

**NEXTGREEN GLOBAL BERHAD (FORMERLY KNOWN AS BHS INDUSTRIES BERHAD)
- ACCEPTANCE OF AN INVESTMENT AMOUNTING TO RM400 MILLION FROM ASIA
CAPITAL INVESTMENT FUND (“ACIF”) VIA SUBSCRIPTION OF PREFERENCE SHARES
BY ACIF AND LOAN FROM ACIF IN SPECIAL PURPOSE VEHICLE COMPANIES
ULTIMATELY WHOLLY-OWNED BY NEXTGREEN GLOBAL BERHAD**

1. INTRODUCTION

On 20 December 2016, the shareholders of the Nextgreen Global Berhad (“**Company**” or “**NGGB**”) approved the proposed diversification of its existing core business of the Group to include construction, development and management of Green Technology Park in Pekan and other construction and property development activities (“**GTP Pekan Project**”).

The development of the GTP Pekan Project is divided into 5 phases, details of which were announced and disclosed in the Circular to Shareholders dated 1 December 2016.

Currently, the GTP Pekan Project is entering into its Phase 2 development which entailed the construction and development of the following and required funding for the investment in Phase 2:-

- (a) pulp and paper mill with production capacity of 100,000 metric tons of box liner paper using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology (“**PRC RBMP Technology**”); and
- (b) pulp and paper mill with production capacity of 120,000 metric tons of corrugated paper using the PRC RBMP Technology.

On 24 July 2018, the Company announced the termination of the Memorandum of Understanding with China Nuclear Industry Huaxing Construction Co., Ltd for the cooperation to develop and manage Phase 2 and 3 of the GTP Pekan Project.

Subsequent to that, a new investor was secured and on 16 October 2018, the Company entered into an Investment Agreement (“**Investment Agreement**”) with the said investor, Asia Capital Investment Fund (“**ACIF**”) where ACIF has agreed to invest a sum aggregating to Ringgit Malaysia Four Hundred Million (RM400,000,000) (“**Investment**”) into several special purpose vehicle companies to be incorporated and 100% owned by NGGB ultimately (collectively referred to as “**SPVs**” and individually referred to as “**SPV**”) which are assigned to manage, inter-alia, GTP Pekan Project and two (2) others green technology projects in Johor and Sarawak which are currently in the pipeline (known as “**GTP Johor Project**” and “**GTP Sarawak Project**” respectively) (“**Projects**”).

The Investment is in the form of:

- (a) share capital injection in the SPVs amounting to Ringgit Malaysia Two Hundred and Eighty Million (RM280,000,000); and
- (b) loan to the SPVs amounting to Ringgit Malaysia One Hundred and Twenty Million (RM120,000,000)

GTP Johor Project and GTP Sarawak Project are currently in negotiation stage. More details would be announced by the Company in due course when the negotiation advances further which warrant announcement to be made by the Company.

2. DETAILS OF THE INVESTMENT STRUCTURE

2.1 ACIF has agreed to invest in the SPVs in the following manner:-

- (a) Subscription of 280,000,000 new Cumulative Redeemable Preference shares at an issue price of RM1.00 each ("**Subscription Shares**"); and
- (b) Loan of RM120,000,000 ("**Loan**").

2.2 The investment structure based on the Projects is as follows:-

Projects	Total Investment = Share Capital + Loan			Funding Required Period
	Share Capital (RM'000)	Loan (RM'000)	Total Amount (RM'000)	
GTP Pekan	100,000	100,000	200,000	16.11.2018 to 30.09.2019
GTP Johor	80,000	20,000	100,000	01.12.2018 to 31.05.2019
GTP Sarawak	100,000	-	100,000	01.01.2019 to 31.12.2019
Total	280,000	120,000	400,000	

2.3 The fund from the Investment would mainly be utilised for working capital requirements of the Projects and also to cover other operational costs for the Projects.

3. INFORMATION ON THE SUBSCRIPTION SHARES

The indicative salient terms of the Subscription Shares are as follows:-

Issuer	:	Respective SPVs
Subscriber	:	ACIF
Class of Share	:	Cumulative Redeemable Preference Shares (" CRPS ")
Issue Price	:	RM1.00
Issue Amount	:	280,000,000 CRPS
Total Value	:	RM280,000,000.00
Transferability	:	Non-transferable
Tenure	:	Perpetual until fully redeemed by the Board of respective SPVs
Dividend Rate	:	<p>The Subscription Shares shall carry the right to receive preferential dividends, out of the distributable profits of the SPV earned from the first day of the calendar month following the date of issue of the Subscription Shares ("Profits"), at the expected preferential dividend rate of a minimum of 12% per annum and a maximum of 20% per annum ("Expected Preferential Dividend Rate"), of which has been fixed by the Board ("Preferential Dividend").</p> <p>The Preferential dividends, if declared, shall be distributable annually ("Preferential Dividend Entitlement Date").</p> <p>The maximum amount of preferential dividends that can be declared and paid on each Preferential Dividend Entitlement Date ("Expected Preferential Dividend Amount"), shall be capped at such Expected Preferential Dividend Rate.</p>

<p>Dividend Rate (cont'd)</p>	<p>On any Preferential Dividend Entitlement Date, if the SPVs does not declare the preferential dividends up to the Expected Preferential Dividend Amount (in whole or in part):</p> <p>(i) the SPV may, at its discretion, declare and pay preferential dividends up to an amount equal to the Profits as at such Preferential Dividend Entitlement Date ("Declared Sum"). The amount equivalent to the difference between the Profits as at such Preferential Dividend Entitlement Date and the Declared Sum shall be cumulative ("Deferred Dividends") so long as the Subscription Shares remains unredeemed and may be declared and/or paid, at the discretion of the Company, on any subsequent Preferential Dividend Entitlement Date, provided that the Cumulative Condition is fulfilled on such Preferential Dividend Entitlement Date.</p> <p>"Cumulative Condition" of the Subscription Shares means on any Preferential Dividend Entitlement Date, the SPV:</p> <p>(a) has sufficient Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date;</p> <p>(b) has maintained books and records that evidence the SPV having Profits that is at least equivalent to the aggregate of the Declared Sum and any Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date; and</p> <p>(ii) where there is no Profit available for the declaration and payment of dividends, the SPV shall take into a memorandum account of the Deferred Dividends accumulated as at and on such Preferential Dividends Entitlement Date and thereafter such Deferred Dividends accumulated as at and on such Preferential Dividend Entitlement Date, shall as long as the Subscription Shares remains unredeemed and may be declared and/or paid, at the discretion of the SPV, on any subsequent Preferential Dividend Entitlement Date.</p> <p>Each Subscription Shares will cease to receive any preferential dividends from and including the date the Subscription Shares is redeemed, save for preferential dividends declared but unpaid up to the date the SPV receives a notice in writing from the Investor of its intention to redeem such number of Subscription Shares ("Redemption Notice") shall not exceed a total rate of 20%.</p> <p>Subject to the rights to the preferential dividends and any additional preferential dividends declared and distributed as the Board deems fit, the Investor shall not be entitled to participate in the surplus profits of the SPV (if any) remaining at such time after the payment of the preferential dividends and such additional preferential dividends (if any).</p>
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Ranking	:	The CRPS shall rank equally amongst themselves and with other preference shares issued by the SPV, and will rank ahead in point of priority to the holders of the ordinary shares and all other classes of shares (if any) in the SPV, in respect of payment of dividends and payment out of assets of the SPV upon any liquidation, dissolution, or winding up of the SPV, provided always that the Board of the SPV approves such payment of dividends and payment out of assets of the SPV on this basis and further affirms the priority of payment to the holders of the CRPS, but shall in any event rank after payments to the creditors of the SPV
Voting Rights	:	The CRPS shall have no voting rights, save and except for any resolutions pertaining to the following matters:- (1) to undertake a voluntary liquidation of the SPV; or (2) any variation to the rights of the Subscription Shares.
Conversion Rights	:	Non-convertible
Redemption	:	Subject to the Companies Act 2016, the SPV may at any time as decided by the Board of the SPV redeem all or any Subscription Shares. The redemption amount for each Subscription Shares shall equal its Issue Price. The redemption shall be determined by the Board of the SPV provided always that the aggregate number of Subscription Shares to be redeemed shall not exceed 20% of the entire issued number of Subscription Shares and further provided always that all such redemption shall be made on a proportionate basis as decided by the Board of the SPV.
Redemption Price	:	RM1.00
Restriction on transfer	:	ACIF shall not during the term of this Investment Agreement to sell, transfer, assign, charge, mortgage, encumber, grant options over or otherwise dispose of or encumber any of their Subscription Shares, except in compliance with the provisions of this Investment Agreement.

4. INFORMATION ON THE LOAN

The indicative salient terms of the Loan are as follows:-

Interest	:	The Loan shall bear interest at the rate of 7% per annum excluding any withholding tax if applicable. Interest shall accrue from the date of remittance of the Loan from ACIF.
Repayment date	:	The repayment date by the SPV is to be set out in a mutually agreed schedule.

5. INFORMATION ON ACIF

ACIF was incorporated in Cayman Islands on 25 September 2017 and having its office address at 7601, level 76, international Commerce Centre, 1 Austin Road West, Hong Kong. ACIF has an issued share capital of Hong Kong Dollar (“HKD”) 14,000,000 represented by 14,000,000 ordinary shares of HKD 1.

The principles activities of ACIF is raising of funds for investment and the management and investment of funds particularly in listed securities of companies producing green (eco-friendly) products.

ACIF has appointed Look’s Asset Management Limited of Hong Kong for its investment advisory services.

6. RATIONALE FOR THE INVESTMENT AND PROSPECT OF THE PROJECTS

The Investment will enable the Company to raise funds expeditiously as compared to other forms of fund raising such as rights issue. This will allow the Company to raise funds for its working capital for the Project without having to incur interest costs on the CRPS, as compared to bank borrowings or issuance of debt instruments.

7. RISK FACTORS

The risk factors that may arise or associated with the Investment are essentially the timing of the delivery of the fund and ability of the Company to repay the loan and meeting other contractual obligations under the Investment Agreement. Any delay in receipt of the fund may interrupt the progress of the Project and affect the cash flow requirement for the Project.

8. EFFECTS OF THE INVESTMENT

8.1 Share capital and substantial shareholders’ shareholdings

The Investment does not involve any issuance of new shares in the Company and therefore will not have any effect on the share capital and substantial shareholders’ shareholding of the Company.

8.2 Earnings and earnings per share

The Investment is not expected to impact on the earnings and earnings per share of the Group for the financial year ending 30 June 2019 because the production will not be ready by then. Nevertheless, the commencement of the operation arising from Projects are expected to contribute positively to the earnings of the Group in future years.

8.3 Net assets (“NA”) and gearing

The Investment will not have any material effect on the NA of the Group for the financial year ending 30 June 2019 but it will increase the Group’s gearing. It is not possible to compute the gearing now as the investment is injected into the SPVs over a period of time and its ratio relates to the capital structure of the SPVs which have yet to be determined.

9. APPROVALS REQUIRED

The Investment is not subject to the approval of NGGB's shareholders and/or any other relevant authorities and is not conditional upon any other corporate proposal.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and substantial shareholders of the Company and persons connected to them has any interest, direct or indirect, in the Investment.

11. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Investment, including but not limited to the rationale of the Investment is of the opinion that the Investment is in the best interest of the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Investment Agreement is available for inspection at the Registered Office of the Company during normal office hours from Mondays to Fridays (except public holidays) at 802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

This announcement is dated 16 October 2018.