

**NEXTGREEN GLOBAL BERHAD (“NEXTGREEN” OR “THE COMPANY”)  
MEMORANDUM OF UNDERSTANDING BETWEEN NEXTGREEN IOI PULP SDN BHD AND  
XIAMEN C&D PAPER & PULP GROUP CO. LTD.**

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**INTRODUCTION**

The Board of Directors (“**Board**”) of Nextgreen wishes to announce that Nextgreen IOI Pulp Sdn Bhd (“**NIP**”), a 55%-owned subsidiary of Nextgreen had on 10 April 2024 entered into a Memorandum of Understanding (“**MOU**”) with Xiamen C&D Paper & Pulp Group Co. Ltd. (“**Xiamen C&D**”) to form a joint venture company (“**JVC**”) to undertake the proposed development of a paper pulp production facility (“**Pulp Production Facility**”) on the plot of land measuring approximately 43 acres in area (“**Development Land**”) comprised in the 410-acre in Green Technology Park located in Pekan, Pahang. The Pulp Production Facility would have an initial capacity to produce 100,000 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 (‘referred to as “**Project**”).

NIP and Xiamen C&D are each referred to as the “**Party**” and collectively referred to as the “**Parties**”.

**INFORMATION OF NIP**

NIP is a private company incorporated in Malaysia on 5 April 2024 under the Companies Act 2016 (“**Act**”). As of the date of this announcement, the total issued shares capital of NIP is RM1,000 comprising of 1,000 ordinary shares. The shareholders of NIP are as follows:-

| <b>No.</b> | <b>Name of shareholders</b>  | <b>No. of ordinary shares</b> | <b>Percentage (%)</b> |
|------------|--|-------------------------------|-----------------------|
| 1.         | Nextgreen  | 550                           | 55                    |
| 2.         | IOI Paper Pulp Sdn Bhd<br>(formerly known as IOI Copra Mill Sdn Bhd) | 450                           | 45                    |
|            | <b>Total</b>   | <b>1,000</b>                  | <b>100</b>            |

The Directors of NIP are Dato’ Lim Thiam Huat, Dr. Lim Kah Yen, Lim Kah Yee, Dato’ Lee Yeow Chor and Amir Mohd Hafiz Bin Amir Khalid.

The principal activity of NIP is to carry on the business of manufacturing, import, export and trading of pulp.

**INFORMATION OF XIAMEN C&D**

Xiamen C&D is 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). Xiamen C&D was founded in the year 1992 and has been deeply engaged in the industry for more than 30 years. Xiamen C&D has 45 plus business outlets across China and overseas markets and is a professional forest pulp and paper supply chain operator in China. The total business volume of Xiamen C&D Pulp and Paper Group reached 13 million tons and a turnover exceeding RMB 64 billion in the year 2022. It is the leading enterprise in China in terms of paper sales, pulp imports and sales in China.

In recent years, Xiamen C&D has actively arranged the professional and global business of the industrial chain of forest pulp and paper, established strategic cooperation with excellent global suppliers and provided "one-stop" supply chain services such as ordering, transportation, insurance, warehousing, distribution and financing for upstream and downstream customers of the industrial chain. Xiamen C&D realise the intensive procurement and distribution of all links of the whole industrial chain, supplemented by logistics services and information services, to solve the industry pain points, to help customers reduce costs and increase efficiency, risk control, and value enhancement. Xiamen C&D has passed the Forest Stewardship Council Chain of Custody Certification ("FSC-COC") and Authorised Economic Operator ("AEO") advanced certification enterprise.

### **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) Both Parties shall endeavor to negotiate in good faith the collaboration and setting up of JVC;
- b) Subject to the satisfactory completion of the due diligence by each Party and the approval of the Board of Directors of NIP and Xiamen C&D, the Parties would enter into a definitive agreement including the Shareholders' Agreement setting forth the terms and conditions that would govern their relations with each other and the JVC.
- c) Upon the incorporation of the JVC, the Parties to invest in JVC and the shareholders are as follows:-

| <b>Name of the Shareholders</b> | <b>No. of ordinary shares held</b> | <b>Percentage (%) shareholding</b> |
|---------------------------------|------------------------------------|------------------------------------|
| NIP                             | 750                                | 75%                                |
| Xiamen C&D                      | 250                                | 25%                                |
| <b>TOTAL</b>                    | <b>1,000</b>                       | <b>100%</b>                        |

- d) NIP's responsibilities in relation to the Project shall include (without limitation) the following:-
  - i. Conduct feasibility studies for the Project;
  - ii. Undertaking and coordinating the preparation for 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, licenses and permits required under the applicable laws, regulations and standards in relation to the Project;
  - v. Procurement of EFB;
  - vi. Business development activities for the Project; and
  - vii. Leading all discussions with external financiers for the Project.

Xiamen C&D's responsibilities in relation to the Project shall include (without limitation) the following:-

- i. Assisting in business development activities for the Project;
- ii. Assisting in procuring external financing for the Project; and
- iii. Off-taking of the product(s) produced by the Pulp Production Facility.

### **DURATION OF MOU**

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

### **RATIONALE OF THE MOU**

The rationale for the MOU is consistent with Nextgreen's objective of seeking strategic alliances and joint ventures for synergistic benefits to build a sustainable economic and environmentally friendly future and to ensure that agriculture wastes, such as EFB, a biomass by-product waste from oil palm industries typically unutilised, are transformed into green and sustainable products such as woodfree paper, tissue paper, premium packaging paper and pulp moulded packaging.

### **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 Director 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 12 April 2024.