

NEXTGREEN GLOBAL BERHAD

- LETTER OF INTENT FOR PURCHASE OF PULP AND PAPER BY MARUBENI CORPORATION

1. INTRODUCTION

The Board of Directors of Nextgreen Global Berhad ("**Company**") wishes to announce that the Company has on 2 April 2019 executed a Letter of Intent with Marubeni Corporation ("**Marubeni**"), a company listed on the Tokyo and Nagoya Stock Exchanges and registered in 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-6060, Japan, to confirm both parties intention to negotiate a potential sale and purchase contract whereby Marubeni would purchase as an off-taker of the pulp and paper from Nextgreen Pulp & Paper Sdn. Bhd. ("**NPPSB**"), a wholly-owned subsidiary of the Company ("**Potential Transaction**").

A formal contract incorporating further details concerning the Potential Transaction as well as other terms would be prepared after further negotiations between the Company and Marubeni.

The Letter of Intent does not constitute a contract nor to create any legal obligation but only to express the intention to enter into negotiations towards a formal contract reflecting the understandings in the Letter of Intent.

2. DETAILS OF THE POTENTIAL TRANSACTION

Marubeni would purchase the pulp and paper produced by NPPSB's pulp and paper mill to be constructed at Mukim Lepar, Daerah Pekan, Pahang ("**Facility**") subject to the following terms:-

Products	:	pulp and paper
Quality	:	to be discussed after concluding the Letter of Intent
Term	:	September 2019 to August 2021 (2 years)
Quantity	:	5,000 MT per year of woodfree paper and 3,000 MT per year of bleached chemical pulp
Price	:	the purchase price has yet been fixed / agreed upon by Marubeni and NPPSB. The purchase price will be determined upon the execution of the formal contract.

3. SALIENT TERMS OF THE LETTER OF INTENT

The following are the salient terms of the Letter of Intent:-

- (a) NPPSB shall not negotiate with any third party other than Marubeni with respect to sales of the pulp and paper from the Facility and related transactions (including, but not limited to, an off-take agreement) until 30 September 2019.
- (b) NPPSB and Marubeni will exert reasonable efforts to execute a formal contract in respect of the Potential Transaction on or prior to 30 September 2019. In the event that, notwithstanding NPPSB and Marubeni's efforts, it is impossible to execute a formal contract by 30 September 2019, NPPSB and Marubeni will consult each other in order to agree to a further date for execution of such formal contract or a termination of this Letter of Intent. If NPPSB and Marubeni cannot reach the agreement, this Letter of Intent is terminated on 31 December 2019.

4. FINANCIAL EFFECTS

The Letter of Intent will have no effect on the issued share capital and earnings of the Company for the financial year ending 30 June 2019 but is expected to contribute positively to the earnings of the Company and enhance net assets per share of the Group for the following financial years if purchase orders are issued to NPPSB.

5. RISKS

The Company does not foresee any exceptional risk other than normal operational risks associated with the Letter of Intent.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or other major shareholders of the Company and/ or any persons connected to them have any interest, direct or indirect, in the Letter of Intent.

7. DIRECTORS' STATEMENT

The Board of Directors of the Company is of the opinion that the acceptance of the Letter of Intent is in the best interest of the Company.

This announcement is dated 2 April 2019