

# 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 NGGB 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 2023 published on the Company’s website at [www.nextgreenglobal.com](http://www.nextgreenglobal.com)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### (I) BOARD RESPONSIBILITIES

The Board recognize the importance of 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 the updated Charter is available for reference at the Company’s website at [www.nextgreenglobal.com](http://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, Governance and Risk Committee, Nominating Committee, Remuneration Committee and Employees’ Share Option Scheme 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 the 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 engage independent professionals, when necessary, to seek their advice 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 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 on 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 (CONT'D)

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 arising from the reporting.

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 behavior, such as acts of bribery and corruption which it is available for reference at the Company's website at [www.nextgreenglobal.com](http://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.

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 of 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	• 5G Introduction for Management	19 June 2023
Dato' Lim Thiam Huat	• Seminar Focus Group Discussion on Biomass Circular Economy Model - National Biomass Action Plan 2022 - 2025	7 March 2023
	• Palm Oil Conference 2023	7 March 2023
	• UOB KayHian - Malaysia Gems Conference 2023	22 June 2023

During the financial year ended 31 December 2023, five (5) 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>	5/5
Dato' Lim Thiam Huat <i>[Managing Director]</i>	5/5
Ts. Dr. Lim Kah Yen <i>[Executive Director]</i>	5/5
Lim Kah Yee <i>[Executive Director]</i>	5/5
Dato' Mohd Yusof Bin Din <i>[Non-Independent Non-Executive Director]</i>	5/5
Teh Chau Chin <i>[Independent Non-Executive Director]</i>	5/5
Tan Meng Chai <i>[Independent Non-Executive Director]</i>	5/5
Maylee Gan Suat Lee <i>[Independent Non-Executive Director]</i>	1/1

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 Secretaries had attended all the Board and Board Committees meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors	Training Attended	Date
Dato' Lim Thiam Huat	• Smart Nation Expo 2023 MITEC	19 September 2023
	• International Greentech & Eco Products Exhibition and Conference Malaysia (IGEM)	4 - 6 October 2023
	• International Conference on Plantation Technology (ICPTECH) 2023	10 October 2023
	• United Nations Climate Change Conference COP 28	29 November - 2 December 2023
	• National Biomass Conference 2023	6 - 7 December 2023
Ts. Dr. Lim Kah Yen	• Malaysia Technology Expo 2023	16 - 18 March 2023
	• UNGCMYB Sustainability Communications Master Class	5 April 2023
	• SBTi Symposium 2023 - An Evidence-based Blueprint for Climate Action	6 June 2023
	• Decoding Transactions & RPT Rules by CKM Advisory Sdn Bhd	13 July 2023
	• UOB KayHian - Malaysia Gems Conference 2023	22 June 2023
	• International Greentech & Eco Products Exhibition and Conference Malaysia (IGEM)	4 - 6 October 2023
	• Webinar: Introduction of Bursa Carbon Exchange (BCX) & Centralised Sustainability Intelligence Platform (CSIP)	16 August 2023
	• HRDCorp-National Human Capital Conference & Exhibition 2023 (NHCCE)	30 - 31 October 2023
	• National Biomass Conference 2023	6 - 7 December 2023
Lim Kah Yee	• Seminar Focus Group Discussion on Biomass Circular Economy Model - National Biomass Action Plan 2022 - 2025	7 March 2023
	• Malaysia Technology Expo 2023	16 - 18 March 2023
	• Mandatory Accreditation Programme (MAP)	4 - 6 April 2023
	• Webinar: RSPO International Day for Biological Diversity - How Organisations are Working towards Sustainability	22 May 2023
	• UOB KayHian - Malaysia Gems Conference 2023	22 June 2023
	• Webinar: Introduction of Bursa Carbon Exchange (BCX) & Centralised Sustainability Intelligence Platform (CSIP)	16 August 2023
	• International Greentech & Eco Products Exhibition and Conference Malaysia (IGEM)	4 - 6 October 2023
	• International Conference on Plantation Technology (ICPTECH) 2023	4 - 6 April 2023
	• HRDCorp - National Human Capital Conference & Exhibition 2023 (NHCCE)	30 - 31 October 2023
	• National Biomass Conference 2023	6 - 7 December 2023

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors	Training Attended	Date
Dato' Mohd Yusof Bin Din	• Program Pemukiman Kementerian Perladangan Dan Komoditi Tahun 2023	26 - 28 February 2023
	• 2023 United Nations Climate Change Conference (COP28)	29 November - 1 December 2023
	• National Biomass Conference 2023	6 - 7 December 2023
Teh Chau Chin	• Mandatory Accreditation Programme Part II: Leading For Impact (LIP)	4 - 5 December 2023
	• Leading with Impact: Uniting, Empowering and Igniting	21 July 2023
	• Purposeful & Principled Leadership Course – Purpose, Leadership & Governance	4 September 2023
	• Business Integrity and ESG Workshop	3 August 2023
	• International Anti-Bribery Anti-Corruption Summit 2023	24 - 25 October 2023
	• SC's Audit Oversight Board Conversation with Audit Committees	27 November 2023
	• Asia School of Business - Fireside Chat with the Former Governors: Central Banking in an Evolving International Financial System	6 February 2024
	• Sustainable Sustainability – Why ESG is not enough	1 March 2024
Maylee Gan Suat Lee	• Bursa Malaysia Immersive Session: The Board "Agender"	13 March 2023
	• A Bankrupt No More-Discharge and Annulment From a Bankrupt Order	21 March 2023
	• Webinar on Constitutional Law: Fundamentals, Species, Spheres & Protection of Human Rights: An Objective Analysis	30 March 2023
	• Friday Morning with Comtrac: Budget Talk 2023	31 March 2023
	• SSM Webinar: Corporate Directors Training Programme Fundamental 4.0	31 March 2023
	• Strata Management	5 April 2023
	• SSM Webinar: Understanding Joint Ventures Legal Consideration	6 April 2023
	• Practical tips in the conduct of a Family Law	7 April 2023
	• Webinar on Civil Procedure Enforcing Judgement	23 May 2023
	• SSM National Conference 2023	25 - 26 July 2023
	• Advocacy Training Course	2, 9 - 10 September 2023
	• MBAN Angel & Corporate Investor Summit: The Rise of Malaysian Startups	20 September 2023
	• Common Pitfalls to avoid & tips to follow	21 September 2023
	• Audit Oversight Board: Conversation with Audit Committees	27 November 2023

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Directors	Training Attended	Date
Maylee Gan Suat Lee	• HCCLC: Session 4: Company Law - Legal Issues of Fuiduciaries in Group Enterprise De facto, Shadow and Nominee Director	5 December 2023
	• Duty to avoid Conflict of Interest	6 December 2023
	• HCCLC Session 6: Contract Law - Illegality and Unjust Enrichment	7 December 2023
	• HCCLC Session 10: Insolvency - Proposed Amendments to the Rescue Mechanism: A Game Changer?	8 December 2023

Saved as disclosed above, other Director of the Company was not able to select suitable training programmes to attend during the financial year due to his occupied working schedule. However, he has constantly been updated relevant reading materials and technical updates, which will enhance his knowledge and equip them with the necessary skills to effectively discharge his duties as Director of the Company.

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.

### (II) BOARD COMPOSITION

During the financial year ended 31 December 2023, the Board consists of eight (8) members, comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director, two (2) Executive Director, one (1) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The Board composition complied with the Main Market Listing Requirements that requires at least two (2) or one-third (1/3) of the Board members are independent directors and at least one (1) director is female. The Company also complied with the Practice 5.2 of the MCCG having at least half of the Board comprises independent directors. The Chairman of the Board of Directors is an independent director.

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.

The Board does not have a 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 arbitrary by their tenure of services. However, the Board embraces the MCCG recommendation for retaining an Independent Director beyond nine (9) years. In the event that the Board intends to retain the Independent Director beyond nine (9) years, the Board should provide justification and seek shareholders' approval through a Two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of MCCG.

Currently, none of the Independent Directors of the Company whose tenure has exceeded a cumulative term of nine (9) years.

The Nominating 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.

A 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 Term of Reference 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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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:

Chairperson	Maylee Gan Suat Lee	Independent Non-Executive Director
Member	Tan Meng Chai	Independent Non-Executive Director

Member	Teh Chau Chin	Independent Non-Executive Director
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The Term of Reference is available for reference at the Company's website at [www.nextgreenglobal.com](http://www.nextgreenglobal.com).

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 Directors' fees and other benefits 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 18<sup>th</sup> Annual General Meeting ("AGM") is Ringgit Malaysia Five hundred and Fifty Thousand only (RM550,000.00).

The details of Directors' remuneration for the financial year ended 31 December 2023 are as follows:

#### COMPANY LEVEL (RM '000)

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	0	0	0	7	0
Dato' Lim Thiam Huat <i>[Managing Director]</i>	0	0	300	0	13	36
Ts. Dr. Lim Kah Yen <i>[Executive Director]</i>	0	0	36	0	0	5
Lim Kah Yee <i>[Executive Director]</i>	0	0	96	0	0	12
Dato' Mohd Yusof Bin Din <i>[Non-Independent Non-Executive Director]</i>	168	6	0	0	0	0
Teh Chau Chin <i>[Independent Non-Executive Director]</i>	48	11	0	0	0	0
Tan Meng Chai <i>[Independent Non-Executive Director]</i>	48	11	0	0	0	0
Maylee Gan Suat Lee <i>[Independent Non-Executive Director]</i> (Appointed on 10 November 2023)	7	2	0	0	0	0

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### GROUP LEVEL (RM '000)

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	0	0	0	7	0
Dato' Lim Thiam Huat* <i>[Managing Director]</i>	0	0	300	0	13	36
Ts. Dr. Lim Kah Yen* <i>[Executive Director]</i>	0	0	180	0	12	22
Lim Kah Yee* <i>[Executive Director]</i>	0	0	180	0	7	88
Dato' Mohd Yusof Bin Din <i>[Non-Independent Non-Executive Director]</i>	168	6	0	0	0	0
Teh Chau Chin <i>[Independent Non-Executive Director]</i>	48	11	0	0	0	0
Tan Meng Chai <i>[Independent Non-Executive Director]</i>	48	11	0	0	0	0
Maylee Gan Suat Lee <i>[Independent Non-Executive Director]</i> (Appointed on 10 November 2023)	7	2	0	0	0	0

\* 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.

The Audit, Governance and Risk 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, Governance and Risk Committee is reported in the Audit, Governance and Risk Committee Report on page 87 to 88 of this Annual Report.

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

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

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### (I) AUDIT, GOVERNANCE AND RISK COMMITTEE

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

### (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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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 89 to 92 of this Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy of 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 Company is carried out by the in-house Internal Audit Department and outsourced professional service firm, which reports to the Audit, Governance and Risk Committee and assists the Audit, Governance and Risk Committee 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.

The Internal Auditor provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit, Governance and Risk Committee.

It is the responsibility of the Internal Auditors to provide the Audit, Governance and Risk Committee with independent and objective reports on the state of internal control of the various operating units within the Group.

During the financial year ended 31 December 2023, the Audit, Governance and Risk 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.

### 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 embraces 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](http://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](mailto: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 are ideal opportunities to communicate with shareholders.

The Company is not categorised as a "Large Company" and hence, has not adopted integrated reporting based on 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](http://www.nextgreenglobal.com)

The Board has adopted the recommendation of the MCCG for the Notice of the 17<sup>th</sup> AGM was 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 17<sup>th</sup> AGM of the Company held on 27 June 2023 on a virtual basis, to engage with the shareholders proactively.

At its virtual 17<sup>th</sup> AGM, 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 are made in accordance with a resolution of the Board of Directors passed on 25 April 2024.



# AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT

## ROLES AND RESPONSIBILITIES

The Audit, Governance and Risk Committee (“AGRC”) 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 AGRC

<b>Chairman:</b>	Teh Chau Chin (Independent Non-Executive Director)
<b>Members:</b>	Tan Meng Chai (Independent Non-Executive Director)
	Maylee Gan Suat Lee (Independent Non-Executive Director) (Appointed on 10 November 2023)
	Dato’ Dr Koe Seng Kheng (Independent Non-Executive Director) (Resigned on 18 April 2023)

The AGRC composition is in line with Paragraph 15.09 of Main Market Listing Requirement (“MMLR”). As at the date of this Annual Report, the AGRC comprises three (3) members who are Independent and Non-Executive Directors. The Chairman of the AGRC is a fellow member of Malaysian Institute of Accountants. Collectively, the AGRC members are qualified individuals having the required level of expertise to discharge the AGRC’s function and duties. No alternate director is appointed as a member of the AGRC.

## DETAILS OF ATTENDANCE

The AGRC conducted five (5) meetings during the financial year ended 31 December 2023 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 (Resigned on 18 April 2023)	2/2
Maylee Gan Suat Lee (Appointed on 10 November 2023)	1/1

## TERMS OF REFERENCE

The Term of Reference is available for reference at the Company’s website at [www.nextgreenglobal.com](http://www.nextgreenglobal.com).

## FORMER KEY AUDIT PARTNER

The AGRC has a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AGRC.

Currently, no former key audit partner of the Group has been appointed to the Board or employed by the Group.

## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The AGRC carried out the following activities during the financial year ended 31 December 2023 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 recommending 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 2023 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;

### External Audit:

- 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;
- Reviewed the External Auditors’ audit strategy and audit approach via Audit Planning Memorandum for 2023;
- 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;
- 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;

## AUDIT, GOVERNANCE AND RISK COMMITTEE REPORT (CONT'D)

- (h) Evaluated the suitability, objectivity and independence of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2023 to the Board of Directors for recommendation to the shareholders for approval;
- (i) Reviewed the proposed fees for the External Auditors in respect of their audit of the Company and the Group;

### *Internal Audit:*

- (j) 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;
- (k) Reviewed the Corporate Governance Overview Statement, AGRC Report, and Statement on Risk Management and Internal Control and made recommendation for Board's consideration and approval for inclusion in the annual report;
- (l) 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:*

- (m) Updated the quarterly status of related party transactions to ensure these transactions were transacted on an arm's length basis and are not detrimental to the interests of minority shareholders; and

### *Conflict of Interest:*

- (n) Reviewed potential conflict of interest situations that may arise within the Company or the Group and the measures identified to resolve, eliminate or mitigate the conflict of interest.

### *Anti-Corruption Compliance:*

- (o) AGRC received and reviewed 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:*

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

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The internal audit function for the Group is headed by the Head of Internal Audit. He is assisted by an experienced Assistant Manager who heads the Anti-Bribery and Anti-Corruption function (ABAC). The Group also engaged an externally outsourced internal audit service provider to review the implementation of ABAC policy implementation during the year.

During the financial year, the outsourced and in-house team reviewed and 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 2023 RM393,802.00.

A summary of the activities of the internal audit for the financial year ended 31 December 2023 are as follows:

- a) Internal control walkthrough for the understanding of Production Report for Nextgreen Pulp and Paper Sdn Bhd
- b) Internal control review over the custodian function for Petty Cash for Nextgreen Pulp and Paper Sdn Bhd
- c) Internal control review on Procurement and Payment process for Nextgreen Pulp and Paper Sdn Bhd (including Anti Bribery Review);
- d) Internal control (Advisory) review on Payment to Contractors and Revenue Recognition Ultimate Ivory Sdn Bhd;
- e) Evaluation of bids submitted for External Internal Audit Outsourcing together with recommendation and appointment;

The Group's Anti-Corruption function carried out the following initiatives:

- a) Provided E-training on ABAC Policy throughout the financial year;
- b) Conducted awareness session on integrity and the MACC Act for Nextgreen Pulp & Paper Sdn Bhd;
- c) Follow up regarding Bribery & Corruption Risk Assessment for Nextgreen Pulp & Paper Sdn Bhd, Nextgreen Global Berhad (DeGSA), Registration of Gifts received during Chinese New Year all of which is below the reporting threshold of RM300.00 and all gifts were distributed to all office staff.

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.

The AGRC Report is made available with the resolution of the Board on 25 April 2024.

# 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 Governance and Risk Committee (“AGRC”), 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 organisation structure that is in line with the business requirements with clearly defined responsibilities to the Board, Board Committees, and management.
- iii. Internal Audit Department reports directly to the AGRC 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;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- 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 aligned 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;
- 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, Governance and Risk Committee ("AGRC") is instituted by the Board to undertake this oversight role.

The AGRC 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 AGRC and audit issues and actions taken by management to address control deficiencies will be deliberated and implemented where necessary.

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

In this process, the AGRC 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, AGRC also deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors.

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

## INTERNAL AUDIT FUNCTION

The Group has an Internal Audit team to perform its internal audit function and reports to the AGRC and assists the AGRC 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.

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 AGRC.

A summary of the activities of the risk based internal audit for the financial year ended 31 December 2023 are as follows:

- a) Internal control walkthrough for the understanding of Production Report for Nextgreen Pulp and Paper Sdn Bhd;
- b) Internal control review over the custodian function for Petty Cash for Nextgreen Pulp and Paper Sdn Bhd;
- c) Internal control review on Procurement and Payment process for Nextgreen Pulp and Paper Sdn Bhd (including Anti Bribery review);
- d) Internal control (Advisory) review on Payment to Contractors and Revenue Recognition on Ultimate Ivory Sdn Bhd;
- e) Evaluation of bids submitted for External Internal Audit Outsourcing together with recommendation and appointment;

As part of the Group's Adequate Procedures on Anti-Corruption Compliance Program, the Anti-Bribery and Anti-Corruption ("ABAC") function carried out the following initiatives:

- a) Provided E-training on ABAC Policy throughout the financial year;
- b) Conducted awareness session on integrity and the MACC Act for Nextgreen Pulp & Paper Sdn Bhd;
- c) Follow up regarding Bribery & Corruption Risk Assessment for Nextgreen Pulp & Paper Sdn Bhd, Nextgreen Global Berhad (DeGSA), Registration of Gifts received during Chinese New Year all of which is below the reporting threshold of RM300.00 and all gifts were distributed to all office staff.

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 and/or walkthrough tests 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.

## 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 (CONT'D)

## 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;
- AGRC'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 2023 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 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 2023 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 2024.

# NOMINATION COMMITTEE'S STATEMENT

The current members of the Nomination Committee are:

<b>Chairman:</b>	Tan Meng Chai, <i>Independent Non-Executive Director</i>
<b>Members:</b>	Teh Chau Chin, <i>Independent Non-Executive Director</i> Maylee Gan Suat Lee, <i>Independent Non-Executive Director (Appointed on 10 November 2023)</i> Dato' Dr. Koe Seng Kheng, <i>Independent Non-Executive Director (Resigned on 18 April 2023)</i>

The Term of Reference is available for reference at the Company's website at [www.nextgreenglobal.com](http://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 three (3) women 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'S STATEMENT (CONT'D)

The Board has through the Nomination Committee, conducted the following assessments in the financial year ended 31 December 2023:

- a) Directors' self-assessment;
- b) Evaluation on the effectiveness of the Board as a whole and Board Committees;
- c) Evaluation relating to ESG or Sustainability;
- d) Assessment of Independent Directors; and
- e) Review of the term of office and performance of AGRC 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 Nomination Committee. 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. The 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 2023, the Nomination Committee 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 2023, 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 AGRC and each of its member ("Board Annual Evaluation on Effectiveness") for the financial period ended 31 December 2023;
- (b) Annual assessment on the board independence under the MCGG ("Annual Assessment on Board Independence" for year 2023);
- (c) List of Directors standing for re-election at the 17<sup>th</sup> Annual General Meeting and proposed to the Board the name of retiring Directors for re-election; and
- (d) Appointment of Independent Non-Executive Director.

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.

The Nomination Committee Report is made in accordance with the resolution of the Board on 25 April 2024.



# ADDITIONAL COMPLIANCE INFORMATION

## 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 2023 were as follows:

	Company (RM)	Group (RM)
<b>Audit Services Rendered</b>	<b>50,000</b>	<b>285,500</b>
<b>Non-Audit Services Rendered</b>	<b>5,000</b>	<b>7,700</b>
(a) Review of Statement on Risk Management and Internal Control	5,000	-
(b) Others	-	2,700

### 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. 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 2023 is as follows:-

	Total Number	Aggregate for Directors
Granted	69,570,000	19,200,000
Exercised	69,570,000	19,200,000
Total options or shares outstanding as at 31 December 2023	-	-

Granted to Directors and Senior Management	During the financial year	Since commencement up to 31 December 2023
Aggregate maximum allocation in percentage	0%	27.88%
Actual percentage granted	0%	27.88%

There were no options offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to ESOS during the financial year.

# 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 2023 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 2023.

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.

# LIST OF PROPERTIES

The list of properties held by the Group as at 31 December 2023 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.	Land & Factory	7,356 (sq. m)	24	Leasehold expiring 30/12/2098	17,774,581	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	7,242,327	23/06/2016
Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur.	Land Held for Development	273.543 (acres)	-	Pending Issuance of Land Title from Pejabat Tanah Pahang	173,217,307	10/03/2016
Hakmilik No. 29655 Lot 16696, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur.	Land & Factory	20 (acres)	2	Leasehold expiring 06/06/2119	66,702,720	31/12/2021
Nos. A37-01 to A-37-12, Menara The Met, Jalan Dutamas 2, 50480 Kuala Lumpur.	12 Office Units	1,496 (sq. m)	1	Freehold	16,852,791	31/05/2021

# ANALYSIS OF SHAREHOLDINGS

(Based on Register of Depositors as at 26 March 2024)

Total Number of Issued Shares : 995,733,718 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 26 March 2024)

Size Of Shareholdings	Shareholders		Ordinary Shares	
	Number	Percentage (%)	Number	Percentage (%)
LESS THAN 100	195	8.50	6,956	0.00
100 TO 1,000	321	13.99	153,810	0.02
1,001 TO 10,000	703	30.63	4,043,876	0.41
10,001 TO 100,000	686	29.89	25,986,392	2.61
100,001 TO LESS THAN 5% OF ISSUED SHARES	388	16.90	851,872,334	85.55
5% AND ABOVE	2	0.09	113,670,350	11.41
<b>TOTAL</b>	<b>2,295</b>	<b>100</b>	<b>995,733,718</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 26 March 2024)

No.	Name	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Dato' Dr. Haji Sohaimi Bin Shahadan	-	-	-	-
2.	Dato' Lim Thiam Huat	103,997,664	10.44	26,064,100*	2.62
3.	Ts. Dr. Lim Kah Yen	17,729,000	1.78	103,997,664**	10.44
4.	Lim Kah Yee	5,032,000	0.51	103,997,664**	10.44
5.	Dato' Mohd Yusof Bin Din	3,000,000	0.30	-	-
6.	Teh Chau Chin	300,000	0.03	-	-
7.	Tan Meng Chai	540,000	0.05	-	-
8.	Maylee Gan Suat Lee	21,709	negligible	-	-

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

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

(Based on Register of Depositors as at 26 March 2024)

### LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders as at 26 March 2024)

No.	Name	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Dato' Gan Kong Hiok	146,752,100	14.74	29,495,900*	2.96
2.	Dato' Lim Thiam Huat	103,997,664	10.44	26,064,100*	2.62
3.	Ts. Dr. Lim Kah Yen	17,729,000	1.78	103,997,664**	10.44
4.	Lim Kah Yee	5,032,000	0.51	103,997,664**	10.44

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

### LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS

(Based on Register of Depositors as at 26 March 2024)

No.	Name	No. of Shares Held	Percentage of Shareholdings (%)
1.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD	62,350,350	6.26
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK	51,320,000	5.15
3.	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN (FELDA)	43,914,101	4.41
4.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	39,885,264	4.00
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (001)	36,805,000	3.70
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA ISLAMIC INVESTORS BERHAD	36,363,000	3.65
7.	RHB INVESTMENT BANK BERHAD IVT (SHQ-TRES BOOK) EQD TEAM	32,500,000	3.26
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	29,982,300	3.01
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KENANGA INVESTORS BHD (CLIENTS' ACCOUNT)	27,237,150	2.73
10.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DENGKIL PAPER MILL SDN BHD	25,635,000	2.57
11.	KOPERASI SAHABAT AMANAH IKHTIAR MALAYSIA (KOOP SAHABAT) BHD	25,500,500	2.56
12.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR DATO' GAN KONG HIOK	23,233,000	2.33
13.	SOONG CHEE KEONG	22,008,700	2.21

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

(Based on Register of Depositors as at 26 March 2024)

No.	Name	No. of Shares Held	Percentage of Shareholdings (%)
14.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' GAN KONG HIOK (MGN- GKH0005M)	21,300,000	2.14
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	16,744,800	1.68
16.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' LIM THIAM HUAT (SMART)	15,784,400	1.58
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ESA BIN MOHAMED	15,455,700	1.55
18.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND	15,000,000	1.51
19.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LING SIEW LUAN (SMART)	14,936,700	1.50
20.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	14,272,759	1.43
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' LIM THIAM HUAT	13,545,700	1.36
22.	KOPERASI NLFCS BERHAD	10,000,000	1.00
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMA'AH SDN. BHD. (AHAM AM 2)	9,819,500	0.99
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AZMIN MUSTAM BIN ABDUL KARIM	9,770,000	0.98
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM AHAM) (410195)	9,116,400	0.91
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SIEW LUAN	9,000,000	0.90
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TS. DR. LIM KAH YEN	8,819,000	0.88
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	8,334,300	0.84
29.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG SIEW CHIN (CEB)	8,267,600	0.83
30.	GAN ENG HIAN	7,250,000	0.73



Total Users  
**2500**  
+1% From last Week

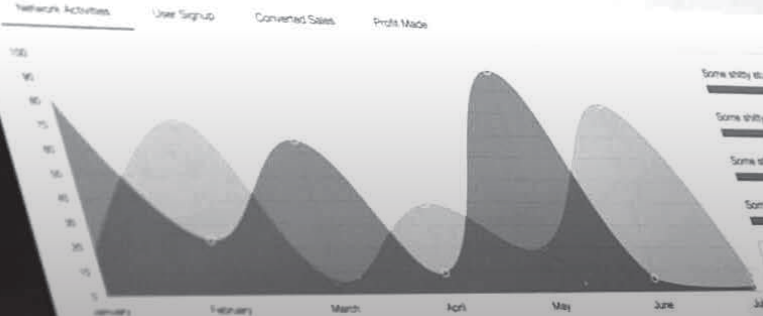
Average Time  
**1.51 Sec**  
-3% From last Week

Total Males  
**2,500**  
+34% From last Week

Total Females  
**4,567**  
-12% From last Week

Total Collections  
**2,315**  
+34% From last Week

Total Connections  
**7,325**  
+54% From last Week



Some shitty stuff 1

Some shitty stuff 2

Some shitty stuff 3

Some shitty stuff 4

Link One   Link Eight

Daily active users  
Sessions

Daily active users  
Sessions

Daily active users  
Sessions

App Usage across versions

Version	Usage
1.1.0	123k
1.1.1	53k
1.1.2	23k
1.1.3	3k

Top 5 Disbursement Progress



- Settings
- Subscription
- Auto Renewal
- Achievements
- Auto Renewal
- Achievements

Account Balance:  
€0.00EUR  
€0.00EUR per month  
Basic Subscription

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

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

**Registered office:**  
**B-21-1, Level 21, Tower B**  
**Northpoint Mid Valley City**  
**No.1, Medan Syed Putra Utara**  
**59200, Kuala Lumpur**  
**Wilayah Persekutuan, Malaysia**

**Principal place of business:**  
**Level 06-02, Menara LGB**  
**No. 1 Jalan Wan Kadir**  
**Taman Tun Dr. Ismail**  
**60000 Kuala Lumpur**



**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2023**

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**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**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 2023.

**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 8 to the financial statements.

**Results**

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

	<b>Group RM</b>	<b>Company RM</b>
Profit/(loss) for the year, net of tax	<u>9,242,372</u>	<u>(3,636,254)</u>
Profit attributable to:		
Equity holders of the Company	9,386,409	(3,636,254)
Non-controlling interests	<u>(144,037)</u>	<u>-</u>
	<u>9,242,372</u>	<u>(3,636,254)</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 39 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**

During the financial year, the Company issued:

- (a) 8,580,000 new ordinary shares pursuant to the Employees' Share Options Scheme ("ESOS") at exercise price of RM0.55 per share of RM4,719,000; and
- (b) 141,000,000 new ordinary shares pursuant to the Redeemable Convertible Preference Shares ("RCPS") at the Conversion Price of at RM0.40 per share of RM56,400,000.

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.

## **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 effective from 22 December 2016 to 21 December 2023 and extend for further five (5) years up to 21 December 2026. 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 31 to the financial statements.

**Employees' Share Options Scheme ("ESOS") (Cont'd)**

As at 31 December 2023, the options offered to take up unissued ordinary shares and the exercise price are as follows:

Date of offer	Exercise price RM	Number of Options over Ordinary Share				At 31.12.2023 Unit
		At 1.1.2023 Unit	Granted Unit	Exercised Unit	Lapsed Unit	
21 May 2021	0.55	8,580,000	-	(8,580,000)	-	

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

**Redeemable Convertible Preference Shares ("RCPS")**

As at 31 December 2023, the total number of RCPS that remain unexercised were 59,000,000.

The salient terms of the RCPS are disclosed in Note 19 to the financial statements.

**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 \*

Lim Kah Yen \*

Dato' Mohd Yusof Bin Din

Tan Meng Chai

Teh Chau Chin

Lim Kah Yee

Dato' Dr. Koe Seng Kheng \*

Maylee Gan Suat Lee

(Resigned on 18.4.2023)

(Appointed on 10.11.2023)

**Directors (Cont'd)**

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

*\* 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' 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 31.12.2023
	At 1.1.2023	Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct interests</b>				
Dato' Lim Thiam Huat	73,405,664	26,042,000	(1,450,000)	97,997,664
Lim Kah Yen	20,729,000	-	-	20,729,000
Tan Meng Chai	540,000	-	-	540,000
Dato' Mohd Yusof bin Din	3,000,000	-	-	3,000,000
Teh Chau Chin	300,000	-	-	300,000
Dato' Dr. Haji Sohaimi Bin Shahadan	1,000,000	-	(1,000,000)	-
Lim Kah Yee	1,732,000	3,300,000	-	5,032,000
Maylee Gan Suat Lee	-	21,709	-	21,709
<b>Indirect interests</b>				
Dato' Lim Thiam Huat #	29,445,800	8,580,000	(8,961,700)	29,064,100
Lim Kah Yen^	73,405,664	26,042,000	(1,450,000)	97,997,664
Lim Kah Yee ^	73,405,664	26,042,000	(1,450,000)	97,997,664

# Deemed interest by virtue of shares held by children.

^ Deemed interest by virtue of shares held by parent

**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 Notes 25, 28, 32 and 35 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 Notes 25, 28, 32 and 35 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.

**Directors' Remuneration**

The detail of the Directors' remuneration for the financial year ended 31 December 2023 are set out below:

	<b>Group RM</b>	<b>Company RM</b>
<b><i>Company's Directors</i></b>		
<b><u>Executive Directors</u></b>		
Salaries and other emoluments	660,000	432,000
Defined contribution plans	79,560	52,200
Social security contributions	4,166	3,007
	<u>743,726</u>	<u>487,207</u>
<b><u>Non-Executive Directors</u></b>		
Fees*	405,200	405,200
Other emoluments*	32,000	32,000
	<u>437,200</u>	<u>437,200</u>
<b>Total Director's Remuneration</b>	<u>1,180,926</u>	<u>924,407</u>

\* Included in the Directors' remuneration was Director's remuneration of RM16,400 (2022: RM Nil) paid/payable to a Non-Executive Director of the Company who resigned during the financial year.

### **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**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) 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
  - (ii) 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.
  
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) 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
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) 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
  - (iv) 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.
  
- (c) At the date of this report, there does not exist:
  - (i) 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
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

### **Other Statutory Information (Cont'd)**

(d) In the opinion of the Directors:

- (i) 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.
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of 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 8 to the financial statements.

### **Subsequent Events**

The subsequent events are disclosed in Note 39 to the financial statements.

### **Auditors' Remuneration**

The auditors' remuneration of the Group and of the Company for the financial year is RM285,500 and RM50,000.



Registration No. 200501037512 (719660-W)

- 8 -

**Auditors**

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

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

30 APRIL 2024

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS BY DIRECTORS**  
Pursuant to section 251(2) of the Companies Act 2016

We, Dato Lim Thiam Huat and Lim Kah Yen, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with  
a resolution of the Directors,

---

DATO' LIM THIAM HUAT

---

LIM KAH YEN

KUALA LUMPUR

30 APRIL 2024

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATUTORY DECLARATION**  
Pursuant to section 251(1)(b) of the Companies Act 2016

I, Wan Noor Azhan Bin Wan Shahrudde (MIA Membership No: 32383), being the Officer primarily responsible for the financial management of Nextgreen Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the Federal )  
Territory on 30 April 2024. )

\_\_\_\_\_  
WAN NOOR AZHAN BIN WAN  
SHAHRUDDEN

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NEXTGREEN GLOBAL BERHAD**

[Registration No.: 200501037512 (719660-W)]  
(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 2023 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 material accounting policies, as set out on pages 17 to 144.

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 2023, 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.

**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 (CONT'D)**

[Registration No.: 200501037512 (719660-W)]

(Incorporated in Malaysia)

**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.

<b>Key Audit Matters</b>	<b>How we addressed the key audit matters</b>
<p><b>1. Impairment of trade receivables</b></p> <p>As at 31 December 2023, the carrying value of Group's trade receivables amounted to RM53,868,694.</p> <p>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.</p>	<p>We obtained an understanding and evaluated the appropriateness of the Group's policy on management of credit risk and its credit exposures.</p> <p>We assessed the reasonableness of the methods and assumptions used by management in estimating the recoverable amount and impairment loss.</p> <p>We tested the accuracy and completeness of the data used by the management.</p> <p>We enquired with management regarding the recoverability of trade receivables that are past due but not impaired.</p> <p>We evaluated subsequent year end receipts and recoverability of outstanding trade receivables.</p>

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NEXTGREEN GLOBAL BERHAD (CONT'D)**

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

**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 (CONT'D)**

[Registration No.: 200501037512 (719660-W)]

(Incorporated in Malaysia)

**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:

- 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 (CONT'D)**

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

**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 (CONT'D)**

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

**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 8 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.

UHY

Firm Number: AF 1411  
Chartered Accountants

HO SIEW CHAN

Approved Number: 03485/02/2026 J  
Chartered Accountant

KUALA LUMPUR

30 APRIL 2024

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	146,438,684	133,743,221	16,910,098	15,456,366
Investment properties	5	17,774,581	18,097,125	-	-
Intangible assets	6	500,000	500,000	-	-
Right-of-use assets	7	572,265	808,524	-	-
Investment in subsidiary companies	8	-	-	104,881,788	93,656,829
Investment in an associated company	9	9,217,991	10,181,399	10,289,951	10,289,951
Other investments	10	22,688	22,688	-	-
Inventories	11	171,566,754	157,569,638	-	-
Other receivables	12	-	-	65,629,010	39,761,238
Deferred tax assets	13	103,247	114,434	-	-
Goodwill	14	-	-	-	-
		<u>346,196,210</u>	<u>321,037,029</u>	<u>197,710,847</u>	<u>159,164,384</u>
<b>Current Assets</b>					
Inventories	11	14,317,986	10,360,384	-	-
Trade receivables	15	53,808,694	24,053,813	-	-
Other receivables	12	44,963,618	26,686,727	171,145,677	165,955,917
Tax recoverable		140,890	146,186	43,019	48,315
Fixed deposit with licensed banks	16	-	5,000	-	-
Cash and bank balances		5,804,841	4,350,760	226,816	1,834,677
		<u>119,036,029</u>	<u>65,602,870</u>	<u>171,415,512</u>	<u>167,838,909</u>
Non-current asset held for sale	17	-	9,842,260	-	-
		<u>119,036,029</u>	<u>75,445,130</u>	<u>171,415,512</u>	<u>167,838,909</u>
<b>Total Assets</b>		<u>465,232,239</u>	<u>396,482,159</u>	<u>369,126,359</u>	<u>327,003,293</u>

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023 (CONT'D)**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>EQUITY</b>					
Share capital	18	327,504,130	266,385,130	327,504,130	266,385,130
Redeemable convertible preference shares	19	2,950,000	10,000,000	2,950,000	10,000,000
Reserves	20	7,462,245	(1,751,414)	12,323,750	15,960,004
Equity attributable to owners of the Parent		337,916,375	274,633,716	342,777,880	292,345,134
Non-controlling interests		(24,005)	(188,904)	-	-
<b>Total Equity</b>		<b>337,892,370</b>	<b>274,444,812</b>	<b>342,777,880</b>	<b>292,345,134</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Hire purchase liabilities	21	690,507	502,139	-	-
Loans and borrowings	22	63,401,450	58,595,636	12,189,422	11,717,915
Lease liabilities	23	143,609	181,873	-	-
Deferred tax liabilities	13	874,953	-	-	-
		65,110,519	59,279,648	12,189,422	11,717,915
<b>Current Liabilities</b>					
Trade payables	24	19,779,214	19,140,191	-	-
Other payables	25	34,164,686	31,506,132	13,645,185	19,749,300
Hire purchase liabilities	21	233,670	150,848	-	-
Loans and borrowings	22	5,082,452	10,013,223	513,872	3,190,944
Lease liabilities	23	446,535	672,732	-	-
Provision for taxation		2,522,793	1,274,573	-	-
		62,229,350	62,757,699	14,159,057	22,940,244
<b>Total Liabilities</b>		<b>127,339,869</b>	<b>122,037,347</b>	<b>26,348,479</b>	<b>34,658,159</b>
<b>Total Equity and Liabilities</b>		<b>465,232,239</b>	<b>396,482,159</b>	<b>369,126,359</b>	<b>327,003,293</b>

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

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	26	36,348,172	32,932,511	95,031	125,641
Cost of sales		<u>(23,204,772)</u>	<u>(21,299,950)</u>	<u>-</u>	<u>-</u>
Gross profit		13,143,400	11,632,561	95,031	125,641
Other income		21,729,730	28,015,292	2,999,949	5,680
Net gain/(losses) on impairment of financial assets		1,067,528	(4,587,657)	-	-
Other operating expenses		<u>(17,902,359)</u>	<u>(17,937,832)</u>	<u>(6,223,392)</u>	<u>(4,014,313)</u>
<b>Profit/(Loss) from operation</b>		18,038,299	17,122,364	(3,128,412)	(3,882,992)
Finance income		1,394	433	-	-
Finance costs		(4,419,958)	(3,191,378)	(507,842)	(380,899)
Net finance costs	27	(4,418,564)	(3,190,945)	(507,842)	(380,899)
Share of losses on associate, net of tax		<u>(963,408)</u>	<u>(108,552)</u>	<u>-</u>	<u>-</u>
<b>Profit/(Loss) before tax</b>	28	12,656,327	13,822,867	(3,636,254)	(4,263,891)
Taxation	29	<u>(3,413,955)</u>	<u>(1,285,535)</u>	<u>-</u>	<u>-</u>
<b>Net profit/(loss) for the financial year</b>		<u>9,242,372</u>	<u>12,537,332</u>	<u>(3,636,254)</u>	<u>(4,263,891)</u>

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Other comprehensive income, net of tax</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		(72,553)	368,120	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		<u>9,169,819</u>	<u>12,905,452</u>	<u>(3,636,254)</u>	<u>(4,263,891)</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Parent		9,386,409	12,672,423	(3,636,254)	(4,263,891)
Non-controlling interests		(144,037)	(135,091)	-	-
		<u>9,242,372</u>	<u>12,537,332</u>	<u>(3,636,254)</u>	<u>(4,263,891)</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Parent		9,313,856	13,040,543	(3,636,254)	(4,263,891)
Non-controlling interests		(144,037)	(135,091)	-	-
		<u>9,169,819</u>	<u>12,905,452</u>	<u>(3,636,254)</u>	<u>(4,263,891)</u>
<b>Earnings per share</b>	30				
Basic earnings per share (sen)		1.11	1.64		
Diluted earnings per share (sen)		<u>1.01</u>	<u>1.43</u>		

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

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Attributable to owners of the parent								
	Non-distributable				Distributable				
	Share capital RM	Redeemable convertible preference shares RM	Foreign currency translation reserve RM	Merger reserve RM	Employee share option reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
<b>Group</b>									
At 1 January 2023	266,385,130	10,000,000	275,673	(16,832,846)	880,308	13,925,451	274,633,716	(188,904)	274,444,812
Profit for the financial year	-	-	-	-	-	9,386,409	9,386,409	(144,037)	9,242,372
Foreign exchange translation	-	-	(72,553)	-	-	-	(72,553)	-	(72,553)
Total comprehensive income for the financial year	-	-	(72,553)	-	-	9,386,409	9,313,856	(144,037)	9,169,819

**NEXTGREEN GLOBAL BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Attributable to owners of the parent								
	Non-distributable				Distributable				
	Share capital RM	Redeemable convertible preference shares RM	Foreign currency translation reserve RM	Merger reserve RM	Employee share option reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
<b>Group Transactions with owners:</b>									
Issuance of ordinary shares:									
- Exercise of ESOS	4,719,000	-	-	-	(880,308)	880,308	4,719,000	-	4,719,000
- Conversion of ESOS	56,400,000	(7,050,000)	-	-	-	-	49,350,000	-	49,350,000
Acquisition of subsidiary companies	-	-	-	-	-	-	-	(2,842)	(2,842)
Acquisition of non-controlling interests	-	-	-	-	-	(100,197)	(100,197)	100,167	(30)
Disposal of subsidiary companies	-	-	-	-	-	-	-	211,611	211,611
	61,119,000	(7,050,000)	-	-	(880,308)	780,111	53,968,803	308,936	54,277,739
At 31 December 2023	327,504,130	2,950,000	203,120	(16,832,846)	-	24,091,971	337,916,375	(24,005)	337,892,370

**NEXTGREEN GLOBAL BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Attributable to owners of the parent								
	Non-distributable				Distributable				
	Share capital RM	Redeemable convertible preference share RM	Foreign currency translation reserve RM	Merger reserve RM	Employee share option reserve RM	Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
<b>Group</b>									
At 1 January 2022	253,069,630	10,000,000	(92,447)	(16,832,846)	3,364,254	(1,230,918)	248,277,673	(215,544)	248,062,129
Profit for the financial year	-	-	-	-	-	12,672,423	12,672,423	(135,091)	12,537,332
Foreign exchange translation	-	-	368,120	-	-	-	368,120	-	368,120
Total comprehensive income for the financial year	-	-	368,120	-	-	12,672,423	13,040,543	(135,091)	12,905,452



**NEXTGREEN GLOBAL BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Attributable to owners of the parent								
	Non-distributable				Distributable				
	Share capital RM	Redeemable convertible preference share RM	Foreign currency translation reserve RM	Merger reserve RM	Employee share option reserve RM	Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
<b>Group</b>									
<b>Transactions with owners:</b>									
Issuance of ordinary shares:									
- Exercise of ESOS	13,315,500	-	-	-	(2,483,946)	2,483,946	13,315,500	-	13,315,500
Acquisition of subsidiary companies	-	-	-	-	-	-	-	49	49
Disposal of subsidiary companies	-	-	-	-	-	-	-	161,682	161,682
	13,315,500	-	-	-	(2,483,946)	2,483,946	13,315,500	161,731	13,477,231
At 31 December 2022	266,385,130	10,000,000	275,673	(16,832,846)	880,308	13,925,451	274,633,716	(188,904)	274,444,812

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Non-distributable		Distributable		Total equity RM
	Share capital RM	Redeemable convertible preference shares RM	Employee share option reserve RM	Retained earnings RM	
<b>Company</b>					
At 1 January 2023	266,385,130	10,000,000	880,308	15,079,696	292,345,134
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(3,636,254)	(3,636,254)
<b>Transactions with owners:</b>					
Issuance of ordinary shares:					
- Exercise of ESOS	4,719,000	-	(880,308)	880,308	4,719,000
- Conversion of ESOS	56,400,000	(7,050,000)	-	-	49,350,000
	61,119,000	(7,050,000)	(880,308)	880,308	54,069,000
At 31 December 2023	327,504,130	2,950,000	-	12,323,750	342,777,880

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	<b>Non-distributable</b>		<b>Distributable</b>		<b>Total equity</b> <b>RM</b>
	<b>Share capital</b> <b>RM</b>	<b>Redeemable convertible preference shares</b> <b>RM</b>	<b>Employee share option reserve</b> <b>RM</b>	<b>Retained earnings</b> <b>RM</b>	
<b>Company</b>					
At 1 January 2022	253,069,630	10,000,000	3,364,254	16,859,641	283,293,525
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(4,263,891)	(4,263,891)
<b>Transactions with owners:</b>					
Issuance of ordinary shares:					
- Exercise of ESOS	13,315,500	-	(2,483,946)	2,483,946	13,315,500
At 31 December 2022	<u>266,385,130</u>	<u>10,000,000</u>	<u>880,308</u>	<u>15,079,696</u>	<u>292,345,134</u>

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

**NEXTGREEN GLOBAL BERHAD**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	12,656,327	13,822,867	(3,636,254)	(4,263,891)
Adjustments for:				
Amortisation of right-of-use assets	939,783	991,437	-	-
Amortisation of intangible assets	-	550,000	-	-
Depreciation of investment properties	322,544	322,543	-	-
Depreciation of property, plant and equipment	7,290,424	4,093,116	72,960	16,711
Finance costs	4,419,958	3,191,378	507,842	380,899
Finance income	(1,394)	(433)	-	-
Loss on disposal of property, plant and equipment	39,833	4,846	-	-
Gain on termination of right-of-use assets	(90)	-	-	-
Gain on disposal of a subsidiary company	(3,915,672)	(727,255)	(2,999,949)	-
Impairment losses on:				
- investment in subsidiary companies	-	-	275,020	-
- goodwill	5,928	509,225	-	-
- receivables	1,672,868	4,638,707	1,814,686	-
Written off of:				
- inventory	-	64,732	-	-
- property, plant and equipment	6,240	2,713	-	-

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balances brought forward	23,436,749	27,463,876	(3,965,695)	(3,866,281)
Reversal of impairment losses on:				
- property, plant and equipment	-	(20,370,804)	-	-
- receivables	(2,740,396)	(51,050)	-	-
Share of losses on associate	963,408	108,552	-	-
Unrealised gain on foreign exchange	(30,646)	(17,773)	-	-
Operating profit/(loss) before working capital changes	<u>21,629,115</u>	<u>7,132,801</u>	<u>(3,965,695)</u>	<u>(3,866,281)</u>
Changes in working capital:				
Inventories	(17,639,148)	(44,256,911)	-	-
Receivables	(46,938,848)	(2,837,112)	(2,705,767)	(864,311)
Payables	30,706,267	22,642,071	(2,941,583)	12,819,133
	<u>(33,871,729)</u>	<u>(24,451,952)</u>	<u>(5,647,350)</u>	<u>11,954,822</u>
Cash (used in)/generated from operations	(12,242,614)	(17,319,151)	(9,613,045)	8,088,541
Interest received	1,394	433	-	-
Interest paid	(4,419,958)	(3,191,378)	(507,842)	(380,899)
Tax refund	5,296	38,127	5,296	27,728
Tax paid	(1,279,595)	(317)	-	-
	<u>(5,692,863)</u>	<u>(3,153,135)</u>	<u>(502,546)</u>	<u>(353,171)</u>
Net cash (used in)/from operating activities	<u>(17,935,477)</u>	<u>(20,472,286)</u>	<u>(10,115,591)</u>	<u>7,735,370</u>

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from investing activities</b>				
Acquisition of:				
- property, plant and equipment	(34,921,326)	(29,501,841)	(899)	(3,082,696)
- investment in subsidiary companies	-	-	-	(1,000,251)
Acquisition of subsidiary companies, net of cash acquired	(650)	(999,010)	(30)	-
Acquisition of non-controlling interest	(30)	-	-	-
Additional investment in an subsidiary companies	-	-	(11,500,000)	-
Additional investment in an associated company	-	(10,289,951)	-	(10,289,951)
Advances to subsidiary companies	-	-	(30,166,451)	(9,302,348)
Repayment from an associated company	-	-	-	20,921
Proceeds from disposal of property, plant and equipment	37,501	5,435	-	-
Proceeds from disposal of a subsidiary company, net of cash disposed	2,998,928	154,698	3,000,000	350,000
Net cash used in investing activities	<u>(31,885,577)</u>	<u>(40,630,669)</u>	<u>(38,667,380)</u>	<u>(23,304,325)</u>

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from financing activities</b>					
Advances from subsidiary companies		-	-	(3,162,532)	4,014,432
Conversion of RCPS		56,400,000	-	56,400,000	-
Drawdown of term loan	22	-	48,900,000	-	-
Withdrawal of fixed deposit pledged with licensed bank		5,000	5,000	-	-
Proceeds from exercise of employee share options		4,719,000	13,315,500	4,719,000	13,315,500
Proceeds from conversion of RCPS		(7,050,000)	-	(7,050,000)	-
Repayments of:					
- hire purchase liabilities	21	(185,251)	(130,740)	-	-
- lease liabilities	23	(967,895)	(1,003,235)	-	-
- term loans	22	(1,650,750)	(3,642,174)	(3,731,358)	(53,769)
Net cash from financing activities		<u>51,270,104</u>	<u>57,444,351</u>	<u>47,175,110</u>	<u>17,276,163</u>

**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	1,449,050	(3,658,604)	(1,607,861)	1,707,208
<b>Cash and cash equivalents at the beginning of the financial year</b>	4,355,760	8,014,390	1,834,677	127,469
Foreign exchange differences	31	(26)	-	-
	<u>4,355,791</u>	<u>8,014,364</u>	<u>1,834,677</u>	<u>127,469</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>5,804,841</u>	<u>4,355,760</u>	<u>226,816</u>	<u>1,834,677</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	5,804,841	4,350,760	226,816	1,834,677
Fixed deposit with licensed banks	-	5,000	-	-
	<u>5,804,841</u>	<u>4,355,760</u>	<u>226,816</u>	<u>1,834,677</u>

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



**NEXTGREEN GLOBAL BERHAD**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2023**

**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 registered office of the Company was located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan. With effect from 2 January 2023, the Company's registered office has been relocated to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200, Kuala Lumpur, Wilayah Persekutuan, Malaysia.

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 8 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 ("MFRS"), International Financial Reporting Standards 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 material accounting policies below.

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 amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform—Pillar Two Model Rules

The adoption of the new and amendments did not have any significant impact on the financial statements of the Group and of the Company except as disclosed below.

Amendments to MFRS 101 Disclosure of Accounting Policies

The Group and the Company adopted Amendments to MFRS 101 *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of material accounting policy information rather than significant accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Accordingly, the Group and the Company disclosed their material accounting policy information in these financial statements. However, the amendments did not result in any material changes to the accounting policies of the Group and of the Company.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective

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

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 116	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets Deferred until between an Investor and its Associate or Joint Venture	further notice

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

These amendments to published standards will be adopted on the respective effective dates. The Group and the Company has started a preliminary assessment on the effects of the above new standard, amendments to published standards and interpretation and the impact is still being assessed.

### (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.

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:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

2. **Basis of Preparation (Cont'd)**

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

**Judgements (Cont'd)**

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.

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, 5 and 7.

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 14.

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 8.

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.

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 11.

Development costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for development costs is disclosed in Note 11.

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 13.

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.



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 31.

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 12 and 15 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 2023, the Group has tax recoverable of RM 140,890 and tax payable of RM 2,522,793 (2022: RM 146,186 and RM 1,274,573) and the Company has tax recoverable of RM 43,019 (2022: RM 48,315).

### 3. **Material Accounting Policies**

#### **Changes in material accounting policies**

##### Material accounting policy information

The Group adopted Amendments to MFRS101, *Presentation of Financial Statements – Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

The accounting policies set out in note 3(a) to (t) have been applied consistently to all periods presented in these financial statements, except as explained above, which addresses changes in material accounting policies.

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

- (a) Basis of consolidation
  - (i) Subsidiary companies

Subsidiaries 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

**3. Material Accounting Policies (Cont'd)**

**Changes in material accounting policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary 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.

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 instrument 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.

### 3. **Material Accounting Policies (Cont'd)**

#### **Changes in material accounting policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(ii) Subsidiary companies (Cont'd)

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 subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries 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.

(iii) Change in ownership interests in subsidiary 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 is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) 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.

**3. Material Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(v) 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 (i.e. a bargain purchase), the gain is recognised in profit or loss.

(b) Investment in associated company

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 associated company 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.

**3. Material Accounting Policies (Cont'd)**

**(b) Investment in associated company (Cont'd)**

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.

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 associated company 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.

### 3. **Material Accounting Policies (Cont'd)**

#### (c) Foreign currency translation (Cont'd)

##### (i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the 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.

##### (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, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint 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.



### 3. Material Accounting Policies (Cont'd)

#### (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.

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.

### 3. Material Accounting Policies (Cont'd)

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

##### (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.

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

Leasehold building	2%
Factory equipment, plant and machinery	5% - 20%
Renovations	10% - 20%
Office equipment, computer, furniture and fittings	10% - 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 recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or 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 on non-financial assets.

### 3. Material 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 follows:

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 and the Company 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.

### 3. Material 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) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	over the lease term
Leasehold buildings	2%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

**3. Material Accounting Policies (Cont'd)**

(g) 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.

(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.

### 3. Material Accounting Policies (Cont'd)

#### (h) 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.

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

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

### 3. **Material Accounting Policies (Cont'd)**

#### (h) Financial assets (Cont'd)

##### (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.

### 3. **Material Accounting Policies (Cont'd)**

#### (i) 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.

#### (j) 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.



### 3. **Material Accounting Policies (Cont'd)**

#### (k) 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.

### 3. **Material Accounting Policies (Cont'd)**

#### (l) Provisions

Provisions are recognised when there is 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.

**3. Material Accounting Policies (Cont'd)**

(m) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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.

(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.

### 3. **Material Accounting Policies (Cont'd)**

(n) Share capital

(i) Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(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.

### 3. **Material 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.

### 3. Material 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 to date, 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 to date, 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.

**3. Material Accounting Policies (Cont'd)**

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

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

The Group recognises revenue from the following major sources: (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.

**3. Material 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, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.



3. **Material 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.

**3. Material Accounting Policies (Cont'd)**

(t) Segment 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.

## 4. Property, Plant and Equipment

	Leasehold land RM	Leasehold building RM	Freehold building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Freehold building under construction RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
<b>Group 2023</b>											
<b>At cost</b>											
At 1 January 2023	493,333	53,403,316	-	42,767,162	723,206	5,875,418	2,837,622	15,383,362	15,223,348	5,540,732	142,247,499
Additions	-	-	-	234,178	-	1,352,472	579,006	1,525,793	26,688,644	6,523,467	36,903,560
Disposals	-	-	-	-	-	-	(517,327)	-	-	-	(517,327)
Written off	-	-	-	-	-	(7,200)	-	-	-	-	(7,200)
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	(26,688,644)	-	(26,688,644)
Transfer from non-current assets held for sale	-	-	-	32,745,307	-	-	-	-	-	-	32,745,307
Transfer from working-in-progress	-	15,223,348	16,909,155	-	-	-	-	(16,909,155)	(15,223,348)	-	-
At 31 December 2023	493,333	68,626,664	16,909,155	75,746,647	723,206	7,220,690	2,899,301	-	-	12,064,199	184,683,195

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

	Leasehold land RM	Leasehold building RM	Freehold building RM	Factory equipment, plant and machinery RM	Renovations RM	Office equipment, computers, furniture and fittings RM	Motor vehicles RM	Freehold building under construction RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
<b>Accumulated depreciation</b>											
At 1 January 2023	-	-	-	4,735,674	319,781	1,598,034	1,850,789	-	-	-	8,504,278
Charge for the year	29,107	2,388,170	56,364	3,862,754	58,434	594,543	301,052	-	-	-	7,290,424
Disposals	-	-	-	-	-	-	(439,993)	-	-	-	(439,993)
Written off	-	-	-	-	-	(960)	-	-	-	-	(960)
Transfer from non-current assets held for sale	-	-	-	22,903,047	-	-	-	-	-	-	22,903,047
Exchange differences	-	-	-	(12,285)	-	-	-	-	-	-	(12,285)
At 31 December 2023	29,107	2,388,170	56,364	31,489,190	378,215	2,191,617	1,711,848	-	-	-	38,244,511
<b>Carrying amount</b>											
At 31 December 2023	464,226	66,238,494	16,852,791	44,257,457	344,991	5,029,073	1,187,453	-	-	12,064,199	146,438,684

**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	Freehold building under construction RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
<b>Group 2022</b>										
<b>At cost</b>										
At 1 January 2022	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
Additions	-	-	4,753,147	29,100	1,529,098	983,892	15,383,362	15,223,348	4,577,522	42,479,469
Disposals	-	-	-	-	(11,730)	-	-	-	-	(11,730)
Written off	-	-	(13,746)	-	-	-	-	-	-	(13,746)
Disposal of a subsidiary company	-	-	(114,306)	-	(27,332)	(252,195)	-	-	(801,868)	(1,195,701)
Transfer to investment properties	(11,085,060)	(9,234,125)	-	-	-	-	-	-	-	(20,319,185)
Transfer to non-current assets held for sale	-	-	(32,745,308)	-	-	-	-	-	-	(32,745,308)
Transfer from working-in-progress	493,333	53,403,316	35,481,363	-	2,493,311	-	-	(53,896,649)	(37,974,674)	-
At 31 December 2022	<u>493,333</u>	<u>53,403,316</u>	<u>42,767,162</u>	<u>723,206</u>	<u>5,875,418</u>	<u>2,837,622</u>	<u>15,383,362</u>	<u>15,223,348</u>	<u>5,540,732</u>	<u>142,247,499</u>

**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	Freehold building under construction RM	Leasehold building and renovation under construction RM	Plant and equipment under construction RM	Total RM
<b>Accumulated depreciation</b>										
At 1 January 2022	934,878	964,639	24,595,740	307,756	1,062,577	1,866,867	-	-	-	29,732,457
Charge for the year	-	-	3,297,516	12,025	551,661	231,914	-	-	-	4,093,116
Disposals	-	-	-	-	(1,449)	-	-	-	-	(1,449)
Written off	-	-	(11,033)	-	-	-	-	-	-	(11,033)
Disposal of a subsidiary company	-	-	(224,920)	-	(14,755)	(247,992)	-	-	-	(487,667)
Transfer to investment properties	(934,878)	(964,639)	-	-	-	-	-	-	-	(1,899,517)
Transfer to non-current assets held for sale	-	-	(22,903,048)	-	-	-	-	-	-	(22,903,048)
Exchange differences	-	-	(18,581)	-	-	-	-	-	-	(18,581)
At 31 December 2022	-	-	4,735,674	319,781	1,598,034	1,850,789	-	-	-	8,504,278
<b>Accumulated impairment losses</b>										
At 1 January 2022	-	-	-	-	-	-	-	-	20,370,804	20,370,804
Reversal	-	-	-	-	-	-	-	-	(20,370,804)	(20,370,804)
At 31 December 2022	-	-	-	-	-	-	-	-	-	-
<b>Carrying amount</b>										
At 31 December 2022	493,333	53,403,316	38,031,488	403,425	4,277,384	986,833	15,383,362	15,223,348	5,540,732	133,743,221

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

	<b>Freehold buildings RM</b>	<b>Computers RM</b>	<b>Office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Freehold buildings under construction RM</b>	<b>Total RM</b>
<b>Company</b>						
<b>2023</b>						
<b>At cost</b>						
At 1 January 2023	-	75,893	22,750	433,899	15,383,362	15,915,904
Additions	-	899	-	-	1,525,793	1,526,692
Transfer from working-in-progress	16,909,155	-	-	-	(16,909,155)	-
At 31 December 2023	<u>16,909,155</u>	<u>76,792</u>	<u>22,750</u>	<u>433,899</u>	<u>-</u>	<u>17,442,596</u>
<b>Accumulated depreciation</b>						
At 1 January 2023	-	19,802	5,838	433,898	-	459,538
Charge for the year	56,364	13,790	2,806	-	-	72,960
At 31 December 2023	<u>56,364</u>	<u>33,592</u>	<u>8,644</u>	<u>433,898</u>	<u>-</u>	<u>532,498</u>
<b>Carrying amount</b>						
At 31 December 2023	<u>16,852,791</u>	<u>43,200</u>	<u>14,106</u>	<u>1</u>	<u>-</u>	<u>16,910,098</u>

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

	<b>Computers RM</b>	<b>Office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Freehold buildings under construction RM</b>	<b>Total RM</b>
<b>2022</b>					
<b>At cost</b>					
At 1 January 2022	31,381	5,300	433,899	-	470,580
Additions	44,512	17,450	-	15,383,362	15,445,324
At 31 December 2022	<u>75,893</u>	<u>22,750</u>	<u>433,899</u>	<u>15,383,362</u>	<u>15,915,904</u>
<b>Accumulated depreciation</b>					
At 1 January 2022	8,545	3,180	431,102	-	442,827
Charge for the year	11,257	2,658	2,796	-	16,711
At 31 December 2022	<u>19,802</u>	<u>5,838</u>	<u>433,898</u>	<u>-</u>	<u>459,538</u>
<b>Carrying amount</b>					
At 31 December 2022	<u>56,091</u>	<u>16,912</u>	<u>1</u>	<u>15,383,362</u>	<u>15,456,366</u>



**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 and of the Company are pledged as securities for term loans as disclosed in Note 22 are:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Leasehold land	493,333	493,333	-	-
Leasehold building	53,403,316	53,403,316	-	-
Freehold building	16,852,791	15,383,362	16,852,791	15,383,362
	<u>70,749,440</u>	<u>69,280,011</u>	<u>16,852,791</u>	<u>15,383,362</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 RM53,896,649 (2022: RM18,419,668) and RM997,911 (2022: RM221,712) respectively.

**(c) Assets held under finance leases**

Motor vehicles of the Group with net carrying amount of RM997,911 (2022: RM221,712) are acquired under hire purchase arrangements.

**(d) Leasehold land**

The remaining lease term of leasehold land is 96 years (2022: 97 years).

**4. Property, Plant and Equipment (Cont'd)****(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 under finance lease and cash payment are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total additions	36,903,560	42,479,469	1,526,692	15,445,324
Less: Hire purchase arrangements	(456,441)	(615,000)	-	-
Less: Term loan arrangements	(1,525,793)	(12,362,628)	(1,525,793)	(12,362,628)
Cash payment	<u>34,921,326</u>	<u>29,501,841</u>	<u>899</u>	<u>3,082,696</u>

**(f) Impairment review of property, plant and equipment under construction for pulps and papers business**

In the previous financial year, the recoverable amount of property, plant and equipment was reviewed. The recoverable amount is determined based on the value in use calculation by discounting future cash flows using a pre-tax discount rate of 8.2%. As a result, a reversal of impairment losses amounting to RM20,370,804 was recognised in profit or loss.

5. **Investment Properties**

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>At cost</b>		
At 1 January	20,319,185	-
Transfers from property, plant and equipment	-	20,319,185
At 31 December	<u>20,319,185</u>	<u>20,319,185</u>
<b>Accumulated depreciation</b>		
At 1 January	2,222,060	-
Transfers from property, plant and equipment	-	1,899,517
Charge for the year	322,544	322,543
At 31 December	<u>2,544,604</u>	<u>2,222,060</u>
<b>Carrying amount</b>	<u>17,774,581</u>	<u>18,097,125</u>
<b>At cost</b>		
Included in the above are:		
Leasehold land	9,883,074	10,016,628
Leasehold building	7,891,507	8,080,497
	<u>17,774,581</u>	<u>18,097,125</u>
<b>Fair value of investment properties</b>	<u>24,836,000</u>	<u>24,836,000</u>
<b>Income recognised in profit or loss:</b>		
Lease income	<u>1,200,000</u>	<u>1,200,000</u>

- (a) Assets pledged as securities to financial institutions

The investment properties of the Group are pledged as securities for term loans as disclosed in Note 22.

- (b) Right-of-use assets

The investment properties of the Group are right-of-use assets.

- (c) Leasehold land

The remaining lease term of leasehold land is 76 years. (2022: 77 years).

**6. Intangible Assets**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
At 1 January	1,050,000	1,111,296
Disposal of a subsidiary company	-	(61,296)
At 31 December	<u>1,050,000</u>	<u>1,050,000</u>
<b>Accumulated amortisation</b>		
At 1 January	550,000	61,296
Charged for the financial year	-	550,000
Disposal of a subsidiary company	-	(61,296)
At 31 December	<u>550,000</u>	<u>550,000</u>
<b>Carrying amount</b>		
At 31 December	<u>500,000</u>	<u>500,000</u>

7. **Right-of-use Assets**

	<b>Buildings RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2023</b>			
<b>At cost</b>			
At 1 January 2023	2,326,455	551,902	2,878,357
Addition	705,420	-	705,420
Termination	(21,803)	(45,273)	(67,076)
Expiration of lease contracts	(2,185,910)	(387,784)	(2,573,694)
At 31 December 2023	<u>824,162</u>	<u>118,845</u>	<u>943,007</u>
<b>Accumulated amortisation</b>			
At 1 January 2023	1,638,946	430,887	2,069,833
Charge for the year	824,899	114,884	939,783
Termination	(19,907)	(45,273)	(65,180)
Expiration of lease contracts	(2,185,910)	(387,784)	(2,573,694)
At 31 December 2023	<u>258,028</u>	<u>112,714</u>	<u>370,742</u>
<b>Carrying amount</b>			
At 31 December 2023	<u>566,134</u>	<u>6,131</u>	<u>572,265</u>
<b>Group</b>			
<b>2022</b>			
<b>At cost</b>			
At 1 January 2022	2,400,619	523,473	2,924,092
Addition	200,741	28,429	229,170
Termination	(20,432)	-	(20,432)
Expiration of lease contracts	(123,943)	-	(123,943)
Disposal of a subsidiary company	(130,530)	-	(130,530)
At 31 December 2022	<u>2,326,455</u>	<u>551,902</u>	<u>2,878,357</u>
<b>Accumulated amortisation</b>			
At 1 January 2022	1,069,434	246,409	1,315,843
Charge for the year	806,959	184,478	991,437
Termination	(4,256)	-	(4,256)
Expiration of lease contracts	(123,943)	-	(123,943)
Disposal of a subsidiary company	(109,248)	-	(109,248)
At 31 December 2022	<u>1,638,946</u>	<u>430,887</u>	<u>2,069,833</u>
<b>Carrying amount</b>			
At 31 December 2022	<u>687,509</u>	<u>121,015</u>	<u>808,524</u>

**8. Investment in Subsidiary Companies**

	<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
<b>In Malaysia</b>		
Unquoted shares, at cost	119,895,381	108,395,402
Less: Accumulated impairment losses	(16,822,593)	(16,547,573)
	103,072,788	91,847,829
<b>Outside Malaysia</b>		
Unquoted shares, at cost	1,809,000	1,809,000
	104,881,788	93,656,829

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

	<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
At 1 January	16,547,573	16,547,573
Impairment loss recognised in profit or loss	275,020	-
At 31 December	16,822,593	16,547,573

Details of the subsidiary companies are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Effective interest (%)</b>		<b>Principal activities</b>
		<b>2023</b>	<b>2022</b>	
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

**8. Investment in Subsidiary Companies (Cont'd)**

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

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Effective interest (%)</b>		<b>Principal activities</b>
		<b>2023</b>	<b>2022</b>	
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
Nextgreen Land Sdn. Bhd. (Formerly known as 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
Nextgreen (Sarawak) Sdn. Bhd.	Malaysia	100	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

**8. 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
		2023	2022	
Nextgreen Biomass Sdn. Bhd.	Malaysia	100	100	Import and export empty fruit bunches, oil palm and fonds
Nextgreen Resources Sdn. Bhd.	Malaysia	100	100	Import and export pulp and paper related products
Nextgreen Forest Management Sdn. Bhd.	Malaysia	100	100	Forest restoration or plantation and management
Nextgreen Enviro Sdn. Bhd. ^	Malaysia	51	51	Dormant
Nextgreen Enviro (Sarawak) Sdn. Bhd. @	Malaysia	30	30	Dormant
Koyan Agriculture Park Sdn. Bhd.	Malaysia	100	100	Dormant
Nextgreen Pulp Mill Sdn. Bhd.	Malaysia	100	100	Dormant
Nextgreen Packaging (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Nextgreen Carbon Sdn. Bhd.	Malaysia	51	51	Dormant



**8. 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
		2023	2022	
<b>Held through System Multimedia and Internet Sdn. Bhd.</b>				
System Publishing House Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Held through Nextgreen Biomass Sdn. Bhd.</b>				
GTC Biomass Berhad	Malaysia	65	-	Dormant

\* No statutory audit requirement

^ Disposed during the financial year

@ The Group controls the entity through the remaining 70% equity interests held by an Executive Director of the Company.

**(a) Incorporation of subsidiary companies**

There were no incorporation of subsidiary company during the financial year.

**In the previous financial year**

On 14 July 2022, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Pulp Mill Sdn. Bhd. ("NGPM") with an initial paid-up share capital of RM100 comprising of 100 ordinary shares. The intended principal activity of NGPM" is manufacture of empty fruits bunch ("EFB") pulp.

On 12 August 2022, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Packaging (M) Sdn. Bhd. ("NGPC") with an initial paid-up share capital of RM100 comprising of 100 ordinary shares. The intended principal activity of NGPC" is to carry out the business of printing and packaging of all kinds and descriptions.

**8. Investment in Subsidiary Companies (Cont'd)**

(a) Incorporation of subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

On 31 October 2022, the Company incorporated a wholly-owned subsidiary company in Malaysia under the name of Nextgreen Carbon Sdn. Bhd. ("NGC") with an initial paid-up share capital of RM51 comprising of 51 ordinary shares. The intended principal activity of NGC" is business of providing carbon services including providing solution and consultancy to corporations in achieving net zero carbon and environmental goals and developing carbon mapping activities, registry, trading and exchange solution. Consequently, NGC became a partially owned subsidiary company of the Company.

(b) Acquisition of subsidiary companies

On 3 April 2023, Nextgreen Biomass Sdn. Bhd. ("NBSB") a wholly-owned subsidiary company of the Company entered into a Share Sale Agreement ("SSA") with Greentech Malaysia Alliances Sdn. Bhd., Koperasi Sahabat Amanah Ikhtiar Malaysia (KOOP SAHABAT) Berhad and Koperasi Perkhidmatan Setia Berhad, to establish a joint venture in the special purpose vehicle ("SPV") Company namely GTC Biomass Berhad ("GBB") for constructing, developing and commissioning Twenty (20) Oil Palm Waste Collection and Processing Centres throughout Malaysia.

On 3 April 2023, NBSB has acquired 65% equity interests in GBB for a total cash consideration of RM650. Consequently, GBB became a partially-owned subsidiary company of the Company.

**8. Investment in Subsidiary Companies (Cont'd)****(b) 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:

	<b>RM</b>
<u>Fair value of consideration transferred</u>	
Purchase consideration settled in cash	650
	<b>RM</b>
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Other receivables	1,000
Other payables	(9,120)
Total identifiable assets and liabilities	(8,120)
<u>Net cash outflow arising from acquisition of subsidiary companies</u>	
	<b>RM</b>
Purchase consideration settled in cash	650
Less: Cash and cash equivalents acquired	-
	650
<u>Good will arising from business combination</u>	
	<b>RM</b>
Fair value of consideration transferred	650
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(2,842)
Fair value of identifiable assets acquired and liabilities assumed	8,120
Goodwill	5,928

On 6 March 2023, Nextgreen Pulp & Paper Sdn Bhd (“NPPSB”) had increased its paid-up capital from RM40,000,000 to RM50,000,000. The Company has subscribed for an additional 10,000,000 shares in NPPSB for a total cash consideration of RM10,000,000. Consequently, the NPPSB remains as a wholly-owned subsidiary company of the Company.

On 30 August 2023, Nextgreen Fertilizer Sdn Bhd (“NFSB”) had increased its paid-up capital from RM1,000,000 to RM2,500,000. The Company has subscribed for an additional 1,500,000 shares in NFSB for a total cash consideration of RM1,500,000. Consequently, the NFSB remains as a wholly-owned subsidiary company of the Company.

**8. Investment in Subsidiary Companies (Cont'd)****(b) Acquisition of subsidiary companies (Cont'd)**In the previous financial year

On 27 September 2022, the Company acquired 100% equity interests in Koyan Agriculture Park Sdn. Bhd. ("KASB") for a total cash consideration of RM2. Consequently, KASB became a wholly-owned subsidiary company of the Company.

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

	<b>RM</b>
<u>Fair value of consideration transferred</u>	
Purchase consideration settled in cash	<u>2</u>
	<b>RM</b>
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Cash and bank balances	990
Other payables	(4,725)
Amount due to a Director	(7,123)
Total identifiable assets and liabilities	<u>(10,858)</u>
<u>Net cash outflow arising from acquisition of subsidiary companies</u>	
	<b>RM</b>
Purchase consideration settled in cash	2
Less: Cash and cash equivalents acquired	(990)
	<u>(988)</u>
<u>Good will arising from business combination</u>	
	<b>RM</b>
Fair value of consideration transferred	2
Fair value of identifiable assets acquired and liabilities assumed	(10,858)
Goodwill	<u>10,860</u>

**8. Investment in Subsidiary Companies (Cont'd)**

(b) Acquisition of subsidiary companies (Cont'd)

In the previous financial year (Cont'd)

On 28 September 2022, KASB had increased its paid-up capital from RM2 to RM1,000,000. The Company has subscribed for an additional 999,998 shares in KASB for a total cash consideration of RM999,998. Consequently, the KASB remains as a wholly-owned subsidiary company of the Company.

(c) Increase in stake in a subsidiary company

On 20 February 2023, the Company had acquired 30% equity interests in Nextgreen (Sarawak) Sdn. Bhd. (“N(S)SB”) for a total cash consideration of RM30. Consequently, NE(S)SB became a wholly-owned subsidiary company of the Company.

The difference arising from increase in stake was as follow:

	<b>RM</b>
Consideration paid for the 30% increase in stake	30
Net assets acquired from non-controlling interest	(100,167)
Difference adjusted to equity	<u>(100,137)</u>

(d) Disposal of subsidiary companies

On 1 November 2023, the Company disposed of its 70% equity interest in Nextgreen Enviro Sdn. Bhd., a partially owned subsidiary company of the Company for a total cash consideration of RM3,000,000.

**8. Investment in Subsidiary Companies (Cont'd)**

(d) Disposal of subsidiary companies (Cont'd)

The effect of the disposal of Nextgreen Enviro Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	<b>RM</b>
<u>Fair value of consideration transferred</u>	
Sale consideration settled in cash	(3,000,000)
<b>RM</b>	
Property, plant and equipment	26,688,644
Trade and other receivables	6,250
Cash and bank balances	1,072
Trade and other payables	(27,823,249)
Net liabilities	(1,127,283)
Non-controlling interests	211,611
Total net liabilities disposed	(915,672)
Gain on disposal	(3,915,672)
Proceeds from disposal	3,000,000
Less: Cash and cash balances disposed	(1,072)
Net cash inflows from disposal	2,998,928

**8. Investment in Subsidiary Companies (Cont'd)****(d) Disposal of a subsidiary companies (Cont'd)**In previous financial year:

On 30 September 2022, the Company disposed of its 70% equity interest in Osmocell Malaysia Sdn. Bhd. for a cash consideration of RM350,000, which had resulted in a gain of RM 729,658. The subsidiary company was previously reported as a part of the utility and renewable energy segment.

The effect of the disposal of Osmocell Malaysia Sdn. Bhd. on the financial position of the Group as at the date of disposal was as follows:

	<b>RM</b>
<u>Fair value of consideration transferred</u>	
Sale consideration settled in cash	<u>(350,000)</u>
	<b>RM</b>
Property, plant and equipment	708,034
Right-of-use assets	21,282
Inventories	2,910,851
Trade and other receivables	2,225,747
Tax recoverable	47,210
Fixed deposits with licensed banks	32,479
Cash and bank balances	162,823
Trade and other payables	(5,421,973)
Loans and borrowings	<u>(1,225,390)</u>
Net liabilities	(538,937)
Non-controlling interests	161,682
Total net liabilities disposed	<u>(377,255)</u>
Gain on disposal	<u>(727,255)</u>
Proceeds from disposal	350,000
Less: Cash and cash balances disposed	<u>(195,302)</u>
Net cash inflows from disposal	<u>154,698</u>

**8. Investment in Subsidiary Companies (Cont'd)****(e) Material partly owned subsidiary companies**

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

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non- controlling shareholders.

**9. Investment in an Associated Company**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>In Malaysia</b>				
Unquoted shares, at cost	10,290,000	10,290,000	10,290,000	10,290,000
Less: Share of post acquisition accumulated losses	(1,072,009)	(108,601)	-	-
Less: Accumulated impairment losses	-	-	(49)	(49)
	<u>9,217,991</u>	<u>10,181,399</u>	<u>10,289,951</u>	<u>10,289,951</u>

Movements in the allowance for impairment losses are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January/At 31 December	<u>49</u>	<u>49</u>



9. **Investment in an Associated Company (Cont'd)**

Details of the associated company is as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
Nextgreen Crowning Package Pulp Molding Sdn. Bhd.*	Malaysia	49	49	Dormant

\* Not audited by UHY

Additional investment in an associated company

On 22 July 2022, Nextgreen Crowning Pulp Molding Sdn. Bhd. ("NCPM"), an associated company of the Company, had increased its paid-up capital from RM100 to RM21,000,000. The Company has subscribed for an additional 10,289,951 shares in NCPM for a total cash consideration of RM10,289,951. Consequently, the Company's effective interest in NCPM remained as 49% (2022: 49%).

Summarised financial information of the Group's material associated company, NCPM is set out below:

(a) Summarised statement of financial position

	2023 RM	2022 RM
Current assets	10,006,464	18,883,700
Non-current assets	9,816,531	1,912,665
Current liabilities	(578,574)	(16,000)
Net assets	<u>19,244,421</u>	<u>20,780,365</u>
Interests in associated company	49%	49%
Group's share of net assets	9,429,766	10,182,379
Share of other net asset changes	(211,775)	(980)
Carrying value of Group's interest in associates	<u>9,217,991</u>	<u>10,181,399</u>

9. **Investment in an Associated Company (Cont'd)**

Summarised financial information of the Group's material associated company, NCPM is set out below: (Cont'd)

(b) Summarised statement of profit or loss and other comprehensive income

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Loss for the financial year, representing total comprehensive for the financial year	1,474,192	35,317

10. **Other Investments**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Quoted shares in Malaysia</b>		
Equity instruments at fair value through profit or loss	22,688	22,688

11. **Inventories**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Non-current</b>		
Land held for property development	-	6,926,757
Property development costs	<u>171,566,754</u>	<u>150,642,881</u>
	<u>171,566,754</u>	<u>157,569,638</u>
<b>Current</b>		
Property development costs	9,038,078	7,893,546
Raw material	1,587,948	2,032,226
Work in progress	685,756	-
Trading merchandise	75,768	-
Finished goods	<u>2,930,436</u>	<u>434,612</u>
	<u>14,317,986</u>	<u>10,360,384</u>
	<u>185,884,740</u>	<u>167,930,022</u>
Additions to staff cost during the financial year/period included in properties under development are as follows:		
- Properties under development (Note 32)	<u>993,169</u>	<u>1,153,787</u>
Recognised in profit or loss:		
- Inventories recognised as cost of sales	15,076,461	11,553,306
- Inventories written off	-	64,732
	<u>15,076,461</u>	<u>11,618,038</u>

12. **Other Receivables**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-Current</b>					
Amount due from subsidiary companies	(a)	-	-	65,629,010	39,761,238
<b>Current</b>					
Amount due from subsidiary companies	(a)	-	-	167,835,848	163,537,169
Amount due from related parties	(b)	83,102	62,319	-	-
Other receivables		31,110,475	12,679,149	5,985,539	2,686,000
Deposits		9,584,441	3,454,383	119,736	-
Prepayments		5,363,148	10,961,854	8,640	722,148
		<u>46,141,166</u>	<u>27,157,705</u>	<u>173,949,763</u>	<u>166,945,317</u>
Less: Accumulated impairment losses		<u>(1,177,548)</u>	<u>(470,978)</u>	<u>(2,804,086)</u>	<u>(989,400)</u>
		<u>44,963,618</u>	<u>26,686,727</u>	<u>171,145,677</u>	<u>165,955,917</u>
		<u>44,963,618</u>	<u>26,686,727</u>	<u>236,774,687</u>	<u>205,717,155</u>

- (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 RM65,629,010 (2022: RM39,761,238) 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 related party are non-interest bearing, unsecured and repayable on demand.

12. **Other Receivables (Cont'd)**

Movements in the allowance for impairment losses are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	470,978	189,202	989,400	989,400
Impairment losses recognised during the financial year	1,035,603	281,776	1,814,686	-
Impairment losses reversed	(329,033)	-	-	-
At 31 December	<u>1,177,548</u>	<u>470,978</u>	<u>2,804,086</u>	<u>989,400</u>

13. **Deferred Tax Assets/(Liabilities)**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	114,434	125,620	-	-
Recognised in profit or loss	(886,140)	(11,186)	-	-
At 31 December	<u>(771,706)</u>	<u>114,434</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:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Deferred tax assets	103,247	114,434	-	-
Deferred tax liabilities	(874,953)	-	-	-
	<u>(771,706)</u>	<u>114,434</u>	<u>-</u>	<u>-</u>

13. **Deferred Tax Assets/(Liabilities) (Cont'd)**

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

	<b>Unutilised tax losses and capital allowance RM</b>
<b>Group</b>	
<b>Deferred tax assets</b>	
At 1 January 2023	969,181
Recognised in profit or loss	(515,409)
Over provision in prior years	<u>6,066,005</u>
At 31 December 2023 (Before Offsetting)	6,519,777
Offsetting	<u>(6,416,530)</u>
At 31 December 2023 (After Offsetting)	<u>103,247</u>
At 1 January 2022	3,405,680
Recognised in profit or loss	(1,925,175)
Over provision in prior years	(430,388)
Disposal of a subsidiary company	<u>(69,750)</u>
At 31 December 2022 (Before Offsetting)	980,367
Offsetting	<u>(865,933)</u>
At 31 December 2022 (After Offsetting)	<u>114,434</u>
	<b>Accelerated capital allowance RM</b>
<b>Group</b>	
<b>Deferred Tax Liabilities</b>	
At 1 January 2023	(854,747)
Recognised in profit or loss	(370,732)
Under provision in prior years	<u>(6,066,004)</u>
At 31 December 2023 (Before Offsetting)	(7,291,483)
Offsetting	<u>6,416,530</u>
At 31 December 2023 (After Offsetting)	<u>(874,953)</u>
At 1 January 2022	(3,280,060)
Recognised in profit or loss	1,913,990
Under provision in prior years	430,387
Disposal of a subsidiary company	<u>69,750</u>
At 31 December 2022 (Before Offsetting)	(865,933)
Offsetting	<u>865,933</u>
At 31 December 2022 (After Offsetting)	<u>-</u>

13. **Deferred Tax Assets/(Liabilities) (Cont'd)**

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

	<b>Unutilised tax losses and capital allowance RM</b>
<b>Company</b>	
<b>Deferred tax assets</b>	
At 1 January 2023	4,007
Recognised in profit or loss	(1,049)
Under provision in prior years	4,780
At 31 December 2023 (Before Offsetting)	<u>7,738</u>
Offsetting	<u>(7,738)</u>
At 31 December 2023 (After Offsetting)	<u>-</u>
At 1 January 2022	3,048
Recognised in profit or loss	959
At 31 December 2022 (Before Offsetting)	<u>4,007</u>
Offsetting	<u>(4,007)</u>
At 31 December 2022(After Offsetting)	<u>-</u>
	<b>Accelerated capital allowance RM</b>
<b>Company</b>	
<b>Deferred Tax Liabilities</b>	
At 1 January 2023	(4,007)
Recognised in profit or loss	1,049
Under provision in prior years	(4,780)
At 31 December 2023 (Before Offsetting)	<u>(7,738)</u>
Offsetting	<u>7,738</u>
At 31 December 2023 (After Offsetting)	<u>-</u>
At 1 January 2022	(3,048)
Recognised in profit or loss	(959)
At 31 December 2022 (Before Offsetting)	<u>(4,007)</u>
Offsetting	<u>4,007</u>
At 31 December 2022(After Offsetting)	<u>-</u>

**13. Deferred Tax Assets/(Liabilities) (Cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unutilised capital allowances	133,337	9,257,950	77,948	64,306
Unutilised tax losses	27,924,251	17,360,144	14,813,624	11,208,816
Unutilised export allowances	1,755,372	1,755,372	-	-
Others	2,384,303	4,638,761	-	-
	<u>32,197,263</u>	<u>33,012,227</u>	<u>14,891,572</u>	<u>11,273,122</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.



14. **Goodwill**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
At 1 January	17,910	505,415
Additions through separately acquired	5,928	10,860
Disposal of a subsidiary company	-	(498,365)
At 31 December	<u>23,838</u>	<u>17,910</u>
<b>Accumulated impairment losses</b>		
At 1 January	17,910	7,050
Impairment loss for the financial year	5,928	509,225
Disposal of a subsidiary company	-	(498,365)
At 31 December	<u>23,838</u>	<u>17,910</u>
<b>Carrying Amount</b>		
At 31 December	<u>-</u>	<u>-</u>

**Impairment testing of goodwill**

During the financial year, GTC Biomass Berhad ("GTC") has incurred loss after tax of RM8,157. The recoverable amounts of goodwill arising from GTC estimated based on net liabilities was RM16,277.

In the previous financial year, Osmocell (Malaysia) Sdn. Bhd. ("OMSB") and Koyan Agricultured Park Sdn. Bhd. ("KAPSB") have incurred loss after tax of RM19,182 and RM2,007 respectively. The recoverable amounts of goodwill arising from OMSB and KAPSB estimated based on net liabilities were RM538,937 and RM2,261 respectively.

Impairment losses amounting to RM5,928 (2022: RM509,225) was recognised in the admin expenses in the statement of profit or loss and other comprehensive income.

## 15. Trade Receivables

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	66,850,353	38,869,570
Less: Accumulated impairment losses	(13,041,659)	(14,815,757)
	<u>53,808,694</u>	<u>24,053,813</u>

The Group's normal trade credit terms range from 30 to 120 days (2022: 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:

	<b>Lifetime allowance RM</b>	<b>Credit impaired RM</b>	<b>Loss allowance RM</b>
<b>Group</b>			
<b>2023</b>			
At 1 January	2,462,876	12,352,881	14,815,757
Impairment losses during the financial year	637,265	-	637,265
Reversal of impairment losses during the financial year	(2,197,076)	(214,287)	(2,411,363)
At 31 December	<u>903,065</u>	<u>12,138,594</u>	<u>13,041,659</u>
<b>2022</b>			
At 1 January	2,339,486	8,176,014	10,515,500
Impairment losses during the financial year	129,014	4,227,917	4,356,931
Reversal of impairment losses during the financial year	-	(51,050)	(51,050)
Disposal of a subsidiary company	(5,624)	-	(5,624)
At 31 December	<u>2,462,876</u>	<u>12,352,881</u>	<u>14,815,757</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.

## 15. Trade Receivables (Cont'd)

Analysis of the trade receivables ageing are as follows:

	<b>Gross amount RM</b>	<b>Loss allowance RM</b>	<b>Net amount RM</b>
<b>Group</b>			
<b>2023</b>			
Neither past due nor impaired	2,778,176	(6,389)	2,771,787
Past due not impaired:			
Less than 30 days	3,084,423	(18,133)	3,066,290
31 to 60 days	3,148,924	(71,356)	3,077,568
61 to 90 days	10,471,861	(48,966)	10,422,895
91 to 120 days	30,508,611	(620,489)	29,888,122
More than 120 days	4,719,764	(137,732)	4,582,032
	51,933,583	(896,676)	51,036,907
<b>Credit impaired:</b>			
More than 120 days	12,138,594	(12,138,594)	-
	<u>66,850,353</u>	<u>(13,041,659)</u>	<u>53,808,694</u>
<b>2022</b>			
Neither past due nor impaired	1,737,216	(90,624)	1,646,592
Past due not impaired:			
Less than 30 days	8,724,191	(82,683)	8,641,508
31 to 60 days	2,824,384	(70,605)	2,753,779
61 to 90 days	2,514,137	(251,341)	2,262,796
91 to 120 days	1,507,826	(68,647)	1,439,179
More than 120 days	9,208,935	(1,898,976)	7,309,959
	24,779,473	(2,372,252)	22,407,221
<b>Credit impaired:</b>			
More than 120 days	12,352,881	(12,352,881)	-
	<u>38,869,570</u>	<u>(14,815,757)</u>	<u>24,053,813</u>

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

As at 31 December 2023, trade receivables of RM51,036,907 (2022: RM22,407,221) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

**16. Fixed Deposits with Licensed Banks**

Included in the fixed deposits of the Group is an amount of RM Nil (2022: RM 5,000) pledged to licensed banks as securities for banking facilities granted to a subsidiary company.

In the previous financial year, the interest rate of fixed deposits of the Group is range from 1.85% to 3.35% per annum and the maturity of deposits is 12 months.

**17. Non- Current Asset Held for Sale**

In the previous financial year, the details of non-current assets classified as held for sale is as follow:

Planned disposal of property, plant and equipment

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Factory equipment, plant and machinery	<u>-</u>	<u>9,842,260</u>

On 29 August 2023, BHS Booking Printing Sdn. Bhd., a wholly owned subsidiary company of the Company, entered into a sale and purchase agreement with a third party to dispose the above assets for a total cash consideration of RM12,000,000. The disposal has not yet been completed as of the date of financial statements.

During the financial year, the Group has terminated the SPA. Consequently, the non-current assets held for sale has been transferred to property, plant and equipment as per disclosed in Note 4.

**18. Share Capital**

	<b>Group/Company</b>			
	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Units</b>	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b>Issued and fully</b>				
At 1 January	787,153,718	762,943,718	266,385,130	253,069,630
Issuance of shares:				
- Exercise of ESOS	8,580,000	24,210,000	4,719,000	13,315,500
- Conversion of RCPS	141,000,000	-	56,400,000	-
	<u>149,580,000</u>	<u>24,210,000</u>	<u>61,119,000</u>	<u>13,315,500</u>
At 31 December	<u>936,733,718</u>	<u>787,153,718</u>	<u>327,504,130</u>	<u>266,385,130</u>

**18. Share Capital (Cont'd)**

During the financial year, the Company issued:

- (a) 8,580,000 new ordinary shares pursuant to the Employees' Share Options Scheme ("ESOS") at exercise price of RM0.55 per share of RM4,719,000; and
- (b) 141,000,000 new ordinary shares pursuant to the Redeemable Convertible Preference Shares ("RCPS") at the Conversion Price of at RM0.40 per share of RM56,400,000.

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.

**19. Redeemable Convertible Preference Shares ("RCPS")**

	<b>Group/Company</b>			
	<b>Number of RCPS</b>		<b>Amount</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Units</b>	<b>Units</b>	<b>RM</b>	<b>RM</b>
<b>Redeemable convertible preference shares ("RCPS")</b>				
At 1 January	200,000,000	200,000,000	10,000,000	10,000,000
Conversion of RCPS	(141,000,000)	-	(7,050,000)	-
At 31 December	<u>59,000,000</u>	<u>200,000,000</u>	<u>2,950,000</u>	<u>10,000,000</u>

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,

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

The salient terms of the RCPS are as follows: (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 3<sup>rd</sup> 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 2023, the total number of RCPS that remain unexercised was 59,000,000 (2022: 200,000,000).

## 20. Reserves

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Distributable:</b>					
Retained earnings		24,091,971	13,925,451	12,323,750	15,079,696
<b>Non-distributable:</b>					
Foreign currency translation reserve	(a)	203,120	275,673	-	-
Merger reserve	(b)	(16,832,846)	(16,832,846)	-	-
ESOS reserve	(c)	-	880,308	-	880,308
		<u>(16,629,726)</u>	<u>(15,676,865)</u>	<u>-</u>	<u>880,308</u>
		<u>7,462,245</u>	<u>(1,751,414)</u>	<u>12,323,750</u>	<u>15,960,004</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.

20. **Reserves (Cont'd)**

## (c) ESOS reserve

	<b>Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Non-distributable</b>		
At 1 January	880,308	3,364,254
Exercise of ESOS	(880,308)	(2,483,946)
At 31 December	<u>-</u>	<u>880,308</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 31 to the financial statements.

21. **Hire Purchase Liabilities**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Minimum hire purchase repayments:</b>		
Within 1 year	264,361	177,324
Later than 1 year but not later than 2 years	392,725	161,845
Later than 2 years but not later than 5 years	358,910	380,098
	<u>1,015,996</u>	<u>719,267</u>
Less: Future finance charges	(91,819)	(66,280)
	<u>924,177</u>	<u>652,987</u>



21. **Hire Purchase Liabilities (Cont'd)**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Present value of minimum hire purchase repayments</b>		
Within 1 year	233,670	150,848
Later than 1 year but not later than 2 years	359,982	142,470
Later than 2 years but not later than 5 years	330,525	359,669
	924,177	652,987
<b>Analysed by:</b>		
Non-current	690,507	502,139
Current	233,670	150,848
	924,177	652,987

22. **Loans and Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Secured</b>				
<b>Non-current</b>				
Term loans	63,401,450	58,595,636	12,189,422	11,717,915
<b>Current</b>				
Term loans	4,179,565	10,013,223	513,872	3,190,944
Bank Overdrafts	43,521	-	-	-
Banker Acceptance	859,366	-	-	-
	5,082,452	10,013,223	513,872	3,190,944
	68,483,902	68,608,859	12,703,294	14,908,859

**22. Loans and Borrowings (Cont'd)**

The range of interest rates per annum are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Term loans	<u>5.54 - 18.00</u>	<u>5.54 - 18.00</u>	<u>5.54 - 18.00</u>	<u>5.54 - 18.00</u>

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 Notes 4 and 5;
- (ii) corporate guarantee given by the Company; and
- (iii) joint and several personal guarantee by certain Directors of the Company.

**23. Lease Liabilities**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At 1 January	854,605	1,667,208
Additions	705,420	229,170
Termination	(1,986)	(16,354)
Payments	(967,895)	(1,003,235)
Disposal of a subsidiary company	-	(22,184)
At 31 December	<u>590,144</u>	<u>854,605</u>
<b>Presented as:</b>		
Non-current	143,609	181,873
Current	<u>446,535</u>	<u>672,732</u>
	<u>590,144</u>	<u>854,605</u>

**23. Lease Liabilities (Cont'd)**

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period		
Within one year	459,139	702,484
Later than one year and not later than two years	15,000	46,800
Later than two years and not later than five years	30,000	35,000
More than five years	216,667	236,667
	<u>720,806</u>	<u>1,020,951</u>
Less: Future finance charges	<u>(130,662)</u>	<u>(166,346)</u>
Present value of lease liabilities	<u>590,144</u>	<u>854,605</u>

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% (2022:5.40%-6.40%).

**24. Trade Payables**

The normal trade credit terms granted to the Group range from 30 to 120 days (2022: 30 to 120 days).

25. **Other Payables**

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Amount due to subsidiary companies	(a)	-	-	3,308,145	6,470,677
Amount due to related parties	(b)	150,000	-	-	-
Amount due to Directors	(c)	348,923	356,772	-	-
Deferred income	(d)	968,000	1,127,000	-	-
Deposits received		6,950,000	800,000	-	-
Other payables		14,630,965	14,275,568	10,188,524	10,219,115
Accruals		11,116,798	14,946,792	148,516	3,059,508
		<u>34,164,686</u>	<u>31,506,132</u>	<u>13,645,185</u>	<u>19,749,300</u>

- (a) Amount due to subsidiary companies are non-interest bearing, unsecured and repayable on demand.
- (b) Amount due to related parties are non-interest bearing, unsecured and repayable on demand.
- (c) Amount due to directors of the Group and of the Company are non-interest bearing, unsecured and repayable on demand.
- (d) 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.

## 26. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contracts with customers:</b>				
- Management fee	-	-	95,031	125,641
- Printing services	2,465,843	3,974,400	-	-
- Sales of books	1,117,999	1,151,966	-	-
- Sales of land	-	9,538,769	-	-
- Sales of goods	32,764,330	14,479,922	-	-
- Construction contract revenue	-	3,787,454	-	-
	<u>36,348,172</u>	<u>32,932,511</u>	<u>95,031</u>	<u>125,641</u>
<b>Timing of revenue recognition</b>				
At a point in time	36,348,172	29,145,057	95,031	125,641
Over time	-	3,787,454	-	-
Total revenue from contracts with customers	<u>36,348,172</u>	<u>32,932,511</u>	<u>95,031</u>	<u>125,641</u>

## 27. Net Finance Costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Finance income from bank balance	<u>(1,394)</u>	<u>(433)</u>	<u>-</u>	<u>-</u>
Finance expenses on:				
- Hire purchase liabilities	32,921	18,074	-	-
- Lease liabilities	43,461	67,959	-	-
- Term loans	5,802,770	3,105,345	2,033,635	380,899
- Other borrowings	66,599	-	-	-
	5,945,751	3,191,378	2,033,635	380,899
Less: Amount capitalised into property, plant and equipment (Note 4)	<u>(1,525,793)</u>	<u>-</u>	<u>(1,525,793)</u>	<u>-</u>
	<u>4,419,958</u>	<u>3,191,378</u>	<u>507,842</u>	<u>380,899</u>
	<u>4,418,564</u>	<u>3,190,945</u>	<u>507,842</u>	<u>380,899</u>

**28. Profit/(Loss) Before Tax**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- statutory audit	258,500	241,000	50,000	50,000
- non-audit services	7,700	27,640	5,000	5,000
Amortisation of right-of-use assets	939,783	991,437	-	-
Amortisation of intangible assets	-	550,000	-	-
Bad debt recovered	(63)	-	-	-
Depreciation of investment properties	322,544	322,543	-	-
Depreciation of property, plant and equipment	7,290,424	4,093,116	72,960	16,711
Loss on disposal of property, plant and equipment	39,833	4,846	-	-
Gain on disposal of a subsidiary company	(3,915,672)	(727,255)	(2,999,949)	-
Gain on termination of right-of-use assets	(90)	-	-	-
Government grant income	(121,000)	-	-	-
Impairment losses on:				
- investment in subsidiary companies	-	-	275,020	-
- goodwill	5,928	509,225	-	-
- receivables	1,672,868	4,638,707	1,814,686	-
Lease income	-	(4,200,000)	-	-

28. **Profit/(Loss) Before Tax (Cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Non-executive Directors' remunerations of the Company:				
- fees*	405,200	440,000	405,200	440,000
- other emoluments*	32,000	39,000	32,000	39,000
Non-executive Directors' remunerations of the subsidiary company				
- fees	72,000	72,000	-	-
Realised loss on foreign exchange	4,026	-	-	-
Reversal of impairment losses on:				
- property, plant and equipment	-	(20,370,804)	-	-
- receivables	(2,740,396)	(51,050)	-	-
Unrealised gain on foreign exchange	(30,646)	(17,773)	-	-
Written off of:				
- inventories	-	64,732	-	-
- property, plant and equipment	6,240	2,713	-	-

\* Included in the Directors' remuneration was Director's remuneration of RM16,400 (2022: RM Nil) paid/payable to a Non-Executive Director of the Company who resigned during the financial year.

29. **Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current income tax</b>				
Current year provision	2,527,711	1,274,573	-	-
Under/(Over) provision in prior year	104	(225)	-	-
	<u>2,527,815</u>	<u>1,274,348</u>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	<u>886,140</u>	<u>11,187</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>3,413,955</u>	<u>1,285,535</u>	<u>-</u>	<u>-</u>



29. **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:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before tax	12,656,327	13,822,867	(3,636,254)	(4,263,891)
Taxation at statutory tax rate of 24% (2022: 24%)	3,037,518	3,317,488	(872,701)	(1,023,334)
Income not subject to tax	(1,072,020)	(5,792,120)	(719,988)	-
Income exempted from tax	-	(902,976)	-	-
Expenses not deductible for tax purposes	1,510,328	3,890,883	723,717	169,895
Deferred tax assets not recognised	980,619	2,527,857	868,972	853,439
Utilisation of previously unrecognised deferred tax assets	(1,042,594)	(1,755,372)	-	-
Under/(Over) provision of current taxation in prior year	104	(225)	-	-
Tax expense for the financial year	<u>3,413,955</u>	<u>1,285,535</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.

**30. 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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net profit for the financial year attributable to the owners of the parent	9,386,409	12,672,423
Weighted average number of ordinary shares as at 31 December	848,394,485	774,362,828
Basic earnings per share (in sen)	1.11	1.64

**(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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Net profit for the financial year attributable to the owners of the parent	9,386,409	12,672,423
Weighted average number of ordinary shares used in the calculation of basic earnings per share	848,394,485	774,362,828
Effect of share-based payment	239,628	7,616,831
Effect of conversion of redeemable convertible preference shares	81,529,266	106,387,128
Weighted average number of ordinary shares as at 31 December	930,163,379	888,366,787
Diluted earnings per share (sen)	1.01	1.43

### 31. **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 2023 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.

**31. Employees' Share Option Scheme (Cont'd)**

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

<b>Granted date</b>	<b>Number of options</b>	<b>Contractual life of options</b>	<b>Vesting period</b>
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:

<b>Date of offer</b>	<b>Exercise price RM</b>	<b>Number of Options over Ordinary Shares</b>				<b>At 31.12.2023 Unit</b>
		<b>At 1.1.2023 Unit</b>	<b>Granted Unit</b>	<b>Exercised Unit</b>	<b>Lapsed Unit</b>	
21 May 2021	0.55	8,580,000	-	(8,580,000)	-	-

Number of share options exercisable as at 31 December 2023 is 8,580,000 (2022: 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:

<b>ESOS Options</b>	<b>Weighted average exercise price 2022 RM</b>	<b>Exercise period</b>	<b>Fair value of share options at grant date 2022 RM</b>
21 May 2021	0.55	21.05.2021 - 21.12.2026	0.10

**31. 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.

	<b>2021</b>
	<b>RM</b>
<b>Fair value at grant date</b>	
21 May 2021	<u>0.1026</u>
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 (%)	<u>Nil</u>

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.

32. **Staff Costs**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Salaries, wages and other emoluments	7,963,235	6,806,704	1,367,965	1,451,875
Defined contribution plans	845,369	739,529	169,038	173,005
Social contribution plans	99,695	71,551	17,495	13,758
Other benefits	310,451	323,860	-	-
	<u>9,218,750</u>	<u>7,941,644</u>	<u>1,554,498</u>	<u>1,638,638</u>
Less: Staff costs capitalised as costs of property development inventories (Note 11)	<u>(993,169)</u>	<u>(1,153,787)</u>	<u>-</u>	<u>-</u>
	<u>8,225,581</u>	<u>6,787,857</u>	<u>1,554,498</u>	<u>1,638,638</u>

32. **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:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b><i>Executive Directors</i></b>				
<b>Company's Directors</b>				
Salaries and other emoluments	660,000	563,315	432,000	336,000
Defined contribution plans	79,560	67,968	52,200	40,680
Social contribution plans	4,166	2,695	3,007	1,693
	<u>743,726</u>	<u>633,978</u>	<u>487,207</u>	<u>378,373</u>
<b>Subsidiary companies'</b>				
<b>Director</b>				
Salaries and other emoluments	240,000	120,000	-	-
Defined contribution plans	28,800	14,400	-	-
Social contribution plans	2,318	1,002	-	-
	<u>271,118</u>	<u>135,402</u>	<u>-</u>	<u>-</u>

## 33. Reconciliation of Liabilities Arising from Financing Activities

	At 1.1.2023 RM	Financing Cash flows RM	Non-cash changes RM	At 31.12.2023 RM
<b>2023</b>				
<b>Group</b>				
Lease liabilities	854,605	(967,895)	703,434	590,144
Hire purchase liabilities	652,987	(185,251)	456,441	924,177
Loan and borrowings	68,608,859	(1,650,750)	1,525,793	68,483,902
	<u>70,116,451</u>	<u>(2,803,896)</u>	<u>2,685,668</u>	<u>69,998,223</u>
<b>Company</b>				
Loan and borrowings	14,908,859	(3,731,358)	1,525,793	12,703,294
Amount due to subsidiary companies	6,470,677	(3,162,532)	-	3,308,145
	<u>21,379,536</u>	<u>(6,893,890)</u>	<u>1,525,793</u>	<u>16,011,439</u>
	At 1.1.2022 RM	Financing Cash flows RM	Non-cash changes RM	At 31.12.2022 RM
<b>2022</b>				
<b>Group</b>				
Lease liabilities	1,667,208	(1,003,235)	190,632	854,605
Hire purchase liabilities	283,762	(130,740)	499,965	652,987
Loan and borrowings	12,076,576	45,257,826	11,274,457	68,608,859
	<u>14,027,546</u>	<u>44,123,851</u>	<u>11,965,054</u>	<u>70,116,451</u>
<b>Company</b>				
Loan and borrowings	2,600,000	(53,769)	12,362,628	14,908,859
Amount due to subsidiary companies	2,456,245	4,014,432	-	6,470,677
	<u>5,056,245</u>	<u>3,960,663</u>	<u>12,362,628</u>	<u>21,379,536</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.



**34. Capital Commitments**

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Authorised and contracted for	<u>4,093,638</u>	<u>8,475,260</u>
Analysed as follows:		
Property, plant and equipment	<u>4,093,638</u>	<u>8,475,260</u>

**35. 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.

**(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 12 and 25, the significant related party transactions of the Group and of the Company are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Transaction with subsidiary companies:		
- Management fee income	<u>95,031</u>	<u>125,641</u>

35. **Significant Related Party Disclosures (Cont'd)**

(c) Compensation of key management personnel is as follow:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Executive Directors</b>				
<b>Company's Directors</b>				
Salaries and other emoluments	660,000	563,315	432,000	336,000
Defined contribution plans	79,560	67,968	52,200	40,680
Social contribution plans	4,166	2,695	3,007	1,693
	<u>743,726</u>	<u>633,978</u>	<u>487,207</u>	<u>378,373</u>
<b>Subsidiary companies'</b>				
<b>Directors</b>				
Salaries and other emoluments	240,000	120,000	-	-
Defined contribution plans	28,800	14,400	-	-
Social contribution plans	2,318	1,002	-	-
	<u>271,118</u>	<u>135,402</u>	<u>-</u>	<u>-</u>
	<u>1,014,844</u>	<u>769,380</u>	<u>487,207</u>	<u>378,373</u>
<b>Non-executive</b>				
<b>Directors</b>				
<b>Company's Directors</b>				
Director fees*	405,200	430,000	405,200	430,000
Other emoluments*	32,000	44,000	32,000	44,000
	<u>437,200</u>	<u>474,000</u>	<u>437,200</u>	<u>474,000</u>
<b>Subsidiary companies'</b>				
<b>Director</b>				
Director fees	72,000	72,000	-	-
	<u>509,200</u>	<u>546,000</u>	<u>437,200</u>	<u>474,000</u>
	<u>1,524,044</u>	<u>1,315,380</u>	<u>924,407</u>	<u>852,373</u>

\* Included in the Directors' remuneration was Director's remuneration of RM16,400 (2022: RM Nil) paid/payable to a Non-Executive Director of the Company who resigned during the financial year.

Remuneration of Directors and other members of key management are as disclosed in Notes 28 and 32.

**36. Segment Information**

The Group has streamlined its business into the following 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.

36. **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:

<b>Group</b>	<b>Investment holding RM</b>	<b>Printing and publishing RM</b>	<b>Manufacturing RM</b>	<b>Property and construction RM</b>	<b>Utility and renewable energy RM</b>	<b>Adjustment and eliminations RM</b>	<b>Consolidated RM</b>
<b>2023</b>							
<b>Revenue</b>							
External revenue	-	3,594,218	32,753,954	-	-	-	36,348,172
Inter-segment revenue	95,031	1,157,310	376,658	27,384,068	-	(29,013,067)	-
Total revenue	<u>95,031</u>	<u>4,751,528</u>	<u>33,130,612</u>	<u>27,384,068</u>	<u>-</u>	<u>(29,013,067)</u>	<u>36,348,172</u>

**36. 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)

<b>Group</b>	<b>Investment holding</b>	<b>Printing and publishing</b>	<b>Manufacturing</b>	<b>Property and construction</b>	<b>Utility and renewable energy</b>	<b>Adjustment and eliminations</b>	<b>Consolidated</b>
<b>2023</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Results</b>							
Interest income	-	1,394	-	-	-	-	1,394
Finance costs	(507,842)	(19,614)	(3,865,312)	(27,190)	-	-	(4,419,958)
Depreciation and amortisation	(72,960)	(3,193,633)	(4,518,554)	(584,120)	-	139,060	(8,230,207)
Share of losses on associate	-	-	-	-	-	(963,408)	(963,408)
Other non-cash items	-	1,696,478	(110,749)	(533,538)	-	3,909,744	4,961,935
Taxation	-	(104)	(4,064,469)	-	-	650,618	(3,413,955)
Segment (loss)/profit before tax	<u>(3,652,531)</u>	<u>644,676</u>	<u>17,296,818</u>	<u>(2,809,067)</u>	<u>(25,928)</u>	<u>1,202,359</u>	<u>12,656,327</u>
<b>Segment assets</b>	<u>369,130,437</u>	<u>55,678,961</u>	<u>189,400,515</u>	<u>243,763,554</u>	<u>113,147</u>	<u>(392,854,375)</u>	<u>465,232,239</u>
<b>Segment liabilities</b>	<u>26,422,729</u>	<u>49,849,832</u>	<u>140,751,929</u>	<u>200,075,319</u>	<u>217,851</u>	<u>(289,977,791)</u>	<u>127,339,869</u>

36. **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)

<b>Group 2022</b>	<b>Investment holding RM</b>	<b>Printing and publishing RM</b>	<b>Manufacturing RM</b>	<b>Property and construction RM</b>	<b>Utility and renewable energy RM</b>	<b>Adjustment and eliminations RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>							
External revenue	-	5,436,766	14,479,922	9,538,769	3,477,054	-	32,932,511
Inter-segment revenue	125,641	845,261	-	15,633,481	-	(16,604,383)	-
Total revenue	<u>125,641</u>	<u>6,282,027</u>	<u>14,479,922</u>	<u>25,172,250</u>	<u>3,477,054</u>	<u>(16,604,383)</u>	<u>32,932,511</u>

## 36. 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)

<b>Group</b>	<b>Investment holding</b>	<b>Printing and publishing</b>	<b>Manufacturing</b>	<b>Property and construction</b>	<b>Utility and renewable energy</b>	<b>Adjustment and eliminations</b>	<b>Consolidated</b>
<b>2022</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Results</b>							
Interest income	-	433	-	-	-	-	433
Finance costs	(380,899)	(15,919)	(2,670,023)	(40,629)	-	(83,908)	(3,191,378)
Depreciation and amortisation	(16,711)	(1,773,931)	(3,616,224)	(573,932)	(227,920)	251,622	(5,957,096)
Other non-cash items	-	(4,410,974)	20,186,465	(46,862)	-	218,030	15,946,659
Taxation	-	(92)	(1,274,256)	-	-	(11,187)	(1,285,535)
Segment (loss)/profit before tax	<u>(4,271,823)</u>	<u>(3,183,549)</u>	<u>19,166,748</u>	<u>2,721,884</u>	<u>(19,182)</u>	<u>(591,211)</u>	<u>13,822,867</u>
<b>Segment assets</b>	<u>327,007,502</u>	<u>57,982,358</u>	<u>151,530,221</u>	<u>213,274,416</u>	<u>-</u>	<u>(353,312,338)</u>	<u>396,482,159</u>
<b>Segment liabilities</b>	<u>34,716,263</u>	<u>52,206,824</u>	<u>127,768,473</u>	<u>167,295,538</u>	<u>70,656</u>	<u>(260,020,407)</u>	<u>122,037,347</u>

36. **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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Gain on termination on ROU	90	-
Loss on disposal of property, plant and equipment	(39,833)	(4,846)
Gain on disposal of subsidiary companies	3,915,672	727,255
Inventories written off	-	(64,732)
Impairment loss on receivables	(1,672,868)	(4,638,707)
Impairment loss on goodwill	(5,928)	(509,225)
Property, plant and equipment written off	(6,240)	(2,713)
Reversal of impairment losses on:		
- property, plant and equipment	-	20,370,804
- receivables	2,740,396	51,050
Unrealised gain on foreign exchange	30,646	17,773
	<u>4,961,935</u>	<u>15,946,659</u>

## (b) Geographical segments

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysia	35,685,999	32,115,634	338,744,928	313,830,901
China	235,746	-	-	-
East Africa	89,769	-	-	-
France	1,946	39,831	-	-
Ghana	65,648	8,245	-	-
Nigeria	190,600	768,801	-	-
Singapore	76,269	-	-	-
USA	2,195	-	-	-
Republic of Palau	-	-	7,451,282	7,206,128
	<u>36,348,172</u>	<u>32,932,511</u>	<u>346,196,210</u>	<u>321,037,029</u>



**36. Segment information (Cont'd)****(c) Major customers**

Revenue from 3 (2022: 3) major customers amounted to RM35,199,999 (2022: RM23,281,154), arising from manufacturing (2022: 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:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Customer A	23,054,639	9,538,769
Customer B	7,745,360	9,342,385
Customer C	4,400,000	4,400,000
	<u>35,199,999</u>	<u>23,281,154</u>

37. **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:

	<b>Amortised cost RM</b>	<b>Fair value through profit or loss RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2023</b>			
<b>Financial assets</b>			
Other investments	-	22,688	22,688
Trade receivables	53,808,694	-	53,808,694
Other receivables	44,963,618	-	44,963,618
Cash and bank balances	5,804,841	-	5,804,841
	<u>104,577,153</u>	<u>22,688</u>	<u>104,599,841</u>
<b>Financial liabilities</b>			
Trade payables	19,779,214	-	19,779,214
Other payables	33,196,686	-	33,196,686
Hire purchase liabilities	924,177	-	924,177
Borrowings	68,483,902	-	68,483,902
Lease liabilities	590,144	-	590,144
	<u>122,974,123</u>	<u>-</u>	<u>122,974,123</u>

37. **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)

	<b>Amortised cost RM</b>	<b>Fair value through profit or loss RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2022</b>			
<b>Financial assets</b>			
Other investments	-	22,688	22,688
Trade receivables	24,053,813	-	24,053,813
Other receivables	26,686,727	-	26,686,727
Fixed deposits with licensed banks	5,000	-	5,000
Cash and bank balances	4,350,760	-	4,350,760
	<u>55,096,300</u>	<u>22,688</u>	<u>55,118,988</u>
<b>Financial liabilities</b>			
Trade payables	19,140,191	-	19,140,191
Other payables	30,379,132	-	30,379,132
Hire purchase liabilities	652,987	-	652,987
Borrowings	68,608,859	-	68,608,859
Lease liabilities	854,605	-	854,605
	<u>119,635,774</u>	<u>-</u>	<u>119,635,774</u>

37. **Financial Instruments (Cont'd)**

## (a) Classification of financial instruments (Cont'd)

	<b>Amortised cost RM</b>
<b>Company</b>	
<b>2023</b>	
<b>Financial assets</b>	
Other receivables	236,766,047
Cash and bank balances	<u>226,816</u>
	<u><b>236,992,863</b></u>
<b>Financial liabilities</b>	
Other payables	13,645,185
Borrowings	<u>12,703,294</u>
	<u><b>26,348,479</b></u>
<b>Company</b>	
<b>2022</b>	
<b>Financial assets</b>	
Other receivables	204,995,007
Cash and bank balances	<u>1,834,677</u>
	<u><b>206,829,684</b></u>
<b>Financial liabilities</b>	
Other payables	19,749,300
Borrowings	<u>14,908,859</u>
	<u><b>34,658,159</b></u>

37. **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.

37. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

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 (2022: RM255,000) and RM12,362,628 (2022: RM8,320,000) 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.

The Group's major concentration of credit risk relates to the amounts owing by four customers (2022: two customers) amounted to RM16,214,797 (2022: RM13,150,031 which constituted approximately 67% (2022: 59%) 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.

37. **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.

	<b>On demand or within 1 year RM</b>	<b>1 to 2 years RM</b>	<b>2 to 5 years RM</b>	<b>More than 5 years RM</b>	<b>Total contractual cash flows RM</b>	<b>Total carrying amount RM</b>
<b>Group</b>						
<b>2023</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	19,779,214	-	-	-	19,779,214	19,779,214
Other payables	33,196,686	-	-	-	33,196,686	33,196,686
Hire purchase liabilities	264,361	392,725	358,910	-	1,015,996	924,177
Borrowings	5,082,452	21,117,547	15,416,018	26,867,885	68,483,902	68,483,902
Lease liabilities	459,139	15,000	30,000	216,667	720,806	590,144
	<u>58,781,852</u>	<u>21,525,272</u>	<u>15,804,928</u>	<u>27,084,552</u>	<u>123,196,604</u>	<u>122,974,123</u>

37. **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)

	<b>On demand or within 1 year RM</b>	<b>1 to 2 years RM</b>	<b>2 to 5 years RM</b>	<b>2 to 5 years RM</b>	<b>Total contractual cash flows RM</b>	<b>Total carrying amount RM</b>
<b>Group</b>						
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	19,140,191	-	-	-	19,140,191	19,140,191
Other payables	30,379,132	-	-	-	30,379,132	30,379,132
Hire purchase liabilities	177,324	161,845	380,098	-	719,267	652,987
Borrowings	21,731,138	6,673,824	11,901,182	28,302,715	68,608,859	68,608,859
Lease liabilities	702,484	46,800	35,000	236,667	1,020,951	854,605
Financial guarantee *	255,000	-	-	-	255,000	-
	<u>72,385,269</u>	<u>6,882,469</u>	<u>12,316,280</u>	<u>28,539,382</u>	<u>120,123,400</u>	<u>119,635,774</u>



37. **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)

	<b>On demand or within 1 year RM</b>	<b>Total contractual cash flows RM</b>	<b>Total carrying amount RM</b>
<b>Company 2023</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	13,645,185	13,645,185	13,645,185
Borrowings	12,703,294	12,703,294	12,703,294
	<u>26,348,479</u>	<u>26,348,479</u>	<u>26,348,479</u>
<b>Company 2022</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	19,749,299	19,749,299	19,749,299
Borrowings	14,908,859	14,908,859	14,908,859
Financial guarantee *	12,362,628	12,362,628	-
	<u>47,020,786</u>	<u>47,020,786</u>	<u>34,658,158</u>

\* Based on the maximum amount that can be called for under the financial guarantee contract.

37. **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 2023 (2022: RM8,320,000). 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.

**37. 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:

	<b>Denominated in USD RM</b>
<b>Group</b>	
<b>2023</b>	
Trade receivables	7,583,109
Cash and bank balances	226,899
Other payables	(10,690)
	<u>7,799,318</u>
<b>2022</b>	
Trade receivables	7,481,269
Cash and bank balances	2,793
Other payables	(98,222)
	<u>7,385,840</u>

**37. 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.

<b>Group</b>	<b>Change in currency rate</b>	<b>2023 Effect on profit before tax RM</b>	<b>2022 Effect on loss before tax RM</b>
USD	Strengthen 10% (2022: 10%)	779,932	738,584
	Weakened 10% (2022: 10%)	<u>(779,932)</u>	<u>(738,584)</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.

**37. 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:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial assets	-	5,000
Financial liabilities	<u>(68,483,902)</u>	<u>(68,608,859)</u>
	<u>(68,483,902)</u>	<u>(68,603,859)</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(590,144)</u>	<u>(854,605)</u>
<b>Company</b>		
<b>Fixed rate instruments</b>		
Financial liabilities	<u>(12,703,294)</u>	<u>(14,908,859)</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.

37. **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 RM	Carrying amount RM
	Level 1	Total	Level 2	Total		
	RM	RM	RM	RM		
<b>Group</b>						
<b>2023</b>						
<b>Financial asset</b>						
Other investments	22,688	22,688	-	-	22,688	22,688
<b>Financial liabilities</b>						
Hire purchase liabilities	-	-	690,507	690,507	690,507	690,507
Borrowings	-	-	63,401,450	63,401,450	63,401,450	63,401,450
	-	-	64,091,957	64,091,957	64,091,957	64,091,957

37. **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	Total	Level 2	Total		
	RM	RM	RM	RM		
<b>Group</b>						
<b>2022</b>						
<b>Financial asset</b>						
Other investments	22,688	22,688	-	-	22,688	22,688
<b>Financial liabilities</b>						
Hire purchase liabilities	-	-	502,139	502,139	502,139	502,139
Borrowings	-	-	46,877,721	46,877,721	46,877,721	59,186,580
	-	-	47,379,860	47,379,860	47,379,860	59,688,719

### 38. 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:

	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Hire purchase liabilities (Note 21)	924,177	652,987
Borrowings (Note 22)	68,483,902	68,608,859
Lease liabilities (Note 23)	590,144	854,605
	<u>69,998,223</u>	<u>70,116,451</u>
Less: Cash and bank balances and fixed deposits	<u>(5,804,841)</u>	<u>(4,355,760)</u>
	<u>64,193,382</u>	<u>65,760,691</u>
Total equity	<u>337,892,370</u>	<u>274,444,812</u>
Gearing ratio (times)	<u>0.19</u>	<u>0.24</u>

There were no changes in the Group's approach to capital management during the financial year.



**39. Subsequent Events**

- (a) On 8 April 2024, the Company entered into a Shareholders' Agreement ("SA") with IOI Paper Pulp Sdn. Bhd. (formerly known as IOI Copra Mill Sdn. Bhd.), an indirect wholly-owned subsidiary of IOI Corporation Berhad ("IOI Paper Pulp") and Nextgreen IOI Pulp Sdn. Bhd. ("NIP") to mutually cooperate in the conduct of the business and affairs of the joint venture company, NIP and to govern the rights and obligations of the parties in NIP.

Nextgreen, IOI Paper Pulp and NIP collectively referred to as the "Parties" and each a "Party".

The purpose of the joint venture is to formalise a collaboration between the Parties and to draw the skills, expertise, experience and capabilities of each other for the benefit of the JVC ("Joint Venture") in relation to the development of the first large-scale zero-waste paper pulp plant with an initial capacity to produce 100,000 metric tonnes per annum of paper pulp, made from oil palm empty fruit bunches ("EFB"), using the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp ("PRC-RBMP") technology ("Pulp Production Facility") on a plot of industrial land measuring approximately 43 acres in the 410 acres Green Technology Park located in Pekan, Pahang ("Project").

- (b) On 10 April 2024, Nextgreen IOI Pulp Sdn. Bhd. ("NIP"), a 55%-owned subsidiary company of the Company had on 10 April 2024 entered into a Memorandum of Understanding ("MOU") with Xiamen C&D Paper & Pulp Group Co. Ltd. ("Xiamen C&D") to form a joint venture company ("JVC") to undertake the proposed development of a paper pulp production facility ("Pulp Production Facility") on the plot of land measuring approximately 43 acres in area ("Development Land") comprised in the 410 acre in Green Technology Park located in Pekan, Pahang. The Pulp Production Facility would have an initial capacity to produce 100,000 metric tonnes per annum of paper pulp, made from oil palm empty fruit bunches ("EFB"), using the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp ("PRC-RBMP") technology ('referred to as "Project").

**40. 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 30 April 2024.



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# FORM OF PROXY

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

No. of shares held	
CDS Account No.	

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 Eighteenth ("18th") 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 at the Broadcast Venue at B-21-2, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia on Tuesday, 25 June 2024 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 Teh Chau Chin who retires in accordance with Article 107(1) of the Constitution of the Company.		
Ordinary Resolution 2	To re-elect Maylee Gan Suat Lee who retires in accordance with Article 100 of the Constitution of the Company.		
Ordinary Resolution 3	To approve the payment of Directors' fees and other benefits up to RM550,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period from the conclusion of the 18th AGM of the Company until the conclusion of the next AGM of the Company in year 2025.		
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		
Ordinary Resolution 6	Proposed Granting of ESOS Options to Lim Kah Yee.		
Ordinary Resolution 7	Proposed Granting of ESOS Options to Maylee Gan Suat Lee.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

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 posting 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 Digerati Technologies Sdn Bhd in Malaysia via its portal website at <https://nqgb-agm.digerati.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.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An "exempt authorized nominee" refers to an authorised nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions subsection 25A(1) of SICDA.
- 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.
- 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 18 June 2024. Only a depositor whose name appears on the Record of the Depositor as at 18 June 2024 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this AGM at which the person named in the appointment proposes to vote:
  - In hard copy form**  
In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia.

- (ii) By electronic means  
The proxy form can be electronically lodged via the Digerati Portal at <https://nggb-agm.digerati.com.my>.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this AGM at which the person named in the appointment proposes to vote. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- (a) at least two (2) authorised officers, of whom one shall be a director; or
- (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. Pursuant to Paragraph 8.29A of the Main Market Listing Requirement of Bursa Securities, all resolutions set out in this Notice of 18th AGM will be put to vote by way of poll.
12. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us or our agents your personal data which may include your name, contact details and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and/or authorisation of all persons whose personal data you have disclosed and/or processed, in connection with the foregoing.

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AFFIX STAMP  
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**THE SHARE REGISTRAR  
NEXTGREEN GLOBAL BERHAD  
Aldpro Corporate Services Sdn. Bhd.**  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur

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[Registration No. 200501037512 (719660-W)]

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