

**NEXTGREEN GLOBAL BERHAD (“NGGB” OR “THE COMPANY”)  
NON-RELATED PARTY TRANSACTION**

**DISPOSAL OF LAND BY ULTIMATE IVORY SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF  
NEXTGREEN GLOBAL BERHAD**

This is a voluntary announcement based on Paragraph 10.05(2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

**1. INTRODUCTION**

The Board of Directors of Nextgreen Global Berhad (“**NGGB**” or the “**Company**”) wishes to announce that Ultimate Ivory Sdn. Bhd. (“**Ultimate Ivory**”), its wholly-owned subsidiary has on 3 December 2019, entered into a Sale and Purchase Agreement (“**SPA**”) with Gaya Sepadu Sdn. Bhd. (Registration No. 201901037845/1347175-M) (“**Gaya Sepadu**”) to dispose of a 8.68 acres of land within all that 275 acres of industrial land in Green Technology Park Pekan in Kg. Paloh Hinai held under Master Title H.S. (D) 5333, P.T. 5745, Mukim Lepar, Daerah Pekan, Pahang Darul Makmur (“**Disposed Land**”), which the Disposed Land forms part of that 375 acres land granted by Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) to Ultimate Ivory for the development of the entire project of Green Technology Park Pekan (“**GTP Pekan**”) for a sale consideration of RM4,915,310.40 only (“**Sale Consideration**”) (“**Disposal**”).

The abovementioned 375 acres of land in Pekan (“**Pekan Land**”) was alienated by Pejabat Setiausaha Kerajaan Pahang (Pahang State Government) to Ultimate Ivory as announced by the Company to Bursa Securities on 21 October 2016.

**2. INFORMATION ON THE PEKAN LAND**

The details of the Pekan Land to be developed by NGGB for the GTP Pekan Project are set out below:

|                        |   |                                                                                                                                                                                                                 |
|------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mukim/ District/ State | : | Mukim Lepar/ Daerah Pekan/ Pahang Darul Makmur                                                                                                                                                                  |
| Land area              | : | 375 acres                                                                                                                                                                                                       |
| Existing use           | : | The subject property is currently vacant, save for infrastructural work being carried out on 26 acres of land approved for the development of Phase 1 in GTP Pekan as announced by the Company on 11 March 2016 |
| Tenure                 | : | Leasehold of 99 years commencing from the date of issuance of the title                                                                                                                                         |
| Registered owner       | : | The Pekan Land is currently registered under Pejabat Setiausaha Kerajaan Pahang as it is still pending the issuance of land title from Pejabat Tanah & Galian Kuantan                                           |
| Category of land use   | : | <ul style="list-style-type: none"><li>▪ 275 acres for industrial land</li><li>▪ 100 acres for mixed development</li></ul>                                                                                       |
| Encumbrances           | : | None                                                                                                                                                                                                            |

*Note:*

*The lot no./ title no. of the Land is not available as it is pending issuance of land title from Pejabat Tanah & Galian Kuantan.*

### 3. INFORMATION ON GAYA SEPADU AND ULTIMATE IVORY

#### 3.1 GAYA SEPADU

Gaya Sepadu was incorporated in Malaysia on 18 October 2019 as a private limited company with its registered office at B-2-9 (2<sup>nd</sup> Floor), Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur and has a total issued share capital of RM1.00, represented by one ordinary share. The principal activities of Gaya Sepadu are manufacturing of animal feed.

As at the date of this announcement, the Director of Gaya Sepadu is Mr. Leng Sen Wai and the details of the shareholder and shareholding are as follows:-

| Shareholder  | Shareholdings |
|--------------|---------------|
| Leng Sen Wai | 1             |

#### 3.2 ULTIMATE IVORY

Ultimate Ivory was incorporated in Malaysia on 18 October 2011 as a private limited company with its registered office at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor and has a total issued share capital of RM5,000,000.00, represented by 5,000,000 ordinary shares.

Ultimate Ivory was primarily involved in construction, development and management of the entire GTP Pekan project.

Based on the audited financial statements for the year ended 30 June 2018, the financial information of Ultimate Ivory is as follows:

|                          | <u>Amount (RM)</u> |
|--------------------------|--------------------|
| Net Assets               | 8,068,456          |
| Net Profits for the year | 865,120            |

### 4. DETAILS OF THE SALE CONSIDERATION

#### 4.1 BASIS OF ARRIVING AT THE SALE CONSIDERATION

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

- (a) The price transacted previously in GTP Pekan;
- (b) The price offered for the industrial land in the vicinity;
- (c) The estimated specific infrastructure cost and common infrastructure costs to be incurred on the Disposed Land;
- (d) Enquiries made by management with property agents familiar with the locality.

## 4.2 MANNER OF SETTLEMENT

### 4.2.1 Deposit Sum

A sum of RM1,096,450.00 shall be paid by Gaya Sepadu to Ultimate Ivory upon execution of the SPA.

### 4.2.2 Balance of Sale Consideration

RM3,818,860.40, the balance of the Sale Consideration, shall be paid by Gaya Sepadu to Ultimate Ivory on or before the expiry of the completion period i.e. within 3 months from the date of the SPA.

## 4.3 ORIGINAL COST OF DEVELOPMENT

Details of the original cost of development for the Disposed Land is as follows:-

| <u>Date of Development</u> | <u>Particulars</u>                     | <u>Original Cost of Development (RM)</u> |
|----------------------------|----------------------------------------|------------------------------------------|
| Dec 2019                   | Cost, estimated cost of infrastructure | 1,300,000                                |

## 4.4 USE OF CONSIDERATION / PROCEEDS

The Disposal is expected to raise a gross proceeds of approximately RM4.92 million which are expected to be utilised as working capital and part payment towards the construction costs in completing the Phase 1A, pulp and paper mill in GTP Pekan which is expected to be in production in the second quarter of 2020.

## 4.5 LIABILITIES TO BE ASSUMED

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Company arising from the SPA.

## 5. RATIONALE FOR THE DISPOSAL

The Disposal will bring in proceeds of approximately RM4.92 million which will help tremendously in the cash flow position of the Company especially in part funding the Phase 1A, pulp and paper mill in GTP Pekan, which is expected to have its commercial production in the second quarter of 2020 with off-takers already express interest in the end products.

## 6. 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.

## 7. EFFECTS OF THE DISPOSAL

### 7.1 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.

## **7.2 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 period ending 31 December 2019. However, the Disposal will result in a one-time gain of RM3.6 million.

## **7.3 NET ASSETS (“NA”) AND GEARING**

The gains arising from the disposal will not have any significant effect on the net assets and gearing for the financial period ending 31 December 2019.

## **8. EAST COAST ECONOMIC REGION INCENTIVE**

As an approved developer undertaking development of GTP Pekan, Ultimate Ivory has been granted income tax exemption of 100% for 10 years commencing from the year of assessment 2017 in which Ultimate Ivory derived its statutory income from the disposal of developed industrial land from GTP Pekan.

## **9. 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.

## **10. PERCENTAGE RATIOS**

The highest percentage ratio applicable to the Disposal pursuant to paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Securities is 4.15%, based on the latest audited consolidated financial statements of the Company for the financial year ended 30 June 2018.

## **11. DIRECTORS AND MAJOR SHAREHOLDERS’ INTERESTS**

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

## **12. 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.

## **13. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Disposal is expected to be completed within 3 months from the date of the SPA.

## **14. DOCUMENTS AVAILABLE FOR INSPECTION**

The SPA 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 SPA.

This announcement is dated 3 December 2019.