

NEXTGREEN GLOBAL BERHAD

- DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY COMPANY – BHS PALAU INCORPORATED

1. INTRODUCTION

Pursuant to Paragraph 9.19(24) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Board of Directors of Nextgreen Global Berhad (“**NGGB**” or the “**Company**”) wishes to announce that its has on 9 April 2019 entered into an Agreement for Sale and Purchase of Shares (“**SPSA**”) with Chan Cheh Shin (Singapore Passport No. E4349265K) (“**Purchaser**”) to dispose 4,500 shares of one class of common stock with a par value of USD100.00 each (“**Sale Shares**”) representing the entire issued and paid-up share capital in BHS Palau Incorporated (“**BHS Palau**”), a subsidiary incorporated in the Republic of Palau, for a total sale consideration of United States Dollar (“**USD**”) One Million Two Hundred Thirteen Thousand (USD1,213,000.00), equivalent to RM4,885,964.00 (USD 1.00 :RM4.028, being the indicative rate quoted by AmBank Global Markets on 9 April 2019) (“**Consideration**”) [“**Disposal**”].

NGGB has agreed to sell and transfer to the Purchaser the Sale Shares free from all charges liens and encumbrances and with all attached rights as at the completion of the SPSA.

2. INFORMATION OF THE PURCHASER AND BHS PALAU

2.1 THE PURCHASER

The Purchaser, Chan Cheh Shin (Passport No. E4349265K) is a Singapore citizen.

2.2 BHS Palau

BHS Palau was incorporated in the Republic of Palau on 6 May 2016 and having its mailing address at P.O. Box 10025, Koror, Republic of Palau 96940. BHS Palau has an authorised capital of 5,000 shares of one class of common stock with a par value of USD100.00 each (“**Shares**”), of which 4,500 Shares have been paid-up or credited as fully paid share capital of USD450,000.00.

The business activities of BHS Palau is property investment and development.

Based on the financial statements for the period ended 31 March 2019, the financial information of BHS Palau are as follows:

	<u>Amount (RM)</u>
Net Assets	1,685,000
Accumulated Loss	124,000
Net Book Value	1,685,000

3. DETAILS OF THE DISPOSAL

3.1 BASIS OF ARRIVING AT THE CONSIDERATION

The Consideration for the Disposal was arrived at on the basis of an arm’s length transaction between a ‘willing-buyer-willing-seller’ after taking consideration the following factors:-

- (a) carrying value of the net assets (i.e. RM1,685,000) in the financial statements; and
- (b) the potential development prospect of the 99 years leasehold land owned by BHS Palau in the Republic of Palau measuring 16,225 square metres which has been alienated for residential and commercial purposes.

3.2 MODE AND MANNER OF PAYMENT OF CONSIDERATION BY THE PURCHASER

The Consideration will be paid by the Purchaser in the following manner:-

- (i) USD200,000.00 has been paid to the Company as stakeholder prior to the execution of the SPSA.
- (ii) USD200,000.00 will be paid to the Company as stakeholder upon execution of the SPSA.
- (iii) The balance Consideration shall be paid to the Company as stakeholder not later than seven (7) days upon issuance of the written notice by the Purchaser to the Company as described in item 3.3.1 (ii) below.

3.3 SALIENT TERMS OF THE SPSA

The salient terms of the SPSA are as follows:-

3.3.1 Due Diligence

- (i) immediately upon execution of the SPSA until completion of the due diligence exercise by the Purchaser on BHS Palau, the Company shall procure (insofar as he has the power) that BHS Palau shall, provide the Purchaser, its personnel and advisors, access to all the books, documents, records, information, accounts and such other documents or records belonging to BHS Palau which are requested by the Purchaser, and allow access to the management team of BHS Palau, for the purpose of the Purchaser conducting its due diligence exercise on BHS Palau and the Purchaser may request the Company and/or the management team of BHS Palau to discuss and/or clarify on such books, documents, records, information, accounts and such other documents or records belonging to BHS Palau provided by the Company. Such due diligence exercise shall be completed on or before the date falling thirty (30) days from the date of the execution of SPSA or such later date as may be mutually agreed between the Purchaser and the Company.
- (ii) the Purchaser, shall within five (5) days after completion of the due diligence exercise above, give written notice to the Company and/or the Company's solicitor confirming that the due diligence exercise has been duly completed and accepted by the Purchaser.

3.3.2 Conditions Precedent

The sale purchase and transfer of the Sale Shares under the SPSA is conditional upon the following (unless waived) by the Purchaser:-

- (i) the Purchaser being satisfied in its absolute discretion with the results of the due diligence as described in item 3.3.1 above to be conducted on BHS Palau.
- (ii) the Purchaser having obtained written waivers (if any) by the shareholder of BHS Palau of any rights of pre-emption which such shareholder may have in respect to the Sale Shares.

3.3.3 Termination in the event of non-fulfilment of Conditions Precedent

If any of the Conditions Precedent as set out in 3.3.2 (i) and (ii) above is not fulfilled within ninety (90) days from the date of SPSA or such other date as both parties may mutually agree in writing ("**Cut-Off Date**"), and to the extent that can be waived, is not so waived by the Cut-Off Date, the SPSA shall automatically terminate and all monies paid by the Purchaser thereto shall forthwith be refunded by the Company and/or its solicitors to the Purchaser in accordance with the terms of the SPSA, failing which, the Company shall pay the Purchaser late payment interest of 6% per annum calculated on a daily basis from the Cut-Off Date until full and final settlement of the amount payable. Thereafter, the parties hereto shall have no further claims or demands against each other save for any antecedent breach hereof.

3.3.4 Unconditional Date

The date where the last of the Conditions Precedent is received, obtained or fulfilled by the parties to the SPSA shall be deemed as the unconditional date provided that such date shall not be later than the Cut-Off Date.

3.4 ORIGINAL COST OF INVESTMENT

Details of the original cost of investment and the date of such investment for BHS Palau is as follows:-

Date of Investment	Particulars	Original Cost of Investment (RM)
Nov 2015	Cash	1,809,000

3.5 USE OF CONSIDERATION / PROCEEDS

The Disposal is expected to raise gross proceeds of approximately RM4,885,964.00 which are expected to be partly utilised as development cost of the Green Technology Park, Pekan or also partly for the construction of the pulp and paper factory.

4. RATIONALE FOR THE DISPOSAL

The Company wishes to streamline its business activities to focus and capitalise on the green technology which it possesses. In addition, the Company wishes to develop the Green Technology Park in Pekan and in other states. Both activities will require substantial investment of management times and financial resources. The disposal will enable the management to be able to concentrate on the two activities and use the disposal proceeds generated onto these two projects.

5. RISK FACTORS

The Disposal is not expected to pose any risk factors which could materially and/or adversely affect the business operations and financial performance of the Company.

6. EFFECTS OF THE DISPOSAL

6.1 SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Disposal does not involve any issuance of new shares in the Company and therefore will not have any effect on the share capital and substantial shareholders' shareholding of the Company.

6.2 EARNINGS AND EARNINGS PER SHARE

The Disposal is not expected to have any material impact to the earnings and earnings per share of the Group for the financial year ending 30 June 2019. However, the Disposal will result in a one time gain of RM3.1 million.

6.3 NET ASSETS (“NA”) AND GEARING

The Disposal is not expected to give rise to any effect on the gearing of the Company. However, it is expected to result in increased net assets on the gains of RM3.1 million as the proceeds are reinvested into the company’s construction or development of its business activities.

7. APPROVALS REQUIRED

The Disposal is not subject to the approval of the shareholders of the Company and/or any other relevant authorities and is not conditional upon any other corporate proposal.

8. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Disposal pursuant to paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.11%, based on the latest audited consolidated financial statements of the Company for the financial year ended 30 June 2018.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and substantial shareholders of the Company and persons connected to them has any interest, direct or indirect, in the Disposal.

10. DIRECTORS’ STATEMENT

The Board, having considered all aspects of the Disposal, including but not limited to the rationale of the Disposal is of the opinion that the Disposal is in the best interest of the Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed at a time to be agreed between the parties hereto upon payment of the Consideration in full which Completion date was estimated to be in or before the financial year ending 30 June 2019.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The SPSA is available for inspection at the Registered Office of the Company during normal office hours from Mondays to Fridays (except public holidays) at 802, 8th Floor, Block C Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan for a period of 3 months from the date of the SPSA.

This announcement is dated 9 April 2019