

TYPE: ANNOUNCEMENT
SUBJECT: OTHERS

**NEXGRAM HOLDINGS BERHAD (“NEXGRAM” OR “THE COMPANY”)
CHINA-MALAYSIA EV CHARGING PILE COOPERATION AGREEMENT
 (“ECPCA”) BETWEEN NEG AUTO GROUP SDN BHD, A WHOLLY OWNED SUB-
SUBSIDIARY OF NEXGRAM WITH SHENZHEN HENGSHENG ENERGY
MANAGEMENT CO., LTD.**

1.0 INTRODUCTION

The Board of Directors of Nexgram is pleased to announce that NEG Auto Group Sdn Bhd (“**NEG**”), A Wholly Owned Sub-Subsidiary of Nexgram had on 18 May 2022 entered into a China-Malaysia EV Charging Pile Cooperation Agreement (“**ECPCA**” or “**Agreement**”) with Shenzhen Hengsheng Energy Management Co., Ltd. (“**HENGSHENG**”) for the purposes on the introduction of Chinese made electric vehicle charging piles into Malaysian Market.

2.0 INFORMATION ON NEG AND HENGSHENG

2.1 NEG

NEG is a wholly owned sub-subsidiary of the Company which was incorporated in Malaysia on 21 September 2020 with Registration No. 202001029048 (1385368-V), having its business address at BO2-A-16, Menara 3, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur, Malaysia. The nature of business of NEG is to trading, assembly, services, distributing and manufacturing of automobile.

As at 18 May 2022, the shareholder of NEG is Nexgram Industries Sdn Bhd, holding share capital of RM100,000.00 which representing 100% equity interest of NEG.

The director of NEG is Haji Mazru Bin Mat Yusof.

2.2 HENGSHENG

HENGSHENG a company registered and incorporated in China with Registration No. 440300215136932, having its address at 2107 Haiian Huanqing Bulkdng, 24 Futian Road, Futian District, Shenzhen City, Guangdong Province, 518033 People’s Republic of China.

HENGSHENG is principally engage in development and manufacturing new energy vehicles and charging piles.

As at 18 May 2022, the shareholder of HENGSHENG are as follows:-

Shareholders	Share Capital (RMB)	Shareholding Percentage (%)
Zhang Wenchong	8,000,000.00	80.0
Lu Shaohui	2,000,000.00	20.0
Total	10,000,000.00	100.0

The directors of HENGSHENG are as follows: -

- a) Zhang Wenchong
- b) Lu Shaohui

3.0 SALIENT TERMS OF THE AGREEMENT

The key terms and responsibilities of the Agreement are:-

3.1 Responsibilities of HENGSHENG

- a) Before 2025, HENGSHENG shall provide a total of 50,000 charging piles with the specification of 7kW as the fixed assets of intended Joint Venture Company (“**JV Co**”) to be incorporated at a later date.
- b) If NEG has market demand for charging piles with the specification of 160kW, HENGSHENG will sell them to NEG according to the discounts to be agreed by both parties upon operation.
- c) HENGSHENG will provide NEG with preliminary technical training and regular technical guidance.
- d) HENGSHENG shall be responsible for arranging transportation from China to Malaysia and bear freight, handling charges and other related expenses. HENGSHENG shall also be responsible for purchasing transportation insurance and bear the insurance premium, and the insurance amount shall not be less than the total price of this Contract. HENGSHENG shall fax an insurance policy to NEG within two days before the delivery and transportation of products. NEG shall be responsible for the customs clearance procedures after arrival at the port and the transshipment after such arrival.
- e) HENGSHENG authorizes NEG to act as its overseas general agent for the period from the date of this Agreement to December 31, 2030.

3.2 Responsibilities of NEG

- a) NEG will actively explore the market, use good market experience and rich market resources, and expand the charging pile rental business according to the market demand.
- b) NEG will set up a technical maintenance team and an operation team for JV Co's company in Malaysia.
- c) HENGSHENG shall assist NEG in promoting this type of charging piles after signing the contract. HENGSHENG and NEG shall share relevant benefits and sign a supplementary agreement on relevant contents.
- d) If NEG intends to sell JV Co's shares, HENGSHENG will have the pre-emptive right.

3.3 Responsibilities of JV Co

- a) As a company jointly controlled by HENGSHENG and NEG, JV Co shall not sell the fixed assets of JV Co without the permission of the other two parties.
- b) The intended equity ratio of JV Co's company is as follows: HENGSHENG holds 70% of the shares; NEG holds 30% of the shares. JV Co operates as a project company.

3.4 Duration and Termination

The Agreement shall come into effect from the signing date of the ECPCA (“Effective Date”) and shall remain in force up to 31 December 2030 (“Term”) unless either Party terminates the ECPCA.

4.0 RISK FACTORS

The risk factors affecting the Agreement include changes in economic, political and regulatory environment and operational risks such as completion risk and shortage of materials and skilled labour which the Company would take appropriate measures to minimise.

The Agreement may also be subjected to external risk factors such as the global, regional or national economic or health crisis.

5.0 FINANCIAL EFFECTS

The ECPCA will not have any material impact on the issued share capital of the Group and the earnings and net assets of the Group for financial year ending 31 July 2022 but is expected to contribute positively to the earnings of the Nexgram Group during the tenure of the ECPCA.

6.0 STATEMENT BY DIRECTORS

The Directors are of the opinion that the ECPCA is in the best interest of the Group after considering, amongst others, the potential financial contribution to the earnings of the Group.

7.0 APPROVAL REQUIRED

The ECPCA is not subject to the approval of the shareholders of NEXGRAM. At this juncture, NEXGRAM do not expect any approval is required from the relevant authorities in entering into the Agreement.

8.0 DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

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

9.0 DOCUMENT AVAILABLE FOR INSPECTION

The ECPCA is available for inspection at the registered office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 24 May 2022.