

**NEXTGREEN GLOBAL BERHAD (“NEXTGREEN” OR “THE COMPANY”)  
SOLAR POWER PURCHASE AGREEMENTS BETWEEN NEXTGREEN PULP & PAPER SDN BHD, A  
WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND KAB CORE CONNECT O&M SERVICES SDN BHD**

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**1. INTRODUCTION**

The Board of Directors of Nextgreen wishes to announce that Nextgreen Pulp & Paper Sdn Bhd (“**NPPSB**” or “**Customer**”), a wholly-owned subsidiary of Nextgreen had on 14 November 2022 entered into **two (2)** Solar Power Purchase Agreements (“**SPPAs**” or “**the Agreements**”) with KAB Core Connect O&M Services Sdn Bhd (“**KABCC**” or “**SPS Owner**”) for the purpose of designing, constructing, installing, owning, operating and maintaining a solar photovoltaic energy generating system on the identified site located at the premises rightfully owned or lawfully occupied by NPPSB erected or located on the piece of land held under Pajakan Negeri 29655 Lot 16696 Mukim Lepar, Daerah Pekan, Negeri Pahang, with an estimated system DC capacity of 2,507 kWp (Phase 1) and 880 kWp (Phase 2) respectively, to generate and supply solar photovoltaic (“**PV**”) energy to NPPSB.

**2. INFORMATION OF NPPSB**

NPPSB is a Company incorporated in Malaysia on 18 March 2015 under the Companies Act 1965 as a private company limited by shares and having its registered office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor. The principal activities of NPPSB are processing and manufacturing of pulps and papers and related products.

As at the date of the announcement, the issued and paid-up share capital of NPPSB is RM40,000,000.00 comprising of 40,000,000 ordinary shares. The Directors of NPPSB are Dato’ Dr. Koe Seng Kheng, Dato’ Lim Thiam Huat and Lim Kah Yen. The Shareholder of NPPSB is Nextgreen Global Berhad holding 100% in the issued and paid-up share capital of NPPSB.

**3. INFORMATION OF KABCC**

KABCC is a Company incorporated in Malaysia on 5 May 2021 and having its registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The principal activities of KABCC is engaged in the business of operation and maintenance services.

As at the date of the announcement, the issued and paid-up share capital of KABCC is RM1.00 comprising of 1 ordinary share. The Directors of KABCC are Dato’ Lai Keng Onn and Jonathan Wu Jo-Han. The Shareholder of KABCC is KAB Energy Holdings Sdn Bhd holding 100% in the issued and paid-up share capital of KABCC.

#### 4. SALIENT TERMS OF THE AGREEMENTS

The salient terms of the agreements, among others, are as follows:-

##### 4.1 Conditions Precedent

##### **Agreement pertaining to the delivery of an estimated system DC capacity of 2,507 kWp (Phase 1)**

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a) The performance by the SPS Owner of the obligations to carry out and complete the construction, installation, operation and maintenance of the Solar PV System under this Agreement shall be conditional upon:-

- i) the SPS Owner having ascertained the capacity required of the Solar PV System through detailed studies using methods including but not limited to the load profile study and PV Syst simulation and the Parties having entered into a supplementary agreement confirming the required capacity of the Solar PV System, varying all relevant terms having regard to the agreed required capacity of the Solar PV System and agreeing on any other terms;
- ii) the Customer having procure the change of the name of the addressee on the Tenaga Nasional Berhad (“TNB”) bills to that of the Customer’s;
- iii) the SPS Owner having obtained all necessary Approvals at SPS Owner own cost for the installation of the Solar PV System;
- iv) if a request to the Customer for the rectification or making good of defects, repairs, or maintenance on any part of the Said Premises (including but not limited to the removal any shading and the repair of roof leakages) (“**Premises Rectifications**”) are required by the SPS Owner, the Premises Rectifications having been completed subject to the Customer having obtained all necessary Approvals;
- v) if applicable, the Customer having paid all reasonable costs and expenses incurred in relation to the Premises Rectifications;
- vi) the Customer having procured the consent, license, approval, or lease as may be required from the owner of the Said Premises for all activities upon or occupations of the Said Premises in relation to the performance of obligations of the SPS Owner under the Agreement;

For the avoidance of doubt, the above Conditions Precedent may be waived (either fully or partially) upon mutual agreement between the SPS Owner and the Customer.

b) Notwithstanding any provision to the contrary, the SPS Owner shall be entitled to terminate the Agreement immediately by way of written notification to the Customer if: -

- i) the Parties are unable to conclude and enter into the Supplementary Agreement as envisaged within one (1) month from the date the SPS Owner obtains the relevant Customer's load profile from TNB;

- ii) the Customer does not agree to the Premises Rectifications within fifteen (15) days from the completion of the due diligence and a physical inspection of the Said Premises ("**Premises Inspection**");
- iii) the agreed Premises Rectifications are not completed within three (3) months from the date of the Parties' agreement on the Premises Rectifications, if the non-completion is due or attributable to failure to obtain any Approval (if required) in relation to the Premises Rectifications, any act, omission, hindrance or fault of the Customer, or any Force Majeure Event;
- iv) if applicable, the Customer fails or refuses to pay or reimburse the SPS Owner with all costs and expenses reasonably incurred in relation to the Premises Rectifications upon demand by the SPS Owner;
- v) the SPS Owner is unable to obtain any relevant Approval necessary for the construction, installation, operation or maintenance of the Solar PV System; or
- vi) any of the Conditions Precedent is not feasible and /or fulfilled within sixty (60) days from the Execution Date,

Upon termination of the Agreement, the SPS Owner shall be entitled to claim from the Customer the reasonably expended actual costs of the Premises Inspection already conducted by the SPS Owner.

**Agreement pertaining to the delivery of an estimated system DC capacity of 880 kWp (Phase 2)**

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- a) The performance by the SPS Owner of the obligations to carry out and complete the construction, installation, operation and maintenance of the Solar PV System under the Agreement shall be conditional upon:-
  - i) completion of the Construction by the Customer;
  - ii) the SPS Owner having ascertained the capacity required of the Solar PV System through detailed studies using methods including but not limited to the load profile study and PV Syst simulation and the Parties having entered into a supplementary Agreement confirming the required capacity of the Solar PV System, varying all relevant terms under the Agreement having regard to the agreed required capacity of the Solar PV System and agreeing on any other terms;
  - iii) the Customer having procure the change of the name of the addressee on the TNB bills to that of the Customer's;
  - iv) the SPS Owner having obtained all necessary Approvals at SPS Owner own cost for the installation of the Solar PV System;

- v) if Premises Rectifications are required by the SPS Owner, the Premises Rectifications having been completed subject to the Customer having obtained all necessary Approvals;
- vi) if applicable, the Customer having paid all reasonable costs and expenses incurred in relation to the Premises Rectifications;
- vii) the Customer having procured the consent, license, approval, or lease as may be required from the owner of the Said Premises for all activities upon or occupations of the Said Premises in relation to the performance of obligations of the SPS Owner under the Agreement;

For the avoidance of doubt, the above Conditions Precedent may be waived (either fully or partially) upon mutual Agreement between the SPS Owner and the Customer.

- b) Notwithstanding any provision to the contrary, the SPS Owner shall be entitled to terminate the Agreement immediately by way of written notification to the Customer if:-
  - i) the Customer fails to complete the Construction on or before 31 December 2022, save and unless where the Parties agree in writing to waive such time limit and elect to continue with the performance of the Agreement upon such terms and conditions as mutually agreed upon between the Parties, including but not limited to the revision of the Specific Energy Requirement (“SER”) as stipulated in the Agreement;
  - ii) the Parties are unable to conclude and enter into the Supplementary Agreement within one (1) month from the date the SPS Owner obtains the relevant Customer's load profile from TNB;
  - iii) the Customer does not agree to the Premises Rectifications within fifteen (15) days from the completion of Premises Inspection;
  - iv) the agreed Premises Rectifications are not completed within three (3) months from the date of the Parties' Agreement on the Premises Rectifications, if the non-completion is due or attributable to failure to obtain any Approval (if required) in relation to the Premises Rectifications, any act, omission, hindrance or fault of the Customer, or any Force Majeure Event;
  - v) if applicable, the Customer fails or refuses to pay or reimburse the SPS Owner with all costs and expenses reasonably incurred in relation to the Premises Rectifications upon demand by the SPS Owner;
  - vi) the SPS Owner is unable to obtain any relevant Approval necessary for the construction, installation, operation or maintenance of the Solar PV System; or
  - vii) any of the Conditions Precedent is not feasible and /or fulfilled on or before 31 March 2023, save and unless where the Parties agree in writing to waive such time limit and elect to continue with the performance of the Agreement upon such terms and conditions as mutually agreed upon between the Parties, including but not limited to the revision of the SER as stipulated in the Agreement.

Upon termination of the Agreement, the SPS Owner shall be entitled to claim from the Customer the reasonably expended actual costs of the Premises Inspection already conducted by the SPS Owner.

#### **4.2 Term**

- a) The Agreements shall commence from the date of execution of the Agreement (“**Execution Date**”) and shall expire on twenty (20) years from the date which the test conducted to recognise the connection of the Solar PV System with the Customer’s main switch board and/ or Utility Grid, the successful completion of which is to be evidenced by a commissioning report signed by the Registered Photovoltaic Service Provider and as witnessed by a representative of the Utility (“**Commissioning Tests**”) is successfully completed and the generating license is obtained from Energy Commission of Malaysia (Suruhanjaya Tenaga Malaysia) (“**Expiry Date**”).
- b) Three (3) months prior to the Expiry Date, the Customer shall be entitled to select the following options:
  - i) entry into a new Agreements with the SPS Owner related to ongoing Net Energy Output subject to mutually agreeable terms;
  - ii) removal of the Solar PV System from the Said Premises by the SPS Owner at no cost to the Customer; or
  - iii) the transfer of ownership of the Solar PV System at no cost to the Customer, subject to the Customer having complied with all its obligations under the Agreements and joint inspection by the SPS Owner and Customer to ensure the condition and performance of the Solar PV System is as per the mutually agreed power generating rate.

#### **4.3 Minimum Net Energy Output and Consumption**

The SPS Owner undertakes that it shall deliver in accordance with the terms of the Agreement Net Energy Output not less than the Guaranteed Net Energy Output for every Contract Year throughout the Term, unless the failure to deliver the Guaranteed Net Energy Output is caused by or attributable to the breach, default, act or omission of the Customer or the Customer’s Personnel, Downtime or a Force Majeure Event shall apply.

#### **4.4 Sale and Purchase of Net Energy Output**

With effect from the Execution Date and continuing throughout the Term:

- a) the Customer shall accept and purchase solely on a self-consumption (SELCO) basis all the Net Energy Output (including Test Energy) which is generated by the Solar PV System;
- b) the Customer shall take and pay for all the Net Energy Output (including Test Energy) delivered in accordance with the Agreement or capable of being generated and delivered by the Solar PV System;

- c) the SPS Owner shall not be responsible for making arrangement for the use of any excess energy output which is generated by the Solar PV System but is not utilized by the Customer; and
- d) the Customer shall pay the SPS Owner for the Net Energy Output (including Test Energy) in accordance with the Agreement.

**5. FINANCIAL EFFECTS**

The Agreement is not expected to have any material impact on the issued share capital, net assets per share, earnings per share and gearing of the Nextgreen Group for the financial year ending 31 December 2022.

**6. APPROVAL REQUIRED**

The Agreement is not subject to the approval of the shareholders of Nextgreen and/or any other regulatory authorities.

**7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors and/or the substantial shareholders of Nextgreen and/or persons connected with the Directors and/or substantial shareholders have any interest, direct or indirect in the Agreement.

**8. STATEMENT BY DIRECTORS**

The Board of Directors, after due consideration of all aspects of the Agreement, is of the opinion that the Agreement is in the best interest of Nextgreen Group.

This announcement is dated 15 November 2022.