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

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED PRIVATE PLACEMENT OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED
SHARES OF NEXTGREEN GLOBAL BERHAD (EXCLUDING TREASURY SHARES)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Nextgreen Global Berhad ("**Nextgreen**" or "**Company**") to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 19 November 2019 at 10.15 a.m., or immediately after the conclusion or adjournment of the Company's EGM (whichever is later) which will be held at the same venue on the same day at 10.00 a.m., is enclosed together with the Form of Proxy in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.

The Form of Proxy should be completed and lodged at the Registrar's Office at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia, not less than 48 hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. The lodging 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.

Last date and time for lodging the Form of Proxy..... : Sunday, 17 November 2019 at 10.15 a.m.

Date and time of the EGM : Tuesday, 19 November 2019 at 10.15 a.m.

This Circular is dated 1 November 2019

DEFINITIONS

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

“10,000 MT Pulp and Paper Mill”	:	Pulp and paper mill for the manufacture, sale and dealing with Renewable Paper Pulp Products with a production capacity of 10,000 metric tons of wood-free paper
“ACIF”	:	Asia Capital Investment Fund
“Act”	:	Companies Act 2016
“Board”	:	Board of Directors of Nextgreen
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This circular to shareholders dated 1 November 2019 in relation to the Proposed Private Placement
“Convertible Securities”	:	ESOS Options and Warrants of Nextgreen, collectively
“Deed Poll”	:	Deed Poll dated 21 August 2015 constituting the Warrants
“EFB”	:	Oil palm empty fruit bunches
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“ESOS”	:	Employees' share option scheme
“ESOS Option(s)”	:	ESOS options granted to eligible persons to subscribe for new Nextgreen Shares
“FELDA”	:	Federal Land Development Authority
“FPE”	:	Financial period ended/ ending, as the case may be
“FYE”	:	Financial year ended/ ending, as the case may be
“GDP”	:	Gross domestic products
“GTMP”	:	Green Technology Master Plan
“GTP Pekan Project”	:	Pekan Green Technology Park Project
“KPF” or “Interested Shareholder”	:	Koperasi Permodalan FELDA Malaysia Berhad
“Land”	:	Land located at Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation

DEFINITIONS (*CONT'D*)

“Letter of Intent”	:	A letter dated 28 August 2019 from KPF expressing its interests to subscribe for Placement Shares of up to 10% of the total number of issued shares of Nextgreen at an issue price to be determined later
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	7 October 2019, being the latest practicable date prior to the printing of this Circular
“LPS”	:	Loss per share
“Market Day”	:	A day on which Bursa Securities is open for trading in securities
“Maximum Scenario”	:	Assuming all the outstanding 198,290,398 Warrants are fully exercised, and all the ESOS Options are granted and exercised prior to the implementation of the Proposed Private Placement
“MIDA”	:	Malaysian Investment Development Authority
“Minimum Scenario”	:	Assuming none of the outstanding 198,290,398 Warrants are exercised, and none of the ESOS Options are granted and exercised prior to the implementation of the Proposed Private Placement
“MPOB”	:	Malaysian Palm Oil Board
“NA”	:	Net assets
“Nextgreen Group” or “Group”	:	Nextgreen and its subsidiaries, collectively
“Nextgreen” or “Company”	:	Nextgreen Global Berhad
“Nextgreen Share(s)” or “Share(s)”	:	Ordinary shares in Nextgreen
“Placement Share(s)”	:	Up to 115,905,423 new Nextgreen Shares to be issued pursuant to the Proposed Private Placement, representing up to 15% of the total number of issued shares of Nextgreen (excluding treasury shares)
“PRC RBMP Technology”	:	Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology
“Previous Private Placement”	:	Private placement involving the issuance of a total of 45,800,000 new Nextgreen Shares and was completed on 7 October 2019
“Proposed Private Placement”	:	Proposed Private Placement of up to 15% of the total number of issued shares of Nextgreen (excluding treasury shares)
“Record of Depositors”	:	A record of securities holders established and maintained by Bursa Depository
“Renewable Paper Pulp Products”	:	Renewable paper pulp products generated from EFB using the PRC RBMP Technology

DEFINITIONS (CONT'D)

“RHB Investment Bank” or “Principal Adviser”	:	RHB Investment Bank Berhad
“RM and sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions
“VWAMP”	:	Volume weighted average market price
“Warrant(s)”	:	5-year 2015/ 2020 Warrants issued by Nextgreen and constituted by the Deed Poll

Each Warrant carries the entitlement to subscribe for 1 new Nextgreen Share during the 5 years exercise period up to 18 October 2020 at an exercise price of RM0.60 per Warrant.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and/ or neuter genders and vice versa. References to persons shall include corporations.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

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. In light of these and other uncertainties, 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.

All references to “**you**” or “**your**” in this Circular are to the shareholders of Nextgreen.

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

Registered Office

802, 8th Floor, Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan

1 November 2019

Board of Directors

Dato' Dr. Haji Sohaimi Bin Shahadan (Chairman, Independent Non-Executive Director)
Dato' Lim Thiam Huat (Managing Director)
Datuk Lee Hwa Cheng (Executive Director)
Datuk Lawrence Yeo Chua Poh (Executive Director)
Chew Yuit Yoo (Senior Independent Non-Executive Director)
Thiang Chew Lan (Independent Non-Executive Director)
Dato' Dr. Koe Seng Kheng (Independent Non-Executive Director)
Dr. Hidayah Binti Ariffin (Independent Non-Executive Director)

To: The Shareholders of Nextgreen Global Berhad

Dear Sir/Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 14 October 2019, RHB Investment Bank had, on behalf of the Board, announced that the Company proposed to undertake a private placement of up to 15% of the total number of issued shares of the Company (excluding treasury shares) to the following investors:

- (i) up to 10% of the total number of issued shares of the Company to KPF; and
- (ii) up to 5% of the total number of issued shares of the Company to third party investor(s) to be identified later.

On 30 October 2019, RHB Investment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 30 October 2019 approved the listing and quotation of up to 115,905,423 Placement Shares on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 9** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS WITH THE DETAILS OF THE PROPOSED PRIVATE PLACEMENT AND TO SEEK SHAREHOLDERS' APPROVAL ON THE RESOLUTIONS PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH 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 PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement involves the issuance of up to 115,905,423 new Nextgreen Shares, representing up to 15% of the total number of issued shares of Nextgreen (excluding treasury shares) at an issue price to be determined later.

As at the LPD, the total issued share capital of Nextgreen was RM135,678,441 comprising 504,166,718 Nextgreen Shares. As at the LPD, Nextgreen does not have any treasury shares. The Company has the following convertible securities:

- (i) outstanding 198,290,398 Warrants. The Warrants are constituted by the Deed Poll and each Warrant carries the entitlement to subscribe for 1 new Nextgreen Share during the 5 years exercise period up to 18 October 2020 at an exercise price of RM0.60 per Warrant; and
- (ii) ESOS Options of up to 10% of the total number of issued shares of Nextgreen which may be granted and exercised into new Nextgreen Shares.

Assuming full granting and exercise of the Convertible Securities prior to the implementation of the Proposed Private Placement, the Company's total number of issued shares would comprise 772,702,827 Nextgreen Shares. Hence, the Proposed Private Placement would entail the issuance of up to 115,905,423 Placement Shares, representing up to 15% of the total number of issued shares of Nextgreen (excluding treasury shares).

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued shares of the Company on a date to be determined later upon obtaining all relevant approvals as set out in **Section 9** of this Circular.

2.2 Placement arrangement

- (i) KPF, a shareholder of Nextgreen, had vide its Letter of Intent, has expressed its interests (subject to (i) approval from KPF's Investment and Business Committee meeting and (ii) sufficiency of KPF's cash flow) to subscribe for the Placement Shares of up to 10% of the total number of issued shares of Nextgreen at an issue price to be determined later, based on the 5-day VWAMP of Nextgreen Shares with a discount of not more than 10% to the VWAMP immediately preceding the price-fixing date.

Information on KPF

KPF, a co-operative society incorporated under the Co-operative Societies Ordinance 1948 (now replaced with Co-operative Societies Act 1993), was established on 1 July 1980 under the name of Koperasi Permodalan Felda Berhad. On 26 August 2010, it changed its name to Koperasi Permodalan FELDA Malaysia Berhad. Based on KPF's financial report for the financial year ended 31 December 2018, the issued share capital of KPF was RM2,419,141,000. The principal activities of KPF involve investment co-operative, and also invests in other types of investment arrangements as well as being involved in palm oil farming activities.

As at the LPD, the board members of KPF are as follows:

- (a) Encik Anuar Malek
 - (b) Encik Norzuki Mustafa
 - (c) Puan Norfazlin Dato' Idris
 - (d) Dato' Zainal Hassan
 - (e) Datuk Khamis Md Som
 - (f) Dato' Ramli Ismail
 - (g) Dato' Sa'ari Din
 - (h) Dato' Zakaria Arshad
 - (i) Encik Samsudin Othman
 - (j) Puan Rahayu Mahat@Taib
 - (k) Encik Zaid Sidek
 - (l) Encik Sulong Jamil Mohamed Shariff
- (ii) The remaining of up to 25,208,335 and up to 38,635,141 Placement Shares, representing up to 5% of the total number of issued shares of Nextgreen under the Minimum Scenario and Maximum Scenario, respectively will be issued to independent third party investor(s) to be identified at a later date. Such investor(s) shall be person(s) who qualify under Schedules 6 or 7 of the Capital Markets and Services Act 2007. In addition, the Placement Shares will not be placed to the following parties:
- (a) a director, major shareholder or chief executive of Nextgreen or a holding company of Nextgreen (if applicable), or person(s) connected with such director, major shareholder or chief executive of Nextgreen; and
 - (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

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- (iii) The summary of the proposed manner of indicative allocation and pricing of the Placement Shares to the proposed placees are set out below:

Proposed placees	Proposed allocation	Number of Placement Shares		Issue price
		Minimum Scenario	Maximum Scenario	
Interested Shareholder	Up to 10%	Up to 50,416,670	Up to 77,270,282	Issue price to be determined at a later date based on the 5-day VWAMP of Nextgreen Shares with a discount of not more than 10% to the VWAMP immediately preceding the price-fixing date.
Independent third party investor(s) to be identified at a later date	Up to 5%	Up to 25,208,335	Up to 38,635,141	Issue price to be determined at a later date based on the 5-day VWAMP of Nextgreen Shares with a discount of not more than 10% to the VWAMP immediately preceding the price-fixing date.
Total	Up to 15%	Up to 75,625,005	Up to 115,905,423	

The Proposed Private Placement may be implemented in a single or multiple tranche(s) within 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities. The implementation of the Proposed Private Placement in multiple tranches would provide flexibility to Nextgreen to procure interested investors to subscribe for the Placement Shares within the period as approved by Bursa Securities.

Notwithstanding the above placement arrangements, in the event that the placement arrangements are altered, and the Interested Shareholder does not subscribe for the Placement Shares allocated to them, the Company shall endeavour to place these Nextgreen Shares to independent third party investor(s) to be identified on the same basis and issue price as the Placement Shares pursuant to the Proposed Private Placement.

2.3 Basis of determining and justification for the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a later date after receipt of all relevant approvals for the Proposed Private Placement.

The Placement Shares will be issued either at a discount of not more than 10% to the 5-day VWAMP of Nextgreen Shares immediately preceding the price-fixing date, or at a premium to be determined at the price-fixing date.

For illustrative purposes only, the indicative issue price of the Placement Shares is RM0.40 per Placement Share, which represents a premium of approximately 3.359% to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387 per Nextgreen Share.

2.4 Ranking of the Placement Shares

The Placement Shares will, upon allotment and issuance, rank equally in all respects with the then existing Nextgreen Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares.

2.5 Listing and quotation of the Placement Shares

Bursa Securities had, vide its letter dated 30 October 2019, granted its approval for the listing and quotation of up to 115,905,423 Placement Shares on the Main Market of Bursa Securities.

3. BACKGROUND INFORMATION ON GTP PEKAN PROJECT

Nextgreen Group's principal business is in the printing and publishing businesses. On 14 August 2015, Nextgreen Group had obtained the approval from its shareholders to diversify its existing principal businesses to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of Renewable Paper Pulp Products generated from oil palm EFB using the PRC RBMP Technology and other related activities including, amongst others, the following:

- (i) design, supply and fabrication of equipment, and construction of facilities for the manufacturing of Renewable Paper Pulp Products;
- (ii) trading of Renewable Paper Pulp Products and its manufactured by-products/ recycled wastes; and
- (iii) provision of consultancy and services in relation to the usage of the PRC RBMP Technology.

Nextgreen Group is of the view that such diversification would supplement its existing core businesses, thus reducing the reliance on its suppliers for the supply of paper and ensuring the long-term security and uninterrupted supply of paper at a lower price. Initially, the Group intended to build a plant with a capacity of 10,000 metric tons. This fits well with the existing business of the Group as the paper produced by its mill could replace the imported paper, usually procures from its suppliers, while the excess supply of paper produced can be sold in the market. Besides, Nextgreen Group intends to sell the paper produced by its mill to third parties as and when they are able to sell it at a higher price to generate additional revenue to the Group instead of keeping it for its own usage.

On 13 October 2016, Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) had granted the Company's wholly owned subsidiary, Ultimate Ivory Sdn Bhd, the approval for the acquisition of 375 acres of the Land for the development of the entire GTP Pekan Project. Subsequently, on 10 March 2017, Ultimate Ivory Sdn Bhd had received the approval from Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) for the acquisition of additional 35.41 acres of the Land, which is contiguous to the 375 acres of Land in GTP Pekan Project, making it a total acquisition of 410 acres of Land at a total purchase consideration of RM10.12 million. Ultimate Ivory Sdn Bhd is primarily involved in construction, development and management of the entire GTP Pekan Project.

On 20 December 2016, the shareholders of Nextgreen Group approved the proposed diversification of its core businesses to include construction, development and management of the entire GTP Pekan Project. GTP Pekan Project is based on the concept of zero waste by using green technology and biotechnology and integrating renewable energy, where the main industries locating in the park are using green technology to convert EFB into pulp and paper, box liner paper, corrugated paper and tissue paper. Also using the biotechnology to convert frond to agro-feed and other palm waste into organic fertiliser. To further develop the green technology and biotechnology know-how, the Group will set up an education hub for research and development and plans to collaborate with the local and overseas universities in Phase 4 of GTP Pekan Project. The development of GTP Pekan Project is divided into 5 phases.

Upon completion of the construction and development of Phase 1A of GTP Pekan Project, the Group will own, manage and operate its pulp and paper mill. Whereas, for Phase 2 of GTP Pekan Project, Nextgreen Group intends to enter into a joint venture with potential investors with the intention to develop Phase 2 of GTP Pekan Project. Nextgreen Group may sell the land, and sub-license the PRC PBMP Technology (including provision of machineries facilities) to the joint venture companies. The joint venture is still at the preliminary stage of planning and is subject to 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 the development of Phase 2 of GTP Pekan Project.

Nextgreen Group commenced the development for Phase 1 of GTP Pekan Project in 2016. The development is still on going as at the LPD, which includes the construction of the pulp and paper mill for the manufacture, sale and dealing with Renewable Paper Pulp Products with a production capacity of 10,000 metric tons of wood-free paper. The total costs for the acquisition of land, purchase of machineries and equipment, construction of factory for the 10,000 MT Pulp and Paper Mill were partially funded by the proceeds raised from the rights issue exercise undertaken by Nextgreen, and internally generated funds and/ or bank borrowings. A total gross proceeds of RM41.64 million from the said rights issue exercise with the allotment and issuance of 99,145,199 Nextgreen Shares at an issue price of RM0.42 per Share, undertaken by Nextgreen which was completed on 22 October 2015. The Company had, on 17 October 2018, announced that the timeline for the utilisation of the remaining proceeds raised from the said rights issue exercise allocated for purchase of plant and machinery and other ancillary facilities to be extended up to 22 October 2019. As at the LPD, the remaining proceeds raised from the said rights issue exercise have been fully utilised.

On 14 December 2018, Nextgreen had undertaken the Previous Private Placement and was completed on 7 October 2019. Nextgreen raised a total gross proceeds of RM19.39 million from the Previous Private Placement exercise whereby partial of the proceeds were utilised by Nextgreen Group for the infrastructure costs related to the development of GTP Pekan Project. As at the LPD, there is a balance of RM6.76 million which has yet to be utilised for the payment of the said Land.

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3.1 Status of GTP Pekan Project

As at the LPD, GTP Pekan Project comprises of, amongst others, integrated pulp and paper mills, feed mill, fertiliser plant, light industries, centralised wastewater treatment plant and alkali recovery treatment plant. The development of GTP Pekan Project can be divided into 5 phases as set out below:

Phases	Estimated gross development costs (RM'000)	Estimated gross development value (RM'000)	Estimated gross development profits (RM'000)	Expected commencement and completion (Calendar year)	Proposed development
Phase 1A (20.00 acres)	81,674 ⁽²⁾	Not applicable ⁽³⁾	10,000	2016- 2020 ⁽⁴⁾ - Approval for the manufacturing license has been obtained from the Ministry of International Trade and Industry on 30 August 2019. - The land approval has been obtained from the relevant authorities on 13 October 2016.	Pulp and paper mill with a production capacity of: (a) 10,000 metric tons of wood free paper; and (b) 2,000 metric tons of unbleached pulp for premium packaging paper <i>(Production capacity has been upgraded from the previous 10,000 metric tons to current 12,000 metric tons)</i>
Phase 1B (12.09 acres)	Not applicable as announced by the Company on 27 July 2017, Nextgreen Group had completed the disposal of approximately 12.09 acres of leasehold land within the Land for GTP Pekan Project to Dengkil Paper Mill Sdn Bhd involving the construction of a tissue paper mill with production capacity of 5,000 metric tons of tissue paper using the PRC RBMP Technology.				(a) Pulp and paper mill with production capacity of 5,000 metric tons of tissue paper using the PRC RBMP Technology. Buyer will operate its pulp and paper mill using the PRC RBMP Technology.
Phase 2 ⁽¹⁾	872,455 ⁽²⁾	Not applicable ⁽³⁾	140,000	2020-2022 Applications have yet to be made to the relevant authorities.	(a) Pulp and paper mill with production capacity of 100,000 metric tons of box liner paper using the PRC RBMP Technology; (b) Pulp and paper mill with production capacity of 120,000 metric tons of corrugated paper using the PRC RBMP Technology; and (c) Waste water treatment plant – Waste water generated from GTP Pekan Project's manufacturing processes will be channeled into the waste water treatment plant and the treated water will be used in the pulp processing and paper mill.

(cont'd)

Phases	Estimated gross development costs (RM'000)	Estimated gross development value (RM'000)	Estimated gross development profits (RM'000)	Expected commencement and completion (Calendar year)	Proposed development
Phase 3	Not available as it is still at the preliminary stage of planning and the development plans have not been finalised at this juncture.				(a) Pulp and paper mill with higher production capacity of 65,000 metric tons of tissue paper using the PRC RBMP Technology.
Phase 4	Not available as it is still at the preliminary stage of planning and the development plans have not been finalised at this juncture.				(a) Feed mill with production capacity of 30,000 metric tons of agro-feed using the microbial fermentation technology; (b) Fertiliser plant with production capacity of 50,000 metric tons of fertiliser using the by-products produced from the biogas plant; and (c) Education and research and development hub in collaboration with local and foreign universities.
Phase 5	Not available as it is still at the preliminary stage of planning and the development plans have not been finalised at this juncture.				(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 as raw material for the packaging and printing industries.

Notes:

- (1) As announced by the Company on 16 October 2018, the Company had entered into an investment agreement with ACIF whose principal activities involve raising funds for investment and the management and investment of funds particularly in listed securities of companies producing green (eco-friendly) products.

ACIF had agreed to invest a sum of RM400 million into several special purpose vehicle companies to be incorporated and 100% owned by Nextgreen which are assigned to manage, inter-alia, GTP Pekan Project and 2 other green technology projects in Johor and Sarawak which are currently in the pipeline (known as GTP Johor Project and GTP Sarawak Project, respectively).

ACIF has agreed to invest in the special purpose vehicle companies to be incorporated which will be wholly- owned by Nextgreen in the following manner:

- (a) subscription of 280,000,000 new cumulative redeemable preference shares at an issue price of RM1.00 each; and
- (b) loan of RM120,000,000.

The investment structure is set out below:

Total investment = Share capital + Loan			
Projects	Share capital (RM'000)	Loan (RM'000)	Total (RM'000)
GTP Pekan Project (Phase 2)	100,000	100,000	200,000
GTP Johor Project	80,000	20,000	100,000
GTP Sarawak Project	100,000	-	100,000
Total	280,000	120,000	400,000

The funds from such investment would mainly be utilised for working capital requirements and other operational costs for the above projects. 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.

In addition, on 8 November 2018, the Company announced that it had signed a memorandum of understanding with IHI Corporation and Nomura Holdings, Inc. The rationale of such memorandum of understanding is for the parties to collaborate and work together to discuss the possibility of developing a business structure for a green technology investment partnership and to conduct a feasibility study on the green technology business which may involve sale of EFB pulp, EFB paper and EFB pellets, and to procure EFB to be shared for both products.

IHI Corporation has vast experience and various knowledge in relation to energy solution and has begun commercial operation to produce EFB pellets and desire to secure a stable procurement route for necessary volume of EFB. While, Nomura is a financial holding company and operates globally and is expected to contribute through its financial advisory services or through its affiliates has gained in the financial knowledge for the realisation of green technology.

The scopes of the feasibility study were set out below:

- (i) cooperation in planning, development and management of GTP Pekan Project;
- (ii) collaboration in all other auxiliary facilities to support GTP Pekan Project as a self-sustained green park;
- (iii) collaboration in development and management of other green technology projects, not limited to GTP Pekan Project; and
- (iv) collaboration in further research and development of utilisation of palm waste into usable products including but not limited to utilisation of palm kernel shell, oil palm trunk, oil palm frond and palm oil mill effluent.

- (2) The breakdown components of the estimated gross development costs and the source of funding for Phase 1A and Phase 2 of GTP Pekan Project are set out below:

Phases	Components	RM'000	Source of funding
Phase 1A	▪ Land (20 acres)	1,500	It was partially funded by the rights issue exercise which raised a total gross proceeds of RM41.64 million, of which RM33.10 million was utilised for the purchase of plant and machinery and other ancillary facilities for the 10,000 MT Pulp and Paper Mill for Phase 1A. Besides, it was also partially funded by the Previous Private Placement with a total gross proceeds of RM19.39 million, of which RM5.08 million was utilised for the construction of the main building in Phase 1A. The proceeds from the Proposed Private Placement will be solely utilised for Phase 1A of GTP Pekan Project. For the remaining completion of the construction of Phase 1A GTP Pekan Project, the Group intends to finance it via internally generated funds and/or bank borrowings.
	▪ Machinery, equipment, transportation, installation and engineering design	37,427	
	▪ Earth and piling works	4,510	
	▪ Construction of main building works	15,467	
	▪ External works such as road, drainage, landscaping and other factory ancillary facilities	6,382	
	▪ Mechanical and electrical works	12,888	
	▪ Other development costs such as plan fees, stamp duty and assessment, and professional fees	3,500	
	Subtotal	81,674	
Phase 2	▪ Land	82,244	It will be partially funded by the proceeds of RM200 million to be raised via ACIF and via future fund raising exercises of RM500 million and the details of which has yet to be finalised at this juncture. Besides, it was also partially funded by the Previous Private Placement with a total gross proceeds of RM19.39 million, of which RM5.06 million was utilised for the infrastructure costs related to the development of Phase 2 which include sand backfilling for main access roads, site clearance, earthwork and other site preparation as well as improvements for wetland, sand stockpiled area and ground improvement and etc. Nextgreen Group intends to fund the remaining Phase 2 projects via joint ventures with potential investors.
	▪ Construction of pulp and paper mills	288,398	
	▪ Machinery, equipment, transportation, installation and engineering design	460,251	
	▪ Other development costs such as plan fees, stamp duty and assessment, and professional fees	41,562	
	Subtotal	872,455	

- (3) (i) The estimated gross development value for Phase 1A of GTP Pekan Project is not applicable as the construction of Phase 1A of GTP Pekan Project is mainly for Nextgreen Group's own usage.
- (ii) The estimated gross development value for Phase 2 of GTP Pekan Project is not applicable at this juncture 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.
- (4) The expected percentage of completion for Phase 1A of GTP Pekan Project is approximately 58.00%.

For Phases 3 to 5, the total estimated gross development value, total gross development costs and total expected profits are 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 potential investors have yet to be identified at this juncture. 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.

In addition, Nextgreen Group intends to fund the remaining Phases 3 to 5 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, cost 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.

4. PROPOSED UTILISATION OF PROCEEDS

The actual proceeds to be raised from the Proposed Private Placement is dependent on the issue price and actual number of the Placement Shares to be issued.

Based on the indicative issue price of RM0.40 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM46.36 million. The proceeds are intended to be utilised by Nextgreen Group in the following manner:

Proposed utilisation	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Timeframe for utilisation from the listing of the Placement Shares
1. Construction of the remaining Phase 1A of GTP Pekan Project	(a)	23,500	37,000	Within 24 months
2. Purchase of additional equipment for Phase 1A of GTP Pekan Project	(b)	3,400	5,000	Within 24 months
3. Payment for other development costs for Phase 1A of GTP Pekan Project	(c)	3,130	4,142	Within 24 months
4. Estimated expenses in relation to the Proposed Private Placement	(d)	220	220	Upon completion of the Proposed Private Placement
	Total	<u>30,250</u>	<u>46,362</u>	

Notes:

- (a) *Nextgreen Group intends to utilise up to approximately RM37.00 million of the proceeds to be raised to partially finance the construction of the remaining Phase 1A of GTP Pekan Project. The proceeds will be utilised for, amongst others, main building works, external works for road, drainage, soft landscaping and factory ancillary facilities, and mechanical and electrical works which include boilers and plants powered by fuels of organic origin (biomass steam boiler), use of cranes and locally manufactured equipment.*

- (b) Nextgreen Group intends to utilise up to approximately RM5.00 million of the proceeds to be raised to purchase unbleached pulp equipment to cater for 2,000 metric tons of unbleached pulp for premium packaging paper. The details are set out below:

No.	Types of equipment	Units
1.	Pulp slushing tank	1
2.	Pulp storage tank	1
3.	Screw wire belt washer	1
4.	Middle consistency pressure screen	2
5.	Plastic tank	5
6.	Filtrate pump	4
7.	Dry solids pulp pump	8
8.	Screw conveyor	1
9.	Air water separator	1
10.	Fan	1
11.	Pulp chest propeller	2
12.	Pipe valve	1
13.	Automatic control	1
14.	Frequency conversion motor	1
15.	EFB stock bin	1
16.	Spray drying tower	1
17.	Air heating furnace	1
18.	Other facilities such as 1 unit each of oxygen generation system, stainless steel oxygen bleaching tower, oxygen discharge pot and etc.	7

- (c) Nextgreen Group intends to utilise up to approximately RM4.14 million of the proceeds to be raised for payment for other development costs for Phase 1A of GTP Pekan Project which consists of fees to be paid to the relevant authorities for utilities and services such as water, sewerage and electrical services, other development fees that include planning and submission fees for development and building plans, and professional fees which include architecture and land surveyor fees.
- (d) The estimated expenses in relation to 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 construction of the remaining Phase 1A of GTP Pekan Project.

Pending the utilisation of proceeds raised from the Proposed Private Placement, any unutilised proceeds will be placed in deposits with financial institutions or short-term money market instruments as the Board may deems fit.

5. RATIONALE AND JUSTIFICATION FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement will enable Nextgreen to raise funds for the construction and development of the remaining Phase 1A (including purchase of equipment) of GTP Pekan Project.

After due consideration of the various methods of fund raising as well as the capital structure of the Company, the Board is of the opinion that the Proposed Private Placement is the most appropriate means of raising funds for the following reasons:

- (i) allows Nextgreen to raise funds expeditiously and cost effectively without incurring interest costs as compared to bank borrowings. This allows the Company to preserve cash flow for reinvestment and/ or operational purposes for future growth;
- (ii) the Proposed Private Placement is comparatively a more efficient avenue to raise the required quantum of funds as opposed to other forms of equity fund raising approaches such as rights issue exercise, which although is a pro-rata issuance of securities to all the shareholders, it usually requires a higher percentage of discount to the prevailing market price as compared to an issuance of shares under a placement exercise and typically entails a longer implementation time;
- (iii) allows Nextgreen Group to have more flexibility over its cash flow funding as Nextgreen Group has recorded a cash and bank balances of RM0.34 million as at 30 June 2019. Therefore, the Proposed Private Placement is the most appropriate fund raising in view of Nextgreen Group's cash flows position;
- (iv) the Proposed Private Placement indicates the continued commitment of the Interested Shareholder as the Interested Shareholder intends to make further substantial investments into Nextgreen Group to support its expansion and growth plans, which would ultimately benefit all shareholders of Nextgreen Group; and
- (v) upon the completion of the Proposed Private Placement, the enlarged capital base is also expected to further strengthen the financial position of Nextgreen Group, increasing financing flexibility and reducing current gearing levels.

(a) Status of the past fund raising exercises undertaken by Nextgreen Group

On 22 October 2015, Nextgreen had completed a rights issue, raising a total gross proceeds of RM41.64 million from the rights issue exercise with the allotment and issuance of 99,145,199 Nextgreen Shares at an issue price of RM0.42 per Share. The said proceeds have been utilised as follows:

Utilisation of proceeds	Proposed utilisation as per circular to shareholders dated 28 July 2015 (RM)	Actual utilisation as at the LPD (RM)	Balance unutilised (RM)	Timeframe for utilisation from the completion of rights issue exercise
Acquisition of the Land	7,000	7,000	-	Within 24 months
Purchase of plant and machinery and other ancillary facilities for the 10,000 MT Pulp and Paper Mill	33,641	33,641	-	Within 24 months *
Estimated expenses in relation to the rights issue exercise	1,000	1,000	-	Within 6 months
Total proceeds raised	41,641	41,641	-	

Note:

* As announced by the Company on 17 October 2018, the timeline for utilisation of the remaining proceeds raised from the said rights issue exercise allocated for purchase of plant and machinery and other ancillary facilities was extended up to 22 October 2019. As at the LPD, the remaining proceeds raised from the said rights issue exercise have been fully utilised.

On 7 October 2019, Nextgreen completed the Previous Private Placement involving an issuance of 45,800,000 new Nextgreen Shares, where 21,300,000 and 24,500,000 new Nextgreen Shares have been issued at an issue prices of RM0.45 and RM0.40 per Share, respectively. The said proceeds have been utilised as follows:

Utilisation of proceeds	Proceeds raised as at the LPD (RM'000)	Actual utilisation as at the LPD (RM'000)	Balance unutilised (RM'000)	Timeframe for utilisation from the listing of placement shares
Payment for the Land	6,758	-	6,758	Within 12 months
Infrastructure cost for the development of main building of Phase 1A of GTP Pekan Project	5,080	5,080	-	Within 12 months
Infrastructure costs related to the development of Phase 2 of GTP Pekan Project which include sand backfilling for main access roads, site clearance, earthwork and other site preparation as well as improvements for wetland, sand stockpiled area and ground improvement and etc	5,058	5,058	-	Within 12 months
Working capital	2,339	2,339	-	Within 12 months
Estimated expenses in relation to the Previous Private Placement	150	150	-	Within 1 month
Total proceeds raised	19,385	12,627	6,758	

(b) Value creation for the Company and its securities holders and potential dilution to other existing shareholders arising from the Proposed Private Placement

The proposed proceeds to be raised from the Proposed Private Placement will be utilised for the construction of the remaining Phase 1A of GTP Pekan Project, in particular its construction costs, purchase of equipment and other development costs as set out in **Section 4** of this Circular. Phase 1A of GTP Pekan Project would provide Nextgreen Group with the production capacity of 10,000 metric tons of wood free paper, and 2,000 metric tons of unbleached pulp for premium packaging paper.

In addition, the potential collaboration and investments from strategic partners involving Nextgreen's PRC RBMP Technology of converting palm oil waste into pulp and paper for GTP Pekan Project would allow the Group to enter the business which may involve sale of EFB pulp, EFB paper and EFB pellets including the procurement of EFB as well as production of box liner paper and corrugated paper using the PRC RBMP Technology. The Group will continue to seek other potential investors by identifying investors who are pursuing green technology or renewable energy and whom may also be interested in pursuing such green projects to be located in GTP Pekan Project. It also acts as an avenue for the PRC RBMP Technology to be utilised, taking full advantage of an abundantly available and sustainable raw material produced by the local palm oil industry i.e. EFB – at competitive rate. It is a 'hybrid' of chemical, mechanical and thermal processes that can preserve the condition of EFB fiber for paper production. This is expected to have a positive impact on the financial performance of the Group when the anticipated benefits from GTP Pekan Project are realised, and thus directly enhance Nextgreen's shareholders' value.

Despite the Proposed Private Placement having a dilutive impact on the EPS and shareholdings of Nextgreen's existing shareholders, the Board believes that the potential accretive effects arising from the Proposed Private Placement will result in improvement of the financial performance which leads to the growth of the Group's future earnings. The Proposed Private Placement will enlarge the share capital of the Company and further strengthen the financial position of the Company.

6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy grew at a stronger pace of 4.9% in the second quarter of 2019 (1Q 2019: 4.5%), supported by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.0% (1Q 2019: 1.1%).

Private sector activity remained the key driver of growth during the quarter. Private consumption expanded by 7.8% (1Q 2019: 7.6%), supported by continued income growth and festive spending during the quarter. Selected Government measures, such as the special Aidilfitri assistance and Bantuan Sara Hidup, also provided some lift to overall household spending. Private investment expanded at a faster pace of 1.8% (1Q 2019: 0.4%), supported by increased capital spending in the services and manufacturing sectors.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2019, Bank Negara Malaysia)

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% – 4.8% in 2019 (2018: 4.7%). The external sector is expected to register a more moderate expansion in tandem with the moderation in global growth. Private sector activity will remain the anchor of growth amid continued rationalisation in the public sector. Labour market conditions are expected to remain supportive of growth, while inflation is projected to be broadly stable compared to 2018. Growth will be supported by the gradual recovery from the unanticipated commodity disruptions in 2018, which will also benefit the manufacturing sector and trade activity.

(Source: Outlook and Policy 2019, Bank Negara Malaysia)

6.2 Overview and prospects of the Malaysian oil palm biomass industry

According to the MPOB, Malaysia exported 24.8 million tonnes of oil palm products in 2018, contributing RM67.7 billion in revenue to the overall Malaysian economy.

The Government is committed to promoting and growing the oil palm products industry. Throughout 2018, MIDA participated in various awareness and outreach programmes. From 24 to 27 July 2018, MIDA worked alongside the Malaysian Biomass Industries Confederation in the Sarawak International Palm Oil Week, which was held in Sibu, Sarawak. At the 38th Palm Oil Familiarisation Programme, organised by MPOB from 12 to 18 August 2018, MIDA gave an overall perspective of the Malaysian palm oil industry to overseas participants. In the final quarter, it continued to carry the baton by participating in the Palm Oil Refiners Association of Malaysia's Annual Forum 2018 on 26 October 2018 in Selangor.

In 2018, a total of 12 projects with investments totalling RM384 million were approved in the oil palm products industry, with five new projects and seven expansion/diversification projects. Domestic investments dominated the industry, totalling RM332.7 million, with foreign direct investments amounting to RM51.3 million.

Every year, Malaysia produces approximately 168 million tonnes of biomass. Of this, over 80 million tonnes is generated by the palm oil industry. As the production technology is mature and proven, with relatively low infrastructure development costs and quick return of investment, palm biomass production in the country mainly concentrates on the manufacturing of fibre, briquettes, and pellets.

In the palm biomass industry, seven projects with investments of RM243.9 million were approved in 2018 – triple the investments of RM78.4 million in 2017. This represented a significant increase in capital investments per project. Foreign investments amounting to RM151.4 million represented 62% of total investments, with domestic direct investment making up the remaining RM92.5 million. The approved projects are expected to generate 592 employment opportunities.

(Source: Malaysia Investment Performance Report 2018, MIDA)

The 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)

6.3 Overview and prospects of the Malaysian pulp and paper industry

The three large sub-sectors within Malaysia's paper, printing, and publishing industry include pulp manufacturing; paper and paper product manufacturing; and printing and publishing.

According to the Malaysian Pulp and Paper Manufacturer Association, a total of 1.4 million metric tonnes of waste paper were collected and processed in 2017. The industry's performance remains steady, with over 20 paper mills in the country with a total production capacity of 1.9 million metric tonnes annually.

Opportunities abound for investors in this industry. For instance, paper can also be produced from palm biomass. With 5.8 million hectares of oil palm plantations, Malaysia has a competitive advantage in this regard.

The Government has introduced the Automation Capital Allowance for industry players, empowering them to transform their processes whilst producing higher-value products. The paper, printing, and publishing industry recorded a tremendous jump in growth as compared with its 2017 performance. A total of 30 projects were approved with investments of RM5.4 billion in 2018, or a massive 1,463% increase over 2017's figure of RM347.9 million. The industry's capital investment per employee (CIPE) also recorded an increase of RM1.2 million (164%) over 2017's CIPE of RM704,000. These projects will provide 2,923 employment opportunities, with the majority of investments totalling RM4.3 billion (80%) coming from 13 new projects. Foreign investments dominated the industry, totalling RM5.0 billion (92%).

(Source: Malaysia Investment Performance Report 2018, MIDA)

6.4 Prospects of Nextgreen Group

In view of the government's initiatives and support for green technology and application of oil palm biomass products in the pulp and paper industry, the Board is of the view that such positive prospects will bode well for Nextgreen Group's venture in the wood free pulp and paper industry which in turn, will contribute positively to the future financial performance of Nextgreen Group.

As paper represents a large percentage of the total production cost for Nextgreen Group, it aims to be a manufacturer of Renewable Paper Pulp Products by using oil palm EFB as the main source of virgin fibre. EFB is a biomass waste generated by the oil palm industry and therefore the fibre derived from EFB is cost competitive.

The PRC RBMP Technology opens the platform to tap into new business opportunities. The Company will have a major competitive advantage over its other printing competitors by providing clients in Malaysia and overseas a choice of using paper manufactured from a sustainable source at competitive rate. It augurs well for the Company's printing clients as globally companies are under increasing pressure to comply with environmental laws and therefore will view this service of sustainable paper favorably.

Moreover, in view of the investment agreement with ACIF and memorandum of understanding signed between potential investment partners i.e. IHI Corporation and Nomura Holdings, Inc., the Group is in the midst of exploring potential collaboration and investment involving the Company's PRC RBMP Technology of converting palm oil waste into pulp and paper for GTP Pekan Project which would allow the Group to explore together with its investment partners, the business which may involve sale of EFB pulp, EFB paper and EFB pellets including the procurement of EFB as well as production of box liner paper and corrugated paper using the PRC RBMP Technology. The Group will continue to seek other potential investors by identifying investors who are pursuing green technology or renewable energy and whom may also be interested in pursuing such green projects to be located in GTP Pekan Project.

Nextgreen Group has intended to position itself to be in line with the 2030 Agenda for Sustainable Development which was adopted by the United Nations General Assembly in 2015. The 2030 Agenda for Sustainable Development forms the new global development framework anchored around 17 Sustainable Development Goals with a total of 169 targets covering economic, social development, and environmental protection, which is aligned with the Malaysian government's support of the aforementioned agenda.

In addition, Nextgreen Group intends to replicate similar model and market of the PRC RBMP Technology to palm oil mills or third parties, supply and fabricate equipment, construct facilities for the manufacturing of Renewable Paper Pulp Products tailored to the palm oil mill's specifications, trade Renewable Paper Pulp Products and its manufactured by-products/ recycled wastes etc, all of which are expected to contribute positively to the future earnings of Nextgreen Group.

With the expected completion of the production facility for the pulp and paper business by March 2020 and its ready buyers of the products and the potential investors/ buyers of developed land at GTP Pekan Project, the Group will be able to improve its business' profitability. This will help to improve the working capital of the printing business to enable it to purchase paper at lower costs and be competitive in winning print orders. In view of the foregoing, the Group will be able to perform satisfactorily.

(Source: The management of Nextgreen Group)

7. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

7.1 Issued share capital

The proforma effects of the Proposed Private Placement on the issued share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Nextgreen Shares	RM	No. of Nextgreen Shares	RM
Issued share capital as at the LPD	504,166,718	135,678,441	504,166,718	135,678,441
New Shares to be issued assuming full exercise of the Warrants	-	-	198,290,398	135,828,923 ⁽¹⁾
New Shares to be issued assuming full granting and exercise of the ESOS Options	-	-	70,245,711	35,825,313 ⁽²⁾
After full granting and exercise of the Convertible Securities	504,166,718	135,678,441	772,702,827	307,332,677
New Shares to be issued pursuant to the Proposed Private Placement ⁽³⁾	75,625,005	30,030,002	115,905,423	46,142,169
Enlarged issued share capital	579,791,723	165,708,443	888,608,250	353,474,846

Notes:

- (1) Based on the exercise price of RM0.60 per Warrant and after accounting for the reversal of the Warrants reserve of RM16,854,684.
- (2) Based on the illustrative exercise price of RM0.35 per ESOS Option, which represents a discount of 9.561% to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387 and after accounting for the reversal of the ESOS Options reserve amounting to RM11,239,314 (based on the fair value of the ESOS Options of RM0.16 each).
- (3) Based on the indicative issue price of RM0.40 per Placement Share, which represents a premium of 3.359% to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387 and after deducting the estimated expenses in relation to the Proposed Private Placement of RM220,000.

7.2 NA and gearing

The proforma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 30 June 2018	(I) After adjustment for subsequent events ⁽¹⁾	(II) After (I) and the Proposed Private Placement
	RM	RM	RM
Share capital	114,591,680	135,678,441 ⁽²⁾	165,708,443 ⁽³⁾
Warrant Reserve	16,854,684	16,854,684	16,854,684
Share premium	2,797,932	-	-
Merger reserve	(16,832,846)	(16,832,846)	(16,832,846)
Treasury shares	(8,194,763)	-	-
Foreign currency translation	(315,231)	(315,231)	(315,231)
Retained earnings	9,585,804	9,585,804	9,585,804
Equity attributable to owners of the Company	118,487,260	144,970,852	175,000,854
Number of Nextgreen Shares in issue	458,366,718	504,166,718	579,791,723
NA per Nextgreen Share (RM)	0.26	0.29	0.30
Total borrowings (RM)	6,252,125	6,252,125	6,252,125
Gearing (times)	0.05	0.04	0.04

Notes:

- (1) After taking into account the issuance of 45,800,000 new shares pursuant to the Previous Private Placement which was completed on 7 October 2019. In addition, the Company has also disposed of all of the treasury shares with a net loss on disposal of RM955,079.
- (2) With the introduction of the Act effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. The Act also provides that the share premium account shall become part of the share capital within 24 months from the effective date. Consequently, the balance of RM2,797,932 in the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.
- (3) Based on the issuance of 75,625,005 Placement Shares at an indicative issue price of RM0.40 per Share (based on 3.359% premium to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387) and after deducting the estimated expenses in relation to the Proposed Private Placement of RM220,000.

Maximum Scenario

		(I)	(II)	(III)	(IV)
	Audited as at 30 June 2018 RM	After adjustment for subsequent events ⁽¹⁾ RM	After (I) and the full exercise of outstanding warrants RM	After (I) and (II) and the full exercise of the ESOS Options RM	After (I), (II) and (III) and the Proposed Private Placement RM
Share capital	114,591,680	135,678,441 ⁽²⁾	271,507,364 ⁽³⁾	307,332,677 ⁽⁴⁾	353,474,846 ⁽⁵⁾
Warrant Reserve	16,854,684	16,854,684	-	-	-
Share premium	2,797,932	-	-	-	-
Merger reserve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Treasury shares	(8,194,763)	-	-	-	-
Foreign currency translation	(315,231)	(315,231)	(315,231)	(315,231)	(315,231)
Retained earnings	9,585,804	9,585,804	9,585,804	(1,653,510) ⁽⁴⁾	(1,653,510)
Equity attributable to owners of the Company	118,487,260	144,970,852	263,945,091	288,531,090	334,673,259
Number of Nextgreen Shares in issue	458,366,718	504,166,718	702,457,116	772,702,827	888,608,250
NA per Nextgreen Share (RM)	0.26	0.29	0.38	0.37	0.38
Total borrowings (RM)	6,252,125	6,252,125	6,252,125	6,252,125	6,252,125
Gearing (times)	0.05	0.04	0.02	0.02	0.02

Notes:

- (1) After taking into account the issuance of 45,800,000 new shares pursuant to the Previous Private Placement which was completed on 7 October 2019. In addition, the Company has also disposed of all of the treasury shares with a net loss on disposal of RM955,079.
- (2) With the introduction of the Act effective 31 January 2017, the concept of authorised share capital and par value of share capital has been abolished. The Act also provides that the share premium account shall become part of the share capital within 24 months from the effective date. Consequently, the balance of RM2,797,932 in the share premium account was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Act.
- (3) Based on the exercise price of RM0.60 per Warrant and after accounting for the reversal of the Warrants reserve of RM16,854,684.
- (4) Based on the illustrative exercise price of RM0.35 per ESOS Option, which represents a discount of 9.561% to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387 and after accounting for the reversal of the ESOS Options reserve amounting to RM11,239,314 (based on the fair value of the ESOS Options of RM0.16 each).
- (5) Based on the issuance of 115,905,423 Placement Shares at an indicative issue price of RM0.40 each (based on 3.359% premium to the 5-day VWAMP of Nextgreen Shares up to and including the LPD of RM0.387 and after deducting the estimated expenses in relation to the Proposed Private Placement of RM220,000).

7.3 Substantial shareholders' shareholdings

The proforma effects of the Proposed Private Placement on the substantial Shareholders' shareholdings based on the register of substantial Shareholders of the Company as at the LPD are as follows:

Minimum Scenario

	As at the LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%
Dato' Lim Thiam Huat	74,352,564	14.75	4,910,000 ⁽¹⁾	0.97	74,352,564	12.82	4,910,000 ⁽¹⁾	0.85
FELDA	43,914,101	8.71	-	-	43,914,101	7.57	-	-
Ling Siew Luan	39,955,899	7.93	-	-	39,955,899	6.89	-	-
Amechanus Ventures Sdn Bhd	30,000,000	5.95	-	-	30,000,000	5.17	-	-
Multiway Trading Ltd	45,000,000	8.93	-	-	45,000,000	7.76	-	-
KPF ⁽²⁾	25,060,000	4.97	-	-	75,476,670	13.02	-	-
Investor(s) to be identified	-	-	-	-	25,208,335	4.35	-	-

Notes:

(1) Deemed interested in the shares held by his daughter, Lim Kah Yen.

(2) As at the LPD, KPF is not a substantial shareholder of Nextgreen. Upon completion of the Proposed Private Placement, KPF will become a substantial shareholder of Nextgreen.

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Maximum Scenario

	As at the LPD				(I) After full exercise of the outstanding Warrants ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%
Dato' Lim Thiam Huat	74,352,564	14.75	4,910,000 ⁽¹⁾	0.97	150,784,568	21.47	4,910,000 ⁽¹⁾	0.70
FELDA	43,914,101	8.71	-	-	43,914,101	6.25	-	-
Ling Siew Luan	39,955,899	7.93	-	-	45,487,197	6.48	-	-
Amechanus Ventures Sdn Bhd	30,000,000	5.95	-	-	30,000,000	4.27	-	-
Multiway Trading Ltd	45,000,000	8.93	-	-	45,000,000	6.41	-	-
KPF ⁽⁵⁾	25,060,000	4.97	-	-	25,060,000	3.57	-	-
Investor(s) to be identified	-	-	-	-	-	-	-	-

	(II) After (I) and full grant and exercise of the ESOS Options ⁽³⁾				(III) After (II) and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%	No. of Nextgreen Shares	%
Dato' Lim Thiam Huat	154,296,854 ⁽⁴⁾	19.97	4,910,000 ⁽¹⁾	0.64	154,296,854	17.36	4,910,000 ⁽¹⁾	0.55
FELDA	43,914,101	5.68	-	-	43,914,101	4.94	-	-
Ling Siew Luan	45,487,197	5.89	-	-	45,487,197	5.12	-	-
Amechanus Ventures Sdn Bhd	30,000,000	3.88	-	-	30,000,000	3.38	-	-
Multiway Trading Ltd	45,000,000	5.82	-	-	45,000,000	5.06	-	-
KPF ⁽⁵⁾	25,060,000	3.24	-	-	102,330,282	11.52	-	-
Investor(s) to be identified	-	-	-	-	38,635,141	4.35	-	-

Notes:

- (1) Deemed interested in the shares held by his daughter, Lim Kah Yen.
- (2) Assuming all 198,290,398 outstanding Warrants are exercised into new Nextgreen Shares.
- (3) Assuming all the ESOS Options are exercised into new Nextgreen Shares.
- (4) Assuming Dato' Lim Thiam Huat is granted 5% of the total number of ESOS Options which can be granted and exercised into new Nextgreen Shares. All of the ESOS Options granted to him are assumed to be exercised in full.
- (5) As at the LPD, KPF is not a substantial shareholder of Nextgreen. Upon completion of the Proposed Private Placement, KPF will become a substantial shareholder of Nextgreen.

7.4 Earnings and EPS

The Board expects the Proposed Private Placement to contribute positively to the future earnings of the Group via the utilisation of proceeds as set out in **Section 4** of this Circular.

Subsequent to the completion of the Proposed Private Placement, the EPS of Nextgreen Group shall be correspondingly diluted as a result of the increase in the number of Shares arising from the Proposed Private Placement.

The potential effects of the Proposed Private Placement on the consolidated earnings of Nextgreen moving forward will depend on, amongst others, the number of Placement Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Private Placement.

7.5 Convertible Securities

As at the LPD, there are:

- (i) outstanding 198,290,398 Warrants; and
- (ii) ESOS Options of up to 10% of the total number of issued shares of Nextgreen which may be granted and exercised into new Nextgreen Shares.

In accordance with the provisions of the Deed Poll governing the Warrants and the by-laws governing the ESOS, the Proposed Private Placement will not result in any adjustments to the exercise price and/ or number of outstanding Warrants and ESOS Options.

Save for the above, the Company does not have any other outstanding convertible securities as at the LPD.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Nextgreen Shares as traded on Bursa Securities for the past 12 months up to and including the LPD are set out in the table below:

	High RM	Low RM
<u>2018</u>		
October	0.51	0.39
November	0.64	0.48
December	0.55	0.40
<u>2019</u>		
January	0.51	0.42
February	0.52	0.44
March	0.52	0.46
April	0.50	0.41
May	0.43	0.36
June	0.39	0.36
July	0.49	0.37
August	0.44	0.38
September	0.41	0.38

The last transacted market price of the Shares on 11 October 2019 (being the last trading day prior to the announcement of the Proposed Private Placement)	RM0.40
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The last transacted price of the Shares on 29 October 2019 (being the latest practicable date prior to the printing of this Circular)	RM0.39
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(Source: Bloomberg)

9. APPROVALS REQUIRED

The Proposed Private Placement is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing and quotation of the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, which was obtained vide its letter dated 30 October 2019, subject to, amongst others, the following conditions:

No.	Conditions	Status of compliance
1.	Nextgreen and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be met
2.	Nextgreen and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement; and	To be met
3.	Nextgreen to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.	To be met

- (ii) (a) the shareholders of Nextgreen for the Proposed Private Placement; and
- (b) the non-interested shareholders of Nextgreen for the resolution in relation to the allocation of the Placement Shares to the Interested Shareholder,
- at the forthcoming EGM.
- (iii) any other relevant authorities/ parties, if required.

The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Private Placement, there are no other outstanding corporate proposals which have been announced by Nextgreen but are pending completion.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Private Placement is expected to be completed by the first quarter of 2020.

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

Save as disclosed below, as at the LPD, none of the directors and/ or major shareholders of the Company and persons connected to them have any interests, direct or indirect/ deemed, in relation to the Proposed Private Placement.

KPF, a shareholder of Nextgreen, holds directly 4.97% equity interest in Nextgreen. Pursuant to the Proposed Private Placement, the Company proposes to issue up to 10% of the total number of issued shares of Nextgreen to KPF. Subject to obtaining the relevant approvals from the authorities and after the implementation of the Proposed Private Placement, KPF will become a major shareholder resulting from the Proposed Private Placement.

Accordingly, KPF is deemed interested in relation to the Proposed Private Placement. KPF will abstain from voting in respect of their direct and/ or indirect/ deemed shareholdings in Nextgreen (if any), on the resolution(s) pertaining to the Proposed Private Placement at an EGM to be convened.

Further, KPF will also ensure that persons connected to them respectively will abstain from voting in respect of their direct and/ or indirect/ deemed shareholdings, if any, on the resolutions pertaining to the Proposed Private Placement at an EGM to be convened.

For clarification purposes, KPF is not a person connected and/ or related corporation to FELDA as it does not fall within the ambit of definitions of person connected and related corporation pursuant to Chapter 1 of the Listing Requirements.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement, including the rationale and justification, the utilisation of proceeds and the effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

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

14. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 19 November 2019 at 10.15 a.m., or immediately after the conclusion or adjournment of the Company's EGM (whichever is later) which will be held at the same venue on the same day at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Private Placement.

If the shareholders of Nextgreen are unable to attend and vote in person at the EGM, the shareholders are requested to complete, sign and return the enclosed Form of Proxy following the instructions contained therein, to be deposited at the Registrar's Office at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia not less than 48 hours before the time stipulated for holding the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly following the instructions contained therein. The lodging of the Form of Proxy shall not preclude the shareholders of Nextgreen from attending and voting in person at the EGM should the shareholders of Nextgreen subsequently wish to do so.

15. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

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

DATO' LIM THIAM HUAT
Managing Director

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the 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 other facts the omission of which would make any statement herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being the Principal Adviser for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank and/ or its related companies ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, inter-alia, brokerage, securities trading, asset and funds management and credit transaction service businesses in its ordinary course of business with the Company and/ or persons acting in concert with it. Furthermore, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with the Company and/ or its affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Company and/ or its affiliates. This is the result of the businesses of the RHB Banking Group generally acting independently of each other which may generate situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Company.

As at the LPD, save as disclosed below, RHB Investment Bank confirms that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to the Company for the Proposed Private Placement:

- (i) Dato' Lim Thiam Huat has an existing share margin facility with RHB Investment Bank.

RHB Investment Bank is of the opinion that the relationship disclosed above will not give rise to a situation of conflict of interest in its advisory capacity to the Company on the Proposed Private Placement based on the following reasons:

- (a) although Dato' Lim Thiam Huat is a Director and substantial shareholder of Nextgreen, he is not a director or substantial shareholder of RHB Investment Bank;
- (b) the granting of the share margin facilities by RHB Investment Bank is in the ordinary course of business of RHB Banking Group and is subject to the respective approving parties of RHB Investment Bank;
- (c) the conduct of RHB Banking Group's business is regulated strictly by the Financial Services Act, 2013 and RHB Banking Group's own internal control, policies and procedures; and
- (d) save for the professional fees as the Principal Adviser for the Proposed Private Placement, and the funding fees to be received by RHB Investment Bank in relation to the share margin facilities, RHB Banking Group will not be receiving any other benefits from the Proposed Private Placement.

ADDITIONAL INFORMATION (CONT'D)

3. MATERIAL LITIGATIONS, CLAIMS OR ARBITRATIONS

The Board confirms that as at the LPD, there are no material litigations, claims or arbitrations, either as plaintiff or defendant, which have a material and/ or adverse effect on the financial position or business of Nextgreen Group and is not aware of any proceedings, pending or threatened against Nextgreen Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position of Nextgreen Group's business.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

The Board confirms that, as at the LPD, there are no material commitments incurred or known to be incurred by Nextgreen Group which may have a material impact on the financial results or position of Nextgreen Group.

4.2 Contingent liabilities

The Board confirms that, as at the LPD, there are no contingent liabilities incurred or known to be incurred which may, upon becoming enforceable, have a material impact on the financial results or position of Nextgreen Group.

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ADDITIONAL INFORMATION (CONT'D)

5. FURTHER INFORMATION**5.1 Financial information of Nextgreen Group**

The profit and dividend records of the Group for the past 3 FYEs 30 June 2016 to 2018 and the unaudited FPE 30 June 2019 are as follows:

	Audited FYE 30.06.2016	Audited FYE 30.06.2017	Audited FYE 30.06.2018	Unaudited FPE 30.06.2019 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	28,365	25,201	29,849	30,534
Cost of sales	(25,359)	(25,958)	(28,106)	(29,466)
Gross profit/ (loss)	3,006	(757)	1,743	1,068
Operating expenses	(6,205)	(11,448)	(3,775)	(3,556)
Finance income/ (costs)	411	(364)	(335)	(329)
Share in profit of associate, net of tax	-	-	352	-
LBT	(2,788)	(12,570)	(2,015)	(2,817)
Income tax (credit)/ expenses	(363)	2,510	244	-
(LAT)	(3,151)	(10,060)	(1,771)	(2,817)
Loss attributable to owners of the Company	(3,151)	(10,060)	(1,771)	(2,817)
Earnings/ (loss) before interest, tax, depreciation and amortisation	(1,454)	(4,001)	1,648	529
Weighted average number of Shares in issue	376,119	420,269	433,655	464,794
(LPS)				
- Basic (sen)	(0.84)	(2.39)	(0.41)	(0.61)
- Diluted (sen)	- ⁽¹⁾	- ⁽¹⁾	- ⁽¹⁾	- ⁽¹⁾
Dividend (sen)	-	-	-	-

Notes:

- (1) Diluted EPS is not presented as the exercise of Warrants to Shares would be anti-dilutive given that their exercise price is higher than or equal to the fair value of the Shares.
- (2) There is a change of financial year of the Company from 30 June to 31 December. The next audited financial statements of the Company shall be for a period of 18 months from 1 July 2018 to 31 December 2019.

ADDITIONAL INFORMATION (CONT'D)

Financial commentary**(a) FPE 30 June 2019 compared to FYE 30 June 2018**

For FPE 30 June 2019, the Group has achieved a revenue of RM30.53 million as compared to FYE 30 June 2018 of RM29.85 million, which represents an increase of 2.29% in revenue of 0.69 million. Comparing the printing business for these periods, the revenue went up by RM2.90 million due to higher local and overseas sales.

For FPE 30 June 2019, the Group incurred a LAT of RM2.82 million as compared with the LAT of RM1.77 million in FYE 30 June 2018, which represents an increase of 59.32% in loss of RM1.05 million. The higher losses incurred were due to higher paper costs and overheads in the printing business together with the rising expenses in industrial property development and the expenses incurred in preparation for the business of pulp and paper.

(b) FYE 30 June 2018 compared to FYE 30 June 2017

For FYE 30 June 2018, the Group has achieved a revenue of RM29.85 million as compared with the preceding year of RM25.20 million, which represents an increase of 18.45% in revenue of RM4.65 million. The growth in revenue was attributed to the increase in overseas print orders due to the revived government orders which were absent for the past few years.

For FYE 30 June 2018, the Group incurred a LAT of RM1.80 million as compared with the LAT of RM10.06 million in FYE 30 June 2017, which represents a decrease of 82.11% in loss of RM8.26 million. The main contributions to the decrease in losses are higher revenue in FYE 30 June 2018, debts recovery of RM3.00 million and the aggregate profits from the disposal of an associate which was completed on 17 April 2018 including the share of profits of associate of RM1.10 million. The LBT and LAT to revenue for FYE 30 June 2018 were (6.75)% and (5.93)% respectively as compared with the preceding FYE 30 June 2017 LBT and LAT to revenue of (49.88)% and (39.92)% respectively.

(c) FYE 30 June 2017 compared to FYE 30 June 2016

For FYE 30 June 2017, the Group has achieved a revenue of RM25.20 million as compared with the preceding year of RM28.37 million, which represents a decrease of 11.17% in revenue of RM3.17 million, resulted from a sudden drop in overseas orders because the publishers and the government suspended its orders due to the financial crisis caused by a substantial drop in crude oil prices.

For FYE 30 June 2017, the Group incurred a LAT of RM10.06 million as compared with the LAT of RM3.15 million in FYE 30 June 2016, which represents an increase of 219.37% in loss of RM6.91 million. Lower revenue and the allowance for doubtful debts of RM4.10 million has mainly attributed to the increased losses. The LBT and LAT to revenue for FYE 30 June 2017 were (49.88)% and (39.92)% respectively as compared with the preceding FYE 30 June 2016 LBT and LAT to revenue of (9.83)% and (11.11)% respectively.

(d) FYE 30 June 2016 compared to FYE 30 June 2015

For FYE 30 June 2016, the Group has achieved a revenue of RM28.37 million as compared with the preceding year of RM31.66 million, which represents a decrease of 10.39% in revenue of RM3.29 million due to the lower overseas print orders resultant from the publishers and the government suspended its orders due to the financial crisis caused by a substantial drop in crude oil prices.

ADDITIONAL INFORMATION (CONT'D)

5.2 Adequacy of the Proposed Private Placement in addressing the Company's financial concern

As highlighted in Section 5.1 of Appendix I of this Circular, the losses recorded for the past 3 FYEs 30 June 2016 to 2018 and the unaudited FPE 30 June 2019 had weakened the financial position of the Group and depleted its cash and bank balances available for working capital. After due consideration and deliberation, the Company had concluded to proceed with the Proposed Private Placement as a measure to resolve its funding requirements for GTP Pekan Project.

The proceeds from the Proposed Private Placement will enable the Group to develop its GTP Pekan Project which is expected to contribute positively to the future earnings of Nextgreen Group. The Proposed Private Placement will strengthen the financial position of the Group as the proceeds will be utilised for the construction of the remaining Phase 1A of GTP Pekan Project, purchase of additional equipment for Phase 1A of GTP Pekan Project and for other development costs for Phase 1A of GTP Pekan Project.

In addition, the Proposed Private Placement allows the Group to have more flexibility over its cash flows funding of its on-going projects without incurring financing interest costs. For illustration purposes only, based on the estimated gross proceeds amount of up to approximately RM30.25 million under Minimum Scenario and RM46.36 million under Maximum Scenario to be raised from the Proposed Private Placement and assuming the simple average interest rate used by Nextgreen Group of approximately 8.35% per annum based on the annual report of Nextgreen for FYE 30 June 2018, the Proposed Private Placement would allow Nextgreen Group to achieve interest savings of up to approximately RM2.50 million per annum under Minimum Scenario to RM3.90 million a year under Maximum Scenario. With the potential funds contributed by the potential investors, the Group is able to raise funds without having to incur interest expenses, or service principal repayment as compared to conventional bank borrowings and is expected to improve the cash flows position of Nextgreen Group.

The Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising at this juncture to develop its GTP Pekan Project and it will continue to explore and evaluate other suitable funding proposals for the Group's long term financial requirements. As many business have explored to venture into businesses that are "green" in nature and/ or related to renewable resources, hence moving forward, the Board is positive towards the prospects of GTP Pekan Project using PRC RBMP Technology as this technology was researched and developed to solve the palm oil industry and paper industry problems without harming the ecological system. It will contribute to a reduction of:

- (i) deforestation;
- (ii) green house effects on gas and carbon emission;
- (iii) waste by using by-products to produce valuable products; and
- (iv) reliance on fossil fuel for energy generation.

Based on the above, the Proposed Private Placement is expected to have a positive impact on the financial performance of Nextgreen Group, especially when the anticipated benefits from GTP Pekan Project is realised. It is also expected to lead to the growth of Nextgreen Group's future earnings and strengthen its financial position.

5.3 Impact of the Proposed Private Placement on the Company and its securities holders

The effects of the Proposed Private Placement on the share capital, NA, NA per Share, gearing, shareholdings of substantial shareholders, earnings and EPS of Nextgreen Group are set out in Sections 7.1 to 7.4 of this Circular.

As stated in Section 7.5 of this Circular, the Proposed Private Placement will not give rise to any adjustment to the exercise price and/ or the number of Warrants pursuant to the provisions of the Deed Poll.

ADDITIONAL INFORMATION (CONT'D)

As at 30 June 2018, the cash and bank balances of Nextgreen Group stood at approximately RM0.59 million. The Proposed Private Placement, which is expected to raise gross proceeds of up to approximately RM30.25 million based on Minimum Scenario or approximately RM46.36 million based on Maximum Scenario at the indicative issue price of RM0.40 per Share, is expected to enhance the financial position of Nextgreen Group via the injection of fresh funds. This is expected to allow Nextgreen Group to improve its net current assets position without incurring additional interest costs as compared with debt financing arrangement.

The proforma effects of the Proposed Private Placement on the net current assets of Nextgreen Group is as stated in the table below:

	Audited as at 30 June 2018 (RM)	After the Proposed Private Placement	
		Minimum Scenario (RM)	Maximum Scenario (RM)
Current Assets			
Inventories	8,708,054	8,708,054	8,708,054
Property development costs	21,923,050	21,923,050	21,923,050
Trade receivables	15,302,410	15,302,410	15,302,410
Other receivables, deposits and prepayments	36,314,772	36,314,772	36,314,772
Tax recoverable	1,853,233	1,853,233	1,853,233
Short term investments	-	-	-
Cash and bank balances	585,558	50,065,558 ^{(1) (2)}	165,919,796 ^{(3) (4)}
Current Liabilities			
Trade payables	5,162,377	5,162,377	5,162,377
Other payables and accruals	4,791,352	4,791,352	4,791,352
Tax payable	317	317	317
Short term borrowings	750,722	750,722	750,722
Hire purchase liabilities	203,735	203,735	203,735
Net current assets	73,778,574	123,258,574	239,112,812

Notes:

- (1) After incorporating the cash proceeds received from the Previous Private Placement of approximately RM19.24 million after netting off the estimated expenses of RM150,000.
- (2) After incorporating the expected cash proceeds from the Proposed Private Placement of approximately RM30.25 million based on Minimum Scenario at the indicative issue price of RM0.40 per Share and after netting off the estimated expenses of RM220,000.
- (3) After incorporating the expected cash proceeds from the Proposed Private Placement of approximately RM46.36 million based on Maximum Scenario at the indicative issue price of RM0.40 per Share and after netting off the estimated expenses of RM220,000.
- (4) After incorporating the expected cash proceeds assuming all the outstanding 198,290,398 Warrants have been exercised by the warrant holders at the exercise price of RM0.60 per Warrant.

Notwithstanding that the issuance of the Placement Shares will dilute the shareholdings of the existing shareholders in the Company, the Proposed Private Placement is expected to improve the net current assets of Nextgreen Group, which in turn will enhance the liquidity position of Nextgreen Group.

ADDITIONAL INFORMATION (CONT'D)

5.4 Steps taken to improve the financial condition of Nextgreen Group and Nextgreen Group's prospects

Nextgreen's revenue from its printing business had increased from RM26.81 million in FYE 30 June 2018 to RM29.64 million in FPE 30 June 2019. Nextgreen Group had taken steps to improve its sales team to seek out local book and magazine publishers, chain stores and other businesses which rely on printed materials. Also, Nextgreen Group had explored other African countries to reduce over reliance on a single country for orders. For these, it has achieved some measure of success as the Group was able to secure new businesses from other African countries, resulting in an increase in revenue of approximately RM3.94 million in FPE 30 June 2019. It will continue its effort to further making inroads into new markets to expand its customer base.

The PRC RBMP Technology opens the platform to tap into new business opportunities. The Company will have a major competitive advantage over its other printing competitors by providing clients in Malaysia and overseas a choice of using paper manufactured from a sustainable source at competitive rate. It augurs well for the Company's printing clients as globally companies are under increasing pressure to comply with environmental laws and therefore will view this service of sustainable paper favourably.

In view of the investment agreement with ACIF and memorandum of understanding signed between potential investment partners i.e. IHI Corporation and Nomura Holdings, Inc., the Group is in the midst of exploring potential collaboration and investment involving the Company's PRC RBMP Technology of converting palm oil waste into pulp and paper for GTP Pekan Project which would allow the Group to explore together with its investment partners, the business which may involve sale of EFB pulp, EFB paper and EFB pellets including the procurement of EFB as well as production of box liner paper and corrugated paper using the PRC RBMP Technology. The Group will continue to seek other potential investors by identifying investors who are pursuing green technology or renewable energy and whom may also be interested in pursuing such green projects to be located in GTP Pekan Project. With the potential funds contributed by potential investors where the funds to be raised will be utilised for the development of the remaining phases of GTP Pekan Project, the Group will be able to raise funds without having to incur interest expense or service principal repayment as compared to conventional bank borrowings and is expected to improve the cash flows position of Nextgreen Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours from Monday to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of Nextgreen;
- (ii) the audited consolidated financial statements of Nextgreen Group for the past 2 FYEs 30 June 2017 and 30 June 2018;
- (iii) the unaudited consolidated financial statements of Nextgreen Group for the FPE 30 June 2019; and
- (iv) the letter of consent and declaration of conflict of interest referred to in Section 2 above.



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

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Nextgreen Global Berhad (“**Nextgreen**” or the “**Company**”) will be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 19 November 2019 at 10.15 a.m., or immediately after the conclusion or adjournment of the Company’s EGM (whichever is later) which will be held at the same venue on the same day at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES)

“**THAT** subject to the approval of all relevant authorities and/ or parties being obtained (where required), approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to allot and issue up to 115,905,423 new ordinary shares of the Company (“**Nextgreen Shares**”) (“**Placement Shares**”), representing approximately up to 15% of the existing total number of issued Nextgreen Shares (excluding treasury shares), to be implemented in a single or multiple tranche(s) within 6 months from the date the approvals of the relevant authorities are obtained, or any extended period as may be approved by Bursa Malaysia Securities Berhad (“**Proposed Private Placement**”);

THAT approval be and is hereby given to the Board to determine the issue price for the Placement Shares at a later date based on not more than 10% discount to the 5-day volume weighted average market price of Nextgreen Shares immediately preceding the price-fixing date, or at a premium to be determined at the price-fixing date;

THAT the Board be and is hereby authorised to utilise the proceeds of Proposed Private Placement for such purposes and in such manner as set out in Section 4 of the Circular to Shareholders of the Company dated 1 November 2019 and the Board be authorised with full powers to vary the manner and/ or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/ or expedient subject to the approval of the relevant authorities (where required) and in the best interest of the Company;

THAT such Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing Nextgreen Shares, save and except that the Placement Shares shall not be entitled to any dividend, rights allotment and/ or other form of distributions that may be declared, made or paid by the Company prior to the date of allotment and issuance of the said Placement Shares;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/ or arrangement as may be necessary to give effect and complete the Proposed Private Placement and to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Private Placement;

AND THAT this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Placement Shares to be issued pursuant to or in connection with the Proposed Private Placement have duly allotted and issued in accordance with the terms of the Proposed Private Placement.”

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (EXCLUDING TREASURY SHARES) TO KOPERASI PERMODALAN FELDA MALAYSIA BERHAD PURSUANT TO THE PROPOSED PRIVATE PLACEMENT

“THAT subject to the passing of Ordinary Resolution 1, specific approval be and is hereby given to the Board of Directors of the Company (**“Board”**) to allot and issue up to 77,270,282 new ordinary shares of the Company (**“Nextgreen Shares”**) (**“Placement Shares”**), representing up to 10% of the total number of issued shares of the Company (excluding treasury shares) to Koperasi Permodalan FELDA Malaysia Berhad (**“KPF”**) pursuant to the proposed private placement of up to 15% of the total number of issued shares of the Company (excluding treasury shares) (**“Proposed Allocation To KPF”**);

THAT approval be and is hereby given to the Board to determine the issue price for the Placement Shares at a later date based on not more than 10% discount to the 5-day volume weighted average market price of Nextgreen Shares immediately preceding the price-fixing date, or at a premium to be determined at the price-fixing date;

THAT such Placement Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Nextgreen Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Placement Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangement as may be necessary to give effect and complete the Proposed Allocation To KPF and to assent to any conditions, modifications, variations and/ or amendments in any manner as may be required by the relevant authorities or as the Board may deem necessary in the best interest of the Company and to take such steps as they may deem necessary or expedient in order to implement, finalise, and give full effect and to complete the Proposed Allocation To KPF.”

BY ORDER OF THE BOARD

KANG SHEW MENG
SEOW FEI SAN
Company Secretaries

Petaling Jaya
1 November 2019

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 12 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a member may appoint any persons to be his proxy.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registrar's Office at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.



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

FORM OF PROXY

Number of shares	
CDS No.	

I/We.....
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of
(ADDRESS)

being a *member/members of **NEXTGREEN GLOBAL BERHAD** ("Company"), hereby appoint
..... of
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

.....
(ADDRESS)

or failing him/her
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of
(ADDRESS)

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf and Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 19 November 2019 at 10.15 a.m., or immediately after the conclusion or adjournment of the Company's EGM (whichever is later) which will be held at the same venue on the same day at 10.00 a.m., in the manner as indicated below:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed Private Placement		
2.	Proposed Allocation to KPF		

Signed this _____ day of _____ 2019

Signature of Member or Common Seal

Notes:

- Only depositors whose names appear in the Record of Depositors as at 12 November 2019 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a member may appoint any persons to be his proxy.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registrar's Office at Tricor Investor & Issuing House Services Sdn Bhd (11324-H) of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia 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, Malaysia at least forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix Stamp Here

The Share Registrar

NEXTGREEN GLOBAL BERHAD

Registration No. 200501037512 (719660-W)

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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