

**THIS CIRCULAR TO SHAREHOLDERS OF NEXTGREEN GLOBAL BERHAD (“NEXTGREEN” OR THE “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad has not perused the contents of this Circular in relation to the Proposed Amendments (as defined herein). Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- (I) PROPOSED ISSUANCE OF 200,000,000 NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN NEXTGREEN AT AN ISSUE PRICE OF RM0.05 EACH (“PROPOSED RCPS”); AND**
  - (II) PROPOSED AMENDMENTS TO THE CONSTITUTION OF NEXTGREEN (“PROPOSED AMENDMENTS”)**
- (COLLECTIVELY, THE “PROPOSALS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser for the Proposed RCPS**



**TA SECURITIES HOLDINGS BERHAD**  
(Registration No. 197301001467 (14948-M))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting of the Company (“**EGM**”) to be held through live streaming from the Broadcast Venue at Leadership room, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59220, Kuala Lumpur on Wednesday, 5 May 2021 at 10.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed with this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete and lodge the Form of Proxy for the EGM as follows at least 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

- (a) In hardcopy form  
The Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.
- (b) By electronic means  
The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Notes for this EGM on the procedures for electronic submission of Proxy Form via TIIH Online.

Date of Record of Depositor for the purpose of determining members' entitlement to attend, vote and speak at the EGM : Wednesday, 28 April 2021 at 5.00 p.m.  
Last date and time for lodging the Form of Proxy : Monday, 3 May 2021 at 10.00 a.m.  
Date and time of EGM : Wednesday, 5 May 2021 at 10.00 a.m.

This Circular is dated 9 April 2021

---

## DEFINITIONS

---

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

<b>Act</b>	:	Companies Act, 2016, as amended from time to time and any re-enactment thereof
<b>Board</b>	:	Board of Directors of Nextgreen
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>Circular</b>	:	This circular in relation to the Proposals
<b>Constitution</b>	:	Constitution of the Company
<b>Conversion Period</b>	:	The period from and including the RCPS Issue Date up to 5.00 pm on the business day immediately before the RCPS Maturity Date
<b>Conversion Price</b>	:	Conversion price for the RCPS of RM0.40 per RCPS for conversion to 1 Conversion Share
<b>Conversion Share(s)</b>	:	Up to 200,000,000 new Nextgreen Shares to be issued pursuant to the conversion of the RCPS based on the terms and conditions set out in the Subscription Agreements
<b>Dato' Gan</b>	:	Dato' Gan Kong Hiok, a major shareholder of the Company
<b>Dengkil Paper Mill</b>	:	Dengkil Paper Mill Sdn Bhd (Registration No. 201301041968 (1071793-T))
<b>Directors</b>	:	The directors of the Company
<b>EFB</b>	:	Empty fruit bunches
<b>EGM</b>	:	Extraordinary general meeting of the Company
<b>EPS</b>	:	Earnings per Share
<b>ESOS</b>	:	Employees' share option scheme
<b>ESOS Options</b>	:	ESOS options granted to eligible persons to subscribe for new Nextgreen Shares
<b>FPE</b>	:	Financial period ended
<b>FYE</b>	:	Financial year(s) ended / ending
<b>GTP</b>	:	A green technology park project developed by Ultimate Ivory Sdn Bhd (a wholly-owned subsidiary of Nextgreen). The project involves the development of approximately 410.41 acres of land in Pekan, Pahang into an environmentally-friendly, innovative and self-sustaining industrial park.
<b>HSC Green</b>	:	HSC Green Holdings Sdn Bhd (Registration No. 202001012655 (1368975-D))
<b>Issue Price</b>	:	RM0.05 per RCPS

---

**DEFINITIONS (CONT'D)**

---

<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
<b>LPD</b>	:	30 March 2021, being the latest practicable date prior to the printing of this Circular
<b>Main Market</b>	:	Main Market of Bursa Securities
<b>Market Day(s)</b>	:	Any day on which Bursa Securities is open for trading in securities
<b>Minimum Scenario</b>	:	Has the meaning given in Section 6 of this Circular
<b>Maximum Scenario</b>	:	Has the meaning given in Section 6 of this Circular
<b>Mode of Conversion</b>	:	Option for the RCPS Subscribers to convert all or some of their RCPS into the Conversion Share(s) 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 aggregate Issue Price surrendered and Conversion Price, if any, in cash for every 1 Conversion Share
<b>NA</b>	:	Net assets
<b>Nextgreen or the Company</b>	:	Nextgreen Global Berhad (Registration No. 200501037512 (719660-W))
<b>Nextgreen Group or the Group</b>	:	Collectively, Nextgreen and its subsidiaries
<b>Nextgreen Shares or Shares</b>	:	Ordinary shares in the Company
<b>PRC RBMP</b>	:	Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp
<b>Proposals</b>	:	Collectively, the Proposed RCPS and Proposed Amendments
<b>Proposed Amendments</b>	:	Proposed amendments to the Constitution to facilitate the implementation of the Proposed RCPS
<b>Proposed RCPS</b>	:	Proposed issuance of 200,000,000 new RCPS at the Issue Price to the RCPS Subscribers
<b>RCPS</b>	:	Redeemable convertible preference share(s) in Nextgreen
<b>RCPS Issue Date</b>	:	Date of issuance of the RCPS
<b>RCPS Maturity Date</b>	:	Business day immediately before the 3rd anniversary of the RCPS Issue Date
<b>RCPS Subscribers</b>	:	Collectively, Dato' Gan, Dengkil Paper Mill and HSC Green
<b>Record of Depositors</b>	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository

---

**DEFINITIONS (CONT'D)**

---

<b>Redemption Period</b>	:	The period from and including the RCPS Issue Date up to 5.00 pm on the business day immediately before the RCPS Maturity Date
<b>Shareholders</b>	:	Shareholders of the Company
<b>Subscription Agreements</b>	:	Subscription agreements dated 10 March 2021 entered into between Nextgreen and each of the RCPS Subscribers in relation to the Proposed RCPS
<b>TA Securities or the Principal Adviser</b>	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
<b>VWAP</b>	:	Volume-weighted average market price

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated. Any discrepancies in the tables between the amounts stated, actual figures and the totals thereof in this Circular are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved, and the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plans and objectives will be achieved.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

---

**TABLE OF CONTENTS**

---

**LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:-**

<b>SECTION</b>	<b>PAGE</b>
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RCPS	2
3. DETAILS OF THE PROPOSED AMENDMENTS	9
4. RATIONALE FOR THE PROPOSALS	9
5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS	10
6. EFFECTS OF THE PROPOSALS	17
7. TENTATIVE TIMELINE	23
8. APPROVALS REQUIRED	23
9. CONDITIONALITY	24
10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	24
11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	24
12. BOARD'S RECOMMENDATION	25
13. EGM	25
14. FURTHER INFORMATION	26
APPENDIX I SALIENT TERMS OF THE RCPS AND SUBSCRIPTION AGREEMENTS	27
APPENDIX II HISTORICAL FINANCIAL INFORMATION OF THE GROUP	33
APPENDIX III FURTHER INFORMATION	36
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



**NEXTGREEN GLOBAL BERHAD**

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

**Registered Office**

Level 5, Block B,  
Dataran PHB,  
Saujana Resort, Section U2,  
40150 Shah Alam,  
Selangor

9 April 2021

**Board of Directors**

Dato' Dr. Haji Sohaimi bin Shahadan (Independent Non-Executive Chairman)  
Dato' Lim Thiam Huat (Managing Director)  
Lim Kah Yen (Executive Director)  
Dato' Mohd Yusof bin Din (Non-Independent Non-Executive Director)  
Dato' Zakaria bin Arshad (Non-Independent Non-Executive Director)  
Teh Chau Chin (Independent Non-Executive Director)  
Tan Meng Chai (Independent Non-Executive Director)  
Dato' Dr Koe Seng Kheng (Independent Non-Executive Director)

**To: The Shareholders**

Dear Sir / Madam,

- (I) PROPOSED RCPS**
- (II) PROPOSED AMENDMENTS**

**(COLLECTIVELY, THE "PROPOSALS")**

---

**1. INTRODUCTION**

On 10 March 2021, TA Securities had, on behalf of the Board, announced that the Company proposed to undertake the Proposed RCPS and Proposed Amendments. In conjunction with the Proposed RCPS, the Company had on even date entered into Subscription Agreements with each of the RCPS Subscribers.

On 1 April 2021, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 1 April 2021 granted its approval for the listing and quotation of the Conversion Shares on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.

## **2. DETAILS OF THE PROPOSED RCPS**

### **2.1 Proposed RCPS**

The Proposed RCPS entails the issuance of 200,000,000 RCPS to the RCPS Subscribers at the Issue Price of RM0.05 each in the following manner:-

- (i) 40,000,000 RCPS to Dato' Gan;
- (ii) 100,000,000 RCPS to Dengkil Paper Mill; and
- (iii) 60,000,000 RCPS to HSC Green.

The RCPS will be issued in a single tranche and will raise gross proceeds of RM10.00 million.

The salient terms of the RCPS pursuant to the Subscription Agreements are set out in Appendix I of this Circular.

### **2.2 Information on the RCPS Subscribers**

#### **2.2.1 Information on Dato' Gan**

Dato' Gan, a Malaysian age 70, is a major shareholder of the Company via his direct and indirect shareholding. Further details of Dato' Gan's shareholdings are set out in Section 6.2 of this Circular.

Dato' Gan graduated with a Bachelor's Degree (Hons) in Chemical Engineering, University of Aston and with a Master of Philosophy, University of Oxford. He was appointed to the board of directors of PK Resources Berhad on 3 June 1991 and was the executive director until 27 April 2001. He was then appointed as the managing director before he stepped down on 1 September 2006.

Prior to that, he held several managerial positions and has extensive experiences in the field of investment management and corporate planning.

As at LPD, Dato' Gan does not hold any executive positions and directorships in Nextgreen Group and other public listed companies. Dato' Gan and persons connected with him do not have any family relationship with any Directors, substantial shareholders and/or chief executive of Nextgreen.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 2.2.2 Information on Dengkil Paper Mill

Dengkil Paper Mill was incorporated in Malaysia on 27 November 2013 as a private limited company and is principally involved in the manufacturing of paper and paper related products.

As at LPD, the issued share capital of Dengkil Paper Mill is RM800,002 comprising 800,002 ordinary shares. The substantial shareholders and directors of Dengkil Paper Mill and their respective shareholdings are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Wee Siew Heng	400,001	50.00	-	-
Wee Choong Foo	400,001	50.00	-	-

Wee Siew Heng, a Malaysian age 70, has more than 35 years of experience in the food and beverage sector. He owns a restaurant and has extensive experience in planning for the procurement of materials required for the food and beverage operations.

Wee Choong Foo, a Malaysian age 39, has been in the fast-moving consumer goods' supply chain industry for the past 7 years. He has been actively involved in operational dealings with suppliers and customers and experienced in sales and marketing. He also has over 12 years of experience in the food and beverage sector where he operated restaurants. He was involved in inventory management and the requisition of materials and goods.

As at LPD, the shareholdings of Dengkil Paper Mill and its substantial shareholders and directors in Nextgreen are as follows:-

	Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>
Dengkil Paper Mill	-	-	-	-
<u>Substantial shareholders / directors</u>				
Wee Siew Heng	1,887,759	0.28	61,000 <sup>(2)</sup>	0.01
Wee Choong Foo	61,000	0.01	1,887,759 <sup>(3)</sup>	0.28

**Notes:-**

- (1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.
- (2) Deemed interested by virtue of shares held by his son, Wee Choong Foo.
- (3) Deemed interested by virtue of shares held by his father, Wee Siew Heng.

As at LPD, the substantial shareholders and directors of Dengkil Paper Mill and persons connected with them do not have any family relationship with any Directors, substantial shareholders and/or chief executive of Nextgreen.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



### 2.2.3 Information on HSC Green

HSC Green was incorporated in Malaysia on 1 June 2020 as a private limited company and is principally involved in the business of investment holding.

As at LPD, the issued share capital of HSC Green is RM5,000,001 comprising 5,000,001 ordinary shares. The ultimate shareholder, sole shareholder and director of HSC Green and their respective shareholdings in HSC Green are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
<u>Director / Ultimate shareholder</u> Soo Yi Xin	-	-	5,000,001 <sup>(1)</sup>	100.00
<u>Sole shareholder</u> Curate Holdings Sdn Bhd	5,000,001	100.00	-	-

Note:-

- (1) Deemed interested by virtue of the shares held by Curate Holdings Sdn Bhd, which is ultimately controlled by Soo Yi Xin via shares held by her trustee, CIMB Commerce Trustee Berhad in Cardiology Associates Sdn Bhd (the controlling shareholder of Curate Holdings Sdn Bhd).

As at LPD, the shareholdings of HSC Green and its ultimate shareholder, sole shareholder and director in Nextgreen are as follows:-

	Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>
HSC Green	12,500,000	1.83	-	-
<u>Director / Ultimate shareholder</u> Soo Yi Xin	35,000	0.01	15,000,000 <sup>(2)</sup>	2.19
<u>Sole shareholder</u> Curate Holdings Sdn Bhd	2,500,000	0.37	12,500,000 <sup>(3)</sup>	1.83

Notes:-

- (1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.  
(2) Deemed interested by virtue of the shares held by Curate Holdings Sdn Bhd and HSC Green, companies which are ultimately controlled by her.  
(3) Deemed interested by virtue of the shares held by HSC Green, its wholly-owned subsidiary.

As at LPD, the ultimate shareholder and director of HSC Green and persons connected with her do not have any family relationship with any Directors, substantial shareholders and/or chief executive of Nextgreen.

### 2.3 Basis and justifications of the Issue Price and Conversion Price

The Issue Price was agreed upon by the Company and the RCPS Subscribers after considering that it shall represent the principal amount of the RCPS for the purposes of redemption and/or conversion.

The Conversion Price of the RCPS has been fixed at RM0.40, representing a discount of approximately 6.26% to the 5-day VWAP of Nextgreen Shares on Bursa Securities up to 9 March 2021 of RM0.4267, being last Market Day prior to the announcement of the Proposed RCPS on 10 March 2021. The Conversion Price was determined based on commercial decision agreed upon between the Company and the RCPS Subscribers.

Further, the Conversion Price was arrived at after taking into consideration the following:-

- (i) the salient terms of the RCPS; and
- (ii) the prevailing share price performance and liquidity of Nextgreen Shares.

The actual number of Conversion Shares to be issued depends on the Mode of Conversion adopted by the RCPS Subscribers.

If all RCPS Subscribers elect to convert by surrendering 8 RCPS in exchange for 1 Conversion Share (being such number of RCPS with aggregate Issue Price equivalent to the Conversion Price), this will result in the issuance of 25,000,000 Conversion Shares.

If all RCPS Subscribers elect to convert by surrendering 1 RCPS and paying RM0.35 in cash (being the difference between the Issue Price and Conversion Price) in exchange for 1 Conversion Share, this will result in the issuance of 200,000,000 Conversion Shares.

## 2.4 Listing and quotation of the RCPS and Conversion Shares

The RCPS will not be listed on Bursa Securities.

Bursa Securities has vide its letter dated 1 April 2021, granted its approval for the listing and quotation of up to 200,000,000 Conversion Shares arising from the conversion of the RCPS on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

## 2.5 Underwriting arrangement

The Proposed RCPS will not be underwritten as the RCPS Subscribers have been identified and the Company has entered into the Subscription Agreements with each of the RCPS Subscribers.

## 2.6 Utilisation of proceeds

The Proposed RCPS will raise gross proceeds of RM10.00 million which shall be utilised in the following manner:-

	Expected timeframe for utilisation upon receipt	Amount (RM'000)
(i) Joint venture with Dengkil Paper Mill	Within 24 months	8,700
(ii) Working capital <sup>(1)</sup>	Within 12 months	1,000
(iii) Estimated expenses for the Proposals <sup>(1)</sup>	Immediate	300
<b>Total</b>		<b>10,000</b>

### Note:-

- (1) If the actual expenses incurred are higher than the budgeted amount, the deficit will be funded from the portion allocated for working capital. Conversely, any surplus will be utilised for working capital.

### (i) Joint venture with Dengkil Paper Mill

On 29 January 2021, the Company announced that it had entered into a joint venture agreement (“**JVA**”) with Dengkil Paper Mill to undertake a joint venture through a special purpose vehicle (to be held 51% and 49% by Nextgreen and Dengkil Paper Mill respectively) to engage in the business of setting up and operating a 5,000 metric tons (“**MT**”) per annum tissue paper mill in Malaysia and such other related businesses as the parties may mutually agree from time to time (“**JV Business**”).

Further, the obligations of the parties under the JVA are as follows:-

**Dengkil Paper Mill**

- (a) provide all necessary expertise, including without limitation, all necessary technical expertise, to operate a 5000MT per annum tissue paper mill (“**Plant**”);
- (b) ensure that the installation and validation of plant, equipment and machinery are as per the Good Manufacturing Service Practice of Malaysia (“**GMP**”) or its equivalent;
- (c) to ensure that the Plant obtains and maintains at all times standard certification for GMP;
- (d) to actively develop local and international market for all the products manufactured at the Plant from time to time;
- (e) to undertake all aspects of project management of the JV Business at all stages; and
- (f) to furnish and provide all other technical expertise, knowledge necessary for the success of the JV Business.

**Nextgreen**

- (a) provide all other technical expertise, knowledge necessary for the success of the JV Business; and
- (b) undertake all aspects of project management of the JV Business at all stages.

The 5,000MT per annum tissue paper mill is envisaged to have a gross built up area of 96,000 square feet and completed in 24 months. The Group will be contributing its expertise and technology for the production of tissue paper using the PRC RBMP technology, which is capable of converting EFB into non-wood pulp and paper products with minimal waste. Based on the foregoing, the JV Business is expected to commence operations on the 3rd quarter of 2023.

The tissue paper mill will be built on a piece of land measuring 12.09 acres within the GTP (to be contributed by Dengkil Paper Mill). The aforesaid land was disposed by Nextgreen to Dengkil Paper Mill in 2017. In this respect, the estimated costs to be incurred by Nextgreen for the JV Business (being 51% of the total estimated costs of RM50.00 million for the JV Business) are as follows:-

<b>Estimated costs</b>	<b>Amount (RM'000)</b>
Construction of factory buildings	12,200
Purchase of machineries and equipment	11,200
Project consultancy fee, planning and submission fees, stamp duty and assessment	2,100
<b>Total</b>	<b>25,500</b>

The Group intends to allocate RM8.70 million from the proceeds of the Proposed RCPS for the JV Business to fulfil its obligations under the JVA. The remaining costs to be incurred by Nextgreen will be funded through internally generated funds, bank borrowings and/or other funding alternatives at the discretion of the Board.

In view that the JV Business is similar with one of the existing businesses of the Group (i.e. manufacturing of renewable paper pulp products using the PRC RBMP technology), the JV Business does not constitute a diversification in operations pursuant to Paragraph 10.13 of the Listing Requirements.

**(ii) Working capital**

As at 31 December 2020, the Group's cash and bank balances amounts to RM1.21 million. The Group intends to utilise the balance proceeds from the Proposed RCPS to fund its working capital in the following manner:-

<b>Estimated expenses</b>	<b>Percentage allocation (%)</b>	<b>Amount (RM'000)</b>
Payment of staff salaries	80	800
Operating and administrative expenses such as utilities, transportation costs and upkeep of office <sup>(1)</sup>	20	200
<b>Total</b>	<b>100</b>	<b>1,000</b>

Note:-

(1) The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual administrative requirements of the Group at the relevant time.

**(iii) Estimated expenses for the Proposals**

The breakdown of the estimated expenses for the Proposals is illustrated below:-

<b>Estimated expenses</b>	<b>Amount (RM'000)</b>
Professional fees and other miscellaneous expenses <sup>(1)</sup>	270
Fees to relevant authorities	30
<b>Total</b>	<b>300</b>

Note:-

(1) These include advisory fees, printing and advertisement fee, and other professional fees payable to the Principal Adviser, due diligence solicitors, company secretary and share registrar.

Pending the utilisation of proceeds raised from the Proposed RCPS, such proceeds will be placed in interest-bearing bank deposits and/or money market financial instruments. Further, the Company will also be able to raise further proceeds if the RCPS are converted during the Conversion Period. Based on the foregoing, the funds are to be utilised for the Group's working capital and/or any future business ventures as and when an opportunity arises at the material point in time.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 2.7 Details of fund-raising exercises undertaken by the Company in the past 12 months

Save as disclosed below, the Company has not undertaken any other fund raising exercises:-

- (i) On 14 October 2019, the Company announced a private placement of up to 15% of the total number of issued shares of the Company (excluding treasury shares) (“**2019 Private Placement**”). The 2019 Private Placement was completed on 22 October 2020 following the issuance of the last tranche of placement shares on 2 October 2020 and the Board had on 22 October 2020 announced not to place out any more shares under the 2019 Private Placement. The 2019 Private Placement raised total proceeds of approximately RM30.29 million. As at LPD, the status of utilisation of proceeds are as follows:-

Details of utilisation of proceeds	Proceeds raised	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation from listing of placement shares
	(RM'000)	(RM'000)	(RM'000)	
Construction of the remaining Phase 1A of GTP	23,543	23,543	-	Within 24 months
Purchase of additional equipment for Phase 1A of GTP	3,400	1,600	1,800	Within 24 months
Payment for other development costs for Phase 1A of GTP	3,130	3,130	-	Within 24 months
Estimated expenses in relation to the 2019 Private Placement	220	220	-	Upon completion of the 2019 Private Placement
<b>Total</b>	<b>30,293</b>	<b>28,493</b>	<b>1,800</b>	

- (ii) On 28 October 2020, the Company announced a private placement of up to 20% of the total number of issued shares of the Company (excluding treasury shares) (“**2020 Private Placement**”). As at LPD, the 2020 Private Placement raised total proceeds of approximately RM41.80 million from the issuance of 104,500,000 placement shares at an issue price of RM0.40. Based on issued share capital as at LPD, Nextgreen has a remaining balance of 11,458,300 placement shares to be issued pursuant to the 2020 Private Placement.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

As at LPD, the status of utilisation of proceeds are as follows:-

Details of utilisation of proceeds	Proceeds raised	Actual utilisation	Balance unutilised	Estimated timeframe for utilisation from listing of placement shares
	(RM'000)	(RM'000)	(RM'000)	
Construction and purchase of machineries for the fertilizer plant within Phase 4 of the GTP	18,500	10,550	7,950	Within 18 months
Construction of the GTP front office	16,950	1,060	15,890	Within 18 months
Reclamation work for biomass power plant within Phase 2C of the GTP	-	-	-	Within 12 months
Working capital	-	-	-	Within 12 months
Estimated expenses for the private placement	350	264	86 <sup>(1)</sup>	Immediate
<b>Total</b>	<b>35,800</b>	<b>11,874</b>	<b>23,926</b>	

Note:-

- (1) As the 2020 Private Placement has yet to be completed, the balance has been earmarked for the remaining expenses expected to be incurred for the private placement.

### 3. DETAILS OF THE PROPOSED AMENDMENTS

The Proposed Amendments entail the amendments on the relevant clauses of the Constitution to facilitate the implementation of the Proposed RCPS. The salient terms of the RCPS are set out in Appendix I of this Circular.

### 4. RATIONALE OF THE PROPOSALS

#### 4.1 Proposed RCPS

The Proposed RCPS enables the Group to raise the requisite funds for the purpose set out in Section 2.6 above. The Board is of the view that the Proposed RCPS is the most appropriate avenue of raising funds due to the following reasons:-

- (i) it enables the Group to raise funds upfront without the need to incur interest costs or servicing principal repayments in contrary to bank borrowings, thereby allowing the Group to have more flexibility over its cash flow commitments;
- (ii) it provides greater certainty in contrast with other means of equity fund raising exercises such as a private placement or rights issue. The successful implementation of a private placement would depend on whether placees can be secured while a rights issue would require undertaking / underwriting arrangements to have the certainty that a minimum funds raised may be achieved;
- (iii) the conversion of RCPS into the Conversion Shares is expected to lower the gearing of the Group, allowing the Group to use further debt financing for its business operations (if required);
- (iv) the conversion of RCPS during the Conversion Period, if any, will provide extra funds to the Group for working capital and/or any future business needs; and

- (v) the JV Business is expected to augur well with the existing businesses of the Group and is expected to improve the future financial position and financial performance of the Group.

## **4.2 Proposed Amendments**

The Proposed Amendments seek to incorporate and address the relevant requirements of the Act in regards to the Proposed RCPS.

## **5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **5.1 Overview and prospects of the Malaysian economy**

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the Conditional Movement Control Order on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020, BNM)

### **5.2 Overview and outlook of the Malaysian property industry**

The property market performance recorded a sharp decline in the first half of 2020 (H1 2020) compared to the same period last year (H1 2019). A total of 115,476 transactions worth RM46.94 billion were recorded, showing a decrease of 27.9% in volume and 31.5% in value compared to the same period last year, which recorded 160,165 transactions worth RM68.53 billion. The residential sub-sector led the overall property market, with 65.2% contribution to the volume of transactions. This was followed by agriculture sub-sector (20.1%), commercial (7.0%), development land and others (5.9%) and industrial (1.7%).

In terms of transaction value, residential took the lead with 54.6% share, followed by commercial (18.1%), industrial (11.5%), agriculture (8.8%) and development land and others (7.0%). Volume of transactions across the sub-sectors contracted sharply in H1 2020. The residential, commercial, industrial, agriculture and development land and others sub-sectors recorded contraction of 24.6%, 37.4%, 36.9%, 32.8% and 28.6% respectively in terms of volume of transactions compared to the same period last year (H1 2019).

Value of transactions moved in tandem with residential, commercial, industrial, agriculture and development land and others sub-sectors recorded contraction of 26.1%, 33.2%, 23.0%, 39.1% and 55.3% respectively.

(Source: Property Market Report First Half 2020, Valuation and Property Services Department, Ministry of Finance)

### 5.3 Overview and prospects of the Malaysian oil palm biomass industry

Palm-oil refining in Malaysia began in the early 1970s in response to the Government's call for increased industrialisation and the emergence of refineries marked the introduction of a wide range of processed palm oil products. Today, the country is an important player in the exports of edible oils and fats, being the second-largest global palm oil producer and exporter. The industry is a significant contributor to the country's economic growth. In 2018, exports of oil palm products contributed RM67.5 billion (US\$16.05 billion) in revenue to the national economy, with India being the largest importer of Malaysian palm oil, followed by the European Union and PRC.

The industry faces several daunting challenges. Chief among them is demand, as major importers such as India may scale back due to higher import duties, a weaker currency and a credit crunch. Additionally, since 4 September 2019, India has imposed a five per cent safeguard duty on RBD palm olein and RBD palm oil under the India-Malaysia Comprehensive Economic Co-operation Agreement, increasing the import duty to 50 per cent for 180 days (six months) on significant imports of these products to the country. Negative publicity surrounding the industry remains a challenge, especially where oil-palm plantations and the environment is concerned. This includes the anti-palm oil lobby in the European Union that has negatively impacted the industry by making it challenging to promote palm oil as a healthy alternative vegetable oil.

However, investors should take heart that the Government is committed to promote and grow the industry. The Malaysian Investment Development Authority ("MIDA") will continue to participate in various awareness and outreach programmes for palm oil and palm oil-related products as the Government is committed to promoting and growing the industry. For instance, MIDA delivered an overall perspective of the Malaysian palm oil industry to overseas participants at the 39<sup>th</sup> Palm Oil Familiarisation Programme organised by the Malaysian Palm Oil Board (MPOB) from 23 to 26 September 2019. MIDA also participated in the MPOB International Palm Oil Congress and Exhibition 2019 held from 19 to 21 November 2019 in Kuala Lumpur.

In 2019, a total of 17 projects with investment totalling RM697.47 million were approved in the oil palm products industry, with 11 new projects and six expansion / diversification projects. Domestic investments totalled RM145.68 million (20.9%), with foreign investments amounting to RM551.79 million (79.1%). Among the projects approved were the production of palm-pressed mesocarp oil (red palm oil), animal feed ingredients from palm oil-based products, such as palm stearin beads, blended vegetable waxes, blended waxes, palmitic / stearic acids and other value-added products. These projects involved an investment of RM649.38 million and are expected to create 279 employment opportunities.

The Government actively promotes sustainable and good agricultural practices as part of the United Nations' Sustainable Development Goals (SDGs). This includes integrating the circular economy concept into the palm oil industry to help optimise the usage of raw materials and minimise wastage from production, emissions, and energy inefficiency. In order to attain this, materials that are commonly underutilised in the current linear economy should be reduced, reused and recycled.

Embracing this model will not only help in addressing the environmental issues that negatively impact the industry, but also the ever-present concern of raw material supply.

(Source: Malaysia Investment Performance Report 2019, MIDA)



The Green Technology Master Plan (“**GTMP**”) is fundamentally an outcome of the Eleventh Malaysia Plan (2016-2020) which has earmarked green growth as one of six game changers altering the trajectory of the nation’s growth. The GTMP creates a framework which facilitates the mainstreaming of green technology into the planned developments of Malaysia while encompassing the four pillars set in the National Green Technology Policy i.e. energy, environment, economy and social.

Green technology is cross-sectorial in nature, which presents a solution in balancing the needs for economic development and the country’s responsibility towards the environment. The production and development of green technology offer the opportunity to stimulate economic activities in various sectors, creating jobs and attracting investment. Green technology also offers the capability of mitigating negative environmental impact resulting from economic activities. There is a growing global need to deal with dangers of climate change, in part through the implementation of green technology. Green technology application provides the solution to realise the country’s commitment to the world.

It is anticipated that by 2030, green businesses will contribute approximately 1.5% to the nation’s GDP or equivalent to RM60 billion from RM7.9 billion in 2013. This projection is supported by Government’s commitment towards realising the green targets, proper execution of policies and monitoring mechanism to keep track of green business performance, increase of exports as well as cooperation from private sectors. This will also contribute to RM94.3 billion of total investment in green technology.

(Source: Green Technology Master Plan Malaysia 2017-2030, Prime Minister’s Office of Malaysia’s government policies dated 12 July 2019)

#### **5.4 Overview and prospects of the Malaysian pulp and paper industry**

Malaysia’s paper industry has been around since the 1960s but has mostly been relegated to the background as local paper companies lack the capability to expand their business. However, the industry’s prospects may be about to change as MIDA has received a large number of interests from PRC paper companies wishing to establish their business in the country since 2018. MIDA has received applications from among the top 10 paper companies in PRC that contributed the most to the industry’s total investment value in 2019. It is estimated that Malaysia’s paper production capacity could jump by 395 per cent from the involvement of these companies.

A total of 47 projects were approved with investments of RM10.75 billion in 2019. These projects are expected to provide 6,587 employment opportunities. Of these, 16 were expansion/diversification projects with investments of RM2.72 billion making up 25.3 per cent of the total, while 31 were new projects with investments of RM8.03 billion or 74.7 per cent of total. Foreign investments amounted to 90 percent of the total or RM9.68 billion, while RM1.07 billion or 10 percent were contributed by domestic investments.

The approval given to the paper products sub-sector accounted for 96.7 per cent or RM10.39 billion of total investments in this industry, while the balance of RM364.43 million (3.3%) came from the printing and publishing sub-sector. Major investments were contributed by foreign-owned companies engaging in paper-milling activities, with total investments of RM10.1 billion which accounted for 96.8 per cent of the total investments in the paper products sub-sector.

(Source: Malaysia Investment Performance Report 2019, MIDA)

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 5.5 Prospects of Nextgreen Group

The Group has 3 core businesses namely (i) the printing and publishing business (ii) property development and management business (i.e. construction, development and management of the GTP) and (iii) manufacturing non-wood pulp and paper products. As at the LPD, only the first 2 businesses are operating and the non-wood pulp and paper business is expected to commence operation upon completion of its manufacturing plant in the third quarter of 2021.

The Group has seen increasing revenue derived from both local and overseas customers in the printing segment for the FYE 31 December 2019. Further, Pustaka Sistem Pelajaran Sdn Bhd (a wholly-owned subsidiary of Nextgreen) has been awarded a contract with value of approximately RM3.2 million by the Ministry of Education of Malaysia. As at 31 December 2020, Nextgreen has delivered RM2.07 million of the contract value with the remaining RM1.13 million to be delivered by 17 October 2022. Moving forward, the Group intends to focus on securing more printing orders from the education sector.

On 2 March 2020, Nextgreen Crowning Package Pulp Molding Sdn Bhd, a joint venture company between Nextgreen and Crown Package Co., Ltd ("**Crown Package**") was formed to sell packaging materials as well as manufacturing and selling pulp moulding made from EFB to Japan. As at the LPD, the Group has yet to generate any revenue from the aforementioned joint venture activity (expected to commence business in third quarter of 2021).

The Group's first non-wood pulp and paper plant (a green technology manufacturing process) is expected to be completed and start commissioning in the third quarter of 2021. The said plant will be equipped with the PRC RBMP technology, which is capable of converting EFB into non-wood pulp and paper products with minimal waste. Further, the other oil palm biomass and waste from the aforesaid manufacturing process can be converted into agro-feed and organic fertilisers. As such, the plant is expected to generate a new stream of income to the Group moving forward. Further, the JV Business is expected to augur well with the existing businesses of the Group and contribute positively to the financial performance of the Group.

Premised on the above and after having considered all the relevant aspects including the overview and outlook of the Malaysian oil palm biomass industry as well as pulp and paper industry, the Board is cautiously optimistic of the future prospects of the Group.

## 5.6 Steps undertaken or to be undertaken to improve the financial condition of the Group

Historically, the Group is principally involved in printing of books and magazines, publishing of books and the utilisation and sub-licensing of paper pulp making technology and manufacturing of renewable paper pulp products. However, the Group is cognisant that the printing sector has been very competitive in recent years and will continue to be competitive due to the rise of digitalisation.

As such, the Group has undertaken several initiatives to improve its financial condition. This entailed, amongst others, the diversification of the Group's business to include the construction, development and management of the GTP and other construction and property development activities, as set out below:-

- (i) On 21 October 2016, the Board announced that Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) had granted Ultimate Ivory Sdn Bhd, a wholly-owned subsidiary of Nextgreen the land approval for the purpose of construction and development of the entire GTP. The said land approval was 375 acres in size and situated in Kg. Paloh Hinai, Mukim Lepar, Pekan, Pahang and the total purchase consideration payable by Ultimate Ivory Sdn Bhd to Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) is RM9.25 million.

The Company expects that its involvement in the GTP and other construction and property development activities will result in the diversion of more than 25% of the NA of the Group, and the net profits to be generated is expected to contribute to more than 25% of the net profits of the Group.

As such, the Company had sought approval from its shareholders for the diversification of the existing core businesses of the Group to include the construction, development and management of the GTP and other construction and property development activities. Shareholders' approval was obtained via an EGM held on 20 December 2016.

On 10 March 2017, Ultimate Ivory Sdn Bhd received the approval from the Pahang State Government for the acquisition of an additional 35.41 acres of land for the purpose of construction and development of the GTP (which is contiguous to the abovementioned land) for a total purchase consideration of approximately RM0.87 million, making the aggregate land size for the entire GTP to be 410.41 acres.

As at the LPD, the Group has commenced the development of Phase 1A, 1C, and 2C of the GTP. Further details of the individual phases within the GTP are set out in the announcements dated 28 October 2020 and 18 November 2020 in relation to the 2020 Private Placement.

- (ii) On 26 May 2017, BHS Palau Incorporated ("**BHS Palau**") (a wholly-owned subsidiary of Nextgreen) entered into the Ngiwal township development agreement ("**Development Agreement**") with the National Government of the Republic of Palau, Ngiwal State Government and Ngiwal State Public Land Authority to form a joint venture for the development and sale (or lease) of the residential and commercial units on the lands within the Ngiwal State of Republic of Palau.

Under the Development Agreement, BHS Palau is appointed as developer to perform residential and/or commercial developments with related civil works on a land measuring a total area of approximately 505 acres situated at Ngiwal State.

The name of the said development is New Ngiwal Green City and the aggregate number of residential and commercial units to be developed and sold under the said development shall not exceed 4,000 units, over a total development period of 15 years.

The net profits of the development shall be divided between BHS Palau and the Ngiwal State Government on 80% : 20% basis, unless otherwise agreed in writing by the parties. The costs of development of the project are intended to be funded from internally generated funds and/or borrowings, the actual breakdown of which has not been determined at this juncture.

As at the LPD, there is no further development on the said project since the date of announcement on 26 May 2017 and the Group has not contributed any investment pursuant to the Development Agreement. The date of commencement, gross development costs, gross development value and gross development profit of the project cannot be determined at this juncture as the parties are still in the midst of finalising the exact details of the said development. The aforementioned details of the development are expected to be finalised by the first quarter of 2022.

- (iii) On 8 November 2018, Nextgreen entered into a memorandum of understanding ("**MOU**") with Nomura Holdings Inc ("**Nomura**") and IHI Corporation ("**IHI**") to explore collaboration and investment for the development of the GTP.

GTP was conceptualised and put forward to revolutionise the printing and publishing industry by providing a new source of eco-friendly and sustainable pulp and paper. The MOU allows the parties involved to evaluate potential collaboration involving Nextgreen's technology of converting palm oil waste into pulp and paper, IHI's proficiency in renewable energy and Nomura's financial expertise.

The MOU has expired on 25 September 2020. Further to the expiry, the Company had on 22 February 2021 entered into a cooperation agreement with IHI to conduct a study to evaluate the possible collaboration between the Company and IHI through contribution of their expertise in their respective trade in relation to the development of Phase 2A and Phase 2B of the GTP.

The cooperation agreement shall be valid for 1 year from 22 February 2021 or until such time as the cooperation agreement is expressly superseded by a subsequent agreement between the parties, whichever is earlier.

- (iv) On 1 August 2019, Nextgreen Pulp & Paper Sdn Bhd (a wholly-owned subsidiary of Nextgreen) (“**NGPP**”) signed a licensing agreement with Universiti Putra Malaysia (“**UPM**”) as amended by a supplemental agreement dated 18 December 2020 to allow for a technology licensing from UPM. The licensing agreement started in August 2019 and has a duration of 30 months. The agreement involves a licensing fee of RM0.55 million to be paid by NGPP to UPM and royalty fee of 2.5% from gross sale (if any) which shall be paid by NGPP to UPM twice yearly. The technology is for the production of nanocellulose from oil palm biomass, which has been developed by a group of UPM researchers.

An amount of RM0.10 million has been paid on 24 September 2019 in respect of the licensing fee of RM0.55 million to be paid by NGPP to UPM. The Company expects to pay the balance licensing fee of RM0.45 million in 2021.

Nanocellulose is produced from paper pulp which is produced from the pulp making process. As a producer of pulp from oil palm biomass, NGPP will be working with UPM in producing paper packaging products, whereby nanocellulose will be incorporated in the packaging product to improve its mechanical (such as higher strength and stiffness) and water barrier properties. Through this project, both parties aim to create a green, environmental-friendly and biodegradable food packaging product.

The research and development project (i.e. incorporation of nanocellulose technology into food packaging products) has commenced and is currently at the preparation stage for trial batches of EFB pulp fibre and nanocellulose. The moulded food packaging facility has been purchased and will be installed by the first quarter of 2021.

- (v) On 28 February 2020, Nextgreen entered into a joint venture agreement with Crown Package to form a joint venture company for the purpose of manufacturing and selling pulp moulding made from EFB, as well as selling packaging materials to Japan. Crown Package is a company incorporated in Japan and is principally involved in manufacturing of corrugated board package. This joint venture enables Nextgreen to expand its pulp and paper business to overseas market.

Following the above, Nextgreen Crowning Package Pulp Molding Sdn Bhd (“**NCPPM**”) was formed on 2 March 2020 to carry out the aforementioned business. The said business is expected to form part of the pulp and paper mill within Phase 1A of the GTP with an estimated net usable area of 8,000 square feet.

As at the LPD, the NCPPM is in the midst of selecting and procuring equipment and liaising with the relevant authorities on licensing matters.

- (vi) On 29 January 2021, Nextgreen entered into the JVA with Dengkil Paper Mill to undertake the JV Business. Accordingly, the JV Company will be incorporated to undertake the JV Business, further details of which are set out in Section 2.6 above.

The Group will continue to seek other potential business partners who are involved in or intend to pursue green technology and/or in any relevant industry to engage in projects within the GTP.

## 5.7 Impact of the Proposals and value creation to the Group and its shareholders

The Proposed RCPS will enable the Group to finance its investment in the JV Business without drawing upon its existing cash and bank balances, which is required for the Group's existing operations and funding needs.

The Proposed RCPS will also enable the Group to raise funds without incurring additional interest expense, thereby minimising cash commitments and preserving the Group's cash flows. However, the consolidated EPS of the Group is expected to be diluted as a result of the conversion of RCPS into Conversion Shares. The effects of the Proposed RCPS on the share capital, NA and gearing, earnings and EPS, substantial shareholders' shareholdings of the Group are set out in Section 6 of this Circular.

Further, the proceeds from the conversion of RCPS, if any, will provide extra funds to the Group for working capital and/or any future business needs (i.e. printing and publishing business, property development and management business and the manufacturing of non-wood pulp and paper products).

These are expected to contribute positively to the financial performance of the Group.

## 5.8 Adequacy of the Proposals in addressing the financial requirements of the Group

The losses recorded in the previous financial years / periods had weakened the financial position of the Group and depleted its cash and bank balances available for its operations. After due consideration and deliberation, the Company had concluded to proceed with the Proposed RCPS as a measure to resolve its funding requirements for its investment in the JV Business. The JV Business is expected to improve the financial performance of the Group.

In addition, the Proposed RCPS will allow the Group to raise the requisite funds expeditiously without having to incur interest expenses, or service principal repayment as compared to conventional bank borrowings. For illustration purposes, the Proposed RCPS will enable the Group to achieve the following potential interest savings (in contrast to debt financing):-

Funds raised under the Proposed RCPS (RM'000)	10,000
% interest per annum <sup>(1)</sup>	10.0
Interest savings per annum (RM'000)	1,000

Note:-

(1) Based on the average effective interest rate of term loans of the Group.

The Board is of the view that the Proposed RCPS is adequate to address the Group's financial requirements at this juncture, taking into consideration the funding requirements for the JV Business.

The Group will continue to explore other suitable funding proposals for its long-term funding requirements.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 6. EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any effect on the issued share capital, substantial shareholdings, EPS, NA per share and gearing of the Group.

For illustrative purposes, the effects of the Proposed RCPS are illustrated based on the following scenarios:-

**Minimum Scenario** : Assuming all RCPS Subscribers elect to convert by surrendering 200,000,000 RCPS in exchange for 25,000,000 Conversion Shares (being such number of RCPS with aggregate Issue Price equivalent to the aggregate Conversion Price)

**Maximum Scenario** : Assuming all RCPS Subscribers elect to convert by surrendering 200,000,000 RCPS and topping up with RM70.00 million in exchange for 200,000,000 Conversion Shares (being the difference between the aggregate Issue Price and aggregate Conversion Price)

### 6.1 Share capital

The pro forma effects of the Proposed RCPS on the issued share capital of Nextgreen as at the LPD are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Amount (RM)	No. of Shares	Amount (RM)
As at the LPD	684,291,718	207,566,160	684,291,718	207,566,160
To be issued assuming full conversion of the RCPS	25,000,000	10,000,000	200,000,000 <sup>(1)</sup>	80,000,000
<b>Enlarged issued share capital</b>	<b>709,291,718</b>	<b>217,566,160</b>	<b>884,291,718</b>	<b>287,566,160</b>

Note:-

(1) The total number of 200,000,000 Conversion Shares to be issued under the Maximum Scenario represents approximately 29.23% of the existing total number of 684,291,718 Shares. Assuming 200,000,000 Conversion Shares are issued under the Maximum Scenario, the existing total number of 684,291,718 Shares will represent 77.38% of the enlarged issued Share.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 6.2 Substantial Shareholders' shareholdings

### Minimum Scenario

	As at the LPD				Upon conversion of the RCPS			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>
Lembaga Kemajuan Tanah Persekutuan (FELDA)	43,914,101	6.42	-	-	43,914,101	6.19	-	-
Dato' Lim Thiam Huat	65,980,564	9.64	17,384,800 <sup>(3)</sup>	2.54	65,980,564	9.30	17,384,800 <sup>(3)</sup>	2.45
Dato' Gan	92,928,200	13.58	16,119,100 <sup>(4)</sup>	2.36	97,928,200 <sup>(5)</sup>	13.81	16,119,100 <sup>(4)</sup>	2.27
Ling Siew Luan	48,361,899	7.07	-	-	48,361,899	6.82	-	-
Lim Kah Yen	12,610,000	1.84	65,980,564 <sup>(6)</sup>	9.64	12,610,000	1.78	65,980,564 <sup>(6)</sup>	9.30
Kenanga Investors Berhad	65,000,000	9.50	-	-	65,000,000	9.16	-	-

#### Notes:-

- (1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.
- (2) Computed based on 709,291,718 Nextgreen Shares following the issuance of 25,000,000 Conversion Shares.
- (3) Deemed interested by virtue of the shares held by his daughter, Lim Kah Yen and his son, Lim Kean Kiat.
- (4) Deemed interested by virtue of the shares held by his spouse, Yong Siew Chin and his son, Gan Eng Hian.
- (5) Assuming Dato' Gan elects to convert by surrendering 40,000,000 RCPS in exchange for 5,000,000 Conversion Shares.
- (6) Deemed interested by virtue of the shares held by her father, Dato' Lim Thiam Huat.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**Maximum Scenario**

	As at the LPD				Upon conversion of the RCPS			
	Direct		Indirect		Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(2)</sup>
Lembaga Kemajuan Tanah Persekutuan (FELDA)	43,914,101	6.42	-	-	43,914,101	4.97	-	-
Dato' Lim Thiam Huat	65,980,564	9.64	17,384,800 <sup>(3)</sup>	2.54	65,980,564	7.46	17,384,800 <sup>(3)</sup>	1.97
Dato' Gan	92,928,200	13.58	16,119,100 <sup>(4)</sup>	2.36	132,928,200 <sup>(5)</sup>	15.03	16,119,100 <sup>(4)</sup>	1.82
Ling Siew Luan	48,361,899	7.07	-	-	48,361,899	5.47	-	-
Lim Kah Yen	12,610,000	1.84	65,980,564 <sup>(6)</sup>	9.64	12,610,000	1.43	65,980,564 <sup>(6)</sup>	7.46
Kenanga Investors Berhad	65,000,000	9.50	-	-	65,000,000	7.35	-	-
HSC Green	12,500,000	1.83	-	-	72,500,000 <sup>(7)</sup>	8.20	-	-
Curate Holdings Sdn Bhd	2,500,000	0.37	12,500,000 <sup>(8)</sup>	1.83	2,500,000	0.28	72,500,000 <sup>(8)</sup>	8.20
Soo Yi Xin	35,000	0.01	15,000,000 <sup>(9)</sup>	2.19	35,000	*	75,000,000 <sup>(9)</sup>	8.48
Dengkil Paper Mill	-	-	-	-	100,000,000 <sup>(10)</sup>	11.31	-	-
Wee Siew Heng	1,887,759	0.28	61,000 <sup>(11)</sup>	0.01	1,887,759	0.21	100,061,000 <sup>(12)</sup>	11.32
Wee Choong Foo	61,000	0.01	1,887,759 <sup>(13)</sup>	0.28	61,000	0.01	101,887,759 <sup>(14)</sup>	11.52

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**Notes:-**

- (1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.
  - (2) Computed based on 884,291,718 Nextgreen Shares following the issuance of 200,000,000 Conversion Shares.
  - (3) Deemed interested by virtue of the shares held by his daughter, Lim Kah Yen and his son, Lim Kean Kiat.
  - (4) Deemed interested by virtue of the shares held by his spouse, Yong Siew Chin and his son, Gan Eng Hian.
  - (5) Assuming Dato' Gan elects to convert by surrendering 40,000,000 RCPS and topping up with RM14.00 million in exchange for 40,000,000 Conversion Shares.
  - (6) Deemed interested by virtue of the shares held by her father, Dato' Lim Thiam Huat.
  - (7) Assuming HSC Green elects to convert by surrendering 60,000,000 RCPS and topping up RM21.00 million in exchange for 60,000,000 Conversion Shares.
  - (8) Deemed interested by virtue of the shares held by its wholly-owned subsidiary, HSC Green.
  - (9) Deemed interested by virtue of the shares held by Curate Holdings Sdn Bhd and HSC Green, companies which are ultimately controlled by her.
  - (10) Assuming Dengkil Paper Mill elects to convert by surrendering 100,000,000 RCPS and topping up RM35.00 million in exchange for 100,000,000 Conversion Shares.
  - (11) Deemed interested by virtue of shares held by his son, Wee Choong Foo.
  - (12) Deemed interested by virtue of shares by his son, Wee Choong Foo and Dengkil Paper Mill, a company in which he holds 50% equity interest.
  - (13) Deemed interested by virtue of shares held by his father, Wee Siew Heng.
  - (14) Deemed interest by virtue of shares held by his father, Wee Siew Heng and Dengkil Paper Mill, a company in which he holds 50% equity interest.
- \* Negligible

The pro forma public shareholding spread under the Minimum Scenario and Maximum Scenario are illustrated as follows:-

Particulars	As at LPD		Upon conversion of the RCPS			
			Minimum Scenario		Maximum Scenario	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(3)</sup>
No of issued shares	684,291,718	100.00	709,291,718	100.00	884,291,718	100.00
Less: Directors, substantial shareholders and their associates	349,688,664	51.10	354,688,664	50.01	567,058,123	64.13
<b>Public shareholding spread</b>	<b>334,603,054</b>	<b>48.90</b>	<b>354,603,054</b>	<b>49.99</b>	<b>317,233,595</b>	<b>35.87</b>

**Notes:-**

- (1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.
- (2) Computed based on 709,291,718 Nextgreen Shares following the issuance of 25,000,000 Conversion Shares.
- (3) Computed based on 884,291,718 Nextgreen Shares following the issuance of 200,000,000 Conversion Shares.

Based on the above, Nextgreen is in compliance with the public shareholding spread requirement pursuant to Paragraph 8.02 of the Listing Requirements following the conversion of the RCPS.

### 6.3 NA, NA per Share and gearing

The pro forma effects of the Proposed RCPS on the NA and gearing of the Group are as follows:-

#### Minimum scenario

	Audited as at 31 December 2019 (RM'000)	(I)	(II)
		After subsequent events <sup>(1)</sup> (RM'000)	After (I) and upon conversion of the RCPS <sup>(2)</sup> (RM'000)
Share capital	135,678	207,566	217,566
Warrant reserve	16,855	-	-
Merger reserve	(16,833)	(16,833)	(16,833)
Foreign currency translation reserve	(214)	(214)	(214)
Accumulated loss	(35,990)	(19,135)	(19,435) <sup>(3)</sup>
<b>Shareholders' equity / NA</b>	<b>99,496</b>	<b>171,384</b>	<b>181,084</b>
Non-controlling interest	-*	-*	-*
<b>Total equity</b>	<b>99,496</b>	<b>171,384</b>	<b>181,084</b>
No. of Nextgreen Shares in issue ('000)	504,167	684,292	709,292
NA per Nextgreen Share (RM)	0.20	0.25	0.26
Total borrowings (RM'000)	5,888	5,888	5,888
Gearing (times)	0.06	0.03	0.03

#### Notes:-

- (1) After taking into account the followings:-  
 (i) issuance of a total of 75,625,000 new Shares pursuant to the 2019 Private Placement;  
 (ii) expiry of the 198,290,398 outstanding warrants 2015/2020 on 19 October 2020; and  
 (iii) issuance of 104,500,000 new Shares pursuant to the 2020 Private Placement.
- (2) After accounting for the Proposed RCPS based on the Minimum Scenario.
- (3) After deducting estimated expenses for the Proposals of RM0.30 million.
- \* Negligible.

**Maximum scenario**

	Audited as at 31 December 2019 RM'000	(I)	(II)
		After subsequent events <sup>(1)</sup>	After (I) and upon conversion of the RCPS <sup>(2)</sup>
		(RM'000)	(RM'000)
Share capital	135,678	207,566	287,566
Warrant reserve	16,855	-	-
Merger reserve	(16,833)	(16,833)	(16,833)
Foreign currency translation reserve	(214)	(214)	(214)
Accumulated loss	(35,990)	(19,135)	(19,435) <sup>(3)</sup>
<b>Shareholders' equity / NA</b>	<b>99,496</b>	<b>171,384</b>	<b>251,084</b>
Non-controlling interest	-	-	-
<b>Total equity</b>	<b>99,496</b>	<b>171,384</b>	<b>251,084</b>
No. of Nextgreen Shares in issue ('000)	504,167	684,292	884,292
NA per Nextgreen Share (RM)	0.20	0.25	0.28
Total borrowings (RM'000)	5,888	5,888	5,888
Gearing (times)	0.06	0.03	0.02

**Notes:-**

- (1) After taking into account the following:-  
 (i) issuance of a total of 75,625,000 new Shares pursuant to the 2019 Private Placement;  
 (ii) expiry of the 198,290,398 outstanding warrants 2015/2020 on 19 October 2020; and  
 (iii) issuance of 104,500,000 new Shares pursuant to the 2020 Private Placement.
- (2) After accounting for the Proposed RCPS based on the Maximum Scenario.
- (3) After deducting estimated expenses for the Proposals of RM0.30 million.
- \* Negligible.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

#### 6.4 Earnings and EPS

The effects of the Proposed RCPS on the consolidated earnings and EPS of the Company will depend on, amongst others, the number of Conversion Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed RCPS.

However, assuming that the consolidated earnings of the Company remain unchanged, the EPS of the Company will be diluted as a result of the increased in the number of Shares from the issuance of Conversion Shares arising from the conversion of RCPS, if any.

#### 6.5 Convertible securities

As at the LPD, the Company does not have any outstanding ESOS Options but there are up to 66,929,100 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS. The Proposed RCPS is not expected to result in any adjustment to the exercise price and/or number of ESOS Options.

Save as disclosed above, the Company does not have any other outstanding convertible securities.

#### 7. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the second quarter of 2021. The tentative timetable for the Proposals is as follows:-

Date	Events
5 May 2021	<ul style="list-style-type: none"><li>• EGM for the Proposals</li></ul>
May 2021	<ul style="list-style-type: none"><li>• Fulfilment of conditions precedent contained in the Subscription Agreements</li><li>• Issuance of the RCPS to the RCPS Subscribers</li></ul>
April 2024	<ul style="list-style-type: none"><li>• Maturity date of the RCPS</li></ul>

#### 8. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:-

- (i) Shareholders at the forthcoming EGM;
- (ii) Bursa Securities for the listing and quotation of the Conversion Shares on the Main Market of Bursa Securities; and
- (iii) any other relevant authorities and/or parties, if required.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

In relation to item (ii) above, Bursa Securities had vide its letter dated 1 April 2021 granted its approval for the listing and quotation of the Conversion Shares on the Main Market of Bursa Securities, subject to amongst others, the following conditions:-

Conditions		Status of compliance
(a)	Nextgreen and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed RCPS;	To be met
(b)	Nextgreen and TA Securities to inform Bursa Securities upon completion of the Proposed RCPS and the Proposed Amendments;	To be met
(c)	Nextgreen and TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed RCPS and Proposed Amendments are completed.	To be met

## 9. CONDITIONALITY

The Proposed RCPS and the Proposed Amendments are inter-conditional.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## 10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the 2020 Private Placement, there are no other corporate exercises which have been announced by the Company but are pending completion as at the LPD.

## 11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

Save for Dato' Gan (being a major shareholder of Nextgreen and also one of the RCPS Subscribers), none of the Directors, major Shareholders, chief executive and/or persons connected with them have any interest, direct or indirect in the Proposals.

As at LPD, the shareholdings of the RCPS Subscribers in Nextgreen are as follows:-

	Direct		Indirect	
	No. of shares	% <sup>(1)</sup>	No. of shares	% <sup>(1)</sup>
Dato' Gan	92,928,200	13.58	16,119,100 <sup>(2)</sup>	2.36
Dengkil Paper Mill	-	-	-	-
HSC Green	12,500,000	1.83	-	-

### Notes:-

(1) Computed based on 684,291,718 Nextgreen Shares as at the LPD.

(2) Deemed interested by virtue of the shares held by his spouse, Yong Siew Chin and his son, Gan Eng Hian.

In view that the RCPS Subscribers are deemed interested in the Proposals, they will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolutions pertaining to the Proposals at the forthcoming EGM.

Further, the RCPS Subscribers will also ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the resolutions pertaining to the Proposals at the forthcoming EGM.

## 12. BOARD'S RECOMMENDATION

The Board having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration the rationale and all other aspects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held through live streaming from the Broadcast Venue at Leadership room, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59220, Kuala Lumpur on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolution, with or without modifications, to give effect to the Proposals.

Date and time of the EGM	: Wednesday, 5 May 2021, 10.00 a.m.
--------------------------	-------------------------------------

If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible as follows at least 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

### (a) In hardcopy form

The Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

### (b) By electronic means

The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Notes for this EGM on the procedures for electronic submission of Proxy Form via TIIH Online.

The completion and lodgement of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy shall be deemed to have been revoked.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**14. FURTHER INFORMATION**

You are requested to refer to the appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**NEXTGREEN GLOBAL BERHAD**

**DATO' LIM THIAM HUAT**  
Managing Director

---

## APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS

---

The salient terms of the RCPS pursuant to the Subscription Agreements are as follows:-

- Issuer : Nextgreen
- Issue size : RM10.00 million by way of issuance of 200,000,000 RCPS in a single tranche at the Issue Price
- Issue Price : RM0.05 per RCPS
- Form and Denomination : The RCPS will be issued in registered form and will be denominated in Ringgit Malaysia
- Tenure : Up to 36 months from and inclusive of the RCPS Issue Date up to the RCPS Maturity Date (“**Tenure**”).
- Upon expiry of the Tenure, there shall be no further rights or entitlements attached to the RCPS provided that this shall not affect the rights and liabilities of the RCPS holders which accrue before the expiry of the Tenure.
- The RCPS will become void upon expiry of the Tenure and it will be automatically converted into Nextgreen Shares as set out under Mandatory Conversion below.
- RCPS Maturity Date : The business day immediately before the 3rd anniversary of the RCPS Issue Date
- Dividend : The RCPS Subscribers shall not be entitled to any dividends
- Conversion Price : RM0.40 for 1 Conversion Share
- Adjustment to Conversion Price and/or the number of RCPS : The Conversion Price and/or the number of RCPS may be adjusted, calculated or determined by the Board in consultation with a professional adviser and certified by the professional adviser or external auditors, in the event of any alteration to its share capital occurring prior to the expiry of the Conversion Period, including, in all or any of the following cases:-
- (i) a bonus issue of ordinary shares by the Company;
  - (ii) a capital distribution to shareholders by the Company whether on a reduction of capital or otherwise, but excluding any cancellation of capital which is lost or unrepresented by assets; or
  - (iii) a rights issue of ordinary share or convertible securities by the Company; or
  - (iv) any other circumstances deemed necessary by the Board.
- Conversion Period : The period from and including the RCPS Issue Date up to 5 p.m. on the business day immediately before the RCPS Maturity Date
- Conversion Rights : The RCPS Subscribers will have the option to convert all or some of their RCPS into the Conversion Share(s) at the Conversion Price at any time during the Conversion Period 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
- ((i) and (ii) above are referred to as the “**Mode of Conversion**”)
- Each conversion must be in multiples of 10,000,000 RCPS provided that the last tranche for conversion may be less than 10,000,000 RCPS.
- No fractional Share shall be issued upon conversion unless the Board determines otherwise.



---

**APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS (CONT'D)**

---

Mandatory Conversion : On the RCPS Maturity Date, all outstanding RCPS will automatically be converted into the Conversion Share at the Conversion Price based on any of the Mode of Conversion at the sole discretion of the Board.

Redemption Period : The period from and including the RCPS Issue Date up to 5 p.m. on the business day immediately before the RCPS Maturity Date

Redemption Price and Procedure : Subject to there being no Event of Default, the Company may, subject to and in accordance with Section 72 of the Act, at any time during the Redemption Period, redeem the RCPS in part on a pro-rata basis or in its entirety, as the case may be, at the Issue Price. As such, there is no fixed redemption schedule in respect of the RCPS.

In the event of redemption, the Company shall give a redemption notice to each of the RCPS holders ("**Redemption Notice**") not less than 30 days prior to the last date of the Redemption Period. The Redemption Notice shall state, amongst others, the amount or percentage of RCPS that the Company wishes to redeem.

At any time after the issuance of the Redemption Notice, the RCPS holders may give the Conversion Notice to the Share Registrar in accordance with the Conversion Rights as set out above. The Conversion Notice must be submitted by the RCPS holders and received by the Share Registrar on or before the last date of the Conversion Period.

The Company shall pay the applicable redemption price and the company secretary/Share Registrar shall record the redemption (whereupon the redemption shall be deemed to have taken effect) and shall cancel the RCPS that has been redeemed.

All RCPS which are redeemed will be cancelled by the Company and shall not be reissued or resold.

Conditions precedent : The RCPS Subscribers shall not be obliged to subscribe and pay for the RCPS unless the following conditions precedent shall have been satisfied on or before the date falling 4 months from the date of the Subscription Agreements or such other date as the parties may agree in writing ("**Fulfilment Date**"):-

- (i) the approval of shareholders of the Company for:-
  - (a) the allotment and issuance of the RCPS to the RCPS Subscribers in accordance with the terms and conditions of the RCPS pursuant to the Subscription Agreements;
  - (b) the allotment and issuance of Conversion Shares in accordance with the terms and conditions of the RCPS pursuant to the Subscription Agreements;
  - (c) the amendments to the Constitution of the Company to reflect and incorporate the terms of the RCPS in the Subscription Agreements;
- (ii) all necessary approvals and/or consents of Bursa Securities or any other regulatory authorities for the issuance and allotment of Conversion Shares, the listing of the Conversion Shares on the Main Market of Bursa Securities and such other relevant approvals in relation to and in connection with the Proposed RCPS ("**Approvals**"); and
- (iii) the approval from the financiers of the Group and any other third parties (if required).

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

---

**APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS (CONT'D)**

---

- Event of Default : Any of the following events prior to completion of the allotment and issuance of the RCPS under the Subscription Agreements:-
- (i) any of the approvals, consents and/or waivers required to be obtained by the Company under the Subscription Agreements are amended (where the terms of amendment are less favourable to the RCPS Subscribers prior to the amendment), withdrawn, revoked, rescinded or cancelled;
  - (ii) there is a material breach by the Company in the performance or observance of any of its covenant, condition, provision or obligation contained in the Subscription Agreements;
  - (iii) a resolution is passed or a court order is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (“**Restructuring**”) that is approved by the shareholders of the Company, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Subscription Agreements;
  - (iv) a resolution is passed or a court order is made that any subsidiary be wound up or dissolved otherwise than (i) for the purposes of Restructuring, the terms of which have previously been approved in writing by the RCPS Subscribers, (ii) for the purposes of or pursuant to a Restructuring, or (iii) by way of voluntary winding up or dissolution where there are surplus assets in such subsidiary and such surplus assets attributable to the Company and/or any subsidiary are distributed to the Company and/or such subsidiary;
  - (v) an encumbrancer takes possession or an administrator, a receiver and/or manager is appointed of the whole or a material part of the assets and properties of the Group;
  - (vi) proceedings are initiated against the Company or any subsidiary under bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of 30 days;
  - (vii) the Company or any of its subsidiaries without any lawful cause stops payment or is unable to pay its debts as and when they fall due;
  - (viii) the Company or any of its subsidiaries (otherwise than for the purposes of Restructuring) ceases or threatens to cease to carry on its business, and such action has a material adverse effect on the Group;
  - (ix) the Company or any of its subsidiaries initiates or consents to proceedings with respect to winding up or insolvency, or a decree of commencement of composition or reorganisation or the appointment of an administrator or other similar official under any applicable winding up, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Group;
  - (x) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any of its subsidiaries, which is material in its effect upon the operations of either the Company or such subsidiary, as the case may be, and is not discharged within 30 days thereof;
  - (xi) the delisting or suspension of the Nextgreen Shares from the Main Market of Bursa Securities or material limitation of, trading of such Nextgreen Shares on the Main Market of Bursa Securities for a period of 5 consecutive market days or more, save for trading halts made at the request of the Company for pending corporate announcements;

---

**APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS (CONT'D)**

---

- Event of Default : (xii) the ratio of borrowings to the total equity of the Group exceeds 4 times;
- (xiii) the total equity of the Group is less than RM50 million; or
- (xiv) any credit facilities granted to the Company or any of its subsidiaries are withdrawn, terminated or suspended for any reason, and such action has a material adverse effect on the Group.

Termination : The RCPS Subscribers may by notice given to the Company terminate the Subscription Agreements at any time prior to completion of the allotment and issuance of the RCPS under the Subscription Agreements, in any of the following circumstances:-

- (i) any material breach of, or any event rendering untrue or incorrect in any material aspect, any of the Company's representations, warranties in the Subscription Agreements;
- (ii) there shall have been any change which has or would reasonably be expected to have a materially adverse effect on the business and financial condition of the Group, excluding any change the effect of which is cured within 21 days of notice by any of the RCPS Subscribers; or
- (iii) an Event of Default has occurred and is continuing.

The RCPS Subscribers shall allow the Company a period of 30 days from the RCPS Subscribers' written notice to remedy the relevant circumstances, if it is capable of being remedied.

The Company may by written notice given to any of the RCPS Subscribers terminate the Subscription Agreements at any time before the completion date (being 14 days from the date the Subscription Agreements becomes unconditional, unless extended further by mutual agreement of the parties), in any of the following circumstances:-

- (i) constitutes a material breach by such RCPS Subscriber in the performance or observance of any covenant, condition, provision or obligation contained in the Subscription Agreements;
- (ii) would constitute a material breach of, or any event rendering untrue or incorrect in any material aspect, any of the representations and warranties given by such RCPS Subscriber under Subscription Agreements;
- (iii) a petition for winding up or bankruptcy is presented against such RCPS Subscriber;
- (iv) an order is made or a member's resolution is passed or action taken for the winding up or dissolution of such RCPS Subscriber;
- (v) an encumbrancer takes possession or an administrator, a receiver and/or manager is appointed of the whole or a material part of RCPS Subscribers' assets and properties; or
- (vi) an event analogous to any of item (iii), (iv) or (v) above has occurred in any jurisdiction.

The Company shall allow the RCPS Subscribers a period of 30 days from the Company's written notice to remedy the relevant circumstances, if it is capable of being remedied.

All rights and obligations of the terminating parties against each other shall cease to have effect immediately upon termination of the Subscription Agreements, save for the survival provisions in the Subscription Agreements which shall continue to be in force. The termination of the Subscription shall be without prejudice to the respective rights and liabilities of each of such parties accrued prior to such termination.

---

**APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS (CONT'D)**

---

Termination : The Subscription Agreements shall continue to bind the Company and the remaining RCPS Subscribers (if any) in respect of their respective rights and obligations towards each other under the Subscription Agreements.

Ranking : The RCPS are unsecured and shall upon allotment and issuance, rank equally amongst themselves in all respects and shall rank in priority to Nextgreen Shares, except that:-

- (i) the RCPS Subscribers will not be entitled to any dividends, rights, allotment and/or other distributions that may be declared by the Company; and
- (ii) the RCPS carry no right to vote at any general meeting of the Company.

The RCPS shall rank behind all secured and unsecured obligations of the Company.

Upon liquidation of the Company, the RCPS holders shall have priority in the repayment of the RCPS over any payment to the shareholders of Nextgreen Shares. The RCPS holders shall not be entitled to participate in the balance assets of the Company as set out in the constitution of the Company.

The Conversion Shares to be issued pursuant to the conversion of RCPS shall, upon issuance and allotment, rank equally in all respects with the then existing Nextgreen Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the entitlement date is prior to the date of allotment and issuance of such Conversion Shares.

Listing status : The RCPS shall not be listed on any stock exchange.

The Conversion Shares shall be listed on the Main Market of Bursa Securities.

Transfer : The RCPS shall not be transferable

Rights : Distribution of assets upon winding-up

On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied:-

- (i) first, in paying to the RCPS holders, an amount equal to the aggregate of the Issue Price on each RCPS;
- (ii) secondly, in paying the holders of Nextgreen Shares, a sum equal to any arrears of dividends due on Nextgreen Shares; and
- (iii) thirdly, the balance of the assets shall belong to and be distributed among the holders of any class of shares in the capital of the Company and in accordance with the respective rights attaching thereto. The RCPS will not confer on the RCPS holders the right to participate in the balance of the assets of the Company.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

---

**APPENDIX I – SALIENT TERMS OF RCPS AND SUBSCRIPTION AGREEMENTS (CONT'D)**

---

**Rights** : Voting Rights

A 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 at such meeting in each of the following circumstances:-

- (i) on a proposal for the disposal of a substantial portion of the Company's property, business and undertaking;
- (ii) on a proposal that affects the rights attached to the RCPS;
- (iii) on a proposal to wind up the Company;
- (iv) during the winding up of the Company; and
- (v) the meeting is convened for the purpose of considering the purchase by the Company of its own shares, or a reduction of the capital of the Company.

On a show of hands every holder of RCPS present in person shall have 1 vote and on a poll, every such holder present in person or by proxy shall have 1 vote for every RCPS held by him.

Changes in capital

The Company may not create and issue further preference shares ranking in priority to the RCPS save with the requisite approval of the RCPS holders. Subject to such approval, the issue of further RCPS ranking in priority to the RCPS will be deemed to be a variation of the special rights attaching to such RCPS.

Directorship

The RCPS does not entitle any holders to be represented on the Board.

Rights to receive notices, reports and attend meetings

The holders of the RCPS shall have the right to receive notices, reports and accounts and attend meetings, being the same as those which ordinary shareholders are entitled, save that they do not have voting rights except when allowed under the constitution of the Company and under the Subscription Agreements.

**Certificates** : Should any RCPS certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Company upon payment by the RCPS holder of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Company may reasonably require.

Mutilated or defaced RCPS certificate must be surrendered before replacements will be issued

**Governing law** : The Subscription Agreements shall be governed by the laws of Malaysia

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**APPENDIX II – HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

**1. FINANCIAL INFORMATION OF NEXTGREEN GROUP**

	Audited			Unaudited	
	FYE 30 June 2017	FYE 30 June 2018	18-month FPE 31 December 2019 <sup>(1)</sup>	3-month FPE 30 December 2019	3-month FPE 30 December 2020
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	25,200	29,849	40,245	12,683	7,446
Cost of sales	(25,958)	(28,105)	(37,067)	(6,344)	(4,738)
<b>Gross (loss) ("GL") / Gross profit ("GP")</b>	<b>(758)</b>	<b>1,744</b>	<b>3,178</b>	<b>6,339</b>	<b>2,708</b>
Other income	1,398	1,558	3,165	-	369
Reversal / (allowance for) of expected credit loss of receivables – net	-	2,770	(4,257)	(1,059)	(1,396)
Other operating expenses	(12,846)	(8,104)	(45,872)	(31,072)	(626)
<b>(Loss) / profit from operations</b>	<b>(12,206)</b>	<b>(2,032)</b>	<b>(43,786)</b>	<b>(25,792)</b>	<b>(1,055)</b>
Net finance costs	(364)	(335)	(466)	(61)	(501)
Share in profit of associate, net of tax	-	352	-	-	-
<b>(Loss) before taxation ("LBT") / Profit before taxation ("PBT")</b>	<b>(12,570)</b>	<b>(2,015)</b>	<b>(44,252)</b>	<b>(25,853)</b>	<b>(1,556)</b>
Tax income / (expense)	2,510	244	(1,324)	(1,307)	(11)
<b>(Loss) after taxation ("LAT") / Profit after taxation ("PAT")</b>	<b>(10,060)</b>	<b>(1,771)</b>	<b>(45,576)</b>	<b>(27,160)</b>	<b>(1,567)</b>
(LAT) / PAT attributable to owners of the Company	<b>(10,060)</b>	<b>(1,771)</b>	<b>(45,576)</b>	<b>(27,160)</b>	<b>(1,505)</b>
(GL) / GP margin (%)	(3.01)	5.84	7.90	49.98	36.37
(LAT) / PAT margin (%)	(39.92)	(5.93)	(113.25)	(214.15)	(20.05)
Weighted average no. of Shares in issue ('000)	420,269	433,655	459,513	459,513	548,792
Basic (LPS) / EPS (sen)	(2.39)	(0.41)	(9.92)	(5.91)	(0.27)

Note:-

(1) As a result of the change in the Company's financial year end from 30 June to 31 December, the audited financial statements of the Company were prepared for a period of 18 months from 1 July 2018 to 31 December 2019.

**Financial commentary**

**(i) 3-month FPE 31 December 2020 compared to 3-month FPE 31 December 2019**

The Group's revenue for FYE 31 December 2020 decreased by 41.29% to RM7.45 million as compared to the previous corresponding period. This was mainly due to lower revenue from printing services as a result of lesser orders secured.

The Group recorded a GP of RM2.71 million (GP margin of 36.37%) as compared to a GP of RM6.34 million (GP margin of 49.48%) in the previous corresponding period due to the lower revenue recorded for its printing and publishing business. This was in line with the decrease in revenue whilst overheads for the printing business did not reduce significantly.

The Group recorded a lower LAT of RM1.57 million as compared to LAT of RM27.16 million in the previous corresponding period. This was mainly due to the impairment losses of RM28.20 million on property development cost, plant and machinery and trade receivables recorded in the previous corresponding period.

**(ii) 18-month FPE 31 December 2019 compared to FYE 30 June 2018**

The Group's revenue for 18-month FPE 31 December 2019 increased by 34.83% to RM40.25 million as compared to the previous financial year (the annualised revenue for 18-month FPE 31 December 2019 was RM26.83 million, representing a decrease of 10.12%), mainly due to lower contribution from the property development and management business due to lower sale of land from the GTP. The lower sale of land from the GTP (lands within the GTP that have yet to be earmarked for future developments) is mainly due to the Group securing lesser purchasers who pursue green technology projects within the GTP.

The Group recorded a GP of RM3.18 million (GP margin of 7.90%) in 18-month FPE 31 December 2019 (the annualised GP for the 18-month FPE 31 December 2019 was RM2.12 million) as compared to a GP of RM1.74 million (GP margin of 5.84%) in the previous year. The increase in GP margin was mainly due to lower factory overhead costs from lower raw material costs such as the purchase of papers for the printing and publishing business.

The Group recorded a higher LAT of RM45.58 million for 18-month FPE 31 December 2019 (the annualised LAT was RM30.39 million, representing an increase of 1,615.64%) as compared to RM1.77 million in the previous financial year. The increase in LAT was mainly due to:-

- (a) net allowance for expected credit loss of trade receivables amounting to RM4.26 million (FYE 30 June 2018: net reversal for expected credit loss of trade receivables of RM2.77 million);
- (b) other operating expenses increased to RM45.87 million as compared to RM8.10 million in FYE 30 June 2018, specifically the impairment of property, plant and equipment under construction (pulp and paper mill) of RM29.89 million. The management has reassessed the carrying value the property, plant and equipment and an appropriate impairment has been provided for accordingly; and
- (c) pre-operating expenses for the GTP Phase 1A increased to RM3.00 million as compared to RM0.61 million in FYE 30 June 2018.

**(iii) FYE 30 June 2018 compared to FYE 30 June 2017**

The Group's revenue for FYE 30 June 2018 increased by 18.45% to RM29.85 million as compared to the previous financial year. This was mainly due to the higher contribution from printing services, specifically the increase in print orders from overseas from the revival of government orders from Nigeria, which was absent for the past year.

The Group recorded a GP of RM1.74 million (GP margin of 5.84%) as compared to a GL of RM0.76 million (GL margin of -3.01%) in the previous financial year. The GP in FYE 30 June 2018 is in line with the increase in revenue while overheads for the printing business did not increase significantly.

The LAT for FYE 30 June 2018 was RM1.77 million, representing a decrease of 82.40% as compared to a LAT of RM10.06 million in FYE 30 June 2017. The decrease in LAT is mainly due to:-

- (a) GP of RM1.74 million in FYE 30 June 2018 as compared to a GL of RM0.76 million in FYE 30 June 2017;

---

**APPENDIX II – HISTORICAL FINANCIAL INFORMATION OF THE GROUP (CONT'D)**

---

- (b) a reversal of allowance for doubtful debts amounting to RM3.00 million (FYE 30 June 2017: RM1,499); and
- (c) profit from the disposal of an associate which was completed on 17 April 2018 amounting to RM0.75 million. Further, the said associate contributed a share in profit of RM0.35 million in the same financial year prior to disposal. There was no profit from disposal of associate and share in profit of associate in FYE 30 June 2017.

**(iv) FYE 30 June 2017 compared to FYE 30 June 2016**

The Group's revenue for FYE 30 June 2017 decreased by 11.17% to RM25.20 million as compared to the previous financial year. This was mainly due to the lower contribution from printing services in FYE 30 June 2017 from overseas as compared to the previous financial year. The lower contribution of printing services in FYE 30 June 2017 from overseas was mainly due to the suspension of orders from the publishers and the Nigerian Government as a result of the economic downturn caused by a drop in crude oil prices.

The Group recorded a GL of RM0.76 million (GL margin of -3.01%) as compared to a GP of RM3.01 million (GP margin of 10.60%) in the previous financial year. The GL in FYE 30 June 2017 was in line with the decrease in revenue while overheads for the printing business increased marginally.

The LAT for FYE 30 June 2017 was RM10.06 million, representing an increase of 219.26% as compared to the LAT of RM3.15 million in FYE 30 June 2016. This is mainly due to:-

- (a) the GL of RM0.76 million in FYE 30 June 2017 as compared to the GP of GP of RM3.01 million in the previous financial year; and
- (b) other operating expenses increased to RM12.49 million as compared to RM8.64 million in FYE 30 June 2016, mainly from allowance of doubtful debts amounting to RM4.10 million.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and the Directors collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND CONFLICT OF INTEREST**

TA Securities, being the Principal Adviser for the Proposed RCPS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interest in relation to its role as the Principal Adviser for the Proposed RCPS.

**3. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Nextgreen Shares transacted for the past 12 months preceding the date of this Circular and the last transacted market price of Nextgreen Shares on the last Market Day immediately prior to the announcement of the Proposals and on the LPD are as follows:-

	<b>High (RM)</b>	<b>Low (RM)</b>
<b><u>2020</u></b>		
April	0.285	0.180
May	0.300	0.260
June	0.300	0.250
July	0.375	0.265
August	0.455	0.320
September	0.475	0.390
October	0.455	0.370
November	0.430	0.380
December	0.410	0.390
<b><u>2021</u></b>		
January	0.400	0.375
February	0.435	0.370
March	0.550	0.395
Last transacted market price of Nextgreen Shares on 9 March 2021, being the last Market Day immediately prior to the announcement of the Proposals on 10 March 2021		0.435
Last transacted market price of Nextgreen Shares on the LPD		0.51

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

#### **4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

##### **Material commitments**

As at LPD, save for the estimated costs to be incurred by Nextgreen for the JV Business of RM25.50 million, there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

##### **Contingent liabilities**

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

#### **5. MATERIAL LITIGATION**

As at the LPD, save as disclosed below, Nextgreen Group is not involved in any material litigation, claims or arbitration and the Board confirmed that there are no proceedings pending or threatened involving the Nextgreen Group, or of any facts likely to give rise to any such proceedings.

Heng Song Khoon and Rakan Bersatu Sdn Bhd (“**Rakan Bersatu**”), (collectively, “**Plaintiffs**”) brought an action against Nextgreen, BHS Book Printing Sdn Bhd (“**BHS Book Printing**”), Pustaka Sistem Pelajaran Sdn Bhd (“**Pustaka Sistem Pelajaran**”), Koo Thiam Yen, Koo Thiam Yoong and Dato’ Lim Thiam Huat, (collectively, “**Defendants**”) claiming for, among others, declaration that clause 9 of the terms sheet dated 8 October 2013, namely a term of the tenancy agreement is void and therefore BHS Book Printing and Pustaka Sistem Pelajaran are required to enter into fresh tenancy agreements with Rakan Bersatu. Alternatively, BHS Book Printing and Pustaka Sistem Pelajaran are required to make payment pursuant to the market rate for the premises utilised.

Nextgreen, BHS Book Printing and Pustaka Sistem Pelajaran in return, counter-claimed that clause 9 of the terms sheet is valid and for loss and damages against the Plaintiffs for the breach of clause 9.

The High Court of Malaya (“**High Court**”) delivered its decision on 16 March 2020 allowing the Plaintiffs’ claim and the Defendants’ counterclaim in parts and ordered, amongst others, that:-

- (a) clause 9 of the terms sheet be set aside due to its ambiguity;
- (b) BHS Book Printing to pay Rakan Bersatu a sum of RM2,027,480 for the period from 1 July 2014 until 31 October 2016 (in this regard, Rakan Bersatu had refused to accept any rental payment made by BHS Book Printing pursuant to the terms sheet since the disputes);
- (c) Pustaka Sistem Pelajaran to pay Rakan Bersatu a sum of RM524,160 for the period from 1 July 2014 until 31 October 2016 (in this regard, Rakan Bersatu had refused to accept any rental payment made by Pustaka Sistem Pelajaran pursuant to the terms sheet since the disputes); and
- (d) BHS Book Printing and Pustaka Sistem Pelajaran to pay Rakan Bersatu a global sum of RM50,000 as damages over the usage of certain lots.

The Plaintiffs and the Defendants had on 15 April 2020 and 14 May 2020 respectively filed an appeal against the High Court’s decision. The Plaintiffs are appealing against the quantum of the global damage of RM50,000.00 awarded by the High Court for the unlawful occupation by BHS Book Printing and Pustaka Sistem Pelajaran where the Plaintiffs claim that the correct amount should be RM210,600. The Defendants are appealing against the following:

- (a) the rental payable by BHS Book Printing and Pustaka Sistem Pelajaran to Rakan Bersatu of RM2,551,640, where the Defendants take the position that the rental payable shall be limited to RM1,563,452.80 instead;
- (b) the liability of BHS Book Printing and Pustaka Sistem Pelajaran for unlawful occupation;
- (c) the quantum of the global damage of RM50,000 awarded by the High Court to Rakan Bersatu for the unlawful occupation;
- (d) the dismissal on the Defendants' claims for all the losses and damages suffered for having to move out from the premises due to the Plaintiffs' conduct in relation to the tenancy;
- (e) the dismissal on the Defendants' claims for general, aggravated and punitive damages.

The appeals have been consolidated (collectively, "**Appeals**") and are fixed for hearing on 15 September 2021.

BHS Book Printing and Pustaka Sistem Pelajaran were served with a statutory demand pursuant to sections 465 and 466 of the Act on 20 May 2020. BHS Book Printing and Pustaka Sistem Pelajaran had on 18 August 2020 filed an application to stay the execution of the judgment and all forms of proceedings, on the judgment pending the disposal of the Appeals. The High Court has on 8 March 2021 allowed the application for stay of execution of the judgement dated 16 March 2021 pending disposal of the Appeals.

The maximum exposure of liability for Nextgreen, BHS Book Printing and Pustaka Sistem Pelajaran for the outstanding rental claimed by the Plaintiffs against BHS Book Printing and Pustaka Sistem Pelajaran are RM2,551,640 (excluding interest). In respect of the global damages of RM50,000 awarded by the High Court in favour of the Plaintiffs, the Plaintiffs are appealing against the quantum where the Plaintiffs claim that the correct amount that ought to be awarded is RM210,600.

The solicitors acting for Nextgreen are of the opinion that the Defendants have a good chance of succeeding in their appeal and resisting the Plaintiffs' appeal.

## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Nextgreen at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam Selangor during normal business hours from Monday to Friday (except public holidays) following the date of this Circular up to and including the date of the EGM:-

- (i) Constitution of Nextgreen;
- (ii) audited financial statements of Nextgreen for FYE 31 December 2018 and 18-month FPE 31 December 2019;
- (iii) the unaudited consolidated financial statements of Nextgreen for the FYE 31 December 2020;
- (iv) the relevant cause paper in respect of the material litigation referred to in Section 5, Appendix III;
- (v) the Subscription Agreements; and
- (vi) the letter of consent referred to in Section 2 of Appendix III above.



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

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of Nextgreen Global Berhad (“**Nextgreen**” or the “**Company**”) will be held through live streaming from the Broadcast Venue at Leadership room, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59220, Kuala Lumpur on Wednesday, 5 May 2021 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:-

### **ORDINARY RESOLUTION 1**

**PROPOSED ISSUANCE OF 200,000,000 NEW REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN NEXTGREEN AT AN ISSUE PRICE OF RM0.05 EACH (“ISSUE PRICE”) TO DATO’ GAN KONG HIOK, DENGKIL PAPER MILL SDN BHD AND HSC GREEN HOLDINGS SDN BHD (“RCPS”) (COLLECTIVELY, THE “RCPS SUBSCRIBERS”) (“PROPOSED RCPS”)**

“**THAT** subject to the passing of Special Resolution 1 and approvals being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to allot and issue 200,000,000 RCPS at the Issue Price to the RCPS Subscribers subject to the terms and conditions set out in the subscription agreements dated 10 March 2021 entered into between the Company and each of the RCPS Subscribers (“**Subscription Agreements**”) in the following manner:-

- (a) 40,000,000 RCPS to Dato’ Gan Kong Hiok, a major shareholder of Nextgreen;
- (b) 100,000,000 RCPS to Dengkil Paper Mill Sdn Bhd; and
- (c) 60,000,000 RCPS to HSC Green Holdings Sdn Bhd;

The salient terms of the RCPS including the conversion price are set out in Appendix I in the circular to shareholders of Nextgreen dated 9 April 2021 (“**Circular**”);

**THAT** the approval hereby be granted to the Board to allot and issue up to 200,000,000 new ordinary shares in Nextgreen (“**Nextgreen Shares**”) credited as fully paid-up pursuant to any conversion of the RCPS in the manner and subject to the terms and conditions set out in the Subscription Agreements;

**THAT** the approval hereby be granted to the Board to allot and issue new Nextgreen Shares pursuant to the conversion of the RCPS by the RCPS Subscribers and such approval shall remain in full force and effect as long as any RCPS remains convertible in accordance with its terms of issue;

**THAT** the proceeds from the Proposed RCPS be utilised for the purpose as set out in the Circular, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company, subject to the approval of the relevant authorities (where required);

**THAT** the RCPS shall, upon allotment and issue, rank equally amongst themselves and that the new Nextgreen Shares to be issued pursuant to the conversion of the RCPS shall rank equally in all respects with the then existing Nextgreen Shares save and except that such new Nextgreen Shares shall not be entitled to any dividends, rights, allotments, and/or other distributions, the entitlement date of which is prior to the relevant date of issue of the new Nextgreen Shares;

**THAT** the new Nextgreen Shares to be issued from the conversion of the RCPS shall be listed on the Main Market of Bursa Securities;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents, and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed RCPS in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities and/or parties, the relevant and applicable laws or deemed necessary or desirable by the Board.”

### **SPECIAL RESOLUTION 1**

#### **PROPOSED AMENDMENTS TO THE CONSTITUTION OF NEXTGREEN ("PROPOSED AMENDMENTS")**

“**THAT** subject to the passing of Ordinary Resolution 1 above and all approvals and consents being obtained from all relevant authorities and/or parties (where applicable), approval be and is hereby given for the Company to amend its Constitution by inserting a new Clause 7(i) to reflect and incorporate the terms of the RCPS, the salient terms of which are set out in Appendix I of the Circular;

**AND THAT** the Board be and is hereby authorised to approve, sign and execute all documents and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Amendments in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities and/or parties, the relevant and applicable laws or deemed necessary or desirable by the Board.”

**By Order of the Board**

**TAN TONG LANG (SSM Practising Certificate No. 201908002253) (MAICSA 7045482)**  
**VIMALRAJ A/L SHANMUGAM (SSM Practising Certificate No. 202008000925) (MAICSA 7068140)**  
Company Secretaries

Selangor  
9 April 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the EGM.
2. A member is entitled to participate, speak (including posing questions to the Board via real time submission of typed text) and vote (collectively referred to as "**Participate**") remotely at the EGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIIH online website at <https://tiih.online/>.
3. A member who is entitled to Participate at the EGM 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 at the EGM via RPV. A proxy may but need not be a member of the Company.
4. Where a member appoints 2 proxies, he/she must specify the proportions of his/her shareholdings to be represented by each proxy.
5. A member who has appointed a proxy or attorney or authorised representative to Participate at the EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH online website at <https://tiih.online/>. Please follow the Procedures for RPV in the information for Members on EGM.
6. 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 attorney of the corporation duly authorised.
7. For the purpose of determining a member who shall be entitled to Participate in the EGM via RPV, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 28 April 2021. Only a depositor whose name appears on the Record of the Depositor as at 28 April 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
8. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or certified copy thereof shall be deposited as follows at least 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

(a) In hardcopy form

The Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur

(b) By electronic means

The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online at [https://tiih.online](https://tiih.online/). Kindly refer to the Administrative Notes for this EGM on the procedures for electronic submission of Proxy Form via TIIH Online.



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

**FORM OF PROXY**

<b>CDS Account No.</b>	
<b>No. of Shares Held</b>	

I/We (Full Name in Block Letters) .....

NRIC No. / Passport No. / Company No. ....

of .....

being a member of NEXTGREEN GLOBAL BERHAD, hereby appoint <sup>[1]</sup> .....

..... NRIC No. / Passport No. ....

of .....

and [The next name and address should be completed if you wish to appoint two proxies]

<sup>[2]</sup> ..... NRIC No. / Passport No. ....

of .....

or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be held through live streaming from the Broadcast Venue at Leadership room, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8 Jalan Kerinchi, 59220, Kuala Lumpur on Wednesday, 5 May 2021 at 10.00 a.m. or at any adjournment thereof.

**The next paragraph should be completed only when two proxies are appointed.**

The proportion of \*my/\*our holding to be represented by \*my/\*our proxies are as follows:

First Proxy [1] \_\_\_\_\_%                      Second Proxy [2] \_\_\_\_\_%

[\*Delete if not applicable]

<b>Resolutions</b>	<b>FOR</b>	<b>AGAINST</b>
<b>Ordinary Resolution 1 – Proposed RCPS</b>		
<b>Special Resolution 1 – Proposed Amendments</b>		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on this ..... day of ..... 2021.

\_\_\_\_\_  
 Signature / Common Seal of Member(s)

Notes:-

1. Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting. Shareholders will not be allowed to attend the EGM in person at the Broadcast Venue on the day of the EGM.
2. A member is entitled to participate, speak (including posing questions to the Board via real time submission of typed text) and vote (collectively referred to as "**Participate**") remotely at the EGM via the Remote Participation and Voting facilities ("**RPV**") provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") via its TIIH online website at <https://tiih.online/>.
3. A member who is entitled to Participate at the EGM via RPV is entitled to appoint another person as his proxy to Participate but shall not be entitled to appoint more than 2 proxies to Participate via RPV. A proxy may but need not be a member of the Company.
4. Where a member appoints 2 proxies, he/she must specify the proportions of his/her shareholdings to be represented by each proxy.
5. A member who has appointed a proxy or attorney or authorised representative to Participate at the EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH online website at <https://tiih.online/>. Please follow the Procedures for RPV in the information for Members on EGM.
6. 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.
7. For the purpose of determining a member who shall be entitled to Participate in the EGM via RPV, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 28 April 2021. Only a depositor whose name appears on the Record of the Depositor as at 28 April 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
8. The instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or certified copy thereof shall be deposited as follows at least 48 hours before the time appointed for holding the EGM or at any adjournment thereof:-

(a) In hardcopy form

The Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur

(b) By electronic means

The Form of Proxy can be electronically submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Notes for this EGM on the procedures for electronic submission of Proxy Form via TIIH Online.



Fold this flap for sealing

---

Then fold here

---

AFFIX  
STAMP

**THE SHARE REGISTRAR**  
**NEXTGREEN GLOBAL BERHAD (Registration No. 200501037512 (719660-W))**  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Share Registrar's Customer Service Centre  
Unit G-3, Ground Floor  
Vertical Podium, Avenue 3  
Bangsar South  
No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur.

1st fold here

---