

1. INTRODUCTION

Pursuant to Chapter 9.19(24) of the Listing Requirements, Nylex (Malaysia) Berhad (“Nylex” or the “Company”) wishes to announce that it had, on 30 March 2018, entered into a Share Sale Agreement (“Agreement”) with Bon Kok Meng (“BKM”) and Astachem Holdings Sdn. Bhd. (“ASCH” or “the Purchaser”) for disposal of the total 2,200,000 ordinary shares (“Sale Shares”), representing 100% of the issued and paid-up share capital, in NYL Logistics Sdn. Bhd. (“NYL”), a subsidiary company, to ASCH for a total consideration of RM14,400,000 (“Purchase Price”) (“Proposed Disposal”).

(Nylex and BKM are collectively referred to as “the Vendors”)

Upon completion of the Proposed Disposal, NYL shall cease to be a subsidiary of Nylex.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Terms of the Proposed Disposal

The Vendors are the registered and beneficial owner of the entire issued and paid up share capital of NYL.

Nylex together with BKM agreed to sell their entire shareholding [as mentioned in item 2.3(b) below] in NYL and the Purchaser agreed to purchase the Sale Shares free from all liens, charges, encumbrances and claims from any third party of any nature whatsoever and with all rights, dividends, interest, bonus, accretions and accruals attaching thereto from the date of completion of the Agreement.

2.2 Basis Of Determining The Disposal Consideration

The Purchase Price, which will be fully satisfied in cash, was determined on a willing-buyer-willing-seller basis after taking into consideration the audited net assets value of NYL as at 31 May 2017.

2.3 Information of ASCH and NYL

(a) Information on ASCH

ASCH is a company incorporated under the laws of Malaysia, and it is an investment holding company.

The issued and paid-up share capital of ASCH is RM4,000,000 comprising 4,000,000 shares.

(b) Information on NYL

NYL is a company incorporated under the laws of Malaysia. The principal activities of NYL are provision of transport, cartage and haulage contractors and agencies services.

The issued and paid-up share capital of NYL is RM2,200,000 comprising 2,200,000 ordinary shares and with the existing shareholding:

Shareholders	No. of Ordinary Shares	Percentage of Shareholding
Nylex	1,320,000	60%
BKM	880,000	40%

2.4 Salient Terms of the Agreement

The salient terms of the Agreement include, amongst others, the following:

- (a) Each of the Vendors shall sell as beneficial and registered owners their respective portion of the Sale Shares and the Purchaser shall purchase the Sale Shares free from all liens, charges, encumbrances and claims from any third party of any nature whatsoever and with all rights, dividends, interest, bonus, accretions and accruals attaching thereto from the date of completion of the Agreement.
- (b) The Purchase Price shall be paid by the Purchaser to the respective Vendors for the amounts as set out in the table below, in the following manner:-
 - (i) the deposit (10% of the Purchase Price) shall be paid to the respective Vendors for the amounts as set out in the fourth column of the table below, on the execution of this Agreement.
 - (ii) the balance purchase price shall be paid to the respective Vendors for the amounts as set out in the fifth column of the table below, on the completion date.

Vendors	Shareholding	Amount of Purchase Price payable	Amount of Deposit payable	Amount of Balance Purchase Price payable
Nylex	60%	RM8,640,000	RM864,000	RM7,776,000
BKM	40%	RM5,760,000	RM576,000	RM5,184,000
	100%	RM14,400,000	RM1,440,000	RM12,960,000

- (c) The completion of the sale and purchase of the Sale Shares shall take place no later than ninety (90) days from the date of the Agreement, unless otherwise extended in writing by mutual agreement between the Vendors and the Purchaser.

2.5 Proposed Utilisation of Proceeds From the Proposed Disposal

Nylex had in year 2016 acquired 1,320,000 ordinary shares, representing 60% of the issued and paid-up share capital of NYL for a cash consideration of RM6,376,461.

This Proposed Disposal is expected to contribute a gain of about RM1.0 million to Nylex group.

The cash proceed raised by Nylex on this Proposed Disposal will be utilised for the Group's working Capital.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Nylex Group's core businesses are the manufacturing and distribution of industrial chemicals and related products. The initial plan for the acquisition of NYL was to accomplish Nylex Group's strategy to emerge as an integrated chemical group involving manufacturing, distribution and transportation to meet its customers' needs.

Following the intention to exit the business by BKM, the existing 40% shareholder in NYL, who is also running the operation of NYL, Nylex does not foresee high returns to be contributed by NYL to the Group. The Proposed Disposal will allow Nylex to unlock and monetise its investment made and reallocate its resources to other key businesses within the Group.

4. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DISPOSAL

The Proposed Disposal is expected to be completed within ninety (90) days from the date of Agreement.

5. FINANCIAL EFFECTS

(a) Share Capital

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as it does not involve the issuance of the Company's shares.

(b) Earnings and Net Assets

The Proposed Disposal will not have any material effect on the earnings and net assets of the Company for the financial year ending 31 May 2018.

(c) Substantial Shareholders' Shareholdings

The Proposed Disposal will not have any effect on the shareholdings of the substantial shareholders of the Company and will not result in a change in the controlling or dominant shareholder of the Company.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the directors and/or substantial shareholders of the Company or persons connected to them have any interest, direct or indirect, in the Proposed Disposal.

7. STATEMENT BY THE BOARD OF DIRECTORS

The Board, having taken into consideration all the relevant factors in respect of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

8. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of the Company or any other regulatory authorities.

9. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE TRANSACTIONS PURSUANT TO PARAGRAPH 10.02(g) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

The highest percentage ratio applicable to the Proposed Disposal is approximately 4.5%, based on the latest audited consolidated financial statements of Nylex for the financial year ended 31 May 2017.

10. COMPLIANCE WITH THE SECURITIES COMMISSIONS POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES

The Proposed Disposal is not subject to the approval of the Securities Commission and does not fall under the Securities Commission’s Policies and Guidelines on the Issue/Offer of Securities or any amendments thereof.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, during office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 30 March 2018.