

NEXGRAM HOLDINGS BERHAD

OTHERS

PROPOSED DISPOSAL OF 11 STOREY STRATIFIED OFFICE BUILDING, NEXGRAM TOWER BY COCONUT THREE SDN BHD (FORMERLY KNOWN AS NEXGRAM LAND SDN BHD), A WHOLLY-OWNED SUBSIDIARY OF THE NEXGRAM HOLDINGS BERHAD ("PROPOSED DISPOSAL")

1. Introduction

The Board of Directors of Nexgram Holdings Berhad ("Nexgram" or "Company") wishes to announce that Coconut Three Sdn Bhd (formerly known as Nexgram Land Sdn Bhd) ("The Vendor" or "CTSB"), a wholly-owned subsidiary of the Company, had on 31 December 2018 entered into a Sale and Purchase Agreement ("Agreement") with IMS Development Sdn Bhd ("IMS" or "the Purchaser") for the disposal of 11 storey stratified office building erected on part of the Master Title PN 46338, Lot No. 58190, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur bearing postal address at Tower 7, Avenue 3, The Horizon Phase 1, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur measuring approximately 79,347 square feet ("Nexgram Tower" or "the Property") for a consideration of RM67,000,000.00 ("Proposed Disposal").

2. DETAILS OF THE DISPOSAL

2.1 Information on The Vendor

The Vendor (Company No. 1016195-X) is a company incorporated in Malaysia on 7 September 2012 and having its registered address at Level 2, Tower 1 Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan. The Vendor is the registered and/or beneficial owner of the property.

The principal activity of the Vendor is to carry on the properties investment and management.

The sole Director of the Vendor as at the date of this announcement is Tuan Haji Mazru bin Mat Yusof.

2.2 Information on the Purchaser

IMS is a company incorporated in Malaysia on 7 June 2013 and having its registered address at 9-2B, Jalan PJU 1/3D, Sunwaymas Commercial Centre, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Directors and shareholders of the Purchaser as at the date of this announcement are Idrus Bin Mohd Satha and Shaharuddin Bin Mohd Satha.

2.3 Salient Terms of the Agreement

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

(a) Conditions Precedent

Completion of the sale and purchase of the Sale and Purchase of the said Property shall take place on Completion Date.

- (i) The completion of the sale and purchase of the Property, pursuant to the terms and conditions set out in this Agreement, is in all respects conditional upon the Vendor procuring at the Vendor's own costs and expenses the Developer's Confirmation within three (3) months from the date of the Agreement;
- (ii) The Vendor must within Ten (10) business days from the date of Agreement at the Vendor's own costs and expenses make such payments and take all necessary steps and do all the necessary things and acts such may be required to obtain the Developer's Confirmation;
- (iii) The Vendor must deliver the original copy or a certified true copy of the Developer's Confirmation to the Purchaser within Ten (10) business days of its receipt of the same;
- (iv) In the event that a condition is imposed in respect of the Developer's Confirmation which affects the Purchaser and is unacceptable to the Purchaser (at the Purchaser's absolute discretion), the Purchaser will have the option, exercisable by written notice to the Vendor within fourteen (14) days from the date of receipt of notice on which the condition is made known to the Purchaser, to reject such condition whereupon the Developer's Confirmation will be deemed not to have been obtained for the purpose hereof. If such option is not exercised within the stipulated 14 days, the Developer's Confirmation will be deemed to have been obtained for the purpose hereof;
- (v) The approval of the Board of Directors of the Vendor and the Vendor's holding company, Nexgram Holdings Berhad;
- (vi) The approval of the Shareholder of the Vendor, Nexgram Holdings Berhad and the shareholders of Nexgram Holdings Berhad at a duly convened Extraordinary General Meeting of the Company;
- (vii) The approval of the Shareholders and Board of Directors of the Purchaser;
- (viii) The Agreement shall also be conditional upon placement of Ringgit Malaysia Twelve Million Five Hundred Thousand (RM12,500,000.00) only ("Judgement Sum") out of the Balance Purchase Price, in the Vendor's Solicitors interest bearing Client's Account to comply with the Kuala Lumpur High Court Order dated 14 December 2018 in respect of the Judgement dated 20 July 2018 pending full disposal of Vendor's appeal in the Court of Appeal**; and
- (ix) The Vendor shall obtain an amendment/ clarification of the Court Order, wherein the amendment/ clarification shall stipulate that in effect, clause 2.3 (a) (viii) above is not a Condition Precedent of the Agreement, but a condition of the agreement. Therefore, the placement of the Judgement Sum may be made at any time before Completion Date.

** The Judgment Sum derived from Kuala Lumpur High Court's Judgement dated 20.7.2018 in Suit No. WA-22NCC-291-07/2017, whereby CTSB was sued by Spacious Glory Sdn Bhd ("the Plaintiff") for non-payment of purchase price for purchase of shares in Blue Hill Development Sdn Bhd. CTSB has filed an appeal in the Court of Appeal against the said Judgement dated 20.7.2018. On 14.12.2018 the Court further Ordered that in the event the Plaintiff wishes to proceed with the Proposed Disposal, a sum of RM12,500,000.00 only from the sale proceeds shall be held by the Vendor's Solicitors as stakeholder in an interest bearing Client's Account until the final disposal of CTSB's appeal in the Court of Appeal.

(b) Consideration

The consideration in respect of the sale & purchase of the said property shall be a total amount of Ringgit Malaysia Sixty Seven Million (RM67,000,000.00) Only, which shall be satisfied by payment of **deposit** of Ringgit Malaysia Six Million Seven Hundred Thousand (RM6,700,000.00) made by the Purchasers to the Vendor on the date of signing this Agreement.

The **Balance Purchase Price** of Ringgit Malaysia Sixty Million Three Hundred Thousand (RM60,300,000.00) only shall be paid by the Purchaser to the Purchaser's Solicitors as stakeholder within four (4) months from the Unconditional Date of the Agreement.

3. Rationale for the Disposal

The Property is currently held for rental purposes. The Company decided to dispose of the Property after taking into consideration the challenges of the upkeep of the premises. The Board is in view that the Proposed Disposal is in the best interests of the Group.

The proceeds arising from the Proposed Disposal shall be utilised to settle the banking facilities and the balance will be utilised for working capital purposes.

4. Financial Information of the Property

The current book value is RM79,400,000.00 only. The original cost of investment of Nexgram Tower on 8 April 2013 was RM64,000,000.00 only.

The Proposed Disposal is expected to contribute an estimated loss on disposal of approximately RM12,400,000.00 only.

5. Financial Effects of the Disposal

The Disposal will not have any material impact on the issued and paid-up share capital, net assets, earnings, gearing and substantial shareholdings of the Company.

6. Directors' and Substantial Shareholders' Interest

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

7. Percentage Ratio of the Disposal

The highest percentage ratio applicable to the Disposal pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is 45.50% based on the latest audited financial statements for the financial year ended 31 July 2018.

8. Statement by Directors

The Board of Directors, after having considered all aspects, is of the opinion that the Disposal is in the best interest of Nexgram Group.

9. Approvals Required

The Disposal is subject to the approval of the shareholders of Nexgram or any governmental authorities.

10. **Documents for Inspection**

The Agreement is available for inspection at the Company's registered address at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur within three (3) months from the date of this announcement.

This announcement is dated 3 January 2019