

Type	GENERAL ANNOUNCEMENT
Subject	OTHERS
Description	NEXTGREEN GLOBAL BERHAD ("NEXTGREEN" OR THE "COMPANY") - JOINT VENTURE AGREEMENT WITH NEXTGREEN IOI PULP SDN. BHD. (A 55%-OWNED SUBSIDIARY OF NEXTGREEN GLOBAL BERHAD), HONG KONG PAPER SOURCES CO., LIMITED, XIAMEN C&D PAPER & PULP GROUP CO. LIMITED, AND IOI CORPORATION BERHAD

1. Introduction

The Board of Directors of Nextgreen ("**the Board**") wishes to announce that the Company had on 16 April 2025 entered into a Joint Venture Agreement ("**JVA**") with the following parties to regulate the relationship between the shareholders of the company to be incorporated ("**JV Company**") and in the conduct of the business and affairs of the JV Company ("**Joint Venture**"), upon the terms and conditions set out in the JVA:

- (i) Nextgreen IOI Pulp Sdn. Bhd. ("**NIP**")
- (ii) Hong Kong Paper Sources Co., Limited ("**HK Paper Sources**")
- (iii) Xiamen C&D Paper & Pulp Group Co. Limited ("**Xiamen C&D Paper & Pulp**")
- (iv) IOI Corporation Berhad ("**IOI**")

(NIP and HK Paper Sources collectively referred to as the "**Shareholders**").

(collectively referred to as the "**Parties**", and individually the "**Party**").

2. Information on the Parties

2.1 NIP

NIP was incorporated in Malaysia on 5 April 2024 as a private company limited by shares and having its registered address at B-21-1, Level 21, Tower B, Northpoint Mid Valley City No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur. The principal activity of NIP is to carry on the business of manufacturing, import, export and trading of pulp.

2.2 HK Paper Sources

HK Paper Sources, a wholly-owned subsidiary of Xiamen C&D Paper & Pulp, was incorporated in Hong Kong on November 2011, having its registered office at Unit 2306B 23/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The principal activity of HK Paper Sources is to carry on the business of importing, exporting and trading of paper and pulp.

2.3 Xiamen C&D Paper & Pulp

Xiamen C&D Paper & Pulp, a wholly-owned subsidiary of Xiamen C&D Inc. (a listed company [Stock Code: 600153.SH] under Xiamen C&D Corp. Ltd., a Fortune 500 company), was incorporated in China March 1992 and having its registered office at 24/F C&D International Building, No.1699, Huandao East Road, Xiamen, China. The principal

activity of Xiamen C&D Paper & Pulp is to carry on the business of importing, exporting and trading of paper and pulp.

2.4 IOI

IOI was incorporated in Malaysia on 31 October 1969 as a private limited company under the name of Industrial Oxygen Incorporated Sdn Bhd. It was converted into a public limited company on 29 September 1972 and subsequently assumed its current name on 27 March 1995. IOI is a company listed on the Main Market of Bursa Malaysia Securities Berhad (Stock Code:1961) and having its registered address at Level 29, IOI City Tower 2, Lebuhr IRC, IOI Resort City, 62502 Putrajaya, Wilayah Persekutuan (Putrajaya). The principal activity of IOI is to carry on the business of investment holding.

3. Salient Terms of the JVA

The primary objective of JV Company is to undertake the development and operation of a pulp production facility, with an initial capacity to produce 150,000 metric tonnes per annum of paper pulp, made from oil palm empty fruit bunches (EFB), using the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (PRC-RBMP) technology ("**Pulp Production Facility**") on both Lot 7436 and Lot 7461, measuring approximately 81.04 acres in aggregate, located in the 410-acre Green Technology Park (GTP) development in Paloh Hinai, District of Pekan, State of Pahang, Malaysia which is part of the Node 1, Eastern Corridor Economic Region Special Economic Zone (ECER SEZ) ("**Development Land**").

3.1 Business of the JV Company

- (a) to undertake the proposed development of the Pulp Production Facility on the Development Land ("**Project**"), the operation of the Pulp Production Facility and the commercialisation of paper pulp;
- (b) to engage in all activities (including fund raising and treasury function) and transactions that are necessary in furtherance of the foregoing purposes; and
- (c) such other business or activities as are agreed between the Shareholders unanimously.

3.2 NIP's Obligations:

- (i) conduct of feasibility studies of the Project;
- (ii) undertaking and coordinating the preparation of the Project;
- (iii) leading all discussions with suppliers, consultants and contractors in relation to the Project;
- (iv) leading all discussions and negotiations in respect of obtaining all approvals, licences and permits required under the applicable laws in relation to the Project;

- (v) assisting the JV Company in the procurement of EFB from any person who is not the Shareholder or an affiliate of a Shareholder;
- (vi) business development activities for the Project;
- (vii) leading all discussions with external financiers for the Project.
- (viii) assisting the JV Company in obtaining the relevant technical authorisation required for the Project.

3.3 HK Paper Sources's Obligations:

- (i) assisting in the feasibility study of the Project;
- (ii) assisting in business development activities for the Project;
- (iii) assisting in procuring external financing for the Project; and
- (iv) subject to the exclusive off-take and distributorship agreement having been entered into on terms acceptable to the JV Company and Xiamen C&D Paper & Pulp (and/or its affiliates) and the JV Company not in breach of any of the terms of the exclusive off-take and distributorship agreement, procure Xiamen C&D Paper & Pulp to offtake all of the EFB pulp products produced by the Pulp Production Facility, in accordance with the terms of the exclusive off-take and distributorship agreement.

3.4 Nextgreen's Obligations:

- (i) Nextgreen shall procure its affiliates to enter into a licensing agreement with the JV Company to grant a non-exclusive, royalty-free, and irrevocable licence for the use of the intellectual property rights owned by Nextgreen and/or its affiliates that are necessary or desirable for the Business. This includes, without limitation, the patented Preconditioning Refiner Chemical-Recycle Bleached Mechanised Pulp (PRC-RBMP) technology. The licence shall be granted on terms acceptable to all Parties and executed as soon as practicable, but in any event no later than ninety (90) days from the date of the JVA; and
- (ii) Nextgreen shall procure its wholly-owned subsidiary, Ultimate Ivory Sdn. Bhd. [Registration No. 201101036581 (964715-T)], which has been granted approval for 375 acres of land in Kg. Paloh Hinai, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur by the Pejabat Setiausaha Kerajaan Pahang, to enter into a sale and purchase agreement with the JV Company for the transfer of the Development Land.

The sale shall be at a price not exceeding the market value as determined by a valuation report prepared by a qualified land valuer engaged by Nextgreen and, in any case, shall not exceed RM868,763.84 per acre for Development Land that has been levelled and prepared for the construction of the Pulp Production Facility, inclusive of access public roads, electricity, and water supply to the site.

The sale and purchase agreement shall be executed on terms acceptable to all Parties as soon as practicable and, in any event, no later than ninety (90) days from the date of the JVA.

3.5 Equity Participation in JV Company

Within ten (10) business days from the date of the JVA, the JV Company shall incorporate with an initial issued share capital of RM1,000.00 comprising 1,000 ordinary shares, which shall be subscribed by each of NIP and HK Paper Sources in the following proportions:

Shareholders	No. of new ordinary shares subscribed	Subscription Price (RM)	Percentage of shareholding after subscription (%)
NIP	750	750.00	75
HK Paper Sources	250	250.00	25
Total	1,000	1,000.00	100

Following incorporation, NIP and HK Paper Source shall further subscribe for new ordinary shares in the JV Company, resulting in an estimated issued and paid-up share capital of RM289,999,000.00.

3.6 Board of Directors of JV Company

The Board of Directors of the JV Company shall comprise of five (5) directors of whom:

- i. NIP shall be entitled to appoint up to four (4) directors (two (2) nominated by Nextgreen and IOI, respectively); and
- ii. HK Paper Sources shall be entitled to appoint up to one (1) director.

4. Rationale

The Joint Venture aligns with Nextgreen's strategic objective of expanding its green pulp production capacity, leveraging the technical, commercial and market expertise of Xiamen C&D Paper & Pulp and HK Paper Sources in the pulp and paper industry.

5. Source of Funds

The Project under the Joint Venture will be funded by a combination of internally generated funds and bank borrowings.

6. Financial Effects

The Joint Venture is not expected to result in any immediate material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of the Company for the financial year ending 31 December 2025.

The JV Company is expected to be consolidated into the financial statements of the Company.

Barring any unforeseen circumstances, the Joint Venture is expected to contribute positively to the future earnings of the Company.

7. Risk Factors

The Joint Venture is intended to enable the Parties to combine their skills, expertise, experience and capabilities. Barring any unforeseen circumstances, the Joint Venture is expected to benefit Nextgreen group of companies ("**Group**").

The Company does not foresee any exceptional risk other than operational risk associated with the Joint Venture which are similar to the operational risks that Nextgreen is already accustomed to. Hence the Board believes that the experience and expertise of its management team will enable the Group to mitigate these risks effectively.

8. Interests of the Directors, Major Shareholders, Chief Executive and/or Persons connected with them

None of the directors and/or major shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the JVA.

9. Statement by Directors

The Board, having reviewed and considered the terms and conditions of the JVA, is of the opinion that the JVA is in the best interests of the Company.

The Board confirms that the JVA was entered into on arm's length basis and is not subject to any related party transaction rules under the Main Market Listing Requirements.

10. Approvals Required

The Joint Venture does not require the approval of the shareholders of the Company and/or any other relevant government authorities.

11. Expected Time Frame for Completion

Barring any unforeseen circumstances, the initial shares' issuance and subscription exercise for the JV Company is expected to be completed within ten (10) business days from the date of this Announcement.

12. Document Available for Inspection

The JVA is available for inspection at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur between 9.00 a.m. and 5.00 p.m. from Mondays to Fridays (except on public holidays) for a period of 3 months from the date of this Announcement.

This Announcement is dated 16 April 2025.