**NEXTGREEN GLOBAL BERHAD ("NEXTGREEN" OR "THE COMPANY")**
**MEMORANDUM OF UNDERSTANDING BETWEEN NEXTGREEN GLOBAL BERHAD AND SAWIT PALM OIL INDUSTRIAL CLUSTER SDN BHD**

## INTRODUCTION

The Board of Directors ("**Board**") of Nextgreen wishes to announce that the Company had on 6 June 2024 entered into a Memorandum of Understanding ("**MOU**") with Sawit Palm Oil Industrial Cluster Sdn Bhd ("**SPOIC**") to intend to cooperate and collaborate on the establishment of Green Technology Park Sandakan, Sabah, Malaysia (referred to as "**Proposed Project**").

The Proposed Project will be implemented on a portion of land owned by SPOIC measuring an area of 400 acres more or less located in Sandakan, Sabah of which the actual size and location of which will be determined on joint survey and evaluation (referred to as "**Proposed Project Site**") upon terms and conditions to be agreed by the Parties.

Nextgreen and SPOIC are each referred to as the "**Party**" and collectively referred to as the "**Parties**".

## INFORMATION OF SPOIC

SPOIC is a subsidiary of Sawit Kinabalu Group ("SKG") the investment arm of the Sabah State Government. SPOIC focuses on developing, implementing, and managing an industrial park that provides investment opportunities in various sectors including downstream oil palm and palm oil industries, biomass, bio-refineries, port and logistics, oil and gas, and related small and medium enterprises.

## SALIENT TERMS OF THE MOU

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the MOU unless the context is otherwise required or defined herein.

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

a) The Parties are exploring the possibility of setting up a Joint Venture Company (referred to as "**the JVC**") to carry on the Proposed Project;

b) The main concept for the Proposed Project is park development and management whereby both Parties herein will jointly manage the Proposed Project Site of terms as follows:-

   i. Upon setting up of the JVC, the shareholding of the JVC will be 70% to SPOIC and 30% to the Company; and
   ii. There will be four (4) additional projects to be explored within the Proposed Project Site which consists of:-
      a) Collection and Processing Centre ("CPC")
      b) Pulp Mill
      c) Raw Water Treatment Plant
      d) Steam Boiler

SPOIC will not be obliged to invest in the four additional projects but SPOIC will be given a first right or refusal to be joint venture partner of terms and condition to be mutually agreed.

c) The Company agree:-

i. To attract potential investors by leveraging its existing business networks and shall borne the marketing cost;
ii. To provide technical support and full cooperation in designing the implementation of the Proposed Project;
iii. To advise and formulate the requirements to implement the Proposed Project;
iv. To be responsible in matters related to the concept of the Proposed Project's development, investment and finance and the Proposed Project management, as well as responsibility in brining in Foreign Direct Investment ("FDI");
v. To cooperate in providing relevant information, case studies and data analysis regarding the Proposed Project in making this MOU a success; and
vi. To provide cooperation in ensuring success, continuity and ongoing impact of the Project, especially in the supply chain aspect that includes the development of the Project, infrastructure facilities and the development of the Proposed Project.

d) SPOIC agree:-

i. To identify and provide the Proposed Project Site measuring an area of 400 acres more or less located in Sandakan, Sabah to the JVC to develop and manage the Proposed Project;
ii. To provide full support and cooperation in the designing and implementation of the Proposed Project;
iii. Cooperate in providing facilities and requirements to implement the Proposed Project, especially matters related to land requirements, infrastructures and technical support;
iv. Cooperate in providing relevant information, case studies and data analysis regarding the Proposed Project in making this MOU a success;
v. Provide cooperation in ensuring the success, continuity and ongoing impact of the Proposed Project, especially in the supply chain aspect that includes the development of the Proposed Project, infrastructure facilities and the development of the Proposed Project; and
vi. Provide support in facilitating any application required from any local authorities/state to make the Proposed Project successful.

**DURATION OF MOU**

Upon signing of the MOU, the Company and SPOIC will endeavours in good faith to discuss and agree on the detailed terms of the joint venture agreement and other ancillary agreements relating to the Proposed Project (referred to as "the **Definitive Agreements**") on the basis of the principles set out in the MOU and to take all necessary actions to finalise and execute the Definite Agreements within one (1) year from the date hereof or any extended period as may be mutually agreed in writing by the parties hereto.

If the Definitive Agreements are not executed within the said period of one (1) year or such mutually extended period for any reason whatsoever, the MOU shall automatically lapse and none of the Parties shall be liable in any manner whatsoever arising from the execution of the MOU or from the non-execution of the Definitive Agreements.

**RATIONALE OF THE MOU**

The rationale for the MOU is the Parties intend to cooperate and collaborate on the establishment of Green Technology Park Sandakan, Sabah, Malaysia.

**FINANCIAL EFFECTS OF THE MOU**

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

The MOU 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 2024.

**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 MOU.

**APPROVALS REQUIRED**

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

**STATEMENT BY BOARD OF DIRECTORS**

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

This announcement is dated 6 June 2024.