

(Unless stated otherwise, abbreviations and definitions used throughout this announcement shall be the same as the announcement in relation to the Proposed Private Placement on 14 December 2018. ("Announcement"))

We refer to the Announcement, on behalf of Nextgreen, in relation to the Proposed Private Placement on 14 December 2018. We wish to provide additional information in relation to the utilisation of proceeds arising from the Proposed Private Placement as set out in the sections below.

1. UTILISATION OF PROCEEDS

Based on the indicative issue price of RM0.50 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM32.83 million. The proceeds to be raised from the Proposed Private Placement are expected to be utilised by Nextgreen in the following manner:

Proposed utilisation	Notes	Minimum Scenario (RM)	Maximum Scenario (RM)	Expected timeframe for the utilisation *
Payment for the land	(a)	8,000,000	8,000,000	Within 12 months
Infrastructure costs	(b)	12,000,000	12,000,000	Within 12 months
Working capital	(c)	2,768,335	12,632,855	Within 12 months
Estimated expenses in relation to the Proposed Private Placement	(d)	150,000	200,000	Within 1 month
Total estimated proceeds		22,918,335	Up to 32,832,855	

Notes:

* From the date of completion of the Proposed Private Placement.

(a) Based on the Company's announcement dated 21 October 2016, the Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) had via its letter dated 13 October 2016 received on 21 October 2016, granted the Company's wholly-owned subsidiary, Ultimate Ivory Sdn Bhd ("**Ultimate Ivory**"), the land approval for 375 acres of land in Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur ("**Land**") which would be used for development of the entire project of Pekan Green Technology Park ("**GTP Pekan Project**"). The Company has commenced the GTP Pekan Project in 2016 and the details of the Land to be developed for the GTP Pekan Project are set out below:

Mukim/ District/ State : Mukim Lepar/ Daerah Pekan/ Pahang Darul Makmur

Land area : 375 acres

Existing use : The remaining Land is currently vacant, save for infrastructural work being carried out on 26 acres of land approved for the development of Phase 1 in GTP Pekan as announced by Nextgreen on 11 March 2016 and the construction of the pulp and paper factory and warehouse which is expected to be ready for production in the first half of 2019

Tenure : Leasehold of 99 years commencing from the date of issuance of the title

Registered owner : The Land is currently registered under Pejabat Setiausaha Kerajaan Pahang, and is pending subdivision processing and issuance of land titles from Pejabat Tanah & Galian Kuantan. Nextgreen is expected to submit the application for subdivision of the land title by early 2019

Category of land use : • 275 acres for industrial land
• 100 acres for mixed development

Encumbrances : None

Note:

The Lot no./ Title no. of the Land is not available as it is pending issuance of land title from Pejabat Tanah & Galian Kuantan.

The salient information of the GTP Pekan Project is set out below:

	Phase 1	Phase 2
Total estimated gross development value (RM'000)	N/A #	@
Total estimated gross development costs (RM'000)	66,000	643,000
Total estimated gross development profits (RM'000)	N/A #	@
Source of funds to finance the development costs	Proceeds raised from the rights issue which was completed on 22 October 2015 ^ and internally generated funds	(i) Partially funded by the proceeds from this Proposed Private Placement; and/or (ii) Bank borrowings to be procured; and/or (iii) Joint venture with other potential investors with issuance of redeemable preference shares; and/or (iv) Internally generated funds.
Date of approval by relevant authorities	Approval obtained on 13 October 2016 for the grant of 375 acres of Land	No approval is required from any relevant authority

Notes:

N/A Not applicable

The project is for internal use where the output of the pulp and paper mill will be used for the Group's raw material for its printing and publishing businesses.

@ Subject to finalisation with potential investors/ partners.

^ The Company has raised a total gross proceeds of approximately RM41.641 million from the rights issue. The utilisation of proceeds as at the LPD is as follows:

	Proposed utilisation	Actual utilisation	Balance to be utilised	Timeframe
	RM'000	RM'000	RM'000	
Acquisition of land	7,000	7,000	-	-
Purchase of land & machineries, and other ancillary facilities	33,641	28,404	5,237	By 22 October 2019
Estimated expenses in relation to the rights issue	1,000	1,000	-	-
Total	41,641	36,404	5,237	

There are in total 5 phases of GTP Pekan Project. For the remaining phases (Phase 3, 4 and 5), the total expected gross development value, total gross development costs and total expected profits for the entire GTP Pekan Project is not available as it is still at the preliminary stage of planning and is subject to the finalisation of the cooperation/ joint venture agreement to be entered into. The details of the development plans have not been finalised at this juncture and Nextgreen Group will submit the relevant applications to the authorities prior to the commencement of development of the phases.

Nextgreen Group intends to fund the remaining phases of GTP Pekan Project via joint ventures with potential investors, a combination of internally-generated funds and/or bank borrowings, the composition of which will be determined at a later stage after taking into consideration, amongst others, the project costs, costs of funding, the eventual amount of bank borrowings to be procured by Nextgreen Group, if required, and cash requirements of Nextgreen Group's existing business operations.

The purchase consideration of the Land of RM9,250,000 is fixed and valued by the Jabatan Penilaian dan Perkhidmatan Harta Negeri Pahang (Valuation and Property Services Department of Pahang) and will be paid by Ultimate Ivory in a staggered manner based on the land use for the development of the GTP Pekan Project. Thus far, only Phase 1 is being developed and therefore the payment by Ultimate Ivory of RM1,925,579 was made in March 2016 in relation to the 26 acres of land would be used to offset against the total amount payable of RM9,250,000 leaving the balance of RM7,324,421 to be payable upon usage of the Land. The amount will be funded entirely from the proceeds to be raised from this Proposed Private Placement which was announced on 14 December 2018. Any variation and/or additional costs to be incurred to the payment for the Land such as stamp duty, government charges and legal fees which have not been determined at the point in time will be adjusted to or from the working capital requirements.

The proceeds will be utilised as follows:

	RM
Payment to be made for the purchase consideration of the Land	7,324,421
Authority fees and others	675,579
Total	<u>8,000,000</u>

The shareholders of Nextgreen had, via its EGM held on 20 December 2016, given their approval for the Board to diversify the core businesses of the Company and its subsidiaries to include the construction, development and management of Green Technology Park (GTP) and other construction and property development activities. The diversification pursued by Nextgreen on green technology has enabled it to conceptualise a GTP Pekan Project where other products made from the palm biomass will also be sited in the same park. Therefore, the Company takes the lead in proposing the ideas to the State Government. The concept is in line with the Government's initiative to promote the use of green technology to turn palm waste into high valued products.

- (b) The Group intends to utilise the partial of the proceeds to be raised from the Proposed Private Placement for the initial infrastructure costs related to the development of GTP Pekan Project as follows:

	RM
Sand backfilling for main access roads, Phase 2 and other site preparation as well as improvements for wetland, sand stockpiled area and ground improvements and etc	12,000,000

To summarise, the development of GTP Pekan Project can be divided into five (5) phases:

Phases	Estimated commencement and completion (Calendar year)	Allocation of the Land	Development involves:
Phase 1	2016 - first half of 2019 (save for the disposal of Land of 12.09 acres for the construction of tissue paper mill as announced by the Company on 27 Feb 2017)	26 acres	(a) Pulp and paper mill with production capacity of 10,000 metric tons of wood free paper; (b) First (1 st) Pulp and paper mill with production capacity of 5,000 metric tons of tissue paper using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology (" PRC RBMP Technology "); and (c) Waste water treatment plant – Waste water generated from GTP Pekan's manufacturing processes will be channelled into the waste water treatment plant and the treated water will be used in the pulp processing and paper mill.
Phase 2 *	First half of 2019 - 2021	87.5 acres ^	(a) Pulp and paper mill with production capacity of 100,000 metric tons of box liner paper using the 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.
Phase 3 *	Has yet to commence	Has yet to finalise	Second (2 nd) pulp and paper mill with higher production capacity of 65,000 metric tons of tissue paper using the PRC RBMP Technology.
Phase 4 *	Has yet to commence	Has yet to finalise	(a) Feed mill with production capacity of 30,000 metric tons of agro-feed using the microbial fermentation technology; and (b) Fertiliser plant with production capacity of 50,000 metric tons of fertiliser using the by-products produced from the biogas plant.

<u>Phases</u>	<u>Estimated commencement and completion (Calendar year)</u>	<u>Allocation of the Land</u>	<u>Development involves:</u>
Phase 5 *	Has yet to commence	Has yet to finalise	(a) Earmarked for light industries, involves the construction and the development of packaging and printing factories; and (b) The Renewable Paper Pulp Products produced in GTP Pekan such as wood free paper, tissue paper, corrugated paper and box liner paper can be used for company to invest in the packaging and printing industries.

The percentage of completion for each phase as at the LPD is unable to be determined.

Notes:

- * Based on the Company's announcement dated 8 November 2018, the Company has entered into a Memorandum of Understanding with IHI Corporation (formerly known as Ishikawajima-Harima Heavy Industries Co. Ltd.) and Nomura Holdings, Inc. to explore the possible collaboration and investment for GTP Pekan Project in relation to the development of the Phase 2 and subsequent phases.
- ^ Subject to changes upon development of the land, due to any alterations or modifications in the design of the buildings and construction.
- (c) The proceeds for working capital will be utilised to finance the day-to-day operations of the existing business of the Nextgreen and its subsidiaries ("Nextgreen Group" or "Group"), as and when the need arises as follows:

	Percentage of the total proceeds to be utilised
Payment to trade creditors	50%
Staff-related costs such as staff salaries, bonuses, statutory contribution and welfare expenses	40%
General administrative and operating expenses such as rental, utilities, telephone charges and sundry expenses	10%
Total	100%

The actual breakdown of the proceeds to be utilised for each component of working capital as disclosed above may vary subject to the operating and funding requirements at the time of utilisation.

- (d) The estimated expenses for the Proposed Private Placement consist of professional fees, fees payable to authorities as well as other miscellaneous expenses to be incurred. Any variation to the estimated expenses for the Proposed Private Placement will be adjusted to or from the working capital requirements.

The actual gross proceeds to be raised from the Proposed Private Placement will depend on the final issue price and the actual number of Placement Shares to be issued. Any variation between the actual and intended gross proceeds to be raised from the Proposed Private Placement will be adjusted against the amount allocated for working capital of the Group.

Pending utilisation of the proceeds from the Proposed Private Placement for the abovementioned purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be utilised as additional working capital for the Group.