

**NEXTGREEN GLOBAL BERHAD ("NGGB" OR THE "COMPANY")
JOINT VENTURE AGREEMENT BETWEEN NEXTGREEN GLOBAL BERHAD AND DENGKIL PAPER MILL
SDN BHD**

1. INTRODUCTION

The Board of Directors of NGGB ("Board") wishes to announce that the Company, had on 29 January 2021 entered into a Joint Venture Agreement ("JV Agreement") with Dengkil Paper Mill Sdn Bhd [Registration No. 201301041968 (1071793-T)] ("DPMSB"), to undertake a joint venture through a special purpose vehicle to engage in the business of setting up and operating of a 5000MT per annum tissue paper mill in Malaysia and such other related business as the parties may mutually agree from time to time ("Joint Venture") ("Proposed Joint Venture").

(collectively referred as "the Business").

2. INFORMATION ON NGGB AND DPMSB ("PARTIES" OR "THE SHAREHOLDERS")

i) NGGB

NGGB is a corporation incorporated on 30 December 2005 and existed under the Law of Malaysia, having its registered address at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor. As at the date of this announcement, the number of issued shares of NGGB is 594,291,718 ordinary shares. The Directors of NGGB are Dato' Dr. Haji Sohaimi Bin Shahadan, Dato' Lim Thiam Huat, Dato' Dr. Koe Seng Kheng, Dato' Yusof bin Din, Dato' Zakaria bin Arshad, Lim Kah Yen, Teh Chau Chin and Tan Meng Chai.

NGGB is principally involved in the business of investment holding and the provision of management services.

ii) DPMSB

DPMSB is a private limited company incorporated under the laws of Malaysia with its registered office at B-2-9 (2nd Floor), Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

DPMSB is principally involved in manufacture of paper and paper related products.

3. SALIENT TERMS OF THE JV AGREEMENT

3.1 Subscription

NGGB agreed to subscribe 5,100,000 ordinary shares in the JV Company ("NGGB Subscription Shares") and DPMSB agreed to subscribe 4,900,000 ("DPMSB Subscription Shares") at an issue price of RM1.00 each, and upon the terms and condition of JV Agreement.

3.2 Covenants of DPMSB

DPMSB shall, in consideration of the JV Company agreeing to issue and allot the DPMSB Subscription Shares in its favour, at its own cost and expense:

- a) provide all the necessary expertise, including without limitation to all necessary technical expertise, to operate a 5,000MT per annum tissue paper mill;
- b) ensure that the installation and validation of plant, equipment and machinery are as per GMP ("Good Manufacturing Practice") Regulations of Malaysia 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 to the Plant from time to time;
- e) to undertake all aspects of project management of the Joint Venture at all stages; and
- f) to furnish and provide all other technical expertise, knowledge necessary for the success of the Joint Venture.

3.3 Covenants of NGGB

NGGB shall, in exchange for the JV Company agreeing to issue and allot of the NGGB Subscription Shares in its favour, at its own cost and expense to furnish and provide all other technical expertise, knowledge necessary for the success of the Joint Venture and to undertake all aspects of project management of the Joint Venture at all stages.

3.4 Basis of subscription

The NGGB and DPMSB's Subscription Shares are subscribed:

- a) free from all liens, charges and encumbrances and with full legal and beneficial title;
- b) with all rights attaching thereto (including all dividends and distributions declared in respect thereof) with effect from the date of the subscription of the Subscription Shares; and
- c) subject to the provisions of the Company's Constitution.

3.5 Effective date

The JV Agreement will take effect from 29 January 2021.

4. RATIONALE

The Joint Venture provides an opportunity for the NGGB group of companies (“Group”) to expand into the business of manufacturing tissue paper in line with its current venture into the manufacturing of non-wood pulp and paper products. This is expected to allow the Group to generate a new stream of income and expand the range of products offered by the Group.

Further, the Joint Venture will allow the Group and DPMSB to leverage on the resources amongst the parties which include amongst other skills and technical expertise. In this respect, the Group intends to fund the Business under the Joint Venture through internally generated funds, bank borrowings and/or other funding alternatives, details of which are to be determined later.

The Joint Venture is expected to contribute positively to the earnings of the Group.

5. RISK FACTORS

Save for the normal business and global economic risk, the Board of Directors of NGGB is not aware of any other risk factors which may arise as a result of the Joint Venture.

6. FINANCIAL EFFECT

The JV Agreement is not expected to have any effect on the issued share and substantial shareholders’ shareholdings of the Company as it does not involve the issuance of any new ordinary shares in the Company.

The JV Agreement is not expected to have any material impact on the Company’s earnings per share, net assets and gearing for the current financial year ending 31 December 2021. However, it is expected to contribute positively to the future earnings of the Company.

7. INTEREST OF DIRECTORS, AND MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of NGGB and/or persons connected with them have any interest, direct or indirect, in the Proposed Joint Venture.

8. STATEMENT BY DIRECTORS

The Board, after having considered all aspects of the JV Agreement, is of the opinion that the Proposed Joint Venture is in the best interest of the Company and shareholders.

9. APPROVALS REQUIRED

The Proposed Joint Venture is not subject to the approval of the shareholders of NGGB or any regulatory authorities.

10. DOCUMENTS FOR INSPECTION

The JV Agreement is available for inspection at the registered office of the Company at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during the normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 January 2021.