

NYLEX (MALAYSIA) BERHAD (“Nylex” or “the Company”) PURCHASE OF VESSEL

1. Introduction

The Company wishes to announce that its wholly-owned subsidiary, ALB Marine Sdn Bhd (“AMSB”), had entered into a Shipbuilding Contract (“Contract”) with Grulla Oceano Inc. (“Grulla”), for the construction and purchase of a 6,800 dwt chemical tanker at the purchase consideration of JPY1.923 billion (equivalent to approximately RM58.3 million)(“Acquisition”).

(For purpose of this Announcement, the exchange rate is assumed to be JPY100 = RM3.03)

2. Details of the Acquisition

AMSB was incorporated in Malaysia as Jubli Kencana Sdn Bhd on 20 November 2014. It changed its name to the current form on 23 December 2014. Its authorized share capital is RM400,000 made up of ordinary shares of RM1.00 each of which 100,000 ordinary shares have been issued at par for cash. AMSB is currently dormant. It will be venturing into the business of ship owning, ship management and charter hire of tanker.

Grulla is a corporation organized and existing under the laws of the Republic of Panama. Grulla is a wholly-owned subsidiary of Kakuyo Shoji Co., Ltd., Japan, which in turn is a subsidiary of Tsurumi Sunmarine, which is the biggest tanker operator for domestic trading in Japan and operating more than 200 vessels.

The purchase consideration was arrived at on a willing buyer willing seller basis and having regard to prices offered by other shipyards for vessel of similar size and make.

The purchase consideration shall be satisfied entirely by cash and to be paid in the following manner:

- (a) 10% upon the Contract is signed by both parties;
- (b) 10% within three (3) months after the first instalment;
- (c) 20% upon the keel-laying of the vessel;
- (d) 10% upon launching of vessel; and
- (e) 50% upon the delivery of vessel.

70% of the purchase consideration will be funded by bank borrowing and the remaining 30% will be financed by internally generated funds. The bank borrowing is secured by the corporate guarantee issued by the Company.

The Acquisition will enable Nylex Group to own and operate the vessel instead of chartering the vessel from third parties, to enhance the business growth plan.

3. Prospect

The Acquisition is expected to contribute positively to the future earnings of Nylex Group.

4. Risk Factors

The major risk factors in relation to the Acquisition include, but are not limited, to the following:

- 4.1 Interest rate risk
The Acquisition is financed partly in bank borrowing. Any fluctuations in interest rate will affect the cost of borrowing. As at 31 May 2014, Nylex Group's net debt amounted to RM77.3 million, translating to gearing ratio of 26.8%.
- 4.2 Foreign exchange risk
The functional currency of AMSB is USD. Therefore, Nylex Group is exposed to currency fluctuations and exchange rate risks. Any fluctuation of USD against RM may impact the earnings and financial position of Nylex, arising from the translation into RM terms.
- 4.3 Marine related risks
The operation of vessel is subject to various risks such as adverse weather and sea conditions, mechanical failures, human errors, and marine disasters which could lead to accidents involving personal injury, damage to or loss of vessel, cargo, equipment or the environment.

5. Financial Effects of the Acquisition

- 5.1 Share Capital
The Acquisition will not have any effect on the share capital of Nylex as the purchase consideration shall be satisfied entirely by cash.
- 5.2 Substantial Shareholders' Shareholdings
The Acquisition will not have any effect on the shareholdings of the substantial shareholders of Nylex as the purchase consideration shall be satisfied entirely by cash.
- 5.3 Earnings per share ("EPS") and Net Assets ("NA")
The Acquisition is not expected to have any material effect on the EPS and NA of Nylex Group for the financial year ending 31 May 2015. The Acquisition is expected to contribute positively to Nylex Group's earnings in the future.
- 5.4 Gearing
Gearing of the Nylex Group as at 31 May 2014 was 26.8%. Assuming that the bank borrowing relating to this Acquisition is to be drawn down in full, the proforma effect on the gearing will be an increase to 40.9%.

6. Highest Percentage Ratios Applicable

The highest percentage ratio applicable to the Acquisition as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements is the purchase consideration over the audited consolidated net assets of Nylex as at 31 May 2014 which amounts to 20.17%.

7. Approvals Required

The Acquisition is not subject to the approval of the shareholders of Nylex or any other relevant regulatory authorities.

8. Directors' and Major Shareholders' Interests

None of the Directors and/or major shareholders of the Company and persons connected to them are interested in the Acquisition as the Directors and/or major shareholders and persons connected to them do not have any direct or indirect interest in Grulla.

9. Estimated Time Frame for Completion

Barring unforeseen circumstances, the Acquisition is expected to be completed by January 2017.

10. Directors' Statement

The Board having considered all aspects of the Acquisition is of the opinion that the Acquisition is in the best interest of Nylex and is not detrimental to the interest of the minority shareholders.

11. Documents Available for Inspection

Copy of the Contract is available for inspection at the registered office of Nylex at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 30 April 2015.