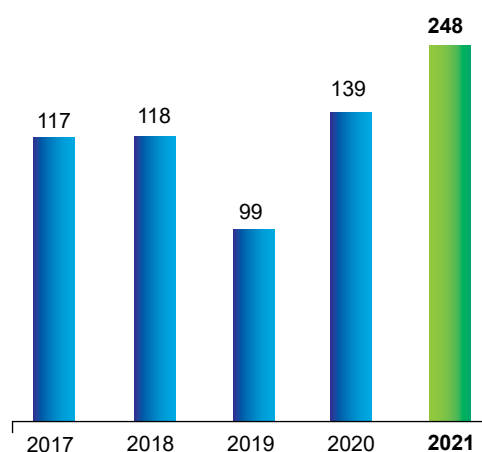
(LOSS)/PROFIT BEFORE TAX (RM million)



(LOSS)/EARNINGS PER SHARE (Sen)



SHAREHOLDERS' EQUITY (RM million)



DIRECTORS' PROFILE



**DATO' DR. HAJI SOHAIMI
BIN SHAHADAN**

Age 53, Male, Malaysian

Independent Non-Executive Chairman

Qualifications

1. Bachelor Degree in Business Administration from Universiti Kebangsaan Malaysia.
2. Master Degree in Business Administration from West Coast Institute of Technology and Management, Perth, Australia.
3. Master Degree in Corporate Communication from University Pertanian Malaysia.
4. 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' Dr. Haji Sohaimi had been re-designated as an Independent Non-Executive Chairman.

He is Independent Non-Executive Director for Trive Property Group Berhad since 2018, Director of Quantum Solar Park, Malaysia, the Director of Taichi Builders Sdn Bhd and the Chairman of KYS Business School 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) an investment entity for Majlis Amanah Rakyat (MARA) from 2013 to 2015 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 from 2014 to 2019, the Committee Member of Selangor Malay Chamber of Commerce Malaysia (DPMM) (2009 - 2010), the Patron of Consortium Cartoonist at Work (CaW), and the Entrepreneurs Speaker for Institute Keusahawan Negara (INSKEN). Currently, he has been appointed as President of Asean Chambers of Commerce and Industry (from 2020 till now).

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 is also the Chairman and Founder of 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. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



DATO' LIM THIAM HUAT

Age 58, Male, Malaysian

Managing Director, Member of Employees'
Share Option Scheme

Qualifications

1. Federal Institute of Technology- Building Technology.

Work Experience

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.

He is a member of Employees' Share Option Scheme.

He does not hold any directorships in any other public listed companies. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



KELLY LIM KAH YEN

Age 31, Female, Malaysian
Executive Director, Member of Employees' Share Option Scheme

Qualifications

1. Bachelor's Degree in Biological Science from University of Exeter, United Kingdom.
2. Master's Degree in Biotechnology, Bioprocessing and Business Management from University of Warwick, United Kingdom.
3. Pulp and Paper-Making Technology course at Shaanxi University of Science and Technology, China.

Work Experience

She was appointed to the Board on 07 November 2019.

She is the Executive Director of Nextgreen Pulp & Paper Sdn. Bhd. and was appointed a Group Director in November 2019. Being a member of the Group's planning committee, her responsibility includes the development of Green Technology Park (GTP) since 2016 and implementing the Group's direction in the manufacturing division and in the other sustainable divisions of the Group. Her primary responsibility is for R&D in green products and in the application of PRC-RBMP technologies in the Group's manufacturing processes and production. She leads the Group's efforts in the commercialisation of the lignin extraction from black liquor derived from the pulp processing operations. She is also actively involved in the company's operations, strategic planning, and business development, which includes establishing collaborative relationships with potential business partners and clients.

She is a member of Employees' Share Option Scheme.

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

She does not hold any directorship in any other public listed companies. She has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



DATO' MOHD YUSOF BIN DIN

Age 50, Male, Malaysian
Non-Independent Non-Executive
Director, Member of Employees'
Share Option Scheme

Qualifications

1. Bachelor in Islamic Studies (Hons) from University Kebangsaan Malaysia.

Work Experience

He was appointed to the Board on 4 August 2020.

Dato' Mohd Yusof Bin Din began his career as a Research Officer in 1996 with Institut Perkembangan Minda ("INMIND"), a company closely link to Selangor State Government until 2013. He was actively involved in publication, organizing symposium in national level and many more. Due to his active involvement and dedication, he was subsequently promoted to Head of Department and later in the year of 2008 he was appointed as the General Manager overseeing the entire operations and management in INMIND.

In the year 2013, Dato' Mohd Yusof Din was appointed as the Director of Institute Wasatiyyah Malaysia, Prime Minister Department from 2013 till 2018. One of the greatest achievements during his administration was establishing Dasar Wasatiyyah Negara with strategic involvement in education, youth empowerment, economic development, legal administration, social unity, defence and national safety.

Other active involvement, Dato' Mohd Yusof is a Chairman of Syariah Committee, Koperasi Sahabat Amanah Ikhthiar Malaysia Berhad since 2017 till current. He is also the member of Syariah Committee in Koperasi Permodalan Felda Malaysia Berhad and also holds position as advisor in Rumah Kartunis Malaysia.

He is a member of Employees' Share Option Scheme.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



DATO' DR KOE SENG KHENG

Age 51, Male, Malaysian

Independent Non-Executive Director
Chairman of Remuneration Committee
and Employees' Share Option Scheme
Member of Audit Committee and
Nomination Committee

Qualifications

1. Bachelor Degree of Business Administration
2. Master Degree in Business Administration
3. PhD in Business Administration, 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.

In 2012, he was awarded DIMP, which carries the title "Dato", by the Sultan of Pahang.

He is the Chairman of the Remuneration Committee, Employees' Share Option Scheme and a member of Audit Committee and Nomination Committee.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



TEH CHAU CHIN

Age 56, Male, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee and
Remuneration Committee

Qualifications

1. Member of the Malaysian Institute of Accountants
2. Fellow Member of the Chartered Association of Certified Accountants, Chartered Association of Certified Accountants (ACCA), United Kingdom.
3. Chartered Member of the Institute of Internal Auditors Malaysia.
4. Certified Internal Auditor, the Institute of Internal Auditors.
5. Certificate Crisis Management and Business Continuity Management, MIT
6. Certification in Risk Management Assurance from CRMA, Institute of Internal Auditors

Work Experience

He was appointed to the Board of our Company on 30 September 2020.

Teh Chau Chin has more than 25 years of experience in financial and internal audit, enterprise risk management, corruption prevention and other governance, risk and compliance advisory services.

He was one of the Executive Directors at KPMG Bangkok and an Associate Director at KPMG Malaysia in the Risk Advisory and Compliance Services. Subsequent to KPMG, he served 2 years as the Chief Risk Officer of a public listed company in Malaysia and later joined Malaysian Anti-Corruption Commission (MACC) on a 2-year contract to assist setting up the Enterprise Risk Management framework (ERM) for MACC, developing MACC's Corruption Risk Management (CRM) methodology and services for public and private sectors, and assist in private sector engagement initiatives. Currently, he manages a company which offers advisory services on governance and integrity framework, anti-corruption compliance and corruption risk management.

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

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DIRECTORS' PROFILE

(continued)



TAN MENG CHAI

Age 61, Male, Malaysian

Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee and
Remuneration Committee

Qualifications

1. Fellow of Association of Certified and Chartered Accountants, Association of Certified and Chartered Accountants (FCCA), United Kingdom.

Work Experience

He was appointed to the Board of our Company on 30 September 2020.

Tan Meng Chai started his career as an auditor before joining the corporate world and had since held several senior positions in different organizations including the current role as an Independent Non-Executive Director of EquitiesTracker Holdings Berhad.

In his more than 25 years of working experience before joining the consultancy world, he had also taken on roles in sales, human resources, and IT in both service and manufacturing environments. His regional experience included businesses in Hong Kong, Indonesia, Singapore and Malaysia. His vast experience in driving for business results has equipped him with a strong understanding of leadership, the importance of inter-department relationships and managing stakeholder expectations.

He was a senior consultant with Development Dimension International ("DDI") from 2010 to 2022. DDI is a leading global leadership development and human resources consulting firm with responsibilities for delivering performance management and leadership development programs. At DDI, he had undertaken various people development projects for mid and senior business leaders to address core leadership competencies and behaviors for locally listed and multinational entities.

He is an accredited coach with International Coaching Federation. He coaches business owners and leaders on organizational and people performances.

He had previously served as a member of the ACCA Malaysia Advisory Committee 2004-2010 providing strategic advice to ACCA Malaysia on matters affecting its members and students.

He authored a career guide book for employees.

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

Currently, Tan Meng Chai holds directorship in EquitiesTracker Holdings Berhad. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

KEY MANAGEMENT TEAM'S PROFILE



GEORGE TAN BOON SIM

Age 61, Male, Malaysian
Chief Operating Officer



**WAN NOOR AZHAN BIN WAN
SHAHRUDDEN, CA (M)**

Age 42, Male, Malaysian
Group Accountant



KHOO KIM POH

Age 62, Male, Malaysian
Chief Operating Officer

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, charting longterm 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 longterm strategic plan.

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

He joined the Group in June 2020 as Group Accountant to oversee both the compliance and commercial aspects of the finance functions of the Group such as financial reporting, budgeting, corporate matters, reporting, internal control, regulation, analysis, corporate finance and taxation of the Group.

He held a Diploma in Accountancy and Degree of Bachelor in Accounting from Universiti Kebangsaan Malaysia and member of Malaysian Institute of Accountant (MIA)

He was a former Deputy CFO of Censof Holding Berhad, and prior to joining NGGB Group, he was working with a start-up private limited company as corporate advisory to setting up the company structure, SOPs, business plan etc. He brings 20 years' experience inclusive of eight (8) year experiences working with PLC as a Chartered Accountant.

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

Khoo Kim Poh joined the Group in February 2022 as the COO in charge of the Property and Construction Division.

He graduated with a Civil Engineering degree from Universiti Malaya (UM) in 1984, before obtaining an MBA (Finance) from the University of Hull, UK. He is also a holder of Bachelor of Laws degree from the University of London.

He brings along with him more than 37 years of working experience in the construction & engineering sector involving all stages of works, ranging from project ideation, concept planning, detailed engineering, to project implementation, administration and handover.

Throughout his career, he established proficiencies in general civil engineering & construction covering geotechnical and heavy foundations works, infrastructure & substructure works, roads, interchanges & bridges, golf course and army camp, as well as specialist areas such as water & wastewater treatment plants, horizontal directional drilling (HDD) and reclamation works.

He does not hold any directorship in any public companies and listed organizations in Malaysia.

KEY MANAGEMENT TEAM'S PROFILE

(continued)



YONG CHEE HOOI

Age 45, Male, Malaysian
Production Manager



DAVID TEH CHENG LIM

Age 56, Male, Malaysian
Head of Internal Audit



ESTHER TEH THENG YINN

Age 39, Female, Malaysian
Head of Sustainability

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He has joined our Group since 2020 as a Production Manager. He has more than 25 years' experience in Printing Industries. He plans and organize all the production schedules and responsible in assessing projects and resource requirements. As a Production Manager, he also ensuring the health and safety regulations are met.

Before joining us, he was a Factory Manager and fully responsible in planning, organizing the overall factory productions and schedules. He also managed more than 100 employees and able to create and enforce quality control Standard Operating Procedures under ISO 9001. Other than involve in management level, he also familiar in operating Machines, eg: Heidelberg SM74, Komori L426.

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

Mr. David Teh Cheng Lim (David) was appointed the Head of Internal Audit of Nextgreen Global Group on August 1, 2021. David is a Fellow member of the Association of Chartered Certified Accountants, Association of Chartered Certified Accountants, United Kingdom. In addition, he is also a Chartered Member of the Institute of Internal Auditors Malaysia and a Certified Anti Money Laundering Specialist.

David brings to the Nextgreen Group over 25 years of experience in governance, risk and controls, anti-bribery & anti-corruption, anti-money laundering and compliance.

He has diverse governance, risk, controls, anti-bribery & anti-corruption, anti-money laundering experience in a wide variety of industries such as agriculture, plantation and mills, manufacturing of fast-moving consumer goods, property development, property construction, education, hospitality, food & beverage, motors, retailing & trading, roads & highway development and maintenance, forestry & timber and gaming (casino). His experience was gained in Malaysia and overseas.

He does not hold any directorship in any public companies and listed organizations in Malaysia.

Esther joined the Company in 2021 as the Head of Sustainability. Her experience in the field of sustainability includes sustainability reporting, stakeholder engagement, research and benchmarking studies. She has more than 10 years of experience working in the corporate and consulting sector, across a range of industries — agriculture, construction, food and beverage, infrastructure, manufacturing, retail, property development and technology.

She holds a Master of International Communication Studies from the University of Nottingham Ningbo, China (UNNC) and a Master of Business Administration from Universiti Tunku Abdul Rahman (UTAR). Esther is also a Global Reporting Initiative (GRI) Certified Sustainability Professional, a certified 2030 Sustainable Development Goals (SDGs) Game facilitator and an AFS International Qualified Trainer on Intercultural Learning.

She 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

Dear Valued Shareholders,

“I am delighted to report that Nextgreen Global Berhad (“Nextgreen” or “the Group”) successfully delivered the turnaround performance for the financial year ended 31 December 2021 (“FYE 2021”), which was our 2nd year of positive turnaround after three years of consecutive losses. Our success story is largely owing to our Green Technology Park project in spite of restraint order during the MCO during first half year of 2021 to stem the tide of the pandemic. National Recovery Plan (NRP) was introduced and commenced in June 2021 by the government to help the country emerge from the COVID-19 pandemic and its economic fallout has benefited us to position our business operations back on track to overcome the shortfall during that period.”

Dato’ Lim Thiam Huat, Group Managing Director
29 April 2022

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Latest photo of Phase 1A - Pulp & Paper Manufacturing Plant in GTP, Pekan.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The Group's Business

Nextgreen was known as printing and publishing group of companies when it was listed in Bursa Malaysia in 2007. Thru the EGM back in 2015, mandate from the shareholders was obtained to diversify its principally activities to other businesses and since then Nextgreen become one of fast-growing diversified group of companies in Malaysia. As of now, the Group are organised into four operating division namely Printing & Publishing, Property & Construction, Utility & Renewable Energy and Manufacturing. During the financial year ended 31 December 2021, only three division were in the operation whereby the Manufacturing division is yet to commences its production. Nevertheless, the appointed main contractor is process of obtaining the Certificate of Practical Completion ("CPC") from the qualified consultant and expected to handed over the vacant possession in January 2022.

Beginning of year 2021, the Group has acquired 70% stake in Osmocell Malaysia Sdn Bhd ("Osmocell") for the purchase consideration of RM350,000. Osmocell is principally involved in the design, engineering and construction of water and waste water treatment system, seawater desalination, surface water and process water purification and trading the treatment chemical and equipment. Osmocell was in this industry for eight years. It was the opportunity for the Group to strategically position itself to participate in this industry. Besides, with the current size of the GTP (410 acre), the demand for the treated water will be huge and simultaneously it will also increase the demand for the wastewater treatment. The replacement market is a growing market, as there is a constant requirement for replacement of parts and services. The continuous maintenance, up-gradation and expansion of existing water supply systems to improve treatment efficiency is a major factor in the growth of the Malaysian water and wastewater equipment market. In view of the positive outlook for the water and wastewater treatment industry, the new subsidiary is expected to contribute positively to the future earnings and cash flows of the Group and long-term revenue and profits.

Our wholly owned subsidiary, Ultimate Ivory Sdn Bhd continue to be a main contributor to the Group's growth for two consecutive years via its business operation as sole design and built developer for the development of our 410-acre Green Technology Park ("GTP") in Paloh Hinai, Pekan, Pahang.

Meanwhile, our first pulp and paper manufacturing plant in GTP which to be operated by the Nextgreen Pulp & Paper Sdn Bhd is yet to be ready to commence its commercial production during the financial year 2021. However, on the date of this report, the plant has been completed and the CPC has been obtained from the qualified consultant, Messrs Perunding CMF Sdn Bhd. The plant is now on scheduled for three months production trial run where the first trial run has been commenced on March 3rd 2022.

As for BHS Book Printing Sdn Bhd, commercial printing has demonstrated decline in demand due to the rise of digitalisation in recent years. The company has shifted its business focus to offer box and packaging printing service to remain competitive in the printing industry.

The Group's brief insights on key financial and operating information was discussed in the section of "Segmental Performance Analysis" within this Management Discussion and Analysis.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Group Strategies Overview

Our core performance objectives:

Profitable & Revenue growth	Solid Returns on Capital Employed	Strong Cash Generation
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Our key strategic drivers:

Maintain prudent financial profile	Drive strong cash generation. Employ diligent monitoring of both operating and capital costs. Capacity to accommodate growth.
Strengthen core businesses	Drive margin improvement by enhancing cost and production efficiency. Grow market share through expansion of existing operations and entry into new markets.
Leverage on market opportunities	Seek new market opportunities by leveraging on our industry knowledge & expertise to provide competitive advantage amid changing market and customer demands.
Establish strong pillars for future growth	Explore partnerships and investments in select new engines for growth. Develop people to grow the talent pool. Maintain strong and good governance.

Our three sustainability values

Environmental	Social	Governance
Environmental & social responsibility in our supply chain	Building trusting relationships with stakeholders Health, safety & development of our employees and communities	Governance & responsible business practices Operational & Resource efficiency

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Comparative key financial overview

		2021	2020	Increased/ (decreased)	Change %
Revenue	RM Million	51.29	32.28	19.01	59%
Cost of sales ("COS")	RM Million	26.77	19.69	7.08	36%
Gross Profit	RM Million	24.52	12.58	11.94	95%
Earnings/ (loss) before interest and tax ("EBIT")	RM Million	11.50	5.44	6.06	111%
Profit/ (loss) before tax ("PBT")	RM Million	9.81	4.18	5.63	135%
Profit/ (loss) after tax ("PAT")	RM Million	9.82	4.17	5.65	136%
Profit after tax and minority interest ("PATAMI")	RM Million	9.90	4.23	5.67	134%
Shareholders' equity	RM Million	248.06	139.43	108.63	78%
Total assets	RM Million	295.51	175.09	120.42	69%
Total liabilities	RM Million	47.45	35.66	11.79	33%
Reserves	RM Million	(14.79)	(32.08)	17.29	54%
Net asset per share	sen	32.51	23.46	9.05	39%
Basic earnings per share	sen	1.44	0.77	0.67	87%
Diluted earnings per share	sen	1.30	0.77	0.53	69%

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Segmental revenue (RM Million)

	Total	Intragroup	Net	Contribution
Financial year ended 31 Dec 2021				
Property & Construction	93.40	(55.67)	37.73	74%
Printing & Publishing	9.23	(1.01)	8.22	16%
Manufacturing	-	-	-	-
Utility & Renewable Energy	5.50	(0.15)	5.35	10%
Others	0.19	(0.19)	-	-
Total	108.31	(57.01)	51.29	100%

	Total	Intragroup	Net	Contribution
Financial year ended 31 Dec 2020				
Property & Construction	23.31	-	23.31	72%
Printing & Publishing	9.93	(0.96)	8.97	28%
Manufacturing	-	-	-	-
Utility & Renewable Energy	-	-	-	-
Others	0.20	(0.20)	-	-
Total	33.44	(1.24)	32.28	100%

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The Group registered year-on-year revenue of RM51.29 million in FYE 2021, marking a 59% increase from revenue of RM32.28 million gathered in the preceding year. The year's robust performance was driven by the good progress made by Property & Construction division which contributed an increase of RM14.42. Our new acquired subsidiary under the Utility and Renewable Energy division contributed new revenue stream to the Group amounting to RM5.35 million in the current financial year.

The revenue for the financial year 2021 of RM51.29 million derived from three business division which was largely attributable to the Property & Construction division amounting to RM37.23 million, or 74% of the Group's revenue. The higher revenue is solely back of bigger sub-divided land sold by Ultimate Ivory Sdn Bhd in Green Technology Park. Printing and Publishing division with two operating companies namely BHS Book Printing Sdn Bhd and Pustaka Sistem Pelajaran Sdn Bhd contribute RM8.22 million or 16% of the Group's revenue which was largely supported by the printing services in Box and Packaging segment. Our newly acquired subsidiary namely Osmocell Malaysia Sdn Bhd, under Utility & Renewable Energy division contributed new stream of revenue to the Group amounting to RM5.35 million or 10% of the Group's revenue.

The Group's profit before tax ("PBT") rose by 135% to RM9.81 million in FYE 2021. This increase is a much welcome improvement from FYE 2020's profit before tax ("PBT") of RM4.18. The significant hike in PBT was primarily due to higher profit contributions from our Property and Construction division which turned in a PBT of RM12.46 million to RM31.94 million. In spite of hike in PBT contributed solely by this division, it has been largely offset by the loss before tax ("LBT") registered by two division namely Holding company and Manufacturing division. The Holding company had recorded RM12.06 million LBT which was mainly due to the non-cash expenses of ESOS issuance cost of RM7.14 million while Manufacturing division recorded LBT of RM5.91 million primarily due to high pre-operating expenses incurred during the year as the completion of its Pulp and Paper making plant & machineries has been delayed due to the restriction order which limits the workforces during the MCO over past 2 years.

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GROUP FINANCIAL PERFORMANCE

Comparative key financial overview

Profit after tax and minority interest ("PATAMI")

For the current financial year 2021, Group PATAMI increased from RM4.23 million to RM9.9 million on y-o-y basis in line with hike in Group revenue, reversal of impairment losses on PPE amounting to RM9.52 million. However, this impairment reversal has been partly offset with the non-cash ESOS issuance expenses of RM7.14 million. Correspondingly, earnings per share was recorded at higher at RM1.44 sen as compared to RM0.77 sen in last financial year based on weighted average of 689.5 million shares (2020: 546.2 million)

Net Asset

Total asset grew 69% to RM295.51 million largely attribute the increased in inventories (development cost) while Total liability increased by RM11.79 million from RM35.66 million in last financial year primarily due to new acquired subsidiary. Nevertheless, net asset per share grew 39% or RM9.05 sen from RM23.46 sen to RM32.51 sen

Shareholders' equity

Stood at RM248.06 million, representing an increase of RM108.63 million or 78% over the previous financial year in line with the increase in share capital and decrease of the Group's retained loss.

Group Funding Position

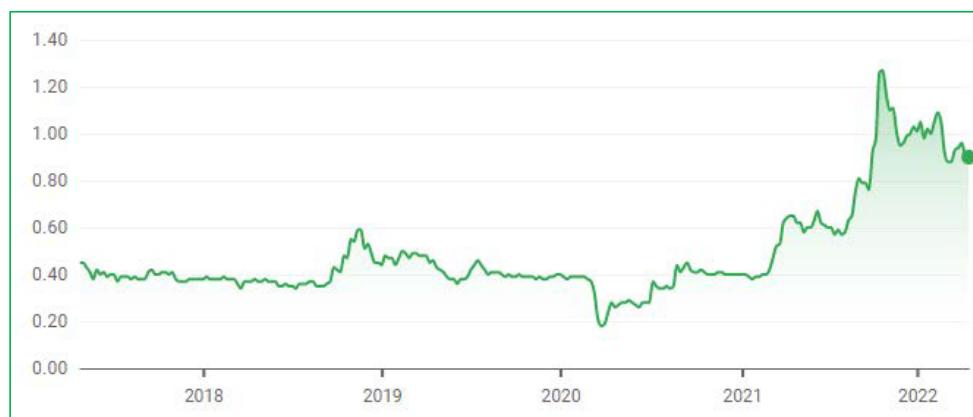
For the financial year in review, Group is depending on the interest free equity financing by way of issuance of new ordinary shares thru the Private Placement, ESOS and RCPS to support the financing for the completion of first Pulp and Paper manufacturing plant and other development activities at our 410-acre Green Technology Park. Alternatively, the Group had also secured the approval from the local bank for the sustainability financing. However, the loan is yet to be disburse during the financial year 2021. Correspondingly, the Group gearing ratio remain healthy which stood at 0.02 times. The Group's cash and cash equivalents improved to RM8.01 million at the end of the financial year in comparison to RM1.21 million in the preceding financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Share Price Trend

The five-year historical share prices for Nextgreen Global Berhad's shares traded on the Main Board of Bursa Malaysia Securities Berhad (22 April 2017 to 22 April 2022) are as follows:



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During the year, Nextgreen share price hit new high in 52 weeks at RM1.34. As at 31 Dec 2021, the share price close at RM1.03.

SEGMENTAL PERFORMANCE ANALYSIS

Segmental revenue & profit/ (loss) before tax

	2021	2020	Increase/ (decrease)
Segmental revenue (RM Million)			
Property & Construction	37.73	23.31	14.42
Printing & Publishing	8.22	8.97	(0.75)
Manufacturing	-	-	-
Utility & Renewable Energy	5.35	-	5.35
Others	-	-	-
Total	51.29	32.28	19.02

	2021	2020	Increase/ (decrease)
Segmental profit/ (loss) before tax (RM Million)			
Property & Construction	31.94	12.46	19.47
Printing & Publishing	(3.90)	(4.84)	0.94
Manufacturing	(5.91)	(3.76)	(2.15)
Utility & Renewable Energy	(0.15)	(0.01)	(0.14)
Others	(12.06)	(1.11)	(10.94)
Consolidation adjustment	(0.11)	1.44	
Total	9.81	4.18	5.63

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Property & Construction

As noted in the Group corporate structure, there are four companies registered under this division. During the financial year ended 31 December 2021, only Ultimate Ivory Sdn Bhd under this division was in the operation and posted the revenue for the division. The other subsidiary is remained dormant. The division registered an increase in revenue by RM14.42 million to RM37.73 million solely back of the higher sale of sub-divided land. This revenue however has excluded the intragroup sale amounting to RM55.67 million derived from selling of design and built Pulp and Paper building factory and land to Nextgreen Pulp and Paper Sdn Bhd.

During the year, 10 plot of sub-divided land with total of 49.507 acre has been sold to the local Green Tech and paper related industry player such as printing company and paper mill producer.

Bigger land acreage and higher selling price per square foot were the key factor driven to the division hike in revenue for as compared to same period in preceding year which demonstrated an increase of 61.9%. The division remains strong to drive the Group's revenue for two consecutive years which shown 74% of the Group's revenue derived from this division (2020:72%)

Property & Construction division's PBT improved to RM31.94 million from RM12.46 million recorded in preceding year which corresponded with the increased in revenue and Gross profit of for the current financial year. Besides, higher PBT was also supported by the reversal impairment losses on PPE under construction recognised in prior years amounting to RM9.52 million.

Printing & Publishing

BHS Book Printing Sdn Bhd and Pustaka Sistem Pelajaran Sdn Bhd remained competitive in the printing industry in spite of facing digitalisation which resulting the weaken demand in both local and overseas orders for printing of books, magazine and book publishing. Besides the revenue from overseas customer also were decline in recent year, and more significant impact during the pandemic as the overseas travel has been limited to contain the pandemic.

The division posted a revenue of RM8.22 million for the financial year under review, a slightly decreased by RM0.75 million, or 8.36% compared to the RM8.97 million recorded in prior year. In spite of having declining in demand for commercial printing for both local and overseas, the box & packaging segment shown a positive growth supported by continuous demand from local supplier and reseller of consumer products.

For the record, Pustaka Sistem Pelajaran Sdn Bhd has a remaining balance order book for the contract with Ministry of Education for printing and supply "Buku Aktiviti Pendidikan Keselamatan Jalan Raya Dalam Mata Pelajaran Bahasa Melayu untuk Sekolah Rendah" amounting to RM0.49 million

Result for the current financial year was primarily undermined by combination of declines in volumes as well as changes in order patterns for certain product segment. However, in spite of the earlier note on lower revenue and an increased in the expected credit loss on overseas trade customer, some cost saving initiative on indirect factory overhead, the division is able reduced the losses by 19.4% or RM0.94 million as compare to the loss before tax ("LBT") of RM4.84 million recorded in prior year.

SEGMENTAL PERFORMANCE ANALYSIS

Segmental revenue & profit/ (loss) before tax

Utility & Renewal Energy

Our newly acquired subsidiary is the only revenue contributor from this division and the other companies such as Nextgreen Energy Sdn Bhd, Nextgreen Biomass Sdn Bhd and Nextgreen Utility Sdn Bhd are remained dormant as those company are still at the planning stage. The RM5.35 million from this division was solely attributable to Osmocell, which was contributed 10% of the Group's revenue. Nevertheless, at the end financial year, Osmocell had a balance of order book from eight contract amounting to RM3.74 million. In spite of new revenue stream generated by this division to the Group for the current financial year. The division is yet to contribute profit to the group which recorded an increased of LBT by RM0.15 million which largely attributable to the Osmocell Sdn Bhd which has been book the LBT for the amount of RM0.13 million

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Manufacturing

There are three business segment of Group Manufacturing division namely, Pulp & Paper, Fertiliser and Animal Feed. Those segments are yet in the operation during the financial year 2021. Correspondingly, this division are suffered RM5.91 million loss before tax ("LBT"), which shown an increase of 57.2% from RM3.76 million LBT recorded in last financial year. The increase is primarily due to the combination factors such of as significant increase for professional and processing fee, rental for heavy machinery, staff salary and related expenses due to for Pulp & Paper segment. Those expenses have no exception but has to incurred during pre-operating stages. The other segment such as fertilizer and animal feed production are still at the planning stage and only incurred minimal pre-operating expenses such as administrative expenses.

Others

Holding company had suffered significant LBT for the current financial year. There was an increased by RM10.95 million to RM12.09 million. The increased in LBT is significantly due the combination of few factors such as recognition of ESOS issuance cost amounting to RM7.14 million, recognition of impairment losses on investment in subsidiary and amount due by the subsidiary for RM2.12 million and increased administrative expenses namely internal audit fee and salary cost as well as increased in finance cost. However, those recognition of impairment losses do not give any financial impact to Group profitability.

LOOKING FORWARD STATEMENT

The Government's initiatives and intensified vaccination program have curtailed the spread of COVID-19 infections driving the nation towards the readiness for the endemic phase. The announcement of **National Recovery Plan (NRP)** which has been implemented by phases had eased the economic recovery progressively.

Property & construction

The Group had participated in Expo 2020 Dubai which held in mid-year 2021. This event spearheaded by the Ministry of Science, Technology and Innovation (MOSTI) and co-organized by Malaysia Green Technology and Climate Change Corporation (MGTC) to promote the country's green technology industries to the global market. The division is expected to be able to attract foreign investment in coming years as well as local player from the industry-related

Printing & Publishing

The division is looking forward to resume sales & promotional activities locally and oversea. As noted earlier, revenue from box and packaging printing segment has a potential to grow. Moving forward, division's main focus is to strengthen the position in this segment for the local market as well as to recover the shortfall of the commercial printing segment in the African countries for past two years due to the pandemic.

Manufacturing

Pulp & Paper Manufacturing Plant under the Pulp & Paper segment expected to start generate revenue starting June 2022. The division is actively running the trial run which commenced in March 2022 and expected to end the trial run by May 2022. The plant was designed to produce 10,000 MT of Wood Free Paper and 2,000 MT Unbleached Pulp for Premium Packaging Paper. This manufacturing segment is expected to contribute constant annual turnover between RM30 to RM35 million. The other segment is yet to commence its operation as still at the planning stage.

Utility and Renewable Energy

The division especially Osmocell will continuously provide the product and services to the existing company as well as to promote their services and expertise to private company thru multiple business synergies. On the other hand, the order balance stood at RM3.74 million at financial year ended 31 December 2021 as a prove the ability of newly acquired subsidiary to sustain and contribute positive growth to the Group. Besides, giving the anticipated demand for water and waste water treatment in 410-acre GTP as alternative for the state water provider, Osmocell is expected augur well as supporting services to the Green Technology Park. The other segment is yet to commence its operation as still at the planning stage.

Looking to each division outlook and prospect, Group is expected positive growth in coming years. As the management team works together to steer the company and our employees expertly through a challenging playing field, Management confident that we will be able to make a good progress.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

SHARIAH COMMITTEE

The institutionalisation of a sound Shariah governance framework through the development of Shariah governance arrangements that operate effectively and appropriate to the company's size, nature of business, complexity of activities and structure is able to strengthen the confidence of stakeholders and public towards the company at large in its integrity, management and business operations. It also enables the management to develop and instil a holistic culture of Shariah compliance within the company which refers to the way in which the company complies with Shariah principles in its overall business, operations, affairs and activities.

The compliance with Shariah principles is a critical element to be observed in the business, operation, affairs and activities carried out by Nextgreen Global Berhad to retain the Shariah-compliant status of its securities at all times and reinforce a comprehensive and wholesome progression of Nextgreen as a public listed company. The mandate is to ensure the Shariah compliance relies on the Shariah Committee to be established by the company. The Shariah Committee is a key organ of governance and becomes part of the corporate governance framework in the company.

The objective of this Shariah Committees are as follows:

- To advise the Board and the Senior Management on Shariah-related matters to ensure compliance with Securities Commission requirements and other related Shariah rules and principles at all times.
- To advise and guide the company in the formulation of Shariah policies and guidelines and assist the company in upholding its image as a Shariah compliant company.
- Review the performances in the implementation and conformances to all related statutes and regulations and propose effective measures for further development and improvement.

Duties And Responsibilities of Shariah Committee

The main duties and responsibilities of the Group Shariah Committee are as follows:

- To ensure the Company to always be in compliance and be listed in the List of Shariah-compliant Securities by the Securities Commission
- To advise the Board and Senior Management on Shariah related matters in their business operation.
- To endorse Shariah policies and guidelines.
- To endorse and validate relevant documentations.
- To assist related parties on Shariah matters for advice upon request.
- To advise on matters to be referred to the Shariah Advisory Council.
- To provide written Shariah opinions on proposals prior to submission to the Board.

The term of reference ("TOR") and the establishment of the Shariah committee for the Group has been approved by the Board of Directors on 25 April 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

RISKS AND MITIGATION STRATEGIES

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:

Key area	Identified risk factors	Mitigation measures
Strategic risk	There is a risk that there may be changes in the composition of the Pahang State Government and could result in opposition governing the state. Having due consideration of the management team as well as the Pahang state government's participation in this project, the review team is of the view that the alienation of the 410 acres of irrevocable state land currently held by the state will eventually be transferred to Ultimate Ivory Sdn Bhd once the land matters are in place. However, a change in the government in the 15th GE may slow down administration in the authority and hamper the development of the project which might cause Ultimate Ivory not be able to deliver the project to investors on time.	Acknowledging this risk, the Management will be in constant collaboration with the Pahang State Government to ensure business relationship is maintained and developed for the best interest of the Pahang state as well as shareholders. Authority Liaison Manager and, an officer from the Director's office have been assigned to this project to follow-through. The Management anticipated that the ruling government will still control the state after the 15th GE as they have a solid and strong stranglehold in that region.
	Missing out on potential customers and potential markets could lead to stagnant or even inadequate sales revenue to drive the business forward and to provide reasonable return on investment and asset-utilisation to the company. Expected revenue from customers could not be achieved, hence could result in lack market coverage for the company's potential market and customers. This could impact the business objectives of the group.	In recognizing such risks, the Management have implemented risk response controls such as printing segment has been diversified to packaging printing market from previously book printing. Recognising the opportunities that paper segment has high market demand locally and overseas, the Senior Management have strengthened the sales team in the packaging team including to ensure paper orders will be delivered timely. In addition, letter of intent for EFB paper were received from local distributors, Crown Package and Marubeni. The purchase request from China and Japan have exceeded our first plant capacity. This has reduced the risk and impact of missing our potential customers.
Operational risk	Loss from operations due to inadequate, inefficient or ineffective internal processes, systems, policies, employee errors and events beyond the Group's control, which may lead to unexpected costs.	To mitigate the possibility of such losses, we continue to streamline the processes and systems across our business segments. This is helping us to improve and attain cost efficiencies as well as ensure operational effectiveness.
	Like every other business, the Group has to contend with the risk of fraudulent activities from both external and internal sources.	We continue to reinforce the design and ongoing effectiveness of our corporate governance, risk management and internal control measures. Code of Conduct and whistleblowing arrangements have been implemented to counter such risks.

CORPORATE SUSTAINABILITY STATEMENT

Statement overview

Today more than ever, the world needs businesses that can provide solutions to global challenges such as climate change, resource scarcity, biodiversity loss, inequality, global health and economic resilience. Businesses like ours, focused on converting sustainable development challenges into business opportunities, through innovative products, solutions, partnerships and the know-how need to step up.

This annual Corporate Sustainability Statement ("Statement") outlines how Nextgreen Global Berhad ("Nextgreen", "Company" or "Group") is transitioning into green and sustainable products as a driver to accelerate the national economy and promote sustainable development. We are embracing opportunities to strengthen our focus on all aspects of sustainability, including embedding the four pillars that are aligned with the Sustainable Development Goals ("SDGs") and principal environment, social and governance ("ESG") domains – Principles of governance, Planet, People and Prosperity – into our strategy, business processes and decision-making.

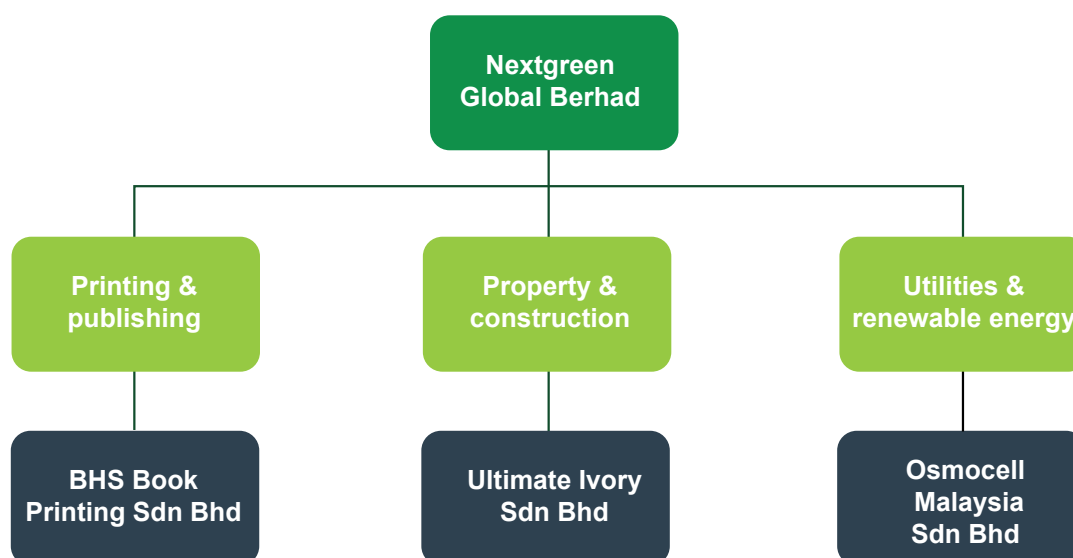
Statement of use, reporting scope and data

Nextgreen has reported in accordance with the Global Reporting Initiative ("GRI") Standards for the period from 1 January 2021 to 31 December 2021. While this Statement provides a review of the activities and development in 2021, there are also significant inclusions outside the reporting period.

This Statement covers material sustainability aspects of Nextgreen and its operating businesses. While we aspire to present our reporting boundary across all subsidiaries, the focus for this Statement will cover the most significant operations and activities.

Data in this Statement has been verified and validated by the respective companies or data owners. We strive to report against reliable data and improve on the quality of our disclosures. Progressively we shall endeavour to expand our reporting across the Group.

Reporting scope



Contact us

Nextgreen appreciates any feedback which will help the Company improve future reporting and communication with stakeholders. We invite you to send your comments or suggestions to any of the contact points located at the back cover of this Annual Report.

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Establishing priorities through materiality assessment

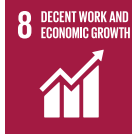
An important step in preparing this Statement is to cover topics and indicators that reflect our significant environmental, social, governance and economic impacts; as well as issues that would substantively influence the assessments and decisions of our stakeholders. The content of this Statement is based on the results of a materiality assessment, a process initiated in 2021.

We conducted a formal materiality assessment to ensure we accurately consider a broad range of perspectives through desktop research (i.e. industry review and standards, peer benchmarking), workshops, cross-functional discussions, meetings and surveys. This assessment, spearheaded by the Nextgreen Group Sustainability team, facilitated the materiality assessments at the subsidiary level before it was escalated to be compiled and reviewed at the Group level.

We also engaged with prioritised stakeholders to solicit input on the importance of the identified material matters to them. While materiality is an important input into our disclosure, it is not the only consideration. The content of this Statement also reflects the interests and needs of relevant sustainability/ ESG frameworks (i.e. Bursa Malaysia's Sustainability Reporting Guide, Global Reporting Initiative ("GRI"), Sustainable Development Goals ("SDGs"), United Nations Global Compact ("UNGC"), amongst the few) and ratings (i.e. FTSE4Good Bursa Malaysia Index) to guide our disclosures. Our goal for this Statement to satisfy the interests of stakeholders through coverage of our most material topics and to discuss other topics that are reflective of our corporate priorities and strategy.

Nextgreen's list of material priorities, as reviewed and approved by the Managing Director and Executive Director, are aligned with the SDGs.

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Pillars	Material topics	Sustainable Development Goals (SDGs)
Principles of governance	- Anti-bribery and anti-corruption - Corporate governance - Compliance (economic, environmental and social)	
Planet	- Zero waste and circular economy - Raw material sources - Renewable energy	   
People	- Employee hiring and retention - Health and safety - Training and development	  
Prosperity	- Community investment - Financial performance - Research and Development ("R&D") innovation - Public-private partnerships	  

Being part of the responsible ecosystem

The sustainability ecosystem has evolved over the years. Frameworks and pledges have been developed to push companies to commit to ESG efforts. As Nextgreen continues to progress, we aim to expand our support and adoption of sustainability-related frameworks.

Building a better future with the UNGC and SDGs

Nextgreen Global Berhad pledged its support to the principled-based framework – United Nations Global Compact ("UNGC"), the world's largest corporate sustainability initiative, on 3 May 2021. Doing so amplifies our support for the UNGC's Ten Principles and to take action in support of the 17 Sustainable Development Goals ("SDGs"). We are working to align the UNGC's – ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption – and SDGs integration into our business strategy, culture, and daily operations.

As a participant of the UNGC, we participated in two Accelerator Programmes in 2021. The first – Climate Ambition Accelerator – to equip companies like us with the knowledge and skills needed to accelerate progress towards setting science-based emissions reduction targets aligned with the 1.5°C pathway, setting us on a path towards net-zero emissions by 2050. The second – SDG Ambition Accelerator – enables companies like us to move beyond incremental progress and step-up transformative change, unlocking business value, building business resilience and enabling long-term growth.

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Demonstrating support towards sustainable palm oil value chain

We recognise our responsibilities regarding the purchase and use of our raw materials. We have indirect involvement in the palm oil supply chain, in that we are using palm oil biomass residues, specifically empty fruit bunches (“EFB”) to manufacture pulp and paper. For this reason, we are committed to ensuring that the ingredients for our products are from sustainable sources. We have been an affiliate member of the Roundtable Sustainable Palm Oil (“RSPO”) since 1 November 2018.

Stakeholder engagement

Our stakeholders are defined as individuals or organisations that are affected by Nextgreen's business decision, policies and objectives. We recognise that stakeholder needs are dynamic and that we need to be responsive to the evolving stakeholder landscape.

Key stakeholder groups	Key engagement activities	Topics Raised
Academic associations and research institutions	- Career fairs - Knowledge transfer - Memorandum of understanding (“MoU”) / Memorandum of agreement (“MoA”) - Research and development collaborations	- Creating talent pipeline - On-the-job training programmes - Product innovation
Customers	- Company website and social media - Customer satisfaction platforms i.e., emails, phone calls, surveys, visits - Letter of intent (“LoI”) - Ongoing dialogue, negotiations and account management - Trade fairs	- Carbon footprint - Consistent supply of products and quality - Product pricing - Public awareness on sustainable products, EFB, pulp and paper products using EFB as a raw material
Employees	- Bi-annual performance management system reviews - Bulletin boards - Employee/ safety handbook - Supervisory and toolbox meetings - Trainings and workshops - Workplace meetings	- Employee performance - Employee Share Option Scheme (“ESOS”) - Health and safety - Hiring and retention
Government (national and local), regulatory bodies and industrial associations	- Association web portal - Company representation at industrial association initiatives - Multi-stakeholder collaborations and partnerships - Presentations and submissions to government - Progress update meetings - Seminars and forums - Site visits	- Boost exports and reduce imports - Contribution to society i.e. creating employment and supporting local economy - Green products and certification e.g. MyHIJAU - Zero waste
Local communities and non-governmental organisations (“NGOs”)	- Dialogue meetings - Sponsorship and local community projects - Village visits	- Flood aid - Indigenous people (orang asli) - Social investment programmes e.g. job opportunities
Shareholders, investors and bankers	- Annual General Meeting (“AGM”)/ Extraordinary General Meeting (“EGM”) - Annual and financial reports - Company announcements - Company website - Investor indices and rating agencies - Investor relations programme	- Business model, viability and risk - Production timeliness - Profitability - Sustainability financing
Suppliers and sub-contractors	- Follow-up meetings - Request for tenders and procurements - Supervisory and toolbox meetings	- Availability of construction materials supply and on-time delivery - Raw materials demand - Securing future construction works in Green Technology Park (“GTP”), Pekan - Use of local suppliers

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Principles of governance

Strong governance is fundamental to building a resilient and successful organisation, as well as ensuring accountability and building credibility with stakeholders. Nextgreen has put up a clear and effective governance structure for monitoring and managing its sustainability commitments, with the main objectives being transparency and continuous improvement.

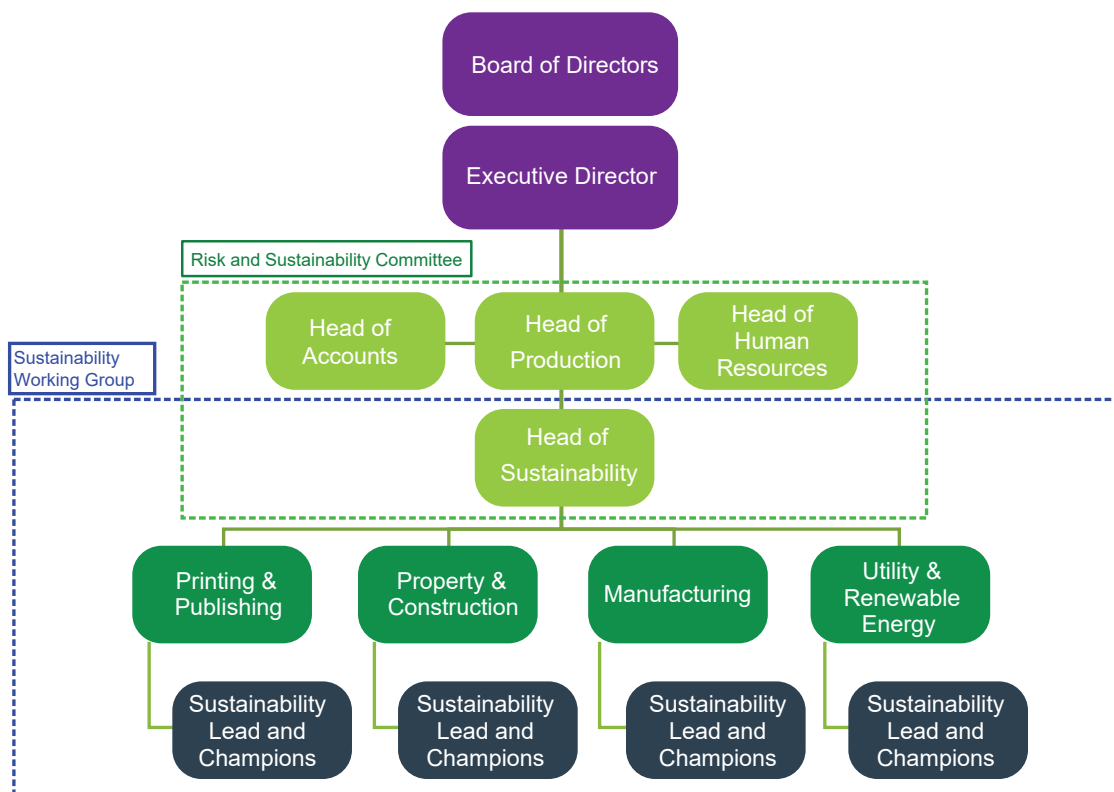
Building an effective sustainability governance structure

Leadership and top-level commitment demonstrate that sustainability is a priority for the company. The Board of Directors has the overall responsibility to ensure that it supports and integrates the recommended sustainability considerations in its decision. The Executive Director oversees the management of corporate sustainability – identifying, assessing, managing and recommending the best course of action. The Risk and Sustainability Committee, comprising heads of various departments supports the Executive Director and is part of the Sustainability Steering Group who sets the sustainability direction for the Group.

In 2021, the Group enhanced the sustainability management by including a newly dedicated sustainability function. The Head of Sustainability oversees the Sustainability Working Group to implement and track the strategies and initiatives within the Group and across the various businesses. By default, the head of each subsidiary is the Sustainability Lead; and is supported by Sustainability Champions who are responsible to promote and drive sustainability within the subsidiary.

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Nextgreen's sustainability governance structure



Anti-bribery and anti-corruption

Nextgreen adopts a zero-tolerance policy against all forms of bribery and corruption in our business, including any third-party or business associate dealings. In view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("Amendment Act 2018"), the Group put in place an Anti-Bribery and Anti-Corruption ("ABAC") Policy and Handbook in April 2020, ahead of the effect date of the Amendment Act 2018 in June 2020. Our participation in the UNGC clarifies our corporate stance in the area of anti-corruption, in that business should work against corruption in all its forms, including extortion and bribery. In 2021, there were no recorded cases in relation to bribery and corruption.

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Communication and training of the ABAC Policy

The ABAC Policy, available on the company website, is communicated to all directors, employees and third-party or business associates (i.e. vendors, contractors, sub-contractors, consultants, agents, representatives, tenants and other intermediaries who are performing work or services, for and on behalf of the Group). Nextgreen's directors and employees participate in an e-training programme, which is monitored and recorded to ensure we achieve a 100% participation rate. We also extend our communication of the ABAC Policy to our business associates, who are encouraged to acknowledge and agree with the terms and conditions set out in the ABAC Policy.



On-site corruption risk assessment with BHS Book Printing Sdn Bhd management team on 10 December 2021



Anti-bribery and anti-corruption training with BHS Book Printing Sdn Bhd workers on 28 December 2021

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Planet

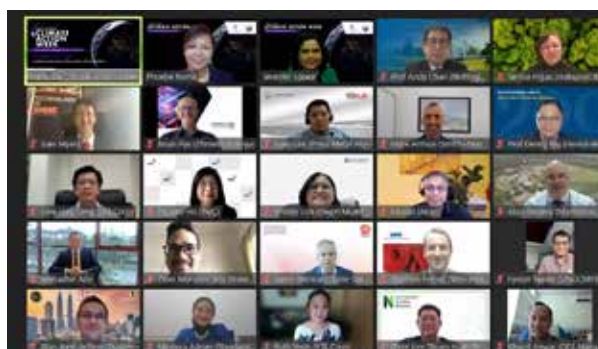
We work towards taking the necessary steps to ensure our business operates towards the direction that safeguards our planet. We constantly find ways to minimise impact in the environment, increase climate change resilience, and manage our use of natural resources such as raw materials, land, energy, and water that supports the needs of the present and future generation. We comply to the environmental regulatory requirements and monitor potential pollution within our operations. In 2021, there were no environmental-related fines that was subjected to our Company.

Tackling climate change

The effect of climate change is profound and can impact the natural environment and communities in which we operate, as well as our business and supply chain. To secure access to resources, we need to build a climate-resilient business and work with our suppliers closely to address any risks arising from climate change. By addressing climate risks and opportunities across our value chain, we can ensure the long-term sustainability of our business.

Taking the first step to address climate change

On 28 October 2021, Nextgreen Global Berhad signed the British Malaysian Chamber of Commerce ("BMCC") Climate Action Pledge. This pledge highlights our commitment to raise awareness about climate change and implement climate-related initiatives such as conducting training sessions for our employees to socialise the subject matter, embed processes internally, build capacity and skills to implement climate-related goals in our operations.



Organisations committing to the BMCC Climate Action Pledge

CORPORATE SUSTAINABILITY STATEMENT

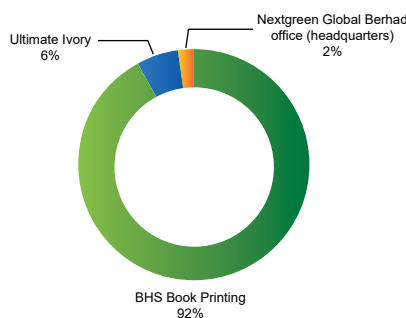
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Electricity consumption

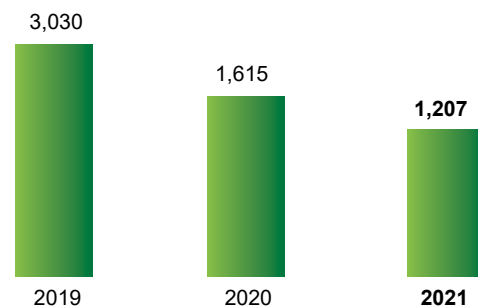
In 2021, our total electricity consumption of 1,307 MWh is mainly contributed by our printing and publishing arm, where 92% was from BHS Book Printing Sdn Bhd ("BHS Book Printing"). The remaining consumption are by Ultimate Ivory Sdn Bhd's ("Ultimate Ivory") site office and headquarters, Nextgreen Global Berhad's office at 6% and 2% respectively.

We saw a 25% decrease for BHS Book Printing's electricity consumption in 2021. In this period, BHS Book Printing did not use the web offset printing machine, commonly used for printing books and consumes a high amount of electricity. Additional efforts by the subsidiary include switching light bulbs to LED resulting to improved lightings in the operations area and optimising machineries through regular maintenance.

Breakdown of electricity consumption in 2021, %



BHS Book Printing's electricity consumption in 2021, MWh



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Non-renewable fuel consumed – BHS Book Printing	2019	2020	2021
Liquefied petroleum gas ("LPG"), kg	31,535	5,195	0

Note: LPG is used in the web offset printing machine.

Exploring alternative energy sources

Solar-street lighting has been installed in GTP, Pekan as one of the strategies for energy reduction. As opposed to conventional on-grid street lighting, solar-street lighting technology offers off-grid advantage, where energy yield during the day, will be stored (battery system) and utilised during the night. This reduces our energy consumption from the national grid as well as our greenhouse gas emissions. We are exploring renewable energy technologies that can replace the consumption of energy from fossil fuel. In doing so, further studies are being conducted to gauge the feasibility on the adoption of such technologies mainly, solar photovoltaic ("PV") system and biomass energy. We believe with the integration of such technologies, it will catalyse the reduction of our energy consumption.

Sustainable forest management

We can accelerate broader market transformation and adoption of solutions that advance the SDGs by leading, championing and developing industry-wide partnerships. Ecosystem collaboration across industries and with government, regulators, academia and communities not only help grow the core business but extend companies' social licenses to operate.

On 26 January 2022, Nextgreen Global Berhad entered a memorandum of understanding ("MoU") with the Kelantan state government to develop sustainable projects in the area of forestry. Nextgreen will assist the state in its reforestation efforts by restoring its degraded forests. These forest plantations can help protect and maintain biodiversity; and mitigate global warming by acting as carbon sinks. The forest plantation initiatives also restore the state forests and convert timber from the degraded forests as resources for the pulp and paper manufacturing, and continuously replant fast growing tree species such as acacia, eucalyptus and cadamba for future harvest. This ensures a continuous and renewable supply of raw material, and contributes towards a closed-looped system where waste is reintegrated as resources.



MoU signing ceremony between Nextgreen Global Berhad and Kelantan state government on 26 January 2022

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Advocating green technology through partnerships

Our work in accelerating the change to a more sustainable world is not limited to our products or operations. Through our advocacy work, we engage with a diverse range of stakeholders to influence policy and raise standards. On 1 September 2021, Nextgreen Global Berhad entered into a memorandum of cooperation (“MoC”) with Malaysian Green Technology and Climate Change Corporation (“MGTC”) to accelerate the green technology agenda in Malaysia.

On 17 January 2022, Nextgreen Global Berhad entered into a memorandum of understanding (“MoU”) with three partners, including Malaysian Green Technology and Climate Change Corporation (“MGTC”), Koperasi Sahabat Amanah Ikhtiar Malaysia Berhad (“KOOP Sahabat”), and Koperasi Perkhidmatan Setia Berhad (“KOSETIA”) to build and set up 20 centralised collection centres to facilitate efficient and cost-effective collection and disposal of oil palm waste, while also providing new job opportunities. These collection centre will act as a one-stop centre to collect palm oil waste in the form of EFB and processing it into pulp for various paper products. The collection centres are located close to palm oil mills, resulting to cost-effective transportation of EFB and reduces greenhouse gases from transportation.



MoU signing ceremony between Nextgreen Global Berhad, MGTC, KOOP Sahabat and KOSETIA on 17 January 2022

Responsible resource and waste management

By using resources efficiently and in an innovative way, and by making decisions with consideration of the environment, we address both our immediate impacts and building business resilience. Circularity and driving a zero waste economy is at the core of our business strategy specifically in the way we manage our resources. We see waste as not waste, but a valuable resource, which can be regenerated or repurposed into something new. Given the vast oil palm sector in Malaysia, we have developed a exclusively owned patented technology, Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (“PRC-RBMP”), that allows us to reuse waste from this industry as an alternative raw material for other industries. By repurposing this industry waste, we minimise the waste from going to the landfill.



GTP, Pekan site visit by representatives from the Ministry of Environment and Water, Malaysian Green Technology and Climate Change Corporation and Department of Environment on 4 December 2021

Creating value for business, society and environment

On 6 April 2021, our subsidiary, Nextgreen Pulp and Paper Sdn Bhd (“NGPP”) signed a memorandum of understanding (“MoU”) with Kami Anak Felda Malaysia (“KAF”) to collect and supply palm oil waste, EFB as a raw material to manufacture pulp and paper at GTP, Pekan. KAF is a non-governmental organisation that represents Federal Land Development Authority (“FELDA”) farmers. FELDA is a government agency founded to handle the development of land and relocation with the objective of poverty eradication through the cultivation of oil palm and rubber. The EFB from these FELDA estates is collected by KAF and will be sold to our subsidiary, NGPP. While the EFB will be used as material for NGPP operations at the GTP, Pekan, this initiative also generates additional income for FELDA farmers that could in return improve their socio-economic welfare.



MoU signing ceremony between NGPP and KAF on 6 April 2021



GTP, Pekan site visit by members of KAF on 6 April 2021

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Materials used and for packaging purposes – BHS Book Printing and Ultimate Ivory

Materials used in our operations varies due to the different business nature of the various subsidiaries. BHS Book Printing's core business is printing and publishing; while Ultimate Ivory develops, constructs and manages GTP, Pekan.

Materials used – BHS Book Printing	2019	2020	2021	Materials used – Ultimate Ivory	2019	2020	2021
Paper, MT	1,025	1,176	515	Concrete, m ³	2,747	3,179	4,042
Ink, kg	28,323	16,742	8,460	Steel bar, tonnes	387	243	397
Plate, kg	15,455	8,987	7,058	Steel structure, tonnes	199	208	119

Materials for packaging – BHS Book Printing	2019	2020	2021
Carton box, box	8,654	2,030	0
Stretch film, roll	630	1,746	2,052
Pallet, pieces	1,410	70	20

Note: In 2021, carton boxes were not purchased and used from remaining stockpile. From 2020, the usage of pallet was reduced to maximise load during transportation.

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Handling our waste responsibly

Wastes from our operations are managed responsibly, with proper handling of hazardous and non-hazardous waste. A large portion of waste derived from BHS Book Printing operations are sent for recycling. In 2021, BHS Book Printing sent pure white paper residual to GTP, Pekan to be recycled in our trial paper production. Hazardous waste generated by BHS is mostly chemical from the plate processing, machine cleaning and maintenance, developing negatives and prints. Waste that is generated through our daily operations are collected by certified third parties and disposed according to the legal and regulatory requirements set by the Department of Environment ("DOE").

Materials for recycling

Materials	2019	2020	2021
Waste Paper, kg	532,039	297,510	344,618
Paper core, kg	1,445	-	-
Used plate, kg	18,423	-	29,000

Note: Due to the low recycling price, paper core (2020 and 2021) and used plate (2020) were not recycled.

Adopting the bio-integrated zero waste concept

The GTP, Pekan embodies the SDG 12: Responsible Consumption and Production by adopting the bio-integrated zero waste concept, practiced throughout our value chain. Waste produced from each production process is reutilised in the production line, converted into environment-friendly products, or reused as a source for renewable energy. This is made possible through the efforts of strategic planning in the early design stages of the GTP, Pekan; and together with our scientific breakthrough research, we are able to form a closed-looped system (circular economy) in our value chain.

CORPORATE SUSTAINABILITY STATEMENT

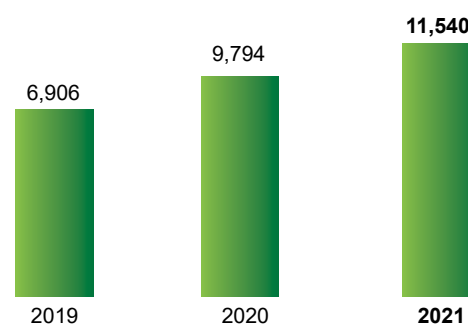
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Managing our water resource

As global concerns grow around the impact of climate change on access to water, its importance to our business and to the communities in which we operate continues to increase. Having access to safe water and sanitation is a fundamental human right. It is both our responsibility and good business conduct to use water efficiently and to address our impacts. This is especially so when the GTP, Pekan is located close to existing water-bodies such as the Pahang River. We understand we may have an impact on other water users through our water withdrawal and use. We use water in our manufacturing, and to a lesser extent in our offices and other manufacturing services (printing and publishing arm).

At GTP, Pekan, we have included the construction of a water treatment plant ("WTP") and a wastewater treatment plant ("WWTP"). Our subsidiary, Osmocell Malaysia Sdn Bhd ensures water supplied from the WTP to the users of the GTP, Pekan is treated according to the Ministry of Health's parameters, with the water primarily used for production. The WWTP is designed to handle production waste, where treated wastewater will be partially recycled for production use and the remaining discharged according to the DOE standards.

Total water consumption from 2019 to 2021, m³



Note: Water consumption are from BHS and UI operations.

People

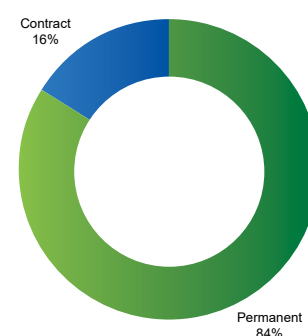
We are committed to respecting the rights of our employees, the people we work with and the communities in which we operate in. We strive to attract and retain an increasingly diverse workforce and providing a safe, inclusive and stimulating work environment for our people, where they are empowered to fulfil their potential and excel in their careers.

Creating a diverse and inclusive workplace

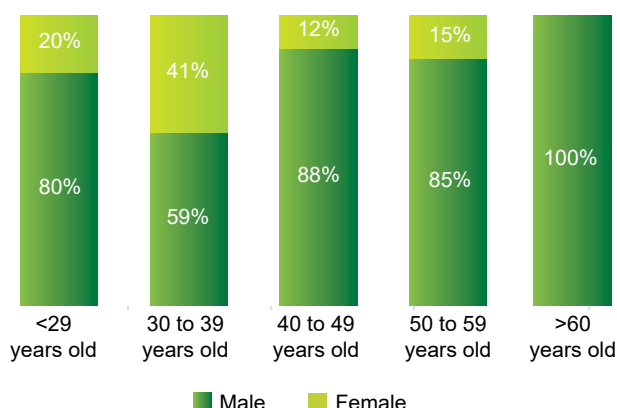
We focus on providing a diverse and inclusive workplace where all our people can flourish and thrive. Our participation in the UNGC clarifies our corporate stance in the area of labour, specifically in the elimination of discrimination in respect of employment and occupation. We respect and value people, regardless of their age, race, gender, religion and their differing abilities.

As a company and employer, we are aware of the role we play in the communities in which we operate. Our employee benefits are in line with the local employment act, and we work towards enhancing the benefits to attract new talents while improving employee retention. Nextgreen makes an effort to create positive impact that improve the life of people in the local communities by encouraging local hiring. To do so, we develop specific plans that include local employment hiring of indigenous people (orang asli) and second-generation of FELDA settlers from Pekan; training and collaboration with institutions such as the National Youth Training Institute (also referred as Institut Kemahiran Belia Negara or "IKBN"). We comply with prevailing legislation on employment rights, including meeting the local minimum wage.

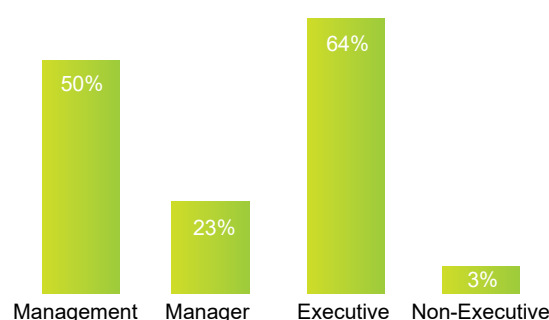
Employees by employment type in 2021, %



Employees by age group and gender in 2021, %



Women representation by employment category in 2021, %



Note: Employee data covers permanent and contract employees of Nextgreen Global Berhad, BHS Book Printing and Ultimate Ivory.

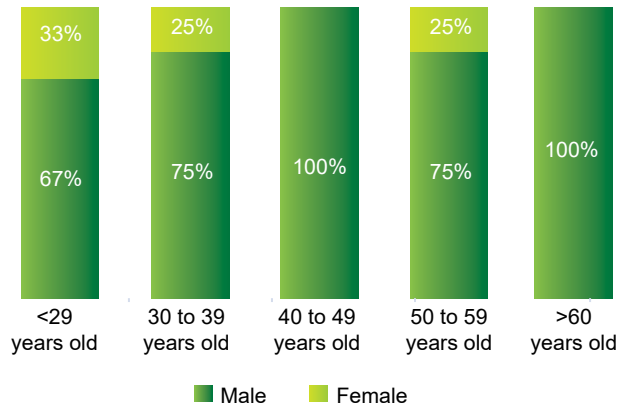
CORPORATE SUSTAINABILITY STATEMENT

(continued)

Monitoring turnover and new hires

We bring new people with new skills into our expanding business to drive innovation and a fresh approach while maintaining a certain level of continuity. There are costs to constant turnover, and employees who grow with Nextgreen add value based on their institutional knowledge and their understanding of our company culture, customers and products. Accordingly, we monitor turnover very carefully.

New hires by age group in 2021, %



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Engaging, training and developing our people

We listen to, and learn from, our people through a range of engagement channels. We strive to create a culture where employees are given the space and included in conversations that is relevant to them. In 2021, our employees underwent a series of training on performance management systems that included goal setting and the performance management system review process. As a result, the Group made some enhancements to the bi-annual performance management system review process and involved our people in the review and refinement of relevant competencies and key performance indicators.

We encourage continuous learning through training and development programmes for our people. In 2021, internal activities were carried out within our Company as part of our employee engagement, training and development. We encourage our employees to take part in external sustainable training programmes. Our sustainability champions took part in the pilot SME ACCESS (Action Centre for Sustainable SMEs) programme organised by UNGC Malaysia & Brunei in partnership with SME Corporation Malaysia. Aside from that, Nextgreen participated in the Malaysian Investor Relations Association (“MIRA”) Sustainability Accelerator Program, supported by the Capital Markets Development Fund (“CMDP”) under Securities Commission.



Simulation training on the 2030 Sustainable Development Goals (SDGs) at the Nextgreen Global Berhad headquarters



Sustainability sharing sessions by the Group sustainability department for Osmocell Malaysia Sdn Bhd

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Protecting our people's health and safety

Health and safety risks can have serious impacts on our employees, sub-contractors and suppliers working in our operations. They can also interrupt business operations if not effectively addressed. We are committed to providing a safe working environment for all our employees, including our suppliers and sub-contractors. All employees and workers are provided a bilingual safety handbook, available in both English and Malay language; to which workers are required to read and acknowledge. Our subsidiaries lead health and safety initiatives in their respective operations. In GTP, Pekan, daily inspections and monthly meeting of the Safety and Health committee is conducted to discuss health and safety matters.



Bi-weekly safety toolbox meeting is conducted for workers and sub-contractors in GTP, Pekan



Health and safety in the workplace

Responding to the dynamic circumstances of the pandemic

We remain diligent to the health and safety standard operating procedures ("SOPs") set by the regulators to help mitigate the risk of COVID-19 transmission. Our operations adapted to the situation by implementing measures such as mandatory use of face mask in the workplace, physical distancing, and disinfection cleaning. Employees perform weekly COVID-19 self-test before entering the workplace. In July 2021, BHS Book Printing was fined RM 5,000 for exceeding the 80% capacity in the premise. We have since tighten our measures to abide by the dynamic circumstances of the COVID-19.

Prosperity

Prosperity, as set out in the UN's 2030 Agenda for Sustainable Development, touches on ensuring that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature. We view prosperity holistically, where corporate success and social prosperity is inherently interlinked. While we cover economic (prosperity) issues to some extent, these are dealt with in greater detail throughout the other sections of this Annual Report.

We focus on delivering social investment projects in partnership with local communities, NGOs, governments, academic institutions and industry associations. Working in partnership has always been central to our approach, as many of the biggest sustainability challenges being faced today cannot, nor should not, be addressed in isolation. This approach is also particularly relevant to the SDGs, specifically Goal 17: Partnership for the Goals.

Promoting economic growth

Nextgreen acknowledges that a sustained economic performance and business resilience is important to drive the company's growth. As our business evolves, we strive to continue delivering sustained value for both our business and stakeholders. Our contribution to the development of the local economy is an important part of our support for decent work and economic growth, Goal 8 of the SDGs. We support local suppliers through purchase of local products and services. We also promote local manufactured products to overseas investors and customers which indirectly creates economic opportunities locally.

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Participating in leading global and local industry events

It is our aspiration to grow our brand and products globally. We continually work towards introducing the GTP, Pekan and products to both the local and international market.



Nextgreen's virtual booth at the IGEM 2021 held between 1 July to 31 December 2021



Nextgreen representation at the Dubai Expo 2020 from 19 October to 30 October 2021

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Securing sustainable development financing

Malaysia Development Bank or locally known as Bank Pembangunan Malaysia Berhad, introduced the Sustainable Development Financing Scheme in 2019. This is part of its effort to support the nation's sustainable development target by incentivising more companies to adopt sustainable practices in their business strategies and operations. Nextgreen's subsidiary, NGPP, secured funds under this scheme for the development of the Green Technology Park Phase 1A. The development bank provides financing at a financing rate subsidy of 2% to companies that demonstrate continuous contribution to the SDGs.

Ensuring customer satisfaction

We build strong and trusting relationships with our customers and constantly strive to achieve excellence in providing for them. In addition, BHS Book Printing adheres to internationally recognised quality management standard, the ISO 9001:2015. Our subsidiary, BHS Book Printing conducts customer satisfactory surveys after the delivery of a printing service to our customers. The survey measures customers' feedbacks on our delivery timeliness and reliability, responsiveness, product and service quality. Returning customers is a testament to our efforts, and their satisfaction continues to motivate us to deliver the best service and quality product.

Committing to corporate social investment

We recognise that our well-being and financial prosperity are inextricably linked to the communities in which we operate. Our voluntary contribution to society is integral to the way we do business, and not something that stands separate. In doing so, we enhance our social licence to operate, build trust with our stakeholders, and become a more attractive employer.

Supporting youth education, training and development

We continue to focus on empowering individuals and communities where we operate, primarily through training and skills development; and providing scholarships and monetary incentive in our support through education. This directly aligns with SDG 4: Quality Education and SDG 8: Decent Work and Economic Growth; and aligns with our broader corporate goals of building economic growth in key markets as well as broadening the local talent pool so we can attract and employ the best people as we build a long-term sustainable business.

Nextgreen works together with IKBN Pekan to provide training and career opportunity to youths from the surrounding community. We carried out two 4-months long programmes – an internally run bootcamp and a government-led National Dual Training System, also referred as Sistem Latihan Dual Nasional ("SLDN") – since 2020. These programmes provide hands-on training experience in plant operations and maintenance to youths from the local community, including FELDA settlers and orang asli. Until the end of 2021, 45 youths trained under these programmes continued to work with the operations and maintenance team at the Nextgreen Pulp and Paper plant in GTP, Pekan.

CORPORATE SUSTAINABILITY STATEMENT

(continued)



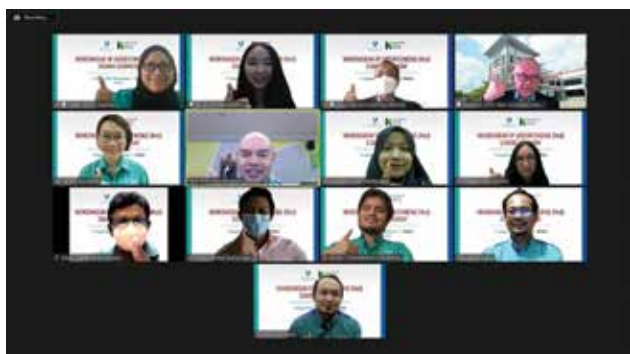
IKBN trainees along with Nextgreen employees during the Bootcamp Program
Graduation on 5 November 2020



Engagement with Nextgreen's orang asli employees

On 11 August 2021, our subsidiary, Nextgreen Pulp and Paper Sdn Bhd ("NGPP"), entered into a memorandum of understanding ("MoU") with Universiti Malaysia Pahang ("UMP") to strengthen and foster collaboration between the industry and university. This is done through the sponsorship for Industrial Training Excellence, community engagement activities, co-develop academic training program, employment fair, industrial visit arrangements, research projects, internship and employment opportunities to students and alumni. On 22 November 2021, NGPP entered a strategic partnership with UMP to offer Industrial Training Excellence Scholarship to existing undergraduate students.

In 2021, Nextgreen provided financial award of RM 200 per student to 68 students from schools in the Pekan district whom excelled in their Sijil Pelajaran Malaysia ("SPM") results in 2020. Among the students were 10 indigenous students (orang asli) and 11 students from religious schools.



Virtual MoU signing between NGPP and UMP on 11 August 2021



MoU signing between NGPP and UMP for the Industrial Training Excellence Scholarship
on 22 November 2021

Appointment as CEO@Biotech

On 25 November 2021, our Managing Director, Dato' Lim Thiam Huat was appointed by University Putra Malaysia's ("UPM") Faculty of Biotechnology and Biomolecular Science ("FBSB") as CEO@BioTech. The CEO@BioTech programme brings together Chief Executive Officers ("CEOs") and industry leaders to share their knowledge and experience with students and the wider university community. Dato' Lim spoke on "bio-innovation towards wealth and value creation for society," sharing insights on the bio-innovation from palm oil waste specifically EFB, the pulp and paper industry as well as an overview concept of the GTP, Pekan.



Dato' Lim' receiving the appointment letter as CEO@BioTech from UPM
on 25 November 2021

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Supporting our communities

We prefer community investment projects that are long-term, create sustained impact in our communities, and aligned to our business; but we understand ad-hoc contributions are also a means of responding to local needs especially in difficult times.

Nextgreen endeavours to improve social value by making meaningful investment for the local communities surrounding the GTP, Pekan in particular to the indigenous people (orang asli) communities. We are currently initiating a social assessment project for the orang asli communities surrounding GTP, Pekan with the aim to better understand their needs and work towards supporting them.

Separately, the national cooperative union, Angkatan Koperasi Kebangsaan Malaysia Berhad (“ANGKASA”) in collaboration with Nextgreen Global Berhad developed the MyAngasaku application that is expected to benefit close to three million ANGKASA members nationwide to purchase school supplies online through credit provided by Koperasi Perkhidmatan Setia Berhad.

In January 2021, the Pahang state – where GTP, Pekan is located – was again hit by massive floods across the state following a flood incident at the end of 2020. This time, the flood caused many to take shelter in relief centres across the state. Nextgreen contributed 1,000 bags of bihun and 500 gas stoves. Several of our employees assisted in the aid distribution.

As COVID-19 continued to affect people across Malaysia, Nextgreen prepared 2,500 food parcels to the communities surrounding GTP, Pekan, including Paloh Hinai’s police station and communities in the various towns of Pekan, Chini, Peramu Jaya, Bebar, Pulau Manis and Ulu Jelai. The parcels were packed with 12 essential items, including starch-rich food, protein source food and face masks.



Discussion with village heads and community representatives from the orang asli villages surrounding GTP, Pekan



Nextgreen employees unloading gas stoves to be distributed to the communities



Nextgreen donating food parcels to Balai Polis Paloh Hinai



Nextgreen donating food parcel to the communities surrounding the GTP, Pekan

CORPORATE SUSTAINABILITY STATEMENT

(continued)

Innovating better products through research and development

Sustainable product development plays a crucial role in a circular economy. Through innovation, we can contribute to the creation of better products that respond to customers' changing needs and desires, creating both economic and social value for customers and society more widely. Our research and development ("R&D") team collaborates with various academic institutions to produce these products. Nextgreen believes that collaboration between industry and universities allows researchers to gain a better understanding of how green technology may be used to manage local raw resources and materials in a sustainable manner.

Globally, the demand to reduce reliance on single-use plastic is becoming more pertinent. Through a grant of RM 3.3 million received from the Ministry of Science and Technology ("MOSTI"), we are currently collaborating with Universiti Putra Malaysia ("UPM") to develop sustainable food packaging through the utilisation of EFB. With EFB as the main raw material, it will be treated using Nextgreen's patented hybrid technology called, Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp ("PRC-RBMP"). We are also maximising the potential of nanocellulose, that is made from EFB to enhance the mechanical and water barrier properties of the EFB-based food packaging.

In a separate effort to enhance the physical properties of EFB-based paper, we are collaborating with another academic institution, Universiti Teknologi MARA ("UiTM") to incorporate kenaf pulp along with EFB. A green technology approach is used whereby fibres of EFB and kenaf is processed using non-toxic and non-hazardous chemicals. The findings from this study is expected to increase production efficiency of EFB-kenaf paper that meets the ISO 187:1990 certification, the standard for pulp and paper manufacturing.

In the paper production process, black liquor is a by-product. We see potential to explore further use of this by-product. We have collaborated with Shaanxi University of Science and Technology, China ("SUST") to convert the use of black liquor to an environment-friendly adhesive for industrial use.

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Forest Research Institute Malaysia (FRIM) representatives visiting GTP, Pekan on 14 October 2021



Nextgreen's representative at UiTM's Center of Wood Industry, Pulp and Paper Laboratory

ICAN UPM 2021

The Industrial Community Appreciation Networking ("ICAN") is an annual event held by Universiti Putra Malaysia ("UPM") with the aim of appreciating and acknowledging the contribution of industry and community to the university. On 21 December 2021, our subsidiary, Nextgreen Pulp and Paper Sdn Bhd ("NGPP") was awarded as "Best Industrial Partner" for our close collaboration on R&D projects, community activities, as well as information and technology exchange.



One of Nextgreen's subsidiary receiving the "Best Industrial Partner" award at UPM's ICAN ceremony

CORPORATE SUSTAINABILITY STATEMENT

(continued)

GRI content index

Statement of use	Nextgreen Global Berhad has reported in accordance with the GRI Standards for the period 1 January 2021 to 31 December 2021
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure number and title	Section in Annual Report 2021 and direct answers	Page number(s)
General Disclosure			
GRI 2: General Disclosure 2021	2-1 Organisational details	Back cover	Back cover
	2-2 Entities included in the organisation's sustainability reporting	Statement overview	29
	2-3 Reporting period, frequency and contact point	Statement overview	29
	2-4 Restatements of information	There is no restatement of information	-
	2-5 External assurance	Statement overview	29
	2-6 Activities, value chain and other business relationships	Management discussion and analysis, Prosperity	19, 39
	2-7 Employees	People	37
	2-8 Workers who are not employees	People	37
	2-9 Governance structure and composition	Director's profile, Corporate governance overview statement	10, 47
	2-10 Nomination and selection of the highest governance body	Nomination committee statement	63
	2-11 Chair of the highest governance body	Director's profile	10
	2-12 Role of the highest governance body in overseeing the management of impacts	Principles of governance	32
	2-13 Delegation of responsibility for managing impacts	Principles of governance	32
	2-14 Role of the highest governance body in sustainability reporting	Principles of governance	32
	2-15 Conflicts of interest	Corporate governance overview statement	47
	2-16 Communication of critical concerns	Audit committee report	60
	2-17 Collective knowledge of the highest governance body	Corporate governance overview statement	47
	2-18 Evaluation of the performance of the highest governance body	Nomination committee statement	63
	2-19 Remuneration policies	Nomination committee statement	63
	2-20 Process to determine remuneration	Nomination committee statement	63
	2-21 Annual total compensation ratio	Compensation is reflective of the education, talent, experience and performance of the individual	-
	2-22 Statement on sustainable development strategy	Statement overview	29

CORPORATE SUSTAINABILITY STATEMENT

(continued)

GRI Standards	Disclosure number and title	Section in Annual Report 2021 and direct answers	Page number(s)
General Disclosure			
GRI 2: General Disclosure 2021	2-23 Policy commitments	Being part of the responsible ecosystem	30
	2-24 Embedding policy commitments	Being part of the responsible ecosystem	30
	2-25 Processes to remediate negative impacts	Statement overview	29
	2-26 Mechanisms for seeking advice and raising concerns	Statement overview	29
	2-27 Compliance with laws and regulations	Principles of governance, Planet, People	32, 33, 37
	2-28 Membership associations	Being part of the responsible ecosystem	30
	2-29 Approach to stakeholder engagement	Stakeholder engagement	31
	2-30 Collective bargaining agreements	At present, we are not observing any collective bargaining or union related matters	-
Material Topic			
GRI 3: Material Topic 2021	3-1 Process to determine material topics	Establishing priorities through materiality assessment	30
	3-2 List of material topics	Establishing priorities through materiality assessment	30
	3-3 Management of material topics	Principles of governance, Planet, People, Prosperity	32, 33, 37, 39
Anti-Corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Principles of governance, Statement on risk management and internal control, Audit committee report	32, 57, 60
	205-2 Communication and training about anti-corruption policies and procedures	Principles of governance, Statement on risk management and internal control, Audit committee report	32, 57, 60
	205-3 Confirmed incidents of corruption and actions taken	Principles of governance	32
Materials			
GRI 301: Material 2016	301-1 Materials used by weight or volume	Planet	33
	301-2 Recycled input materials used	Planet	33
	301-3 Reclaimed products and their packaging materials	Planet	33
Waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Planet	33
	306-2 Management of significant waste-related impacts	Planet	33
	306-3 Waste generated	Planet	33
	306-4 Waste diverted from disposal	Planet	33
	306-5 Waste directed to disposal	Planet	33

CORPORATE SUSTAINABILITY STATEMENT

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GRI Standards	Disclosure number and title	Section in Annual Report 2021 and direct answers	Page number(s)
Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	People	37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	People	37
	401-3 Parental leave	People	37
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	People	37
	403-2 Hazard identification, risk assessment and incident investigation	People	37
	403-3 Occupational health services	People	37
	403-4 Worker participation, consultation and communication on occupational health and safety	People	37
	403-5 Worker training on occupational health and safety	People	37
	403-6 Promotion of worker health	People	37
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People	37
	403-8 Workers covered by an occupational health and safety management system	People	37
	403-9 Work-related injuries	Due to our different businesses, we are finding better ways to consolidate this data	-
	403-10 Work-related ill health	Due to our different businesses, we are finding better ways to consolidate this data	-
Training and Education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	People	37
	404-2 Programs for upgrading employee skills and transition assistance programs	People	37
	404-3 Percentage of employees receiving regular performance and career development reviews	People	37
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Director's profile, People	10, 37
	405-2 Ratio of basic salary and remuneration of women to men	Basic salary and remuneration are reflective of the education, talent, experience and performance of the individual	-
Local Communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Prosperity	39
	413-2 Operations with significant actual and potential negative impacts on local communities	Prosperity	39

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Nextgreen Global Berhad (“NGGB” or “the Company” or “the Board”) recognises the importance of practising high standards of corporate governance in the best interest of CRB and its stakeholders, and to protect and enhance shareholders’ value and the performance of the Company and its subsidiaries (“the Group”).

The Board is pleased to present this Corporate Governance (“CG”) Overview Statement (the “Statement”) to provide an overview of the CG practices adopted by the Company in achieving the intended outcomes as set out in the Malaysian Code on Corporate Governance (“MCCG”) with reference to the following three (3) key principles, under the stewardship of the Board:

- (a) Principle A : Board Leadership and Effectiveness;
- (b) Principle B : Effective Audit and Risk Management; and
- (c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement also serves as a compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read together with the CG Report of the Company for the financial year ended 31 December 2021 published on the Company’s website at www.nextgreenglobal.com

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(I) 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 position of the Chairman and the Managing Director are held by separate individual who are not related to each other, to ensure a good balance of power and authority, such that no one individual has unfettered powers in decision making. Presently, the Board is chaired by Dato’ Dr. Haji Sohaimi Bin Shahadan, an Independent Non-Executive Chairman, is primarily responsible for matters pertaining to the Board and the overall conduct of the Company. 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 Board has adopted its Board Charter (“Charter”) and has done a review of its Charter on 24 February 2022. The updated 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, Nomination Committee, Remuneration Committee and Employees’ Share Option Scheme 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 Secretaries and External 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 advice is necessary, the director who intends to seek such consultation or advice shall notify the management or Secretaries 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 advice and opinions from the advisers shall then be reported to the Board.

The Board is assisted by two (2) qualified and competent Company Administrator and Licensed 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 1.5 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:

- Anti-Bribery and Anti-Corruption;
- Conflict of interest;
- Insider trading;
- Sexual harassment;
- Misuse of confidential information;
- Non-compliance of regulatory requirements; and
- Fraud 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 whistleblowing policy is available for reference at the Company's website at www.nextgreenglobal.com.

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) which effective from 1 June 2020, the Group has on April 2020 put together an Anti-Bribery and Anti-Corruption Policy and procedures to prevent risks related to inappropriate behaviour, such as acts of bribery and corruption which it is available for reference at the Company's website at www.nextgreenglobal.com.

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 year ended 31 December 2021, four (4) 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' Dr. Haji Sohaimi Bin Shahadan [<i>Independent Non-Executive Chairman</i>]	4/4
Dato' Lim Thiam Huat [<i>Managing Director</i>]	4/4
Lim Kah Yen [<i>Executive Director</i>]	4/4
Dato' Dr. Koe Seng Kheng [<i>Independent Non-Executive Director</i>]	4/4
Dato' Zakaria Bin Arshad [<i>Non-Independent Non-Executive Director</i>] (resigned on 24 February 2022)	4/4
Dato' Mohd Yusof Bin Din [<i>Non-Independent Non-Executive Director</i>]	4/4
Teh Chau Chin [<i>Independent Non-Executive Director</i>]	4/4
Tan Meng Chai [<i>Independent Non-Executive Director</i>]	3/4

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 recognize 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' Dr. Haji Sohaimi Bin Shahadan	1. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	2. Raising Defenses: Section 17A, MACC Act	29-30 March 2021
Dato' Lim Thiam Huat	1. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	2. Raising Defenses: Section 17A, MACC Act	29-30 March 2021
Lim Kah Yen	1. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	2. Raising Defenses: Section 17A, MACC Act	29-30 March 2021
	3. Implementing Amendments in the Malaysian Code on Corporate Governance	1 June 2021
	4. Understanding Board Decision-Making Process	15 & 16 June 2021
	5. ESG Webinar for FTSE4Good Bursa Malaysia Index	6 July 2021
	6. The Sustainability Accelerator Programme – TIG & MIRA	12 Jul 2021 26 Jul 2021 16 Aug 2021 1 Sept 2021
	7. Bursa Malaysia's ESG Workshop: Getting Ready for The FTSE4Good Assessment	18 Aug 2021
	8. Common Pitfalls in Transactions and RPT Rules	13 & 14 Oct 2021
	9. Masterclass: Performance management	11 Oct 2021 16 Nov 2021 8 Dec 2021
Dato' Dr. Koe Seng Kheng	1. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	2. Raising Defenses: Section 17A, MACC Act	29-30 March 2021
	3. An Introduction to Forced Labor	06 May 2021
	4. RBA Validated Audit Process (VAP)	06 July 2021
	5. RBA Corrective Action Plan (AAP)	06 July 2021
Dato' Mohd Yusof Bin Din	1. Mandatory Accreditation Programme for Directors of Public Listed Companies	18-20 January 2021
	2. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	3. Raising Defenses: Section 17A, MACC Act	29-30 March 2021

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

(continued)

Directors	Training Attended	Date
Teh Chau Chin	1. Mandatory Accreditation Programme for Directors of Public Listed Companies	18-20 January 2021
	2. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	3. Raising Defenses: Section 17A, MACC Act	29-30 March 2021
	4. Implementing Amendments in the Malaysian Code on Corporate Governance	1 June 2021
	5. Understanding The Board Decision-Making Process	15 – 16 June 2021
	6. Malaysian Code on Corporate Governance	14 June 2021
	7. “Best Of” Seminar with Prof. Guido Palazzo – “Ethical Blindness - Why good people make unethical decisions?”	26 – 27 June 2021
	8. Nominating and Remuneration Committees: Beyond Box-Ticking and Enhancing Effectiveness	29 – 30 July 2021
	9. Online International Anti-Corruption Summer Academy 2021	4 – 10 September 2021
	10. Reimagine Leadership and Governance, Not Capitalism	7 October 2021
	11. International Conference on Governance and Corruption 2021	21 – 22 October 2021
	12. Intentional Integrity: How Smart Companies Can Lead an Ethical Revolution	28 October 2021
	13. Audit Oversight Board – Conversation With Audit Committees: Good Practices for Audit Committees in Supporting Audit Quality	29 November 2021
	14. Beyond Box-Ticking: Essentials for Effective Remuneration Committees	9 March 2022
Tan Meng Chai	1. Mandatory Accreditation Programme for Directors of Public Listed Companies	18-20 January 2021
	2. Compliance with Main Market Listing Requirements – Reporting of Financial Statements	26 January 2021
	3. Raising Defenses: Section 17A, MACC Act	29-30 March 2021

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.

The Directors are conscious of the importance of keeping abreast with the latest changes and development in legal and regulatory governance, so as to update and refresh themselves on matters that may affect their performance as Directors. As part of training and professional development for the Board, the Company ensures that Directors are briefed from time to time on changes of regulations, guidelines and accounting standards, as well as other relevant trends or issues.

The Board also considered on the sustainability matters as recommended in the MCCG. The Board together with the management acknowledges the importance in promoting sustainability strategies in the economic, environment, social and governance (“EESG”) aspects as part of its broader responsibility to all the stakeholders and the communities in which it operates. The Company will continue to ramp up its effort in promoting sustainability initiatives for the communities in which it operates and the welfare of its employees. The details of the sustainability activities are set out in the Sustainability Statement on pages 29 to 46 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

(II) BOARD COMPOSITION

During the financial year ended 31 December 2021, the Board consists of eight (8) members, comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The Board composition complied with the MMLR that requires at least two (2) or one-third (1/3) of the Board members are independent directors. The Company also complied with the Practice 4.1 of the MCCG having at least half of the Board comprises independent directors. The Chairman of the Board of Directors is an independent director.

However, as at the date of this Statement and in view of resignation of Dato' Zakaria Bin Arshad as a Non-Independent Non-Executive Director of the Company on 24 February 2022, the Board consists of seven (7) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors which complied with the MMLR and Practice 4.1 of the MCCG.

The Directors with their diverse backgrounds, specializations, qualifications and experiences, bring with them a wide range of knowledge and expertise, for the effective management of the Group.

The Board recognizes the importance and contributions of its Independent Non-Executive Directors. They provide objectivity, impartiality and independent judgement to the Board and ensure adequate check and balance in Board's decision. Their presence provides unbiased and independent views, advice and opinion to safeguard the interest of minority shareholders.

Currently the Board has a single woman representation. The Board acknowledges the importance of having more women representation on the Board and the Board will strive to meet the objective of the recommendation of the MCCG.

The Board does not have term limit for its Independent Non-Executive Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of services. However, the Board embraces the MCCG recommendation for retaining an Independent Director beyond nine (9) years. None of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at 31 December 2021.

The Nomination Committee ("NC") is responsible for identifying and nominating candidates to fill Board vacancies for approval by the Board as and when they arise. The search and nomination process for new Directors, if any, are through Directors' personal contacts, recommendations of the Company's sponsor or may engage executive search firms to source for potential candidates.

Mix of skills, competencies, integrity, diversity, ability to commit time and industry knowledge may also be sought. The NC will review, shortlist candidates and make recommendations to the Board for its consideration and approval.

Pursuant to the TOR of the NC, the NC is tasked to identify, nominate and orientate new Directors and to make recommendations to the Board for the appointment of Directors. While the Board is responsible for the appointment of new Directors, the NC is delegated with the role of screening and conducting an initial selection, which includes external and independent searches, before making a recommendation to the Board. The NC reviews the candidate for appointment as Director based on the mix of skills, expertise, working experience, professionalism, integrity and the ability to discharge their expected duties and responsibilities.

In sourcing for new Directors, the Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits. The NC meets with the shortlisted Board candidates to assess their suitability and availability before making recommendations to the Board for its consideration and approval.

(III) REMUNERATION

The present members of the Remuneration Committee are as follows:

- Chairman – Dato' Dr. Koe Seng Kheng - Independent Non-Executive Director
- Member - Tan Meng Chai - Independent Non-Executive Director
- Member - Teh Chau Chin - Independent Non-Executive Director

The Remuneration Committee and the Board have done a review of its Term of Reference on 24 February 2022. The updated Term of Reference is available for reference at the Company's website at www.nextgreenglobal.com.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

(continued)

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 Code 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.

The amount of Directors' fee and benefits payable to the non-executive directors proposed for the shareholders' approval at the forthcoming 16th Annual General Meeting ("AGM") is Ringgit Malaysia Five Hundred and Fifty Thousand only (RM550,000.00). The foregoing mandate is for payment of fees for the period from the 16th AGM to the date of the next AGM to be held in 2023.

The details of Directors' remuneration for the financial year ended 31 December 2021 are as follows:

COMPANY LEVEL

Directors	Directors' fee	Meeting Allowances	Salaries	Bonus	Benefits in-kind	Other Emoluments
Dato' Dr. Haji Sohaimi Bin Shahadan <i>[Independent Non-Executive Chairman]</i>	120,000	-	-	-	-	-
Dato' Lim Thiam Huat <i>[Managing Director]</i>	-	-	300,000	-	23,950	139,000
Lim Kah Yen <i>[Executive Director]</i>	-	-	34,800	-	-	139,000
Dato' Dr. Koe Seng Kheng <i>[Independent Non-Executive Director]</i>	48,000	11,000	-	-	-	10,000
Dato' Zakaria Bin Arshad <i>[Non-Independent Non-Executive Director]</i> <i>(Resigned on 24 February 2022)</i>	48,000	6,000	-	-	-	4,000
Dato' Mohd Yusof Bin Din <i>[Non-Independent Non-Executive Director]</i>	118,000	6,000	-	-	-	10,900
Teh Chau Chin <i>[Independent Non-Executive Director]</i>	48,000	11,000	-	-	-	6,000
Tan Meng Chai <i>[Independent Non-Executive Director]</i>	48,000	10,000	-	-	-	6,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

GROUP LEVEL

Directors	Directors' fee	Meeting Allowances	Salaries	Bonus	Benefits in-kind	Other Emoluments
Dato' Dr. Haji Sohaimi Bin Shahadan <i>[Independent Non-Executive Chairman]</i>	120,000	-	-	-	-	-
Dato' Lim Thiam Huat <i>[Managing Director]</i>	-	-	300,000	-	37,275	139,000
Lim Kah Yen <i>[Executive Director]</i>	-	-	165,000	-	-	139,000
Dato' Dr. Koe Seng Kheng <i>[Independent Non-Executive Director]</i>	48,000	11,000	-	-	-	10,000
Dato' Zakaria Bin Arshad <i>[Non-Independent Non-Executive Director]</i> <i>(Resigned on 24 February 2022)</i>	48,000	6,000	-	-	-	4,000
Dato' Mohd Yusof Bin Din <i>[Non-Independent Non-Executive Director]</i>	118,000	6,000	-	-	-	10,900
Teh Chau Chin <i>[Independent Non-Executive Director]</i>	48,000	11,000	-	-	-	6,000
Tan Meng Chai <i>[Independent Non-Executive Director]</i>	48,000	10,000	-	-	-	6,000

* The Directors are also the key Senior Management of the Company.

Although the MCCG recommends full disclosure by the Company of the remuneration of its Key Senior Management on named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. The Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of Key Senior Management in the bands of RM50,000 on a named basis.

In setting the remuneration packages for Key Senior Management, the Company keeps in mind the remuneration and employment conditions within the industry and in comparable companies. The level and structure of the Key Senior Management's remuneration is aligned with the Company's long-term interest and desire to attract, retain and motivate the right talent to achieve superior performance and continued growth and development of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) 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.

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 60 to 62 of this Annual Report.

The Audit Committee is chaired by Mr Teh Chau Chin, who is an Independent Non-Executive Director, while the Chairman of the Board is Dato' Dr. Haji Sohaimi Bin Shahadan, an Independent Non-Executive Chairman. This had ensured that the objectivity of the Board's review of the Audit Committee's findings and recommendations is not impaired.

None of the Audit Committee members were former partners of the Company's existing audit firm.

(II) 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 57 to 59 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 of the Group is carried out by an internal audit team work together with an outsourced professional service firm, namely GovernanceAdvisory.com Sdn Bhd. The outsourced Internal Auditors report directly to the Audit Committee and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit function is independent and internal audit assignments are performed with impartiality, proficiency, and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

During the financial year ended 31 December 2021, the Audit Committee had reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

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

(I) 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.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The Company's website at www.nextgreenglobal.com incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports. The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public. Shareholders and investors may also forward their queries to the Company via email to info@nextgreenglobal.com

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based a globally recognised framework.

(II) 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 MCCG for the Notice of the 16th 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.

At the Extraordinary General Meeting ("EGM") and 15th AGM of the Company held on 5 May 2021 and 30 June 2021 respectively on a fully virtual basis, to engage with the shareholders proactively.

In view of the COVID-19 pandemic, the Company took the necessary precautions and preventive measures in complying with the directives issued by the Malaysian Ministry of Health. These include the option of remote shareholders' participation at the AGM and EGM.

At its fully virtual 15th AGM and EGM, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolution

The Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 25 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Statement of Directors' Responsibilities

The Company is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that its Board of Directors make a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

The Group's consolidated annual audited financial statements for the financial year ended 31 December 2021 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016 ("CA 2016") to give a true and fair view of the affairs of the Company and its Group. The Statement by the Directors pursuant to Section 251(2) of the CA 2016 is set out in the section headed "Statement by Directors" of the Directors' Report enclosed with the Group's consolidated annual audited financial statements for the financial year ended 31 December 2021.

In order to ensure that the financial statements are properly drawn up, the Board has taken the following measures:

- i. ensure the adoption of appropriate, adequate and applicable accounting standards and policies and applied them consistently;
- ii. ensured that applicable approved accounting standards have been followed;
- iii. where applicable, judgments and estimates are made on a reasonable and prudent basis; and
- iv. upon due inquiry into the state of affairs of the Company, there are no material matters that may affect the ability of the Company to continue in business on a going concern basis.

The Board has ensured that the quarterly reports and annual audited financial statements of the Group are released to Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest performance and developments.

The Board has also ensured that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable the Board to ensure the financial statements comply with the CA 2016.

The Board has taken the necessary steps that are reasonably available to the Board to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Nextgreen Global Berhad (“NGGB” or “the Company” or “the Board”) is pleased to present its Statement on Risk Management and Internal Control which has been prepared pursuant to paragraph 15.26(b) of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the “Guidelines”).

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 advice to the management team when necessary.

During the year, the Board deliberated and approved the Group’s Enterprise Risk Management Framework which is based on ISO31000 for adoption in the group’s risk management process.

The Group applied the Risk Management Framework for the purpose of Corruption Risk Assessments (CRA) workshops which are facilitated by the Head of Internal Audit and the Assistant Manager of Anti-Bribery & Anti-Corruption.

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;
- Generating revenue by ensuring the sales and marketability of the company’s pulp and paper products in the overseas and local market;
- Generating profits from the sale of developed land at Pekan Green Technology Park;
- Leveraging on its low gearing position to seek and secure appropriate 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. The Board, in discharging its duties, has established several committees, namely the Audit Committee, the Nominating Committee and the Remunerating Committee. The Board committee operates within clearly defined terms of reference with procedures and authority delegated and approved by the Board. These terms of reference are reviewed from time-to-time. The Board committees meet on a scheduled basis when required.
- ii. The Group has a well-defined organization structure that is in line with the business requirements with clearly defined responsibilities to the Board, Board Committees, and management.
- iii. In the financial year 2021, the Group established their in-house Internal Audit Department. Internal Audit Department reports directly to the Audit Committee and provides independent, reasonable and objective assurance, in addition, also provides advisory and consultation services designed to add value and improve internal controls for the Group.
- iv. In the same vein, the Group also set-up the Anti-Bribery & Anti-Corruption function to strengthen governance, integrity and anti-corruption compliance and controls.
- v. Limit of authority and approval facilitating delegation of authority;
- vi. Written policies and guidelines are established and communicated to all level of management and employees for implementation and compliance. These policies and guidelines are also used as the basis to develop standard operating procedures for the Group;
- vii. Standard operating procedures are in place to ensure that assets are subject to proper controls. Proper segregation of duties exist and inline with business process requirements.
- viii. Periodic performance reports for management monitoring and ensuring that the business operations progressed in accordance with the objectives and targets;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

- ix. Preparation of annual sales forecast, budgeted profit or loss and cash flow projection for monthly monitoring and tracking of performance;
- x. Provision of on-job training to employees to strengthen the controls on the business competitiveness and capability of our organisation;
- xi. Financial exposure arising from burglary, consequential loss and fire are covered by appropriate insurance policies;
- xii. On-going training programs for Directors, Senior Management, staff and workers in respect of Anti-Bribery & Anti-Corruption; and
- xiii. On-going on-line training and sign-off on Anti-Bribery & Anti-Corruption Policy for new joiners to the Group.

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 where the Internal Auditors will present their internal audit report to the AC and audit issues and actions taken by management to address control deficiencies will be deliberated and implemented where necessary.

Management also supplements the AC review on control and risk assessment when presenting their quarterly financial performance and results to the AC.

In this process, the AC 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.

INTERNAL AUDIT FUNCTION

The Group appointed an external internal audit service provider which reports to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. During the third quarter of the year, the Group set-up their in-house Internal Audit and Anti-Bribery and Anti-Corruption functions.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls to support the corporate governance framework and to provide assurance to the AC.

During the financial year, the Internal Audit Department conducted five (5) internal audit reviews and one (1) training on Anti Bribery in accordance with the risk based internal audit plan approved by the Audit Committee. The results of the internal audit review and the recommendations for improvement were presented at the scheduled Audit Committee meetings. The Internal Audit Department also performed follow-up audits to ensure that the appropriate corrective actions have been undertaken to address the control gaps highlighted. Based on the internal audit reviews conducted, none of the gaps noted have, in all material aspect, raises any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report. Internal Audit Department also conducted a corruption risk assessment for a subsidiary company during the financial year.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa Securities' 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

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;
- AC'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 monitored and evaluated 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 the occurrence of any material misstatements, frauds and losses.

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

As required by paragraph 15.23 of MMLR of Bursa Securities, the external auditors have reviewed this statement for inclusion in the Annual Report of the Company for the financial year ended 31 December 2021 and have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the systems of internal control of the Group.

Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

BOARD ASSESSMENT

The Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and has received the same assurance from Managing Director and Group Chief Financial Officer of the Company.

The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Company has been in place throughout the financial year ended 31 December 2021 up to the date of approval of this Statement.

This Statement was made in accordance with a resolution of the Board of Directors passed on 25 April 2022

AUDIT COMMITTEE REPORT

ROLES AND RESPONSIBILITIES

The Audit Committee was established by the Board of Directors of Nextgreen Global Group with the primary objective to assist the Board of Directors in fulfilling its statutory and fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes, anti-corruption processes, and management & financial reporting practices of the Group.

COMPOSITION OF AC

Chairman: Teh Chau Chin (Independent Non-Executive Director)

Members: Dato' Dr. Koe Seng Kheng (Independent Non-Executive Director)
Tan Meng Chai (Independent Non-Executive Director)

The 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 Chairman of the AC is a fellow member of Malaysian Institute of Accountants. Collectively, the AC members are qualified individuals having the required level of expertise to discharge the AC's function and duties. For the financial year ended 31 December 2021, the Audit Committee is supported by the Company's internal audit function as well as an outsourced internal audit service provider.

DETAILS OF ATTENDANCE

The AC conducted five (5) meetings during the financial year ended 31 December 2021 and their attendance as set out below:

Name of members	No of Meetings Attended
Teh Chau Chin	5/5
Tan Meng Chai	5/5
Dato' Dr Koe Seng Kheng	5/5

TERMS OF REFERENCE

The Audit Committee and the Board have done a review of its Term of Reference on 24 February 2022. The updated Term of Reference is available for reference at the Company's website at www.nextgreenglobal.com.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The AC carried out the following activities during the financial year ended 31 December 2021 in discharging their duties and responsibilities as follows:

Financial Reporting:

- 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;
- Reviewed the annual audited financial statement, auditors' report and accounting issues arising from the audit of the financial period ended 31 December 2021 and discussed with Management and the External Auditors on the accounting principles and standards that were applied in the annual audited financial statements;
- 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;

AUDIT COMMITTEE REPORT

(continued)

External Audit:

- (d) Reviewed the External Auditors' Audit Planning 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 2021;
- (f) 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;
- (g) 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;
- (h) Reviewed the suitability, objectivity and independence of Messrs. UHY as the External Auditors of the Company for the financial year ended 31 December 2022 to the Board of Directors for recommendation to the shareholders for approval;

Internal Audit:

- (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 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;
- (k) Assessed the adequacy of the scope, functions, competency and resources of the outsourced internal auditors and that they have the necessary authority to carry out their work;

Related Party Transaction:

- (l) 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; and

Anti-Corruption Compliance

- (m) AC received and review report from Group Internal Audit and Anti-Bribery & Anti-Corruption function on the progress of anti-corruption compliance activities. This includes the activities on the compliance to S17A Corporate Liability Provision of the Malaysian Anti-Corruption Commission Act 2009 and the implementation of Adequate Procedures Guidelines.

Other Matters:

- (n) Reported to the Board on matters addressed in the AC meetings.
- (o) Reviewed the Terms of Reference of AC to ensure it is aligned with the developments of MMLR and MCCG.

AUDIT COMMITTEE REPORT

(continued)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Audit Committee emphasised on the importance of having an internal audit function within the Group and during the financial year, the Group set-up their in-house Internal Audit as well as Anti-Bribery & Anti-Corruption (ABAC) functions with the engagement of the Head of Internal Audit together with an experienced Assistant Manager for Anti-Bribery & Anti-Corruption.

During the financial year, the Group engaged a professional service firm as external outsourced internal audit service provider to provide independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

The costs incurred for maintaining the outsourced and in-house internal audit function for the financial year ended 31 December 2021 amounted to RM158,288.20.

A summary of the activities of the internal audit and anti-bribery functions for the financial year ended 31 December 2021 are as follows:

Reviews completed by outsourced internal audit service provider:

- a) Internal control review on project monitoring and project management of Green Technology Park, Pahang for Ultimate Ivory Sdn Bhd;
- b) Internal control review on Sales Order, Credit Facility, Receivables and Collections Management of BHS Book Printing Sdn Bhd;
- c) Internal control review on Procurement, Payment Monitoring and Approval for Nextgreen Pulp and Paper Sdn Bhd;

Review completed by in-house internal audit function:

- d) Strategic Risk Assessment for Green Technology Park project for Nextgreen Global Berhad;
- e) Prepare Annual Internal Audit Plan for year 2022 based on the results of Strategic Risk Assessment and internal control reviews;

As part of the Group's Anti-Corruption Compliance Program, Anti-Bribery and Anti-Corruption function carried out the following initiatives:

- f) Conducted Anti-Corruption awareness training program on Anti Bribery awareness for BHS Book Printing Sdn Bhd; and
- g) Conducted a Corruption Risk Assessment (CRA) workshop for BHS Book Printing Sdn Bhd covering all management, staff and workers, a total of 46 personnel are involved in the exercise.

For further details on the risk management, internal controls and internal audit functions, please refer to the Statement on Risk Management and Internal Control in this Annual Report.

This Audit Committee Report is made in accordance with the resolution of the Board on 25 April 2022.

NOMINATION COMMITTEE STATEMENT

The current members of the Nomination Committee are:

Chairman: Tan Meng Chai, *Independent Non-Executive Director*

Members: Dato' Dr. Koe Seng Kheng, *Independent Non-Executive Director*

Teh Chau Chin, *Independent Non-Executive Director*

The Nomination Committee and the Board have done a review of its Term of Reference on 24 February 2022. The updated Term of Reference is available for reference 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 MMLR of Bursa Securities 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. 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 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, conducting background searches and other criteria as required.

The Board is supportive of gender diversity and encourages female participation in the board. Currently the Board has a woman representation.

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 result 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.

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 such as contribution and interaction with peer, quality of the input of the Director, and understanding of their roles.

NOMINATION COMMITTEE STATEMENT

(continued)

The Board has through the Nomination Committee, conducted the following assessments in the financial year ended 31 December 2021:

- a) Directors' self-assessment;
- b) Evaluation on the effectiveness of the Board as a whole and Board Committees;
- c) Assessment of Independent Directors; and
- d) Review of the term of office and performance of Audit Committee and each of its members.

The annual assessment of individual Directors, Board as a whole and Board Committees which commences with the completion of a set of self-assessment form detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the goals of the Company, time commitment, and active participation on the Board. Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement.

Based on the assessments conducted for the financial year ended 31 December 2021, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

The Director who is subject to re-election and/ or reappointment at next Annual General Meeting are assessed by the Nomination Committee (with the relevant Nomination Committee member abstaining on his/ her own re-election) before recommendation is made to the Board and shareholders for the re-election and/ or re-appointment.

During the financial year ended 31 December 2021, the following activities undertaken by the Nomination Committee:

- (a) Performance assessment sheets received in relation to the annual assessment on the performance and effectiveness of the Board of Directors and Board Committees, the performance of each Director and the terms of office and performance of the Audit Committee and each of its member ("Board Annual Evaluation on Effectiveness") for the financial period ended 31 December 2021;
- (b) Annual assessment on the board independence under the MCCG ("Annual Assessment on Board Independence" for year 2021); and
- (c) List of Directors standing for re-election at the 16th Annual General Meeting and proposed to the Board the name of retiring Directors for re-election.

Based on these assessments, it was noted that:

- (a) The performance of all Directors was good and above average and therefore all retiring directors be recommended to shareholders for re-election;
- (b) The Company has an effective board and its composition was well balanced after taking into account the Board members' wide experience and exposure in various areas as well as their diverse skills and qualities;
- (c) The performance of the Board Committees is satisfactory;
- (d) Independent Directors were free from influence which could interfere with their ability to exercise impartial judgment on key deliberations and decisions; and
- (e) The current composition of the Board and their experience are effective for Board's functions.

This Nomination Committee Report is made in accordance with the resolution of the Board on 25 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	50,000	215,300
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	5,000	5,000

2. REVALUATION POLICY

The Company and the Group does not have a revaluation policy on its properties.

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year under review, there was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

4. UTILISATION OF PROCEEDS

a) 2020 Private Placement

On 19 April 2021, the Company completed 2020 Private Placement following the listing and quotation of a total 115,958,300 placement shares at RM0.400 and RM0.525 per placement share respectively on Main Market of Bursa Securities, the total proceeds raised approximately RM47.82 million. The status of utilisation of proceeds is as follows:

Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilized RM'000	Expected timeframe for utilisation
Construction and purchase of machineries for the Fertiliser Plant (Phase 4)	18,500	18,500	-	Within 18 months
Construction of the GTP front office (Phase 1C)	17,500	17,500	-	Within 18 months
Reclamation work for the Biomass Power Plant (Phase 2C)	6,300	6,300	-	Within 12 months
Working Capital	5,188	5,188	-	Within 12 months
Expenses for the 2020 Private Placement	328	328	-	Immediate
Total	47,816	47,816	-	

b) Redeemable Convertible Preference Shares ("RCPS") Issuance

On 19 May 2021, the Company completed the 200,000,000 RCPS Issuance and raising a total proceeds of RM10 million. The status of utilisation of proceeds is as follows:

Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilized RM'000	Expected timeframe for utilisation
Joint Venture with Dengkil Paper mill	8,700	2,655	6,045	Within 24 months
Working capital	1,023	1,023	-	Within 12 months
Estimated expenses for the RCPS issuance	277	277	-	Immediate
Total	10,000	3,955	6,045	

ADDITIONAL COMPLIANCE INFORMATION

(continued)

c) 2021 Private Placement

During the financial year ended 31 December 2021, the Company successfully raised RM 19,760,775 from the private placement of 30,413,700 new ordinary shares. The placement was done in two (2) tranches and the details are as follows:

- i) Tranche 1- 23,191,700 new ordinary shares were issued at RM0.550 per ordinary share allotted on 20 August 2021 and listed on 23 August 2021.
- ii) Tranche 2- 7,222,000 new ordinary shares were issued at RM0.970 per ordinary share allotted on 20 December 2021 and listed on 22 December 2021.

The status of the utilisation of the proceeds is as follows:

Utilisation of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilized RM'000	Expected timeframe for utilisation
Joint Venture with Dengkil Paper mill	16,800	-	16,800	Within 22 months
Site preparation	2,760	2,760	-	Within 12 months
Estimated expenses for the 2021 Private Placement	200	183	17	Immediate
Total	19,760	2,943	16,817	

5. Employees' Share Option Scheme ("ESOS")

The Group had on 22 December 2016 implemented the ESOS and the said ESOS had on 17 December 2021 extended the said ESOS which is expiring on 21 December 2021 for a another five (5) years from 22 December 2021 to 21 December 2026. The information in relation to the ESOS as at 31 December 2021 is as follows:-

	Total Number	Aggregate for Directors
Granted	69,570,000	19,200,000
Exercised	36,780,000	15,745,000
Total options or shares outstanding as at 31 December 2021	32,790,000	3,455,000

Granted to Directors and Senior Management	During the financial year	Since commencement up to 31 December 2021
Aggregate maximum allocation in percentage	27.88%	27.88%
Actual percentage granted	27.88%	27.88%

During the financial year ended 31 December 2021, the breakdown of the options exercised by the Non-Executive Directors pursuant to the ESOS in respect of the financial year ended 31 December 2021 was as follows:

Name of Directors	Amount or options granted	Amount of options exercised
Dato' Dr. Haji Sohaimi Bin Shahadan	1,000,000 options	-
Dato' Dr. Koe Seng Kheng	500,000 options	500,000 options
Dato' Mohd Yusof Bin Din	3,000,000 options	545,000 options
Dato' Zakaria Bin Arshad	200,000 options	200,000 options
Teh Chau Chin	300,000 options	300,000 options
Tan Meng Chai	300,000 options	300,000 options

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DIRECTORS' REPORT

The directors of Nextgreen Global Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The principal activities of the Company are that of investment holding and the provision of management services.

The details of the Company's subsidiary companies are as disclosed in Note 7 to the financial statements.

Results

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The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit/(loss) for the year, net of tax	<u>9,821,096</u>	<u>(12,053,116)</u>
Profit attributable to:		
Equity holders of the Company	9,901,752	(12,053,116)
Non-controlling interests	<u>(80,656)</u>	<u>-</u>
	<u>9,821,096</u>	<u>(12,053,116)</u>

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the changes in accounting policies as disclosed in Notes 2(a) and 37 to the financial statements.

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

The Company increased its issued and paid-up ordinary share capital during the year by the issuance of:

- (i) 90,000,000 new ordinary shares pursuant to private placement at an issue price of RM0.40 per share of RM36,000,000,
- (ii) 11,458,300 new ordinary shares pursuant to private placement at an issue price of RM0.525 per share of RM6,015,608,
- (iii) 23,191,700 new ordinary shares pursuant to private placement at an issue price of RM0.55 per share of RM12,755,435,
- (iv) 7,222,000 new ordinary shares pursuant to private placement at an issue price of RM0.97 per share of RM7,005,340; and
- (v) 36,780,000 new ordinary shares pursuant to the Employees' Share Option Scheme ("ESOS") at exercise price of RM0.55 per share of RM20,229,000.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

DIRECTORS'

REPORT

(continued)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

Employees' Share Options Scheme ("ESOS")

The Company has established an Employees' Share Option Scheme ("ESOS") of not more than 10% of the issued share capital of the Company at the point of time throughout the duration of the scheme to eligible Directors and employees of the Group, which was approved by shareholders at an Extraordinary General Meeting ("EGM") held on 14 August 2015.

The ESOS shall be in force for a period of 5 years. The salient features and other terms of the ESOS and the movement of the options over unissued shares of the Company granted under the ESOS during the financial year are disclosed in Note 29 to the financial statements.

Details of the options granted to Directors are disclosed in the section of Directors' Interest in this report.

Redeemable Convertible Preference Shares ("RCPS")

On 9 April 2021, the Company issued 200,000,000 RCPS on the conversion ratio of RCPS at 1 new ordinary share for every 1 RCPS held. The issue price of the RCPS has been fixed at RM0.05.

AS at 31 December 2021, the total number of RCPS that remain unexercised were 200,000,000.

The salient terms of the RCPS are disclosed in Note 17 to the financial statements.

DIRECTORS' REPORT

(continued)

Directors

The Directors of the Company in office during the financial year until the date of this report are:

Dato' Lim Thiam Huat *
 Dato' Dr. Haji Sohaimi Bin Shahadan *
 Dato' Dr. Koe Seng Kheng *
 Lim Kah Yen *
 Dato' Mohd Yusof Bin Din
 Tan Meng Chai
 Teh Chau Chin
 Dato' Zakaria Bin Arshad (Resigned on 24 February 2022)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Lim Kean Kiat
 Tan Chee Tat
 Jeremy Sim Hui Yii
 Samuel Gregory Wong Pat Ting
 Woo Kin Seng
 Dato' Sri Azizan Bin Ahmad (Appointed on 12 March 2021)
 Oh Kim Heng (Resigned on 11 October 2021)

** Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' REPORT

(continued)

Directors' Interests in Shares

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interests in the Company				
Direct interests				
Dato' Lim Thiam Huat	65,980,564	8,450,000	-	74,430,564
Dato' Dr. Koe Seng Kheng	450,602	500,000	(450,602)	500,000
Lim Kah Yen	12,610,000	6,950,000	-	19,560,000
Tan Meng Chai	240,000	300,000	-	540,000
Dato' Mohd Yusof bin Din	-	545,000	-	545,000
Dato' Zakaria bin Arshad	-	200,000	-	200,000
Teh Chau Chin	-	300,000	-	300,000
Indirect interests				
Dato' Lim Thiam Huat #	17,384,800	15,618,000	-	33,002,800

Number of options over ordinary shares				
	At 1.1.2021	Granted	Exercised	At 31.12.2021
Interests in the Company				
Direct interests				
Dato' Lim Thiam Huat	-	6,950,000	(6,950,000)	-
Dato' Dr. Koe Seng Kheng	-	500,000	(500,000)	-
Lim Kah Yen	-	6,950,000	(6,950,000)	-
Tan Meng Chai	-	300,000	(300,000)	-
Teh Chau Chin	-	300,000	(300,000)	-
Dato' Mohd Yusof bin Din	-	3,000,000	(545,000)	2,455,000
Dato' Zakaria bin Arshad	-	200,000	(200,000)	-
Dato' Dr. Haji Sohaimi Bin Shahadan	-	1,000,000	-	1,000,000
Indirect interests				
Dato' Lim Thiam Huat #	-	27,380,000	(15,500,000)	11,880,000

Deemed interest by virtue of shares held by children.

DIRECTORS' REPORT

(continued)

Directors' Interests in Shares (Cont'd)

By virtue of their interests in the shares of the Company, the directors are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in ordinary shares in the Company or its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 33 to the financial statements.

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

Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

DIRECTORS' REPORT

(continued)

Other Statutory Information (Cont'd)

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
- (d) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Event

The significant event is disclosed in Note 37 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 38 to the financial statements.

DIRECTORS' REPORT

(continued)

Auditors

The auditors, UHY have indicated their willingness to continue in office.

Auditors' Remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 26 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

DATO' LIM THIAM HUAT

LIM KAH YEN

KUALA LUMPUR

26 APRIL 2022

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

STATEMENTS BY DIRECTORS

The Directors of Nextgreen Global Berhad state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

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DATO' LIM THIAM HUAT

LIM KAH YEN

KUALA LUMPUR

26 APRIL 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, Wan Noor Azhan Bin Wan Shahruddeen (MIA Membership No.: 32383), the officer primarily responsible for the financial management of Nextgreen Global Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

WAN NOOR AZHAN BIN WAN
SHAHRUDDEEN

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Subscribed and solemnly declared by the abovenamed Wan Noor Azhan Bin Wan Shahruddeen at Kuala Lumpur in Federal Territory, this 26 April 2022.

Before me,

No. W538
WOON MEE CHIN

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nextgreen Global Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 206.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
1. Impairment review on property, plant and equipment Property, plant and equipment of the Group includes pulp and paper factory, plant and equipment to manufacture pulp and paper which are still under construction and the delivery of the plant and equipment is ongoing. As disclosed in Note 4 to the financial statements, due to the delay in the construction, management has revised its business plan and performed an impairment review on the property, plant and equipment under construction. The Group estimated the recoverable amounts of the carrying value of property, plant and equipment under construction based on the value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the projects and discounting them at an appropriate discount rate. Such estimations are highly subjective and accordingly we consider this to be an area of audit focus.	We evaluated whether the cash flows forecast and projections prepared by the management are in accordance with the requirements of MFRS 136 Impairment of Assets. We reviewed the estimation uncertainty and performed a sensitivity analysis on the key assumptions to assess their reasonableness and the achievability of the forecasting. We tested the mathematical accuracy of the impairment assessment. We assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
2. Impairment of trade receivables As at 31 December 2021, the carrying value of Group's trade receivables amounted to RM22,439,488. The nature of the industry exposes the Group to credit risk. The assessment for impairment for trade receivables involves significant management judgement, taking into consideration the age of the trade debts, historical payment patterns, existence of disputes and other available information concerning the recoverability of the receivables. Accordingly, impairment of trade receivables has been identified as a key audit matter. The aforementioned impairment review gave rise to net loss on impairment of receivables of RM1,861,315 for the financial year ended 31 December 2021.	We obtained an understanding and evaluated the appropriateness of the Group's policy on management of credit risk and its credit exposures. We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss. We tested the accuracy and completeness of the data used by the management. We evaluated subsequent year end receipts and recoverability of outstanding trade receivables. We enquired with management regarding the recoverability of trade receivables that are past due but not impaired and reviewed customers' correspondence.

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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UHY
Firm Number: AF 1411
Chartered Accountants

HO SIEW CHAN
Approved Number: 03485/02/2024 J
Chartered Accountant

KUALA LUMPUR

26 APRIL 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Non-Current Assets					
Property, plant and equipment	4	103,950,439	69,265,556	27,753	92,758
Intangible assets	5	1,050,000	1,050,000	-	-
Right-of-use assets	6	1,608,249	801,028	-	-
Investment in subsidiary companies	7	-	-	93,006,577	64,264,758
Investment in associate companies	8	-	-	-	-
Other investments	9	22,688	22,227	-	-
Inventories	10	119,784,700	6,338,219	-	-
Other receivables	11	-	-	191,445,143	133,723,085
Deferred tax assets	12	125,620	136,807	-	-
Goodwill	13	498,365	-	-	-
		<u>227,040,061</u>	<u>77,613,837</u>	<u>284,479,473</u>	<u>198,080,601</u>
Current Assets					
Inventories	10	6,508,978	70,449,952	-	-
Trade receivables	14	22,439,488	12,852,102	-	-
Other receivables	11	31,271,538	12,796,460	4,126,274	3,237,648
Tax recoverable		231,299	173,918	76,043	74,768
Fixed deposit with licensed banks	15	36,889	-	-	-
Cash and bank balances		<u>7,982,501</u>	<u>1,205,116</u>	<u>127,469</u>	<u>188,750</u>
		<u>68,470,693</u>	<u>97,477,548</u>	<u>4,329,786</u>	<u>3,501,166</u>
Total Assets		295,510,754	175,091,385	288,809,259	201,581,767

STATEMENTS OF FINANCIAL POSITION

(continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Equity					
Share capital	16	253,069,630	171,566,160	253,069,630	171,566,160
Redeemable convertible preference shares	17	10,000,000	-	10,000,000	-
Reserves	18	(14,791,957)	(32,076,279)	20,223,895	25,139,129
Equity attributable to owners of the Parent		248,277,673	139,489,881	283,293,525	196,705,289
Non-controlling interests		(215,544)	(61,507)	-	-
Total Equity		<u>248,062,129</u>	<u>139,428,374</u>	<u>283,293,525</u>	<u>196,705,289</u>
Non-Current Liabilities					
Hire purchase liabilities	19	202,171	120,103	-	-
Loans and borrowings	20	659,403	8,320,000	-	-
Lease liabilities	21	581,081	298,689	-	-
		<u>1,442,655</u>	<u>8,738,792</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade payables	22	15,661,720	9,382,968	-	-
Other payables	23	17,759,042	13,258,478	2,915,734	2,876,478
Hire purchase liabilities	19	81,591	78,989	-	-
Loans and borrowings	20	11,417,173	3,680,000	2,600,000	2,000,000
Lease liabilities	21	1,086,127	522,011	-	-
Provision for taxation		317	1,773	-	-
		<u>46,005,970</u>	<u>26,924,219</u>	<u>5,515,734</u>	<u>4,876,478</u>
Total Liabilities		<u>47,448,625</u>	<u>35,663,011</u>	<u>5,515,734</u>	<u>4,876,478</u>
Total Equity and Liabilities		<u>295,510,754</u>	<u>175,091,385</u>	<u>288,809,259</u>	<u>201,581,767</u>

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	24	51,294,775	32,275,932	185,224	202,929
Cost of sales		<u>(26,772,350)</u>	<u>(19,691,376)</u>	<u>-</u>	<u>-</u>
Gross profit		24,522,425	12,584,556	185,224	202,929
Other income		10,455,683	3,434,685	3	2,241,838
Net losses on impairment of financial assets		(1,892,940)	(1,357,001)	(513,975)	(475,425)
Other operating expenses		<u>(21,589,483)</u>	<u>(9,219,688)</u>	<u>(11,240,540)</u>	<u>(2,893,513)</u>
Profit/(Loss) from operation		11,495,685	5,442,552	(11,569,288)	(924,171)
Finance income		8,746	1,575	5,164	-
Finance costs		<u>(1,695,864)</u>	<u>(1,264,361)</u>	<u>(488,992)</u>	<u>(183,326)</u>
Net finance costs	25	(1,687,118)	(1,262,786)	(483,828)	(183,326)
Share of losses on associates, net of tax		<u>-</u>	<u>(49)</u>	<u>-</u>	<u>-</u>
Profit/(Loss) before tax	26	9,808,567	4,179,717	(12,053,116)	(1,107,497)
Taxation	27	<u>12,529</u>	<u>(12,643)</u>	<u>-</u>	<u>-</u>
Net profit/(loss) for the financial year		<u>9,821,096</u>	<u>4,167,074</u>	<u>(12,053,116)</u>	<u>(1,107,497)</u>

STATEMENTS OF COMPREHENSIVE INCOME

(continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Other comprehensive income, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		244,688	(123,059)	-	-
Total comprehensive income/(loss) for the financial year		<u>10,065,784</u>	<u>4,044,015</u>	<u>(12,053,116)</u>	<u>(1,107,497)</u>
Profit/(Loss) attributable to:					
Owners of the Parent		9,901,752	4,228,611	(12,053,116)	(1,107,497)
Non-controlling interests		<u>(80,656)</u>	<u>(61,537)</u>	<u>-</u>	<u>-</u>
		<u>9,821,096</u>	<u>4,167,074</u>	<u>(12,053,116)</u>	<u>(1,107,497)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Parent		10,146,440	4,105,552	(12,053,116)	(1,107,497)
Non-controlling interests		<u>(80,656)</u>	<u>(61,537)</u>	<u>-</u>	<u>-</u>
		<u>10,065,784</u>	<u>4,044,015</u>	<u>(12,053,116)</u>	<u>(1,107,497)</u>
Earnings per share	28				
Basic earnings per share (sen)		1.44	0.77		
Diluted earnings per share (sen)		<u>1.30</u>	<u>0.77</u>		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the parent						
	Non-distributable						
	Share capital RM	Redeemable convertible shares RM	Foreign currency translation reserve RM	Merger reserve RM	Employee share option reserve RM	Accumulated losses RM	Total RM
Group							
At 1 January 2021	171,566,160	-	(337,135)	(16,832,846)	-	(14,906,298)	139,489,881
							(61,507)
							139,428,374
Profit for the financial year	-	-	-	-	-	9,901,752	9,901,752
Foreign exchange translation	-	-	244,688	-	-	-	244,688
Total comprehensive income for the financial year	-	-	244,688	-	-	9,901,752	10,146,440
							(80,656)
							10,065,784
							-
							244,688

(continued)

At 31 December 2021

STATEMENTS OF CHANGES IN EQUITY

(continued)

	Non-distributable					
	Share capital RM	Foreign currency translation reserve RM	Merger reserve RM	Warrant reserve RM	Accumulated losses RM	Total RM
Group						
At 1 January 2020	135,678,442	(214,076)	(16,832,846)	16,854,684	(35,989,593)	99,496,611
Profit for the financial year	-	-	-	-	4,228,611	4,228,611
Foreign exchange translation	-	(123,059)	-	-	-	(123,059)
Total comprehensive income for the financial year	-	(123,059)	-	-	4,228,611	4,105,552
Transactions with owners:						
Warrants expired	-	-	-	(16,854,684)	16,854,684	-
Issue of shares pursuant to private placements	36,092,500	-	-	-	-	36,092,500
Share issue expenses	(204,782)	-	-	-	-	(204,782)
	35,887,718	-	-	(16,854,684)	16,854,684	35,887,718
At 31 December 2020	171,566,160	(337,135)	(16,832,846)	-	(14,906,298)	139,428,374

STATEMENTS OF CHANGES IN EQUITY

(continued)

	Non-distributable			Retained earnings RM	Total equity RM
	Share capital RM	Redeemable convertible preference shares RM	Employee share option reserve RM		
Company					
At 1 January 2021	171,566,160	-	-	25,139,129	196,705,289
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(12,053,116)	(12,053,116)

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Transactions with owners:

Issuance of ordinary shares:

- Private placement	61,776,382	-	-	-	61,776,382
- Share issuance expenses	(501,912)	-	-	-	(501,912)
- Exercise of ESOS	20,229,000	-	(3,773,628)	3,773,628	20,229,000
Share-based payment	-	-	7,137,882	-	7,137,882
Issuance of redeemable convertible preference shares	-	10,000,000	-	-	10,000,000
	81,503,470	10,000,000	3,364,254	3,773,628	98,641,352
At 31 December 2021	253,069,630	10,000,000	3,364,254	16,859,641	283,293,525

STATEMENTS OF CHANGES IN EQUITY

(continued)

	Non-distributable		Retained earnings RM	Total equity RM
	Share capital RM	Warrant reserve RM		
Company				
At 1 January 2020	135,678,442	16,854,684	9,391,942	161,925,068
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	(1,107,497)	(1,107,497)
Transactions with owners:				
Warrants expired	-	(16,854,684)	16,854,684	-
Issue of shares pursuant to private placements	36,092,500	-	-	36,092,500
Share issue expenses	(204,782)	-	-	(204,782)
	35,887,718	(16,854,684)	16,854,684	35,887,718
At 31 December 2020	171,566,160	-	25,139,129	196,705,289

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash flows from operating activities				
Profit/(Loss) before tax	9,808,567	4,179,717	(12,053,116)	(1,107,497)
Adjustments for:				
Amortisation of right-of-use assets	1,089,333	658,826	-	-
Amortisation of intangible assets	61,296	-	-	-
Deposit forfeited from disposal of a subsidiary company	-	(2,240,884)	-	(2,240,884)
Depreciation of property, plant and equipment	2,691,937	2,650,724	89,299	88,293
Dividend income	(735)	(840)	-	-
Fair value gain on other investments	(461)	(9,538)	-	-
Finance costs	1,695,864	1,264,361	488,992	183,326
Finance income	(8,746)	(1,575)	(5,164)	-
Gain on disposal of property, plant and equipment	(132,698)	(181,726)	-	-
Impairment losses on:				
- investment in subsidiary companies	-	-	1,608,238	903,000
- investment in associate companies	-	-	-	49
- goodwill	7,050	-	-	-
- receivables	2,011,192	1,405,070	513,975	475,425
Impairment losses on receivables written off	(22,474)	-	-	-
Inventories written down	-	7,903	-	-
Property, plant and equipment written off	1,326	17,285	-	-

STATEMENTS OF CASH FLOWS

(continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Balances brought forward	17,201,451	7,749,323	(9,357,776)	(1,698,288)
Reversal of impairment losses on:				
- investment in associate company	(3)	-	(3)	-
- property, plant and equipment	(9,516,538)	-	-	-
- receivables	(118,252)	(48,069)	-	-
Share-based payment	7,137,882	-	7,137,882	-
Share of losses on associates	-	49	-	-
Unrealised gain on foreign exchange	(90,138)	(32,730)	-	-
Operating profit/(loss) before working capital changes	<u>14,614,402</u>	<u>7,668,573</u>	<u>(2,219,897)</u>	<u>(1,698,288)</u>
Changes in working capital:				
Inventories	(39,375,251)	(25,131,870)	-	-
Receivables	(21,500,537)	(4,980,917)	(657,233)	(342,057)
Payables	362,899	2,389,820	23,826	(854,529)
	<u>(60,512,889)</u>	<u>(27,722,967)</u>	<u>(633,407)</u>	<u>(1,196,586)</u>
Cash used in operations	(45,898,487)	(20,054,394)	(2,853,304)	(2,894,874)
Interest received	8,746	1,575	5,164	-
Interest paid	(1,695,864)	(1,264,361)	(488,992)	(183,326)
Tax refund	-	1,136,000	-	-
Tax paid	(26,003)	(2,740)	(1,275)	(2,250)
	<u>(1,713,121)</u>	<u>(129,526)</u>	<u>(485,103)</u>	<u>(185,576)</u>
Net cash used in operating activities	<u>(47,611,608)</u>	<u>(20,183,920)</u>	<u>(3,338,407)</u>	<u>(3,080,450)</u>

STATEMENTS OF CASH FLOWS

(continued)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of:				
- property, plant and equipment	(27,591,896)	(18,212,596)	(24,294)	-
- intangible assets	-	(550,000)	-	-
- investment in subsidiary companies	-	-	(30,350,054)	(4)
Acquisition of subsidiary companies, net of cash acquired	(30,624)	-	-	-
Advances to subsidiary companies	-	-	(58,446,504)	(34,642,154)
Advances to associate company	-	-	(20,973)	-
Dividend received	735	840	-	-
Deposit paid for acquisition of property, plant and equipment	(7,091,384)	-	-	-
Proceeds from disposal of property, plant and equipment	208,500	320,000	-	-
(Placement)/Withdrawal of fixed deposit pledged with licensed bank	(5,000)	55,000	-	-
Net cash used in investing activities	<u>(34,509,669)</u>	<u>(18,386,756)</u>	<u>(88,841,825)</u>	<u>(34,642,158)</u>

STATEMENTS OF CASH FLOWS

(continued)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from financing activities					
Drawdown of term loan	31	600,000	6,900,100	600,000	2,000,000
Net changes of other loans		118,999	(168,000)	-	-
Proceeds from redeemable convertible preference shares		10,000,000	-	10,000,000	-
Proceeds from exercise of employee share options		20,229,000	-	20,229,000	-
Proceeds from issuance of ordinary shares		61,274,470	35,887,718	61,274,470	35,887,718
Repayment to subsidiary companies	31	-	-	15,481	-
Repayments of:					
- hire purchase liabilities	31	(172,614)	(159,006)	-	-
- lease liabilities	31	(1,050,046)	(639,154)	-	-
- term loans	31	(2,077,485)	-	-	-
- third party interest free loan	31	-	(3,351,500)	-	-
Net cash from financing activities		<u>88,922,324</u>	<u>38,470,158</u>	<u>92,118,951</u>	<u>37,887,718</u>

STATEMENTS OF CASH FLOWS

(continued)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net increase/(decrease) in cash and cash equivalents	6,801,047	(100,518)	(61,281)	165,110
Cash and cash equivalents at the beginning of the financial year	1,205,116	1,423,120	188,750	23,640
Foreign exchange differences	8,227	(117,486)	-	-
	<u>1,213,343</u>	<u>1,305,634</u>	<u>188,750</u>	<u>23,640</u>
Cash and cash equivalents at the end of the financial year	<u>8,014,390</u>	<u>1,205,116</u>	<u>127,469</u>	<u>188,750</u>
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	7,982,501	1,205,116	127,469	188,750
Fixed deposit with licensed banks	36,889	-	-	-
	<u>8,019,390</u>	<u>1,205,116</u>	<u>127,469</u>	<u>188,750</u>
Less: Fixed deposit pledged with licensed banks	(5,000)	-	-	-
	<u>8,014,390</u>	<u>1,205,116</u>	<u>127,469</u>	<u>188,750</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. Corporate Information

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 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's registered office is located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 27 January 2021, the Company's registered office has been relocated to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB"):

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

	Effective dates for financial periods beginning on or after
Amendments to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference of the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020:	1 January 2022
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to MFRS 16	
• Amendments to MFRS 141	

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s and the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Control over Nextgreen Enviro (Sarawak) Sdn. Bhd.

Nextgreen Enviro (Sarawak) Sdn. Bhd. ("NE(S)SB") is a subsidiary company of the Company even though the Company owns less than half of the direct ownership interest in these entities and less than half of their voting power. The Company controls over NE(S)SB, on the basis that the remaining voting rights in the investee are owned by an executive Director of the Company.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and right-of-use (“ROU”) assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 6.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 13.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 7.

Impairment of property, plant and equipment

The Group assesses whether there is any indication that property, plant and equipment are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment. The key assumptions used to determine the recoverable amounts is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 12.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also require determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts at the reporting date for trade receivables and other receivables are disclosed in Notes 11 and 14 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM231,299 and tax payable of RM317 (2020: RM173,918 and RM1,773) and the Company has tax recoverable of RM76,043 (2020: RM74,768).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(m)(i) on impairment of non-financial assets.

(ii) Change in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed such that control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Property, plant and equipment under construction is not depreciated until it is ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

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 lives and depreciation method are reviewed at the end of each reporting period 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 property, plant and equipment.

(e) Leases

As lessee

The Group and the Company recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis of property, plant and equipment as follow:

Leasehold land	over the lease term
Leasehold buildings	2%
Buildings	33% - 50%
Motor vehicles	33% - 50%

The Group's ROU assets consist of leasehold land and buildings and motor vehicles (included in property, plant and equipment) and buildings and motor vehicles (included in ROU assets) are as disclosed in Note 4 and 6, respectively.

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised based on the estimated useful lives of assets as follows:

Master license	30 months to 15 years
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The master licenses are not amortised until the intended factory or plant for manufacturing of pulps and paper is constructed and commissioned.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The policy of recognition and measurement of impairment losses is in accordance with Note 3(m)(i) on impairment of non-financial assets.

(g) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets at initial recognition and the categories include trade and other receivables, available for sale investments, cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

(ii) Fair value through other comprehensive income ("FVOCI")

The Group and the Company have not designated any financial assets as FVOCI.

(iii) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment in accordance with Note 3(m)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expired or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group or the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Financial liabilities at amortised cost

After initial recognition, financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit or loss when the liabilities are derecognised and through the amortisation process.

The Group's and Company's financial liabilities designated at amortised cost comprise trade and other payables, hire purchase liabilities, borrowings and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss ("FVTPL")

The Group and the Company have not designated any financial liabilities at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(j) Inventories

(i) Property development

Property held for development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at lower of cost and net realisable value.

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

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 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 are stated at the lower of cost and net realisable value.

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first in first out basis. Cost of finished goods and work-in progress consists of direct material, direct labour and an appropriate proportion of production overheads.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(l) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of 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.

ECLs are recognised in two stages. For credit exposure which there has not been a significant increase in credit risk since initial recognition, ECLs 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, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(n) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholder is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholder.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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 and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(o) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit and loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises, the impact of the revision of original estimates, if any, in the profit and loss, with a corresponding adjustment to the equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings or accumulated losses.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(p) Revenue and other income recognition

(i) Revenue from contracts with customers

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 services (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 Company’s customary business practices.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract i.e. based on the level of completion of the physical proportion of contract work todate, certified by professional consultants

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(p) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Sales of goods

Sales of goods are recognised upon delivery of products and when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

(c) Sales of land

The performance obligation is satisfied upon the control of the land is transferred and delivered to the purchaser.

(d) Rendering of services

Consultancy fee and management fee are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(q) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Where the Group receives non-monetary government grants, the asset and the grant are recorded at nominal amount and transferred to profit or loss on a systematic basis over the life of the depreciable asset by way of a reduced depreciation charge.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(s) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Export allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

3. Significant Accounting Policies (Cont'd)

(t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(v) Statements of cash flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and other short-term, highly liquid investments that are readily convertible into cash with insignificant risk of changes in value against which bank overdrafts, if any, are deducted.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment

Group 2021	Leasehold land RM	Leasehold building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
At cost									
At 1 January 2021	11,085,060	9,234,125	35,132,260	642,499	1,514,903	2,130,533	29,843,676	36,801,674	126,384,730
Acquisition of subsidiary	-	-	45,148	-	19,456	252,195	-	136,286	453,085
Additions	-	-	313,296	51,607	362,356	96,372	24,052,973	2,801,792	27,678,396
Disposals	-	-	(111,500)	-	-	(373,175)	-	-	(484,675)
Written off	-	-	-	-	(4,644)	-	-	-	(4,644)
Exchange differences	-	-	26,808	-	-	-	-	-	26,808
At 31 December 2021	11,085,060	9,234,125	35,406,012	694,106	1,892,071	2,105,925	53,896,649	39,739,752	154,053,700
Accumulated depreciation									
At 1 January 2021	801,324	775,650	22,765,293	288,338	888,883	1,712,344	-	-	27,231,832
Acquisition of subsidiary	-	-	35,651	-	13,125	159,724	-	-	208,500
Charge for the year	133,554	188,989	1,886,041	19,418	163,887	300,048	-	-	2,691,937
Disposals	-	-	(103,624)	-	-	(305,249)	-	-	(408,873)
Written off	-	-	-	-	(3,318)	-	-	-	(3,318)
Exchange differences	-	-	12,379	-	-	-	-	-	12,379
At 31 December 2021	934,878	964,639	24,595,740	307,756	1,062,577	1,866,867	-	-	29,732,457

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

Group	Leasehold land RM	Leasehold building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
2021									
Accumulated impairment losses									
At 1 January 2021	-	-	-	-	-	-	9,516,538	20,370,804	29,887,342
Reversal	-	-	-	-	-	-	(9,516,538)	-	(9,516,538)
At 31 December 2021	-	-	-	-	-	-	-	20,370,804	20,370,804
Carrying amount									
At 31 December 2021	10,150,182	8,269,486	10,810,272	386,350	829,494	239,058	53,896,649	19,368,948	103,950,439

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

	Leasehold land RM	Leasehold building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Leasehold building and renovation under constructio RM	Plant and equipment under constructio RM	Total RM
Group									
2020									
At cost									
At 1 January 2020	11,085,060	9,234,125	36,652,362	639,539	1,405,972	2,601,730	15,465,239	33,104,406	110,188,433
Additions	-	-	25,000	2,960	108,931	-	14,378,437	3,697,268	18,212,596
Disposals	-	-	(1,500,000)	-	-	(471,197)	-	-	(1,971,197)
Write offs	-	-	(31,427)	-	-	-	-	-	(31,427)
Exchange differences	-	-	(13,675)	-	-	-	-	-	(13,675)
At 31 December 2020	11,085,060	9,234,125	35,132,260	642,499	1,514,903	2,130,533	29,843,676	36,801,674	126,384,730
Accumulated depreciation									
At 1 January 2020	667,770	590,968	22,505,093	237,141	753,545	1,681,758	-	-	26,436,275
Charge for the year	133,554	184,682	1,782,444	51,197	135,338	363,509	-	-	2,650,724
Disposals	-	-	(1,500,000)	-	-	(332,923)	-	-	(1,832,923)
Write offs	-	-	(14,142)	-	-	-	-	-	(14,142)
Exchange differences	-	-	(8,102)	-	-	-	-	-	(8,102)
At 31 December 2020	801,324	775,650	22,765,293	288,338	888,883	1,712,344	-	-	27,231,832

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

	Leasehold land RM	Leasehold building RM	Factory equipment, plant and machinery RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
Group 2020								
Accumulated impairment losses								
At 1 January 2020/	-	-	-	-	-	9,516,538	20,370,804	29,887,342
31 December 2020	-	-	-	-	-	9,516,538	20,370,804	29,887,342
Carrying amount								
At 31 December 2020	10,283,736	8,458,475	12,366,967	626,020	418,189	20,327,138	16,430,870	69,265,556

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

	Computers RM	Office equipment RM	Motor vehicles RM	Total RM
Company				
2021				
At cost				
At 1 January 2021	7,087	5,300	433,899	446,286
Additions	24,294	-	-	24,294
At 31 December 2021	<u>31,381</u>	<u>5,300</u>	<u>433,899</u>	<u>470,580</u>
Accumulated depreciation				
At 1 January 2021	7,086	2,120	344,322	353,528
Charge for the year	1,459	1,060	86,780	89,299
At 31 December 2021	<u>8,545</u>	<u>3,180</u>	<u>431,102</u>	<u>442,827</u>
Carrying amount				
At 31 December 2021	<u>22,836</u>	<u>2,120</u>	<u>2,797</u>	<u>27,753</u>
2020				
At cost				
At 1 January 2020/ 31 December 2020	<u>7,087</u>	<u>5,300</u>	<u>433,899</u>	<u>446,286</u>
Accumulated depreciation				
At 1 January 2020	6,635	1,060	257,540	265,235
Charge for the year	451	1,060	86,782	88,293
At 31 December 2020	<u>7,086</u>	<u>2,120</u>	<u>344,322</u>	<u>353,528</u>
Carrying amount				
At 31 December 2020	<u>1</u>	<u>3,180</u>	<u>89,577</u>	<u>92,758</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The net carrying amount of property, plant and equipment of the Group are pledged as securities for term loans as disclosed in Note 20 are:

	Group	
	2021	2020
	RM	RM
Leasehold land	10,150,182	10,283,736
Leasehold building	8,269,486	8,458,475
	<u>18,419,668</u>	<u>18,742,211</u>

(b) Right-of-use assets

Included in the net carrying amount of leasehold land and building and motor vehicles of the Group are right-of-use assets amounted to RM18,745,092 and RM221,712 (2020: RM18,742,211 and RM209,796), respectively.

(c) Assets held under finance leases

Motor vehicles of the Group with net carrying amount of RM221,712 (2020: RM209,796) are acquired under hire purchase arrangements.

(d) Leasehold land

The remaining lease term of leasehold land is 77 years (2020: 78 years).

(e) Acquisition of property, plant and equipment

The aggregate cost for the property, plant and equipment of the Group and of the Company during the financial year/period under finance lease and cash payment are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Total additions	27,678,396	18,212,596	24,294	-
Less: Hire purchase arrangements	(86,500)	-	-	-
Cash payment	<u>27,591,896</u>	<u>18,212,596</u>	<u>24,294</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

4. Property, Plant and Equipment (Cont'd)

(f) Impairment review of property, plant and equipment

Impairment loss and subsequent reversal on property, plant and equipment under construction for pulps and papers business

During the current financial year, the recoverable amount of property, plant and equipment was reviewed. The recoverable amount is determined from the value in use calculation by discounting future cash flows using a pre-tax discount rate of 10% (2020: 10%). RM9,516,538 of the loss on the leasehold building, plant and equipment under construction was reversed.

5. Intangible Assets

	Group	
	2021	2020
	RM	RM
At cost		
At 1 January	1,050,000	500,000
Acquisition of subsidiary company	61,296	-
Additions	-	550,000
At 31 December	<u>1,111,296</u>	<u>1,050,000</u>
Accumulated amortisation		
At 1 January	-	-
Charged for the financial year	<u>61,296</u>	<u>-</u>
At 31 December	<u>61,296</u>	<u>-</u>
Carrying amount		
At 31 December	<u>1,050,000</u>	<u>1,050,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

5. Intangible Assets (Cont'd)

In current year

The Group has acquired 70% stake in Osmocell Sdn Bhd (“OMSB”). The Group has measured and recognised the intangible assets of OMSB using DCF valuation model on its contract assets at the acquisition date in accordance to the MFRS 3. The DCF valuation model is commonly used as a generally accepted method in the valuing of a business or determination of fair value of identifiable intangible assets. The DCF valuation model considers both the time value of money and the future economic benefits to be derived from the intangible assets over a specified period of time and discounted at a specified rate to arrive at the net present value of those intangible asset.

In previous financial year

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.

The Group had entered into a Technology Licensing Agreement with Universiti Putra Malaysia (“UPM”) for the grant of a master license at purchase consideration of RM550,000 to use the inventions and design owned by UPM as licensor for the purpose of conducting research and development on Cellulose Nano-Fibre production and to produce, manufacture, sell, distribute, market and promote the EFB Cellulose Nano-Fibre product. The licence is granted for an initial period of thirty (30) months commencing the date when the intended factory or plant for manufacturing of pulps and papers is constructed and commissioned.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

6. Right-of-use Assets

	Buildings RM	Motor vehicles RM	Total RM
Group 2021			
At cost			
At 1 January 2021	1,142,008	317,846	1,459,854
Addition	1,690,927	205,627	1,896,554
Expiration of lease contracts	(432,316)	-	(432,316)
At 31 December 2021	<u>2,400,619</u>	<u>523,473</u>	<u>2,924,092</u>
Accumulated amortisation			
At 1 January 2021	592,992	65,834	658,826
Charge for the year	908,758	180,575	1,089,333
Expiration of lease contracts	(432,316)	-	(432,316)
At 31 December 2021	<u>1,069,434</u>	<u>246,409</u>	<u>1,315,843</u>
Carrying amount			
At 31 December 2021	<u>1,331,185</u>	<u>277,064</u>	<u>1,608,249</u>
Group 2020			
At cost			
At 1 January 2020, as previously reported	-	-	-
Effect of adopting MFRS 16	1,034,856	-	1,034,856
At 1 January 2020, restated	1,034,856	-	1,034,856
Addition	107,152	317,846	424,998
At 31 December 2020	<u>1,142,008</u>	<u>317,846</u>	<u>1,459,854</u>
Accumulated amortisation			
At 1 January 2020	-	-	-
Charge for the year	592,992	65,834	658,826
At 31 December 2020	<u>592,992</u>	<u>65,834</u>	<u>658,826</u>
Carrying amount			
At 31 December 2020	<u>549,016</u>	<u>252,012</u>	<u>801,028</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies

	Company	
	2021 RM	2020 RM
In Malaysia		
Unquoted shares, at cost	107,745,150	77,395,093
Less: Accumulated impairment losses	(16,547,573)	(14,939,335)
	<u>91,197,577</u>	<u>62,455,758</u>
Outside Malaysia		
Unquoted shares, at cost	1,809,000	1,809,000
	<u>93,006,577</u>	<u>64,264,758</u>

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	2021 RM	2020 RM
At the beginning of the financial year	14,939,335	14,036,335
Impairment loss recognised in profit or loss	1,608,238	903,000
At the end of the financial year	<u>16,547,573</u>	<u>14,939,335</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
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
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 fertilizers
Nextgreen Energy Sdn. Bhd.	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Nextgreen (Sarawak) Sdn. Bhd.	Malaysia	70	70	Dormant
Nextgreen Agrofeed Sdn. Bhd.	Malaysia	100	100	Manufacture and trade animal feed
Nextgreen Utilities Sdn. Bhd.	Malaysia	100	100	Treatment of waste water
Nextgreen Biomass Sdn. Bhd.	Malaysia	100	-	Import and export empty fruit brunches, oil palm and fonds
Nextgreen Resources Sdn. Bhd.	Malaysia	100	-	Import and export pulp and paper related products
Nextgreen Forest Management Sdn. Bhd.	Malaysia	100	-	Forest restoration or plantation and management
Nextgreen Enviro Sdn. Bhd. ^	Malaysia	51	-	Dormant
Osmocell Malaysia Sdn. Bhd.	Malaysia	70	-	Design, engineering and construction for water and waste water treatment system and trading its components
Nextgreen Enviro (Sarawak) Sdn. Bhd. #	Malaysia	30	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Held through System Multimedia and Internet Sdn. Bhd.				
System Publishing House Sdn. Bhd.	Malaysia	100	100	Dormant

* No statutory audit requirement

^ Not audited by UHY

Not audited by UHY, ceased to be an associate and became a subsidiary company on 1 January 2021

Incorporation of subsidiary companies

In current financial year:

- (a) On 6 January 2021, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Biomass Sdn. Bhd. ("NBSB") with an initial paid up share capital of RM1 comprising of 1 ordinary share. The intended principal activity of NBSB is import and export of raw materials such as empty fruit bunches, oil palm trunk and fonds.
- (b) On 6 January 2021, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Resources Sdn. Bhd. ("NRSB") with an initial paid up share capital of RM1 comprising of 1 ordinary share. The intended principal activity of NRSB is import and export of pulp and paper, including recycled paper or related products.
- (c) On 12 July 2021, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Forest Management Sdn. Bhd. ("NFMSB") with an initial paid up share capital of RM1 comprising of 1 ordinary share. The intended principal activity of NFMSB is forest restoration or plantation and management.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Incorporation of subsidiary companies (Cont'd)

In previous financial year:

- (a) On 22 September 2020, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Agrofeed Sdn. Bhd. ("NASB") with an initial paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of NASB is to manufacture and trade animal feed.
- (b) On 22 September 2020, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Utilities Sdn. Bhd. ("NUSB") with an initial paid up share capital of RM2 comprising of 2 ordinary shares. The intended principal activity of NUSB is treatment of waste water.

Addition of investment in subsidiary company

During the financial year, the Company further subscribed for additional 30,000,000 ordinary shares in Nextgreen Pulp and Paper Sdn. Bhd. ("NGPP") by way of capitalisation of amount due from NGPP of RM30,000,000.

Acquisition of subsidiary companies

On 5 January 2021, the Company entered into a share sale agreement ("SSA") with Tekun Jasa Sdn. Bhd to acquire 70% equity interest in Osmocell Malaysia Sdn. Bhd. ("OMSB") for a total cash consideration of RM350,000.

On 17 August 2021, the Company acquired 51% equity interest in Nextgreen Enviro Sdn. Bhd. ("NESB") for a total consideration of RM51.

On 30 October 2020, the Director of the Company acquired 7 shares, representing 70% equity interest in Nextgreen Enviro (Sarawak) Sdn. Bhd. ("NE(S)SB") for a total cash consideration of RM7 only. Consequently, NESB ceased to be an associate and became a subsidiary company of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Acquisition of subsidiary companies (Cont'd)

The following summarise the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	RM
<u>Fair value of consideration transferred</u>	
Purchase consideration settled in cash	<u>350,051</u>
	RM
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Property, plant and equipment	244,585
Intangible assets	61,296
Inventories	1,498,866
Trade and other receivables	1,194,679
Tax recoverable	32,834
Fixed deposits with licensed banks	128,863
Cash and bank balances	190,564
Trade and other payables	(1,950,868)
Loans and borrowings	(1,605,845)
Deferred tax liabilities	<u>(23,716)</u>
Total identifiable assets and liabilities	<u>(228,742)</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. Investment in Subsidiary Companies (Cont'd)

Acquisition of subsidiary company (Cont'd)

Net cash outflow arising from acquisition of subsidiary companies

	RM
Purchase consideration settled in cash	350,051
Less: Cash and cash equivalents acquired	(319,427)
	<u>30,624</u>

Good will arising from business combination

	RM
Fair value of consideration transferred	350,051
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(73,381)
Fair value of existing interest in the acquiree	3
Fair value of identifiable assets acquired and liabilities assumed	228,742
Goodwill	<u>505,415</u>

Material partly owned subsidiary companies

The Group's subsidiary companies which has non-controlling interests are not material individually to the financial position, financial performance and cash flows of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. Investment in Associate Companies

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
In Malaysia				
Unquoted shares, at cost	49	52	49	52
Less: Share of post acquisition accumulated losses	(49)	(52)	-	-
Less: Accumulated impairment losses	-	-	(49)	(52)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Movements in the allowance for impairment losses are as follows:

	Company	
	2021	2020
	RM	RM
At the beginning of the financial year	52	3
Impairment loss during the financial year	-	49
Reversal of impairment loss during the financial year	(3)	-
At the end of the financial year	<u>49</u>	<u>52</u>

Details of the associates are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2021	2020	
Nextgreen Enviro (Sarawak) Sdn. Bhd. #	Malaysia	-	30	Dormant
Nextgreen Crowning Pulp Molding Sdn. Bhd.*	Malaysia	49	49	Dormant

* Not audited by UHY

Not audited by UHY, ceased to be an associate and became a subsidiary company on 1 January 2021 as disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. Other Investments

	Group	
	2021 RM	2020 RM
Quoted shares in Malaysia		
Equity instruments at fair value through profit or loss	<u>22,688</u>	<u>22,227</u>

10. Inventories

	Group	
	2021 RM	2020 RM
Non-current		
Land held for property development	6,571,741	6,338,219
Property development costs	<u>113,212,959</u>	<u>-</u>
	<u>119,784,700</u>	<u>6,338,219</u>
Current		
Property development costs	1,901,069	66,890,348
Raw material	3,103,691	2,162,624
Work in progress	1,316,243	1,286,772
Trading merchandise	187,975	90,548
Finished goods	<u>-</u>	<u>19,660</u>
	<u>6,508,978</u>	<u>70,449,952</u>
	<u>126,293,678</u>	<u>76,788,171</u>
 Additions to staff cost during the		
- Properties under development	<u>1,420,737</u>	<u>1,147,031</u>
 Recognised in profit or loss:		
- Inventories recognised as cost of	2,282,453	19,683,473
- Inventories written down	<u>-</u>	<u>7,903</u>
	<u>2,282,453</u>	<u>19,691,376</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Other Receivables

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Non-Current					
Amount due from subsidiary companies	(a)	-	-	191,445,143	133,723,085
Current					
Amount due from subsidiary companies	(a)	-	-	2,433,573	1,523,904
Amount due from an associate company	(b)	20,921	-	20,921	-
Amount due from related parties	(c)	45,679	-	-	-
Other receivables		7,900,300	6,210,578	1,561,000	1,705,949
Deposits		5,089,631	745,705	381,450	-
Prepayments		18,404,209	5,893,986	718,730	483,220
		<u>31,460,740</u>	<u>12,850,269</u>	<u>5,115,674</u>	<u>3,713,073</u>
Less: Accumulated impairment losses		<u>(189,202)</u>	<u>(53,809)</u>	<u>(989,400)</u>	<u>(475,425)</u>
		<u>31,271,538</u>	<u>12,796,460</u>	<u>4,126,274</u>	<u>3,237,648</u>
		<u>31,271,538</u>	<u>12,796,460</u>	<u>195,571,417</u>	<u>136,960,733</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

11. Other Receivables (Cont'd)

- (a) Amount due from subsidiary companies are non-interest bearing, unsecured and repayable on demand.

Amount due from subsidiary companies with the gross amount of RM191,445,143 (2020: RM133,723,085) have been presented under non-current as these advances are not expected to be realised within twelve months after the reporting date.

- (b) Amount due from associate company are non-interest bearing, unsecured and repayable on demand.

- (c) Amount due from related party are non-interest bearing, unsecured and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At the beginning of the financial year	53,809	-	475,425	-
Impairment losses recognised during the financial year	149,877	53,809	513,975	475,425
Impairment losses reversed	(14,484)	-	-	-
At the end of the financial year	<u>189,202</u>	<u>53,809</u>	<u>989,400</u>	<u>475,425</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Deferred Tax Assets

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	136,807	147,994	-	-
Acquisition of subsidiary companies	(23,716)	-	-	-
Recognised in profit or loss	3,524	(11,187)	-	-
Over provision in prior years	9,005	-	-	-
At 31 December	<u>125,620</u>	<u>136,807</u>	<u>-</u>	<u>-</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets	3,405,680	3,436,955	3,048	2,166
Deferred tax liabilities	<u>(3,280,060)</u>	<u>(3,300,148)</u>	<u>(3,048)</u>	<u>(2,166)</u>
	<u>125,620</u>	<u>136,807</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Deferred Tax Assets (Cont'd)

The components and movements of deferred tax assets and liabilities are as follows:

	Unutilised tax losses and capital allowance RM
Group	
Deferred tax assets	
At 1 January 2021	3,436,955
Recognised in profit or loss	312,448
Over provision in prior years	(343,723)
At 31 December 2021	<u>3,405,680</u>
At 1 January 2020	2,531,394
Recognised in profit or loss	102,528
Underprovision in prior years	803,033
At 31 December 2020	<u>3,436,955</u>
	Accelerated capital allowance RM
Group	
Deferred Tax Liabilities	
At 1 January 2021	(3,300,148)
Acquisition of subsidiary company	(23,716)
Recognised in profit or loss	(308,924)
Over provision in prior years	352,728
At 31 December 2021	<u>(3,280,060)</u>
At 1 January 2020	(2,383,400)
Recognised in profit or loss	(113,715)
Underprovision in prior years	(803,033)
At 31 December 2020	<u>(3,300,148)</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Deferred Tax Assets (Cont'd)

The components and movements of deferred tax assets and liabilities are as follows:
(Cont'd)

	Unutilised tax losses and capital allowance RM
Company	
Deferred tax assets	
At 1 January 2021	2,166
Recognised in profit or loss	830
Under provision in prior years	52
At 31 December 2021	<u>3,048</u>
At 1 January 2020	6,800
Recognised in profit or loss	(377)
Underprovision in prior years	(4,257)
At 31 December 2020	<u>2,166</u>
	Accelerated capital allowance RM
Company	
Deferred Tax Liabilities	
At 1 January 2020	(2,166)
Recognised in profit or loss	(830)
Under provision in prior years	(52)
At 30 June 2021	<u>(3,048)</u>
At 1 January 2019	(6,800)
Recognised in profit or loss	377
Over provision in prior years	4,257
At 31 December 2019	<u>(2,166)</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

12. Deferred Tax Assets (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unutilised capital allowances	3,086,561	1,059,755	45,287	37,836
Unutilised tax losses	21,445,078	18,901,110	8,822,354	6,672,400
Unutilised export allowances	1,755,372	1,755,372	-	-
Others	5,519,025	4,167,057	-	-
	<u>31,806,036</u>	<u>25,883,294</u>	<u>8,867,641</u>	<u>6,710,236</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The unutilised capital allowances of the Group and of the Company are available indefinitely for offsetting against future taxable profits of the Group and of the Company, subjects to no substantial changes in shareholdings of the Group entities under the Income Tax Act 1967 and guidelines issued by the tax authority.

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Goodwill

	Group 2021 RM
At cost	
At 1 January	-
Additions through separately acquired	505,415
At 31 December	<u>505,415</u>
Accumulated impairment losses	
At 1 January	-
Impairment loss for the financial year	7,050
At 31 December	<u>7,050</u>
Carrying Amount	
At 31 December	<u>498,365</u>

Goodwill acquired through business combinations has been allocated to the following CGUs as follows:

	Group 2021 RM
Osmocell (Malaysia) Sdn. Bhd.	<u>498,365</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

13. Goodwill (Cont'd)

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations using cash flow projections of financial budgets approved by senior management covering a five-years period. The budgeted gross margin used to extrapolate cash flows for the five-years period and pre-tax discount rate applied to the cash flow projections are as follows:

	2021
Growth rate	12.3% - 45%
Budgeted gross margins	22% - 34%
Pre-tax discount rate	<u>8.32%</u>

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

The values assigned to the key assumptions represent management's assessment based on the selling prices and the fixed and variable costs, adjusted for market conditions and economic conditions and internal resources efficiency.

Management has determined the average budgeted profit margin and average growth rate based on past performance and its expectation of market development. The discount rate used are computed based on the weighted average cost of capital of the industry that the Group operates in.

Management believes that any reasonably possible change in the key consumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the CGU.

During the financial year, Nextgreen Enviro Sdn. Bhd. and Nextgreen Enviro (Sarawak) Sdn. Bhd. has incurred loss after tax of RM9,696.

The recoverable amount of goodwill arising from Nextgreen Enviro Sdn. Bhd. and Nextgreen Enviro (Sarawak) Sdn. Bhd. estimated based on net total assets was RM26,488. During the financial year, an impairment loss amounting to RM7,050 was recognised.

The impairment loss was recognised in admin expenses in the statements of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. Trade Receivables

	Group	
	2021	2020
	RM	RM
Trade receivables	32,954,988	21,632,529
Less: Accumulated impairment losses	(10,515,500)	(8,780,427)
	<u>22,439,488</u>	<u>12,852,102</u>

The Group's normal trade credit terms range from 30 to 120 days (2020: 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.

Movements in the allowance for impairment losses are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
Group			
2021			
At 1 January	1,304,060	7,476,367	8,780,427
Impairment losses during the financial year	1,041,530	819,785	1,861,315
Amount written off	-	(22,474)	(22,474)
Reversal of impairment losses during the financial year	(6,104)	(97,664)	(103,768)
At 31 December	<u>2,339,486</u>	<u>8,176,014</u>	<u>10,515,500</u>
2020			
At 1 January	-	7,477,235	7,477,235
Impairment losses during the financial year	1,304,060	47,201	1,351,261
Reversal of impairment losses during the financial year	-	(48,069)	(48,069)
At 31 December	<u>1,304,060</u>	<u>7,476,367</u>	<u>8,780,427</u>

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly. Reversal of impairment loss on trade receivables was mainly due to collection from receivables previously provided for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

14. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2021			
Neither past due nor impaired	10,676,100	(50,486)	10,625,614
Past due not impaired:			
Less than 30 days	927,443	(114,354)	813,089
31 to 60 days	817,253	(100,546)	716,707
61 to 90 days	5,684,334	(107,217)	5,577,117
91 to 120 days	351,376	(63,902)	287,474
More than 120 days	6,322,468	(1,902,981)	4,419,487
	14,102,874	(2,289,000)	11,813,874
Credit impaired:			
More than 120 days	8,176,014	(8,176,014)	-
	<u>32,954,988</u>	<u>(10,515,500)</u>	<u>22,439,488</u>
2020			
Neither past due nor impaired	5,108,569	-	5,108,569
Past due not impaired:			
Less than 30 days	65,848	-	65,848
31 to 60 days	263,847	(1,061)	262,786
61 to 90 days	255,342	(2,527)	252,815
91 to 120 days	545,674	(8,081)	537,593
More than 120 days	7,916,882	(1,292,391)	6,624,491
	9,047,593	(1,304,060)	7,743,533
Credit impaired:			
More than 120 days	7,476,367	(7,476,367)	-
	<u>21,632,529</u>	<u>(8,780,427)</u>	<u>12,852,102</u>

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2021, trade receivables of RM11,813,874 (2020: RM7,743,533) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

15. Fixed Deposits with Licensed Banks

Included in the fixed deposits of the Group is an amount of RM5,000 (2020: RM Nil) pledged to licensed banks as securities for banking facilities granted to a subsidiary company.

The interest rate of fixed deposits of the Group is range from 1.50% to 3.35% (2019: Nil) per annum and the maturity of deposits is 12 months (2019: Nil).

16. Share Capital

	Group/Company			
	Number of ordinary shares		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid				
At 1 January	594,291,718	504,166,718	171,566,160	135,678,442
Issuance of shares:				
- Private placement	131,872,000	90,125,000	61,776,382	36,092,500
- Share issuance expenses	-	-	(501,912)	(204,782)
- Exercise on ESOS	36,780,000	-	20,229,000	-
At 31 December	<u>762,943,718</u>	<u>594,291,718</u>	<u>253,069,630</u>	<u>171,566,160</u>

During the financial year, the Company increased its issued and fully paid ordinary share capital from 594,291,718 ordinary shares to 762,943,718 by way of issuance of 168,652,000 new ordinary shares as follows:

- (i) 90,000,000 new ordinary shares pursuant to private placement exercise at an issue price of RM0.40 per share of RM36,000,000,
- (ii) 11,458,300 new ordinary shares pursuant to private placement exercise at an issue price of RM0.525 per share of RM6,015,608,
- (iii) 23,191,700 new ordinary shares pursuant to private placement exercise at an issue price of RM0.55 per share of RM12,755,435,

NOTES TO THE FINANCIAL STATEMENTS

(continued)

16. Share Capital (Cont'd)

(iv) 7,222,000 new ordinary shares pursuant to private placement exercise at an issue price of RM0.97 per share of RM7,005,340; and

(v) 36,780,000 new ordinary shares pursuant to the Employees' Share Option Scheme ("ESOS") at exercise price of RM0.55 per share of RM20,229,000.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

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 and rank equally with regards to the Company's residual assets.

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17. Redeemable Convertible Preference Shares ("RCPS")

	Group/Company			
	Number of RCPS		Amount	
	2021 Units	2020 Units	2021 RM	2020 RM
Redeemable convertible preference shares ("RCPS")				
At 1 January	-	-	-	-
Issuance of shares	200,000,000	-	10,000,000	-
At 31 December	200,000,000	-	10,000,000	-

On 9 April 2021, the Company issued 200,000,000 RCPS on the conversion ratio of RCPS at 1 new ordinary share for every 1 RCPS. The issue price of the RCPS has been fixed at RM0.05 each.

The salient terms of the RCPS are as follows:

- (a) The Issue Price and Conversion Price of the RCPS are RM0.05 and RM0.40 each respectively,
- (b) The RCPS holders shall not be entitled to any dividends,

NOTES TO THE FINANCIAL STATEMENTS

(continued)

17. Redeemable Convertible Preference Shares (“RCPS”) (Cont’d)

- (c) The RCPS shall be convertible, at the option of the RCPS holders, at any time commencing from the Issue Date up to the relevant redemption date of the RCPS, into Conversion Share at the Conversion Price in the following manner:
 - (i) by surrendering for conversion, such number of RCPS with an aggregate Issue Price equivalent to the aggregate Conversion Price; or
 - (ii) by paying the difference between the Issue Price for every 1 RCPS surrendered for conversion and the Conversion Price, in cash for every 1 Conversion Share.
- (d) Subject to the provisions of the Companies Act, 2016 and any other applicable legislation, the Company may at any time on or before the business day of 3rd anniversary of the RCPS Issue Date, redeem the RCPS in part on a pro-rata basis or in its entirety by giving notice in writing not less than 30 days prior to the redemption date to the holders of RCPS of its intention to do so,
- (e) An RCPS does not carry any right to vote at any general meeting of the Company except for the right to vote in person or by proxy or by attorney at such meeting. Where the holders of RCPS are entitled to vote at any general meeting, every RCPS shall on a poll, carry one for each ordinary share into the RCPS are convertible upon exercise of the Conversion Rights (at the Conversion Ratio) and every ordinary share shall, notwithstanding any other provision of the Constitution of the Company, carry one vote for each such share; and
- (f) The holders of RCPS shall have the right to receive notices, reports and accounts and attend meetings, of which shareholders of the ordinary shares are entitled.

As at 31 December 2021, the total number of RCPS that remain unexercised was 200,000,000.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Reserves

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Distributable: (Accumulated losses)/ Retained earnings		(1,230,918)	(14,906,298)	16,859,641	25,139,129
Non-distributable:					
Foreign currency translation reserve	(a)	(92,447)	(337,135)	-	-
Merger reserve	(b)	(16,832,846)	(16,832,846)	-	-
ESOS reserve	(c)	3,364,254	-	3,364,254	-
Warrant reserve	(d)	-	-	-	-
		<u>(13,561,039)</u>	<u>(17,169,981)</u>	<u>3,364,254</u>	<u>-</u>
		<u>(14,791,957)</u>	<u>(32,076,279)</u>	<u>20,223,895</u>	<u>25,139,129</u>

(a) Foreign currency translation reserve

The foreign currency translation reserve represents 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Reserves (Cont'd)

(c) ESOS reserve

	Group and Company	
	2021	2020
	RM	RM
Non-distributable		
At 1 January	-	-
Share-based payment	7,137,882	-
Exercise of ESOS	(3,773,628)	-
At 31 December	<u>3,364,254</u>	<u>-</u>

Employees' Share Option Scheme reserves represent the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, cancellation or exercise of the share options.

The details of Employees' Share Option Scheme are disclosed in Note 29 to the financial statements.

(d) Warrant reserve

	Group and Company	
	2021	2020
	RM	RM
At the beginning of financial year	-	16,854,684
Lapsed during the year	-	(16,854,684)
At the end of financial year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. Reserves (Cont'd)

(d) Warrant reserve (Cont'd)

In previous financial year

Warrants 2015/2020

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

The salient features of the warrants are as follows:

- (i) 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;
- (ii) 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 exercised period;
- (iii) 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 provision in the Deed Poll;
- (iv) 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
- (v) 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.

On the date of expiry, 198,290,398 units of warrants that remain unexercised are lapsed thereafter and cease to be valid for any purpose.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

19. Hire Purchase Liabilities

	Group	
	2021	2020
	RM	RM
Minimum hire purchase repayments:		
Within 1 year	93,945	86,976
Later than 1 year but not later than 2 years	80,412	59,817
Later than 2 years but not later than 5 years	137,881	66,371
	<u>312,238</u>	<u>213,164</u>
Less: Future finance charges	(28,476)	(14,072)
	<u>283,762</u>	<u>199,092</u>
 Present value of minimum hire purchase repayments		
Within 1 year	81,591	78,989
Later than 1 year but not later than 2 years	71,844	55,847
Later than 2 years but not later than 5 years	130,327	64,256
	<u>283,762</u>	<u>199,092</u>
 Analysed by:		
Non-current	202,171	120,103
Current	81,591	78,989
	<u>283,762</u>	<u>199,092</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

20. Loans and Borrowings

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Secured				
Non-current				
Term loans	659,403	8,320,000	-	-
Current				
Term loans	11,097,902	3,680,000	2,600,000	2,000,000
Investment notes	128,123	-	-	-
Trust receipt	191,148	-	-	-
	<u>11,417,173</u>	<u>3,680,000</u>	<u>2,600,000</u>	<u>2,000,000</u>
	<u>12,076,576</u>	<u>12,000,000</u>	<u>2,600,000</u>	<u>2,000,000</u>

The range of interest rates per annum are as follows:

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Term loans	10 - 18	9.81 - 10.40	10 - 18	9.81
Investment notes	6.80 - 8.00	-	-	-
Trust receipts	6.90	-	-	-

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 4;
- (ii) corporate guarantee given by the Company; and
- (iii) joint and several personal guarantee by certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. Lease Liabilities

	Group	
	2021	2020
	RM	RM
At 1 January, as previously reported	820,700	-
Effect of adoption of MFRS 16	-	1,034,856
At 1 January/At 1 January, as restated	820,700	1,034,856
Additions	1,896,554	424,998
Payments	(1,050,046)	(639,154)
At 31 December	1,667,208	820,700
Presented as:		
Non-current	581,081	298,689
Current	1,086,127	522,011
	1,667,208	820,700

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The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period

Within one year	1,007,927	556,521
Later than one year and not later than two years	600,841	262,743
Later than two years and not later than five years	36,897	45,585
More than five years	206,547	-
	1,852,212	864,849
Less: Future finance charges	(185,004)	(44,149)
Present value of lease liabilities	1,667,208	820,700

The Group leases buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At the reporting date, the incremental borrowing rate applied to lease liabilities ranges from 5.40%-6.40% (2020:5.68%-6.40%).

NOTES TO THE FINANCIAL STATEMENTS

(continued)

22. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 120 days (2020: 30 to 120 days).

23. Other Payables

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Amount due to subsidiary companies	(a)	-	-	2,456,245	2,440,764
Amount due to an associate company	(b)	-	49	-	49
Amount due to related parties	(c)	255,000	-	-	-
Amount due to directors	(d)	420,174	965,000	25,025	-
Deferred income	(e)	1,882,000	2,422,800	-	-
Deposits received		975,600	800,000	-	-
Other payables		2,406,448	3,375,768	154,910	308,055
Accruals		11,819,820	5,694,861	279,554	127,610
		<u>17,759,042</u>	<u>13,258,478</u>	<u>2,915,734</u>	<u>2,876,478</u>

- (a) Amount due to subsidiary companies are non-interest bearing, unsecured and repayable on demand.
- (b) Amount due to an associate company are non-interest bearing, unsecured and repayable on demand.
- (c) Amount due to related parties are non-interest bearing, unsecured and repayable on demand.
- (d) Amount due to directors of the Group and of the Company are non-interest bearing, unsecured and repayable on demand.
- (e) The subsidiary company of the Group had received a conditional government grants for the purpose of developing sustainable food packaging material from oil palm empty fruit bunch ("EFB") cellulosic fibre extracted using hybrid chemical-mechanical-thermal process.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

24. Revenue

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers:				
- Management fee	-	-	185,224	202,929
- Printing services	7,641,822	8,030,198	-	-
- Sales of books	576,070	935,424	-	-
- Sales of land	37,728,449	22,510,310	-	-
- Sales of goods	559,445	-	-	-
- Rendering of services	85,529	-	-	-
- Construction contract revenue	4,703,460	-	-	-
- Consultancy fee	-	800,000	-	-
	<u>51,294,775</u>	<u>32,275,932</u>	<u>185,224</u>	<u>202,929</u>
Timing of revenue recognition				
At a point in time	46,591,315	32,275,932	185,224	202,929
Over time	<u>4,703,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue from contracts with customers	<u>51,294,775</u>	<u>32,275,932</u>	<u>185,224</u>	<u>202,929</u>

25. Net finance (costs)/income

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest income from bank	<u>(8,746)</u>	<u>(1,575)</u>	<u>(5,164)</u>	<u>-</u>
Interest expenses on:				
- Hire purchase liabilities	14,461	22,632	-	-
- Lease liabilities	112,435	61,863	-	-
- Term loans	1,528,494	1,179,866	488,992	183,326
- Other borrowings	40,474	-	-	-
	<u>1,695,864</u>	<u>1,264,361</u>	<u>488,992</u>	<u>183,326</u>
	<u>1,687,118</u>	<u>1,262,786</u>	<u>483,828</u>	<u>183,326</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

26. Profit/(Loss) Before Tax

Profit/(loss) before tax is derived after charging/(crediting) amongst other, the following items:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit	215,300	175,000	50,000	45,000
- under provision in prior year	2,520	8,640	-	2,280
- non-audit services	5,000	5,000	5,000	5,000
Amortisation of right-of-use assets	1,089,333	658,826	-	-
Amortisation of intangible assets	61,296	-	-	-
Deposit forfeited from disposal of a subsidiary company	-	(2,240,884)	-	(2,240,884)
Depreciation of property, plant and equipment	2,691,937	2,650,724	89,299	88,293
Dividend income	(735)	(840)	-	-
Expenses relating to short term lease	12,900	62,134	-	-
Fair value gain on other investments	(461)	(9,538)	-	-
Gain on disposal of property, plant and equipment	(132,698)	(181,726)	-	-
Government grant income	(374,230)	(479,000)	-	-
Impairment losses on goodwill	7,050	-	-	49
Impairment losses on receivables	2,011,192	1,405,070	513,975	475,425
Impairment losses on investment in associate company	-	-	-	49

NOTES TO THE FINANCIAL STATEMENTS

(continued)

26. Profit/(Loss) Before Tax (Cont'd)

Profit/(loss) before tax is derived after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Impairment losses on investment in subsidiary companies	-	-	1,608,238	903,000
Impairment losses on receivables written off	(22,474)	-	-	-
Inventories written down	-	7,903	-	-
Non-executive Directors' remunerations of the Company				
- Fees	430,000	363,730	430,000	363,730
- Other emoluments	44,000	32,000	44,000	32,000
- Share-based payment	543,780	-	543,780	-
- Estimated money value of benefits-in-kind	-	7,200	-	7,200
Non-executive Directors' remunerations of the subsidiary company				
- Fees	60,000	-	-	-
- Share-based payment	51,300	-	-	-
Property, plant and equipment written off	1,326	17,285	-	-
Share-based payment	7,137,882	-	7,137,882	-
Reversal of impairment losses on:				
- Investment in associate company	(3)	-	(3)	-
- Receivables	(118,252)	(48,069)	-	-
- property, plant and equipment	(9,516,538)	-	-	-
Unrealised gain on foreign exchange	(90,138)	(32,730)	-	-
Wages subsidy	(12,900)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. Taxation

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current income tax				
Current year provision	-	-	-	-
Under provision in prior year	-	1,456	-	-
	<u>-</u>	<u>1,456</u>	<u>-</u>	<u>-</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(3,524)	11,187	-	-
Over provision in prior year	(9,005)	-	-	-
	<u>(12,529)</u>	<u>11,187</u>	<u>-</u>	<u>-</u>
Tax (income)/expense the financial year	<u>(12,529)</u>	<u>12,643</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

27. Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(Loss) before tax	<u>9,808,567</u>	<u>4,179,717</u>	<u>(12,053,116)</u>	<u>(1,107,497)</u>
Taxation at statutory tax tax rate of 24%				
(2020: 24%)	2,354,056	1,003,132	(2,892,748)	(265,799)
Income not subject to tax	(2,422,698)	(554,264)	-	(537,812)
Income exempted from tax	(5,710,919)	(3,118,860)	-	-
Expenses not deductible for tax purposes	4,354,579	1,330,689	2,374,971	564,271
Deferred tax assets not recognised	1,421,458	1,350,490	517,777	239,340
Under provision of current taxation in prior year	-	1,456	-	-
Under provision of deferred taxation in prior year	<u>(9,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax (income)/expense for the financial year	<u>(12,529)</u>	<u>12,643</u>	<u>-</u>	<u>-</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

28. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2021	2020
	RM	RM
Net profit for the financial year attributable to the owners of the parent	<u>9,901,752</u>	<u>4,228,611</u>
Weighted average number of ordinary shares as at 31 December	<u>689,527,433</u>	<u>546,210,092</u>
Basic earnings per share (in sen)	<u>1.44</u>	<u>0.77</u>

(b) Diluted earnings per share

Diluted loss per share is calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares as follows:

	Group	
	2021	2020
	RM	RM
Net profit for the financial year attributable to the owners of the parent	<u>9,901,752</u>	<u>4,228,611</u>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	689,527,433	546,210,092
Effect of share-based payment	8,010,020	-
Effect of conversion of redeemable convertible preference shares	<u>62,938,766</u>	<u>-</u>
Weighted average number of ordinary shares as at 31 December	<u>760,476,219</u>	<u>546,210,092</u>
Diluted earnings per share (sen)	<u>1.30</u>	<u>0.77</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Employees' Share Option Scheme

At an Extraordinary General Meeting held on 14 August 2015, the Company's shareholders approved the establishment of ESOS for eligible Directors and employees of the Group.

The salient features of the ESOS Options are as follows:

- (a) eligible employees must as at the Offer Date satisfy the following conditions:
 - (i) have attained the age of at least eighteen (18) years old,
 - (ii) be a director of the Group (excluding dormant subsidiaries) or be a full-time employee confirmed in writing by the Group, or an employee confirmed in service by a contract with a duration of at least one (1) year with the Group; and
 - (iii) a person who has fulfilled any other eligibility criteria that the ESOS Committee may decide at its discretion for purpose of selecting an Eligible Person from time to time.
- (b) the maximum number of new shares to be issued pursuant to the exercise of the ESOS which may be granted under the ESOS shall not exceed ten percent (10%) of the total issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the duration of the ESOS,
- (c) the ESOS shall be in force for a period of five (5) years effective from 22 December 2016 to 21 December 2022 and extend for further five (5) years up to 21 December 2026,
- (d) the option price shall be determined at a discount of not more than 10% from the weighted average market price of the Company's ordinary shares for five (5) market days preceding the date of offer, or the par value of the shares, whichever is higher,
- (e) the option is personal to the grantee and is non-assignable and non-transferable,
- (f) the options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares,
- (g) the persons to whom the options have been granted shall not participate in more than one (1) Employees' Share Option Scheme implemented by any company within the Group; and
- (h) the grantee shall not carry any right to vote at any general meeting, not be entitled to any dividends, right or other entitlement on unexercised ESOS options.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Employees' Share Option Scheme (Cont'd)

The terms and conditions relating to the grants of the new share option programme are as follows;

Granted date	Number of options	Contractual life of options	Vesting period
21 May 2021	69,750,000	5 years	N/A

Movement in the number of share options and the weighted average exercise price are as follows:

Date of offer	Exercise price RM	Number of Options over Ordinary Shares			
		At 1.1.2021 Unit	Granted Unit	Exercised Unit	At 31.12.2021 Unit
21 May 2021	0.55	-	69,570,000	(36,780,000)	32,790,000

Number of share options exercisable as at 31 December 2021 is 32,790,000. The weighted average share price at the date of exercise for the financial year was RM0.55 per share option.

Details of ESOS options outstanding at end of the financial year are as follows:

ESOS Options	Weighted average exercise price		Exercise period	Fair value of share options at grant date	
	2021 RM	2020 RM		2021 RM	2020 RM
21 May 2021	0.55	-	21.05.2021 - 21.12.2026	0.10	-

NOTES TO THE FINANCIAL STATEMENTS

(continued)

29. Employees' Share Option Scheme (Cont'd)

The fair value of services received in return for share options granted during the financial year is based on the fair value of share options granted, estimated by management using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

	2021 RM	2020 RM
Fair value at grant date		
21 May 2021	0.1026	-
Weighted average share price	0.5834	-
Weighted average exercise price	0.5500	-
Expected volatility (%)	47.347%	-
Expected life (years)	5	-
Risk free rate (%)	2.052%	-
Expected dividend yield (%)	Nil	Nil

The expected life of the share options is based on historical data, has been adjusted according to management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting the market conditions attached to the option), and behavioral considerations. The expected volatility is based on the historical share price volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long-term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. Staff Costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and other emoluments	6,156,316	5,429,602	720,880	429,867
Fees	490,000	363,730	430,000	363,730
Defined contribution plans	660,610	534,826	81,810	48,892
Social contribution plans	64,749	133,993	4,390	2,212
Share-based payment	7,137,882	-	7,137,882	-
Other benefits	172,528	296,022	-	-
	<u>14,682,085</u>	<u>6,758,173</u>	<u>8,374,962</u>	<u>844,701</u>
Less: Staff costs capitalised as costs of property development inventories (Note 10)	<u>(1,420,737)</u>	<u>(1,147,031)</u>	<u>-</u>	<u>-</u>
	<u>13,261,348</u>	<u>5,611,142</u>	<u>8,374,962</u>	<u>844,701</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

30. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<i>Executive Directors</i>				
Company's Directors				
Salaries and other emoluments	465,000	420,000	334,800	331,200
Defined contribution plans	56,148	55,325	40,524	44,669
Social contribution plans	2,513	2,443	1,591	1,520
Share-based payment	1,426,140	-	1,426,140	-
Estimated money value of benefits-in-kind	37,275	23,950	23,950	23,950
	<u>1,987,076</u>	<u>501,718</u>	<u>1,827,005</u>	<u>401,339</u>
Subsidiary companies'				
Director				
Salaries and other emoluments	264,000	231,948	-	-
Defined contribution plans	31,640	26,444	-	-
Social contribution plans	1,847	2,642	-	-
Share-based payment	1,072,170	-	-	-
	<u>1,369,657</u>	<u>261,034</u>	<u>-</u>	<u>-</u>
	<u>3,356,733</u>	<u>762,752</u>	<u>1,827,005</u>	<u>401,339</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

31. Reconciliation of Liabilities Arising from Financing Activities

	At 1.1.2021 RM	Financing Cash flows RM	Non-cash changes RM	At 31.12.2021 RM
2021				
Group				
Lease liabilities	820,700	(1,050,046)	1,896,554	1,667,208
Hire purchase liabilities	199,092	(172,614)	257,284	283,762
Borrowings	12,000,000	(1,358,486)	1,435,062	12,076,576
	<u>13,019,792</u>	<u>(2,581,146)</u>	<u>3,588,900</u>	<u>14,027,546</u>
Company				
Borrowings	2,000,000	600,000	-	2,600,000
Amount due to subsidiary companies	2,440,764	15,481	-	2,456,245
	<u>4,440,764</u>	<u>615,481</u>	<u>-</u>	<u>5,056,245</u>
	At 1.1.2020 RM	Financing Cash flows RM	Non-cash changes RM	At 31.12.2020 RM
2020				
Group				
Banker acceptance	168,000	(168,000)	-	-
Lease liabilities	-	(639,154)	1,459,854	820,700
Hire purchase liabilities	358,098	(159,006)	-	199,092
Borrowings	5,099,900	6,900,100	-	12,000,000
Third party interest free loan	3,555,000	(3,351,500)	-	203,500
	<u>9,180,998</u>	<u>2,582,440</u>	<u>1,459,854</u>	<u>13,223,292</u>
Company				
Borrowings	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>

The cashflows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

32. Capital Commitments

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

	Group	
	2021	2020
	RM	RM
Authorised and contracted for	<u>17,468,976</u>	<u>23,545,611</u>
Analysed as follows:		
Property, plant and equipment	<u>17,468,976</u>	<u>23,545,611</u>

33. Significant Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

33. Significant Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 11 and 23, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Transaction with subsidiaries:				
- Management fee income	-	-	185,224	202,929
- Purchase of goods	-	-	(15,480)	(23,260)
	<u>-</u>	<u>-</u>	<u>169,744</u>	<u>179,669</u>
Transactions with persons connected to a Director of the Company:				
- Rental expenses	<u>-</u>	<u>(27,000)</u>	<u>-</u>	<u>-</u>

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as disclosed in Notes 26 and 30.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information

In the previous financial year, the Group business segments comprises of investment holding, printing and publishing, manufacturing using green technology, property development and management and general construction.

During the financial year, the Group has streamlined its business into the following segments and accordingly the comparative figures have been restated following the change in the composition of its reporting segments.

Investment holding	Investment holding and provision of management services
Printing and publishing	Business of printing of books and magazines or as a book publisher
Manufacturing	Processing, manufacturing, import, export and trading of pulps and papers, fertilizers, animal feeds and related products from waste products
Property and construction	As an industrial park developer and manager, construction and renovation works
Utility and renewable energy	Business in treatment of waste water, produce and supply of biomass power and energy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment information (Cont'd)

(a) Business segment

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:

Group 2021	Investment holding RM	Printing and publishing RM	Manufacturing RM	Property and construction RM	Utility and renewable energy RM	Adjustment and eliminations RM	Consolidated RM
Revenue							
External revenue	-	8,217,892	-	37,728,449	5,348,434	-	51,294,774
Management fees	185,223	-	-	-	-	(185,223)	-
Inter-segment revenue	-	1,007,550	-	55,670,902	151,200	(56,829,652)	-
Total revenue	185,223	9,225,442	-	93,399,351	5,499,634	(57,014,875)	51,294,774

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:
(Cont'd)

Group 2021	Investment holding RM	Printing and publishing RM	Manufacturing RM	Property and construction RM	Utility and renewable energy RM	Adjustment and eliminations RM	Consolidated RM
Results							
Interest income	5,164	401	-	-	3,177	-	8,742
Finance costs	(488,992)	(35,215)	(1,005,203)	(32,275)	(153,901)	19,722	(1,695,864)
Depreciation and amortisation	(89,299)	(2,672,676)	(760,077)	(460,740)	(176,635)	378,157	(3,781,270)
Impairment losses on investment in subsidiary companies	(1,608,238)	-	-	-	-	1,608,238	-
Share-based payment	(7,137,882)	-	-	-	-	-	(7,137,882)
Other non-cash items	(513,972)	(1,904,567)	7,544	9,513,241	(6,950)	750,276	7,845,572
Taxation	-	-	-	-	9,005	3,524	12,529
Segment (loss)/profit before tax	(12,058,820)	(3,899,655)	(5,916,973)	31,936,801	(145,288)	(107,498)	9,808,567
Segment assets	93,110,374	31,847,845	78,935,592	122,831,985	2,582,714	(95,676,480)	233,632,030
Segment liabilities	5,565,986	53,483,392	92,525,335	175,918,145	5,450,754	(285,494,987)	47,448,625

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:
(Cont'd)

Group 2020	Investment holding RM	Printing and publishing RM	Manufacturing RM	Property and construction RM	Utility and renewable energy RM	Adjustment and eliminations RM	Consolidated RM
Revenue							
External revenue	-	8,965,622	-	23,310,310	-	-	32,275,932
Management fees	202,929	-	-	-	-	(202,929)	-
Inter-segment revenue	-	966,468	-	-	-	(966,468)	-
Total revenue	202,929	9,932,090	-	23,310,310	-	(1,169,397)	32,275,932

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Information regarding the Group's reportable segments as provided to the Group's chief operating decision makers is set out below:
(Cont'd)

Group 2020	Investment holding RM	Printing and publishing RM	Manufacturing RM	Property and construction RM	Utility and renewable energy RM	Adjustment and eliminations RM	Consolidated RM
Results							
Interest income	-	1,575	-	-	-	-	1,575
Finance costs	(183,326)	(71,330)	(1,002,579)	(7,126)	-	-	(1,264,361)
Depreciation and amortisation	(88,293)	(2,720,449)	(214,188)	(286,620)	-	-	(3,309,550)
Impairment losses on investment in subsidiary companies	(903,000)	-	-	-	-	903,000	-
Other non-cash items	(465,887)	(1,419,975)	(52,602)	(5,926)	-	556,400	(1,387,990)
Taxation	-	(1,456)	-	-	-	(11,187)	(12,643)
Segment (loss)/profit before tax	(1,114,564)	(4,843,906)	(3,755,869)	12,463,464	(13,148)	1,443,740	4,179,717
Segment assets	64,432,285	34,681,466	20,007,822	94,204,192	-	(65,247,092)	148,078,673
Segment liabilities	4,921,116	53,968,135	50,772,365	94,701,389	31,469	(168,731,463)	35,663,011

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information (Cont'd)

(a) Business segment (Cont'd)

Adjustments and eliminations

Inter-segment revenues and balances are eliminated on consolidation.

Other non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2021	2020
	RM	RM
Fair value gain on other investments	461	9,538
Gain on disposal of property, plant and equipment	132,698	-
Inventories written down	-	(7,903)
Impairment loss on receivables	(2,011,192)	(1,405,070)
Property, plant and equipment written off	(1,326)	(17,285)
Reversal of impairment losses on:		
- investment in associate company	3	-
- property, plant and equipment	9,516,538	-
- receivables	118,252	-
Unrealised gain on foreign exchange	90,138	32,730
	<u>7,845,572</u>	<u>(1,387,990)</u>

(b) Geographical segments

	Revenue		Non-current assets	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysia	51,060,412	31,606,999	219,979,521	70,715,432
Nigeria	200,334	512,940	-	-
Kenya	-	-	-	-
Pakistan	34,029	155,993	-	-
Republic of Palau	-	-	6,912,232	6,739,371
	<u>51,294,775</u>	<u>32,275,932</u>	<u>226,891,753</u>	<u>77,454,803</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

34. Segment Information (Cont'd)

(c) Major customers

Revenue from 4 (2020: 4) major customers amounted to RM34,059,758 (2020: RM22,510,310), arising from the property development and management and printing and publishing segment with revenue equal or more than 10% of the Group's revenue are as follows:

	2021 RM	2020 RM
Customer A	11,374,649	-
Customer B	8,712,000	-
Customer C	7,439,109	-
Customer D	6,534,000	-
Customer E	-	4,915,310
Customer F	-	6,534,000
Customer G	-	7,794,000
Customer H	-	3,267,000
	<u>34,059,758</u>	<u>22,510,310</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense including fair value gains and losses are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Amortised cost RM	Fair value through profit or loss RM	Total RM
Group			
2021			
Financial assets			
Other investments	-	22,688	22,688
Trade receivables	22,439,488	-	22,439,488
Other receivables	31,271,538	-	31,271,538
Fixed deposits with licensed banks	36,889	-	36,889
Cash and bank balances	7,982,501	-	7,982,501
	<u>61,730,416</u>	<u>22,688</u>	<u>61,753,104</u>
Financial liabilities			
Trade payables	15,661,720	-	15,661,720
Other payables	15,877,042	-	15,877,042
Hire purchase liabilities	283,762	-	283,762
Borrowings	12,076,576	-	12,076,576
Lease liabilities	1,667,208	-	1,667,208
	<u>45,566,308</u>	<u>-</u>	<u>45,566,308</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

Group	Amortised	Fair value	Total
2020	cost	through	
	RM	profit or loss	RM
		RM	
Financial assets			
Other investments	-	22,227	22,227
Trade receivables	12,852,102	-	12,852,102
Other receivables	6,902,474	-	6,902,474
Cash and bank balances	1,205,116	-	1,205,116
	<u>20,959,692</u>	<u>22,227</u>	<u>20,981,919</u>
Financial liabilities			
Trade payables	9,382,968	-	9,382,968
Other payables	10,835,678	-	10,835,678
Hire purchase liabilities	199,092	-	199,092
Borrowings	12,000,000	-	12,000,000
Lease liabilities	820,700	-	820,700
	<u>33,238,438</u>	<u>-</u>	<u>33,238,438</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	Amortised cost RM
Company 2021	
Financial assets	
Other receivables	194,852,687
Cash and bank balances	<u>127,469</u>
	<u>194,980,156</u>
Financial liabilities	
Other payables	2,915,734
Borrowings	<u>2,600,000</u>
	<u>5,515,734</u>
Company 2020	
Financial assets	
Other receivables	136,477,513
Cash and bank balances	<u>188,750</u>
	<u>136,666,263</u>
Financial liabilities	
Other payables	2,876,478
Borrowings	<u>2,000,000</u>
	<u>4,876,478</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, deposits with banks and financial institutions and financial guarantees given to banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks. The Group's and the Company's maximum exposure in this respect is RM255,000 (2020: RM255,000) and RM8,320,000 (2020: RM10,000,000) respectively. The Company's maximum exposure to credit risk represents the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The Group's major concentration of credit risk relates to the amounts owing by two customers (2020: one customer) amounted to RM13,150,031 (2020: RM5,449,443 which constituted approximately 59% (2020: 42%) of its trade receivables as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2021						
Non-derivative financial liabilities						
Trade payables	15,661,720	-	-	-	15,661,720	15,661,720
Other payables	15,877,042	-	-	-	15,877,042	15,877,042
Hire purchase liabilities	93,945	80,412	137,881	-	312,238	283,762
Borrowings	12,452,070	465,265	354,921	-	13,272,256	12,076,576
Lease liabilities	1,007,927	600,841	36,897	206,547	1,852,212	1,667,208
Financial guarantee *	255,000	-	-	-	255,000	-
	45,347,704	1,146,518	529,699	206,547	47,230,468	45,566,308

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Non-derivative financial liabilities						
Trade payables	9,382,968	-	-	-	9,382,968	9,382,968
Other payables	10,835,678	-	-	-	10,835,678	10,835,678
Hire purchase liabilities	86,976	59,817	66,371	66,371	213,164	199,092
Borrowings	4,681,974	9,002,537	-	-	13,684,511	12,000,000
Lease liabilities	556,521	262,743	45,585	45,585	864,849	820,700
Financial guarantee *	255,000	-	-	-	255,000	-
	25,799,117	9,325,097	111,956	111,956	35,236,170	33,238,438

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for 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 and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2021			
Non-derivative financial liabilities			
Other payables	2,915,734	2,915,734	2,915,734
Borrowings	2,908,000	2,908,000	2,600,000
Financial guarantee *	8,320,000	8,320,000	-
	<u>14,143,734</u>	<u>14,143,734</u>	<u>5,515,734</u>
Company			
2020			
Non-derivative financial liabilities			
Other payables	2,876,478	2,876,478	2,876,478
Borrowings	2,200,000	2,200,000	2,000,000
Financial guarantee *	10,000,000	10,000,000	-
	<u>15,076,478</u>	<u>15,076,478</u>	<u>4,876,478</u>

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Company provides unsecured financial guarantee to financial institutions in respect of credit facilities granted to subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

The maximum amount of the financial guarantees issued to the financial institutions for subsidiary companies' borrowings is limited to the amount utilised by the subsidiary companies, amounting to RM8,320,000 as at 31 December 2021 (2020: RM10,000,000). The earliest period any of the financial guarantees can be called upon by the financial institutions is within the next 12 months. At end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily United States Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities of the reporting period are as follows:

	Denominated in
	USD
	RM
Group	
2021	
Trade receivables	7,040,780
Other receivables	1,431,879
Cash and bank balances	49,381
Other payables	(95,551)
	<u>8,426,489</u>
2020	
Trade receivables	8,515,605
Cash and bank balances	64,320
Other payables	(92,156)
	<u>8,487,769</u>

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(i) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	2021	2020
		Effect on profit before tax RM	Effect on loss before tax RM
USD	Strengthen 10% (2020: 10%)	842,649	848,777
	Weakened 10% (2020: 10%)	<u>(842,649)</u>	<u>(848,777)</u>

(ii) Interest rate risk

The Group's and the Company's fixed rate borrowings, hire purchase liabilities and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2021 RM	2020 RM
Group		
Fixed rate instruments		
Financial assets	36,889	60,844
Financial liabilities	(11,523,033)	(13,019,792)
	<u>(11,486,144)</u>	<u>(12,958,948)</u>
Floating rate instruments		
Financial liabilities	<u>(837,305)</u>	<u>-</u>
Company		
Fixed rate instruments		
Financial liabilities	<u>(2,600,000)</u>	<u>(2,000,000)</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1	Total	Level 2	Total	RM	RM
	RM	RM	RM	RM	RM	RM
Group						
2021						
Financial asset						
Other investments	22,688	22,688	-	-	22,688	22,688
Financial liabilities						
Hire purchase liabilities	-	-	200,496	200,496	200,496	202,171
Borrowings	-	-	611,793	611,793	611,793	659,403
	-	-	812,289	812,289	812,289	861,574

NOTES TO THE FINANCIAL STATEMENTS

(continued)

35. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value RM	Carrying amount RM
	Level 1 RM	Total RM	Level 2 RM	Total RM		
Group 2020						
Financial asset						
Other investments	22,227	22,227	-	-	22,227	22,227
Financial liabilities						
Hire purchase liabilities	-	-	111,988	111,988	111,988	120,103
Borrowings	-	-	7,385,692	7,385,692	7,385,692	8,320,000
	-	-	7,497,680	7,497,680	7,497,680	8,440,103

NOTES TO THE FINANCIAL STATEMENTS

(continued)

36. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	2021 RM	2020 RM
Hire purchase liabilities (Note 19)	283,762	199,092
Borrowings (Note 20)	12,076,576	12,000,000
Lease liabilities (Note 21)	1,667,208	820,700
	<u>14,027,546</u>	<u>13,019,792</u>
Less: Cash and bank balances and fixed deposits	<u>(8,019,390)</u>	<u>(1,205,116)</u>
	<u>6,008,156</u>	<u>11,814,676</u>
 Total equity	 <u>248,062,129</u>	 <u>139,428,374</u>
 Gearing ratio (times)	 <u>0.02</u>	 <u>0.08</u>

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

37. Significant Event

The outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 has been continuously affected the business and economic environments of the Group for the first six month of financial year 2021. The Malaysia government has introduced the National Recovery Plan (“NRP”) in June 2021 to help the economic recovery.

The Directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows and the impact has been accounted in the Group's and the Company's financial statements for the financial year ended 31 December 2021. The Directors will closely monitor the developments of COVID-19 pandemic.

38. Subsequent Events

- (a) On 12 January 2022 and 10 February 2022, the Company issued 6,885,000 units of new ordinary shares through the exercise of the Employee Share Option Scheme (“ESOS”) at exercise price of RM0.55 for a total cash consideration of RM3,786,750.
- (b) On 17 January 2022, the Company entered into a Memorandum of Understanding (“MOU”) between Malaysian Green Technology and Climate Change Corporation (formerly known as Malaysia Green Technology and Climate Change Centre) (“MGTC”), Koperasi Sahabat Amanah Ikhtiar Malaysia Berhad (“KOOP SAHABAT”) and Koperasi Perkhidmatan Setia Berhad (“KOSETIA”) to establish a continuous and effective cooperation in the field of potential collaboration and/or cooperation for the purpose of building, developing and commissioning of twenty (20) Oil Palm Waste Collection and Processing Centers (“the Centers”) throughout Malaysia (referred to as “Project”).

As of date of this report, no mutual agreement has been executed to formalise this collaboration.

- (c) On 26 January 2022, the Company entered into a Memorandum of Understanding (“MOU”) between the State Government of Kelantan through a joint venture with the Kelantan state-linked company or any parties determined by the State Government to develop Kelantan Sustainable Projects with an estimated RM2.23 billion valuation (referred to as “Project”), subject to technical assessment, finance and certificates by the One-Stop Investment Committee of Kelantan or any committee that agreed upon by the State Authority with the approval of the State Authority.

As of the date of this report, the conditions precedent in relation to this joint venture have not been fulfilled and the approval from State Authority has yet been obtained.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

39. **Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2022.

LIST OF PROPERTIES

The list of properties held by the Group as at 31 December 2021 is set out as follows:

Location	Description/ Existing Use	Land Area	Approximate Age of Building (Years)	Tenure	Net Book Value (RM)	Date of Acquisition
H.S.(M) 13154 Lot PT 23675 Mukim of Cheras, Daerah Hulu Langat, Selangor Darul Ehsan.	Factory	7,356 (sq. m)	22	Leasehold expiring 30/12/2098	18,745,092	31/12/2014
Ngetkib Hamlet, Airai State, Palau Cadastral Lot No. 037N06	Land Held for Development	16,225 (sq. m)	-	Leasehold expiring 30/09/2114	6,571,741	23/06/2016
Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur.	Land Held for Development	284.492 (acres)	-	Pending Issuance of Land Title from Pejabat Tanah Pahang	115,114,028	10/03/2016
Hakmilik No. 29655 Lot 16696, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur.	Factory	20 (acres)	-	Leasehold expiring 06/06/2119	53,896,649	31/12/2021

ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 31 March 2022)

Total Number of Issued Shares : 769,828,718 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

(Based on Register of Depositors as at 31 March 2022)

SIZE OF SHAREHOLDINGS	SHAREHOLDERS		ORDINARY SHARES	
	NUMBER	PERCENTAGE (%)	NUMBER	PERCENTAGE (%)
LESS THAN 100	189	6.80	6,986	0.00
100 TO 1,000	380	13.67	201,096	0.03
1,001 TO 10,000	998	35.90	5,637,159	0.73
10,001 TO 100,000	855	30.76	30,536,872	3.97
100,001 TO LESS THAN 5% OF ISSUED SHARES	354	12.73	511,115,815	66.39
5% AND ABOVE	4	0.14	222,330,790	28.88
TOTAL	2,780	100	769,828,718	100.00

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DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 31 March 2022)

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Dato' Dr. Haji Sohaimi Bin Shahadan	-	-	-	-
2.	Dato' Lim Thiam Huat	74,430,564	9.67	30,772,800*	4.00
3.	Dato' Dr. Koe Seng Kheng	500,000	0.06	-	-
4.	Lim Kah Yen	19,560,000	2.54	74,430,564**	9.67
5.	Dato' Mohd Yusof Bin Din	545,000	0.07	-	-
6.	Teh Chau Chin	300,000	0.04	-	-
7.	Tan Meng Chai	540,000	0.07	-	-

Notes:

* Deemed interested by virtue of the shares held by his children pursuant to Section 59 of the Companies Act, 2016

** Deemed interested by virtue shares held by her father pursuant to Section 59 of the Companies Act, 2016

LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders as at 31 March 2022)

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Citigroup Nominees (Tempatan) Sdn Bhd	65,000,000	8.44	-	-
2.	Exempt An For Kenanga Investors Bhd	119,273,400	15.49	31,610,000*	4.11
3.	Dato' Lim Thiam Huat	74,430,564	9.67	30,772,800**	4.00
4.	Lim Kah Yen	19,560,000	2.54	74,430,564#	9.67
5.	Ling Siew Luan	44,366,199	5.76	-	-
6.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	43,914,101	5.70	-	-

Note:

* Deemed interested by virtue shares held by his spouse and children pursuant to Section 59 of the Companies Act, 2016 and his shareholding in Pristine Acres Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

** Deemed interested by virtue of the shares held by his children pursuant to Section 59 of the Companies Act, 2016

Deemed interested by virtue shares held by her father pursuant to Section 59 of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS (continued)

(Based on Register of Depositors as at 31 March 2022)

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS (Based on Register of Depositors as at 31 March 2022)

No.	Names	No. of Shares Held	Percentage of Shareholdings (%)
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	65,000,000	8.44
2.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (001)	57,535,000	7.47
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD (CLIENTS' ACCOUNT)	55,881,689	7.26
4.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	43,914,101	5.70
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	31,432,300	4.08
6.	KOPERASI SAHABAT AMANAH IKHTIAR MALAYSIA BERHAD	27,272,000	3.54
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (MGN-GKH0005M)	21,100,000	2.74
8.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR DATO' GAN KONG HIOK	18,000,000	2.34
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ESA BIN MOHAMED	14,958,600	1.94
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LING SIEW LUAN (SMART)	14,936,700	1.94
11.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	14,472,759	1.88
12.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LIM THIAM HUAT (SMART)	13,400,000	1.74
13.	SOONG CHEE KEONG	10,000,000	1.30
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LIM KAH YEN (SMART)	9,616,000	1.25
15.	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (SMART)	9,380,000	1.22
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	9,000,000	1.17
17.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	8,920,000	1.16
18.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG SIEW CHIN (CEB)	8,799,200	1.14
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HSC GREEN HOLDINGS SDN BHD	8,500,000	1.10
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT (008)	8,491,164	1.10
21.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	8,407,100	1.09
22.	SU MING KEAT	8,334,300	1.08
23.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR NG LAI PING (PWM01385) (428994)	7,898,500	1.03
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KAH YEN	7,650,000	0.99
25.	GAN ENG HIAN	7,150,000	0.93
26.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR PRISTINE ACRES SDN BHD	7,000,000	0.91
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK	6,500,000	0.84
28.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GA SKYLIGHT BERHAD	6,081,400	0.79
29.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT KENANGA INVESTORS BERHAD FOR DATO' GAN KONG HIOK	6,000,000	0.78
30.	TAN SIEW CHONG	4,982,100	0.65
Total		520,612,913	67.63

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

No. of shares held	
CDS Account No.	

FORM OF PROXY

I/We,.....(Full name in block letters) NRIC No.

of.....

[Full Address], [Email Address],..... [Contact No.] being a member(s) of NEXTGREEN GLOBAL BERHAD, hereby appoint:

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
		100%

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 Sixteenth ("16th") Annual General Meeting of the Company will be conducted on a virtual basis through live streaming and online remote voting via the remote participation and voting ("RPV") facilities hosted on the VirtualeAGM e-portal at www.vpoll.com.my (Domain Registration No. D1A457149) provided by AI Smartual Learning Sdn. Bhd. in Malaysia on Thursday, 30 June 2022 at 10.00 a.m. or any adjournment thereof to vote as indicated below:

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
Ordinary Resolution 1	To re-elect Dato' Dr. Haji Sohaimi Bin Shahadan who retires in accordance with Article 107 of the Constitution of the Company.		
Ordinary Resolution 2	To re-elect Dato' Lim Thiam Huat who retires in accordance with Clause 107 of the Constitution of the Company.		
Ordinary Resolution 3	To approve the payment of Directors' fees and other benefits up to RM550,000 to be divided amongst the Directors in such manner as the Directors may determine for the period from the conclusion of the 16th AGM of the Company until the conclusion of the next 17th AGM of the Company in year 2023.		
Ordinary Resolution 4	To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority to Allot And Issue Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016		

Signed this..... day of 2022

.....
Signature of Shareholder(s)

NOTES:

- Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders/Proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the AGM.
- A member is entitled to participate, speak (including posing questions to the Board via real time submission of typed text) and vote (collectively referred to as "Participate") remotely at the AGM via the Remote Participation and Voting facilities ("RPV") provided by AI Smartual Learning Sdn. Bhd. in Malaysia via its portal website at www.vpoll.com.my.
- A member who is entitled to Participate at the AGM via RPV is entitled to appoint another person as his proxy to Participate but shall not be entitled to appoint more than 2 proxies to Participate via RPV. A proxy may but need not be a member of the Company.
- Where a member appoints 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 appointor or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of an officer or its attorney of the corporation duly authorised.
- For the purpose of determining a member who shall be entitled to Participate in the AGM via RPV, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 22 June 2022. Only a depositor whose name appears on the Record of the Depositor as at 22 June 2022 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 together with the power of attorney or other authority (if any) under which it is signed or certified copy thereof must be deposited at Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or email to admin@aldpro.com.my at least 48 hours before the time appointed for holding the AGM or at any adjournment thereof.

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**AFFIX STAMP
HERE**

**THE SHARE REGISTRAR
NEXTGREEN GLOBAL BERHAD
Aldpro Corporate Services Sdn. Bhd.**
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam, Selangor.

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CORPORATE OFFICE:

Lot 6-02, Menara LGB
No.1, Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia
Tel : +603 7725 2088 (HL)
Fax : +603 7725 2199
E-mail : info@nextgreenglobal.com
Website : www.nextgreenglobal.com

PRINTING FACTORY

Lot 4, Lorong CJ 1/1B,
Kawasan Perindustrian Cheras Jaya,
43200 Cheras,
Selangor, Malaysia
Tel : +603 9076 3399 (HL)
Fax : +603 9074 7573
E-mail : bhs@bhsbookprint.com
Website : www.bhsprint.com