

NEXTGREEN GLOBAL BERHAD (“NEXTGREEN” OR “THE COMPANY”)

MEMORANDUM OF AGREEMENT BETWEEN NEXTGREEN BIOMASS SDN BHD, GREENTECH MALAYSIA ALLIANCES SDN BHD, KOPERASI SAHABAT AMANAH IKHTIAR MALAYSIA BERHAD AND KOPERASI PERKHIDMATAN SETIA BERHAD

INTRODUCTION

The Board of Directors of Nextgreen wishes to announce that Nextgreen Biomass Sdn Bhd (“**NGBSB**”), its wholly-owned subsidiary of the Company had on 15 July 2022 entered into a Memorandum of Agreement (“MOA”) with Greentech Malaysia Alliances Sdn Bhd (“**GTMASB**”), Koperasi Sahabat Amanah Ikhtiar Malaysia Berhad (“**KOOP SAHABAT**”) and Koperasi Perkhidmatan Setia Berhad (“**KOSETIA**”) to form a joint venture through a special purpose company known as GTC Biomass Berhad (“hereinafter referred to as “SPV Company”), for the purpose of building, developing and commissioning twenty (20) Palm Oil Waste Collection and Processing Centers (“the Centers”) through Malaysia (referred to as “**the Project**”).

NGBSB, GTMASB, KOOP SAHABAT and KOSETIA are each referred to as the “Party” and collectively referred to as the “Parties”.

KOOP SAHABAT and KOSETIA are collectively referred to as the “Cooperatives”.

INFORMATION OF NGBSB

NGBSB is a private company limited by shares registered under the Companies Act 2016 and having a business address at Level 6-02, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 6000 Kuala Lumpur. The principal activities of the Company are carried on the import and export business of raw materials in the oil palm sector such as oil palm empty fruit bunches, oil palm trunk and oil palm fronds.

INFORMATION OF GTMASB

GTMASB is a private company limited by shares registered under the Companies Act 1965 and having a business address at No. 2, Jalan 9/10, Persiaran Usahawan, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. GTMASB is a wholly-owned subsidiary of the Malaysian Green Technology and Climate Change Corporation (“MGTC”) established to boost the growth of the Malaysian green market through strategic partnerships that offer innovative sustainability solutions.

INFORMATION OF KOOP SAHABAT

KOOP SAHABAT is a co-operative society established under the Malaysia Co-operative Societies Act 1993 and having a business address at Suite 2-3, Jalan Cempaka SD 12/1A, Bandar Sri Damansara, PJU 9, 52200 Kuala Lumpur. Its principal activity is to enhance distribution of wealth among its members through effective and transparent investments, involves financial services, real estate, plantation and logging, retail and other strategic investment.

INFORMATION OF KOSETIA

KOSETIA is a co-operative society established under the Malaysia Co-operative Societies Act 1993 and having a business address at No 28-4, Tingkat 4 Jalan 14/48A, The Boulevard Shop office, Off Jalan Sentul, 51000 Kuala Lumpur. Its principal activity is offering Al-Tawarruq financial advisory and personal financing services to members as a credit cooperative since August 2007.

SALIENT TERMS OF THE MOA

The salient terms of the MOA are set out below:

- a) Pursuant to the MOA, the Parties intend to cooperate in the following matters:
- Assisting each other to facilitate the implementation of each aspect of the MOA and the project and any matter arising in the discussion hereafter is in the interest of the parties to each other.
 - Each party shall hereby jointly agree and cooperate towards something that is beneficial to the Parties. The terms shall be read and adopted as follows:-
 - a) Positive effects on the implementation of the MOA on the image of each party; and
 - b) Compromising on all relevant laws, rules and regulations.
 - The MOA is planned to be implemented to enable a collaboration to be established to encourage joint ventures in developing the Project on the basis of equality and mutual benefit.
 - The MOA sets out the principal terms and conditions to establish the intention of a joint venture between the Parties to develop the Project before signing a shareholding agreement.
 - The terms and conditions of the further specific regarding the rights and obligations of the Parties shall be defined in the Final Agreement to be entered into between the Parties after the Agreement.
- b) Each Party is subject to the laws, regulations and policies applicable in Malaysia in force from time to time and will endeavor to take the necessary steps to promote the cooperation as follows:-
- NGBSB will provide investment opportunities for the Parties in developing the Centers.
 - NGBSB will through its related Company, Nextgreen Pulp & Paper Sdn Bhd to purchase the entire palm oil waste from the Centers.
 - SPV Company will publish preference shares through Kenanga Investor Berhad to enable parties other than existing shareholders to invest through priority stock purchases in SPV Company.
 - GTMASB will open space for SPV Company to publish bonds/sukuk (Green Sukuk) through investment opportunities that are mainly from domestic and foreign investors with financial liability by the SPV Company.
 - GTMASB will help and facilitate the way to obtain the certification required for the Centers.

- The Parties to invest in SPV Company and the shareholders are as follows:

<u>Name of The Shareholder</u>	<u>Percentage (%) shareholding</u>
NGBSB	65%
GTMASB	10%
KOOP SAHABAT	18%
KOSETIA	7%
TOTAL	100%

- The Parties agree that the composition of the Directors of the SPV Company are as follows:-

<u>Name of The Shareholder</u>	<u>Number of Directors appointed</u>
NGBSB	4
GTMASB	1
Cooperatives	2

- Execute a definitive mutual agreement subject to the outcome of the Project underlying the terms and conditions.
- c) The Parties have agreed to provide a capital injection amounting to Ringgit Malaysia One Million only (RM1,000,000.00) where the amount of capital injection for each party is in accordance with the percentage of shareholdings stated in the MOA.
- d) Either party may terminate the MOA for reasonable reason by giving at least **Ninety (90) Days** written notice to the other party. Upon termination by any means each party shall take immediate action to cease the program and/or activities carried out in a proper manner and resubmit all documents, records, materials and equipment to the rightful owner. The termination of the MOA does not affect the implementation of the activities and/or programmes that are being undertaken which have been agreed before the date of termination of the MOA.

DURATION OF MOA

The MOA shall be effective for a period of one (1) year until the formation of the SPV and it may be extended based on the discussion and written consent of the Parties.

RATIONALE OF THE MOA

The rationale of the MOA is to form a joint venture through a special purpose company known as GTC Biomass Berhad (“hereinafter referred to as “SPV Company”), for the purpose of building, developing and commissioning twenty (20) Palm Oil Waste Collection and Processing Centers (“the Centers”) through Malaysia (“referred to as “the Project”).

FINANCIAL EFFECTS OF THE MOA

The MOA will not have any effect on the share capital and substantial shareholders' shareholding of Nextgreen.

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

DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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

APPROVALS REQUIRED

The MOA is not subject to the approval of the shareholders of Nextgreen or any regulatory authority.

STATEMENT BY BOARD OF DIRECTORS

The Board of Director of Nextgreen, having reviewed and considered the terms and conditions of the MOA, is of the opinion that the MOA is in the best interest of the Company and the terms and conditions of the MOA are fair, reasonable and on terms that are not detrimental to the minority shareholders of the Company.

DOCUMENTS FOR INSPECTION

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

This announcement is dated 15 July 2022.