

NEXTGREEN GLOBAL BERHAD (FORMERLY KNOWN AS BHS INDUSTRIES BERHAD)

- MEMORANDUM OF UNDERSTANDING FOR GREEN TECHNOLOGY INVESTMENT PARTNERSHIPS

1. Introduction

The Board of Directors of Nextgreen Global Berhad ("**Company**") wishes to announce that the Company has on 8 November 2018 entered into a Memorandum of Understanding ("**MOU**") with IHI Corporation ("**IHI**") and Nomura Holdings, Inc. ("**Nomura**") (hereinafter referred to the "**Parties**") for a Green Technology Investment Partnerships where the Parties agreed to discuss the possibility of developing a business structure as further outlined herein.

2. The MOU

The Company is developing a technology to convert Empty Fruit Bunch ("**EFB**") into pulp ("**EFB Pulp**") and paper ("**EFB Paper**") in order to solve environmental issues caused by wasted EFB in palm oil industry and has begun construction of EFB Pulp plant in Pahang, Malaysia.

IHI has vast experience and various knowledge in relation to energy solution and has begun commercial operation to produce pellet made from EFB ("**EFB Pellet**") and desire to secure a stable procurement route for necessary volume of EFB.

Nomura is a financial holding company whose business operations extends globally and hopes to contribute through its financial advisory services that it or any of its affiliates has gained in the financial know-how for the realisation of green technology.

The Parties agreed to conduct a study on the feasibility of the Business ("**Study**"). The term Business shall mean the potential business derived from combining sale of EFB Pulp, EFB Paper and EFB Pellet, including the procurement of EFB which is the raw material to be shared for both products.

The main target of the Study is to evaluate the possible collaboration between the Company, IHI and Nomura through contribution of their expertise in their respective trade, in relation to the development of the Phase 2a and Phase 2b of the Business at the Company's Green Technology Park at Pekan, Pahang ("**GTP**"), which consist of box liner paper and corrugated paper, respectively.

The scope of the Study may extend to the feasibility of the following:-

- (a) Cooperation in planning, development and management of the GTP, divided into multiple phases;
- (b) Collaborations in all other auxiliary facilities to support GTP as a self-sustained green park;
- (c) Collaborations in development and management of other green technology projects, not limited to GTP; and
- (d) Collaborations in further research & 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.

The preliminary target time schedule of the Study is as follows:-

- (a) Consider potential and existing business of each of the Parties which could be integrated – by the end of November 2018;
- (b) Evaluating the profitability of the Business – by the end of January 2019;
- (c) Evaluating cash management plan for the Business – by the end of February 2019; and
- (d) Reaching decisions by each Party whether Parties will proceed to the studied investment – by the end of March 2019.

The MOU shall commence on 8 November 2018 (“**Effective Date**”) and expire on the earlier of one (1) year from the Effective Date or when the Parties enter into final form of documentation relating to the cooperation in the Business.

3. Information on IHI

IHI is a company organised and existing under the laws of Japan. It was incorporated on 5 December 1853 and currently has a share capital of 107.1 billion yen.

IHI Corporation, listed on the Tokyo Stock Exchange, is a comprehensive heavy-industry manufacturer working to create value for customers in four main areas—Resource, Energy and Environment; Social Infrastructure and Offshore Facilities; Industrial Systems and General-purpose Machinery; and Aero Engine, Space and Defense.

4. Information on Nomura

Nomura, listed on the Tokyo, Nagoya, Osaka, Singapore and New York Stock Exchanges, is a company organised and existing under the laws of Japan. It was incorporated on 25 December 1952 and currently has a share capital of 594,493 million yen.

Nomura is an Asia-Headquartered financial services group with an integrated global network spanning over 30 countries whose core business covers wealth management, investment banking, investment trust, financial services.

5. Rationale for the MOU

The Parties shall collaborate and work together to discuss the possibility of developing a business structure for a Green Technology Investment Partnerships.

6. Effects of the MOU

The MOU is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of the Company for the financial year ending 30 June 2019. It is expected to contribute positively to the future earnings of the Group upon the completion of Phase 2a and 2b of the GTP.

7. Directors' and major shareholders' interest

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

8. Statement by Directors

The Board of Directors of the Company, having taken into consideration all aspects of the MOU, is of the opinion that the MOU is in the best interest of the Company and its subsidiaries.

9. Approvals required

The MOU is not subject to approval of the shareholders of the Company and any relevant government authorities.

This announcement is dated 8 November 2018.