

**THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Statement on Proposed SBB Mandate (as defined herein). Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



[Registration No.: 197001000148 (9378-T)]  
(Incorporated in Malaysia)

**STATEMENT**

in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE ON SHARE BUY-BACK**

THIS STATEMENT IS ISSUED IN CONJUNCTION WITH THE RELEVANT RESOLUTIONS TO BE TABLED AT THE 52<sup>ND</sup> ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY.

The relevant resolutions will be tabled as Special Businesses at the Company’s 52<sup>nd</sup> AGM, which will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 27 October 2022, at 9:30 a.m. using the remote participation and voting facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>.

The Notice of AGM and Proxy Form are enclosed in the Annual Report 2022 of the Company.

The Proxy Form should be completed and deposited at the Share Registrar’s Office of the Company not less than 48 hours before the time stipulated for the holding of the 52<sup>nd</sup> AGM or any adjournment thereof. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online> before the proxy appointment cut off time as mentioned above. The lodging of the Proxy Form will not preclude you from participating and voting at the AGM, should you subsequently wish to do so.

**Last date and time for lodging the Proxy Form is Tuesday, 25 October 2022 at 9:30 a.m.**

This Statement is dated 28 September 2022

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

“Act”	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Ancom”	: Ancom Nylex Berhad [196901000122 (8440-M)]
“Annual Report 2022”	: Annual Report for Nylex issued for the financial year ended 31 May 2022
“Board”	: Board of Directors of Nylex
“Bursa Securities”	: Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
“CMSA”	: Capital Markets and Services Act 2007
“Code”	: Malaysian Code on Take-Over and Mergers 2016, as amended from time to time
“Dato’ Siew”	: Dato’ Siew Ka Wei
“Director(s)”	: Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon  (i) a director of the Company, its subsidiary or holding company; or  (ii) a chief executive of the Company, its subsidiary or holding company
“EPS”	: Earnings per share
“Latest Practicable Date”	: Latest Practicable Date prior to the printing of this Statement, being 30 August 2022
“Listing Requirements”	: The Listing Requirements of Bursa Securities including any amendments to the Listing Requirements that may be made from time to time
“Major Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in a corporation and the number or the aggregate number of those shares, is  (a) 10% or more of the total number of voting shares in the corporation; or  (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation  including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company as defined above or any other company which is its subsidiary or holding company  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act
“NA”	: Net assets
“Nylex” or “Company”	: Nylex (Malaysia) Berhad [197001000148 (9378-T)]
“Nylex Group” or “Group”	: Nylex and its subsidiaries
“Nylex Share(s)” or “Share(s)”	: Ordinary share(s) in Nylex
“Proposed SBB Mandate”	: Proposed renewal of shareholders’ mandate on Share Buy-Back
“Purchased Shares”	: Share(s) purchased pursuant to the Proposed SBB Mandate
“Rhodemark”	: Rhodemark Development Sdn Bhd [199901006086 (480986-V)]
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Share Buy-Back”	: Purchase by the Company of its own shares in accordance with Section 127 of the Act and the requirements of Bursa Securities and/or any other relevant authority

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**DEFINITIONS** *(continued)*

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“Treasury Share(s)” : Purchased Shares retained as treasury shares as defined under Section 127 of the Act

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

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# **NYLEX (MALAYSIA) BERHAD**

[Registration No.: 197001000148 (9378-T)]  
(Incorporated in Malaysia)

## **STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE ON SHARE BUY-BACK**

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### **1. INTRODUCTION**

On 23 September 2022, the Company announced its intention to seek the approval of its shareholders to renew the mandate for Share Buy-Back provided that the Shares so purchased shall, in aggregate with the Treasury Shares, not exceed ten per centum (10%) of its total issued and paid-up capital on Bursa Securities in accordance with the provisions of Section 127 of the Act, the Company's Constitution and the Listing Requirements.

At the 51<sup>st</sup> AGM held on 26 October 2021, the shareholders of the Company approved the mandate for the Company to repurchase its own shares. The said mandate, in accordance with the Listing Requirements, will expire at the conclusion of the forthcoming 52<sup>nd</sup> AGM of the Company.

The Proposed SBB Mandate will continue to be in force until the conclusion of the next AGM of Nylex at which time it will lapse, unless earlier revoked or varied by ordinary resolution passed by the shareholders in general meeting, or upon the expiration of the period within which the next AGM after the date is required by law to be held, whichever occurs first.

The purpose of this Statement is to provide you with details of the Proposed SBB Mandate and to set out the views of your Board and to seek your approval for the resolution relating thereto to be tabled at the 52<sup>nd</sup> AGM of the Company.

### **2. DETAILS OF THE PROPOSED SBB MANDATE**

#### **2.1. Rationale for the Share Buy-Back**

The Proposed SBB Mandate would enable the Company to undertake the Share Buy-Back when the Board is of the opinion that the prevailing market prices of Nylex Shares do not reflect the underlying value of the Group. It is also aimed at reducing any unwarranted volatility of the market prices of the Shares in the open market.

#### **2.2. Potential advantages and disadvantages of the Share Buy-Back**

The potential advantages of the Share Buy-Back include the following:

- (i) it would enhance the consolidated EPS of the Company if the Purchased Shares are cancelled resulting in a reduction in the issued and paid-up share capital of the Company;
- (ii) in the event that the Company chooses to retain the Purchased Shares as Treasury Shares and resell the said Treasury Shares at a higher price than the purchase price, the financial resources of the Company would be increased;
- (iii) the Treasury Shares may be distributed to shareholders as dividends, which if undertaken, will serve to reward the shareholders of the Company;
- (iv) the Treasury Shares can be used as a payment for purchase consideration, thus eliminating the need to utilise the Company's cash resources for such purposes; and

The potential disadvantages of the Share Buy-Back include the following:

- (i) it would reduce the available financial resources of the Company which could be used to distribute cash dividends to the shareholders; and
- (ii) it involves cash outflow from the Company which could otherwise have been retained in the business for future investment opportunities that may in turn result in the loss of any income that may arise from the deposit of such funds in interest bearing instruments.

The Company would buy back its Shares after the Board has given due consideration to its potential impact on the Company's earnings and financial position and that the Board is of the opinion that it would be in the best interest of the Company to do so.

### **2.3. Treatment of Purchased Shares**

In accordance with Section 127 of the Act, the Board may, at its discretion, deal with the Purchased Shares in the following manner:-

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares as Treasury Shares for distribution as dividend to the shareholders; and/or resell on the market of Bursa Securities; and/or to be transferred under an employees' share scheme or as purchase consideration; and/or cancelled subsequently; or
- (iii) to retain part of the Purchased Shares as Treasury Shares and cancel the remainder; or
- (iv) to deal in such other manner as allowed by the Act and Bursa Securities from time to time.

The actual treatment of the Purchased Shares would depend on, inter alia, the prevailing equity market conditions and the financial position of the Company.

### **2.4. Ranking**

The rights attaching to the Treasury Shares in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the Treasury Shares would not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purposes including the determination of substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for meeting and the result of a vote on resolution(s) at shareholders meetings.

### **2.5. Funding**

The Share Buy-Back will be financed by internally generated funds or bank borrowings, the proportion of which is dependent on the quantum of the purchase consideration as well as the availability of the internally generated funds and the repayment capabilities of the Company if financed by bank borrowings. The Board will ensure that the Company has sufficient cash flow to repay the bank borrowings and that the repayment would have no material effect on the financial resources of the Company.

The maximum amount allocated for the Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase. Based on the latest audited accounts as at 31 May 2022, the Company has a balance of RM1,668,000 in the retained earnings. Based on the latest management accounts as at 31 August 2022, the Company has a balance of RM1,302,000 in the retained earnings.

The actual number of Nylex Shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the prevailing equity market conditions, the financial position as well as the availability of the retained profits and share premium reserves of the Company.

### **2.6. Material Financial Effects of the Proposed SBB Mandate**

#### **2.6.1. Share Capital**

It is the intention of the Company to retain the Purchased Shares as Treasury Shares. Hence, it will not have any effect on the total issued and paid-up share capital of Nylex. However, the rights attached to the Purchased Shares will be suspended as long as they are retained as Treasury Shares.

#### **2.6.2. NA**

The effect of the Share Buy-Back on the consolidated NA of the Group will depend on the purchase price and the number of Shares purchased and the treatment of the Purchased Shares. In the event that the resale price is higher than the purchase price, there will be an increase in the consolidated NA, and vice versa.

If the Treasury Shares are distributed as share dividends, the consolidated NA would decrease by any associated costs incurred in the distribution of the Treasury Shares.

#### **2.6.3. Working Capital**

The Share Buy-Back is likely to reduce the working capital of the Group, the quantum of which will depend on the actual number of Nylex Shares purchased and the price paid and any associated costs incurred for the purchase of the Shares.

In the event that the Treasury Shares are subsequently resold on Bursa Securities, the working capital of the Group will increase upon the receipt of the proceeds of the resale.

#### **2.6.4. EPS**

The effect of the Share Buy-Back on the EPS of the Group will depend on the actual purchase price of Nylex Shares, the number of Shares purchased and any effective funding cost of the purchase, if applicable, or any loss of interest income to the Company resulting from funds used for the Share Buy-Back.

Generally, all else being equal, the Share Buy-Back will have a positive impact on the EPS of the Group as the Purchased Shares, whether cancelled or retained as treasury shares, will effectively reduce the total share capital used for the computation of EPS.

In the event that the Treasury Shares are subsequently resold on Bursa Securities, the EPS will increase if the purchase price and associated costs incurred are less than the actual selling price of the Treasury Shares, and vice versa.

#### **2.6.5. Dividends**

The Share Buy-Back may have an impact on the Company's dividend pay-out as it may reduce the cash available, which could otherwise be used for the dividend payment. Nonetheless, if the Purchased Shares are retained as treasury shares, the dividend rate will also be increased with the suspension of the rights attaching to the Treasury Shares as to dividend entitlement. Moreover, the Treasury Shares so purchased may be distributed as share dividends to shareholders of the Company if the Board so decides.

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## 2.6.6. Shareholdings of Directors, Major Shareholders and persons connected to them

The effect of the Share Buy-Back on the shareholdings of the Directors, Major Shareholders and person(s) connected to them as at Latest Practicable Date, are set out as follows:

	as at Latest Practicable Date				After share buy-back of maximum 10%	
	Direct	Indirect	Total		Shares are cancelled/retained % #	Shares are resold % +
	No. of shares	No. of shares	No. of shares	% *		
<b>Directors</b>						
Dato' Siew	1,399,646	77,883,551 <sup>1</sup>	79,283,197	44.10	45.33	40.80
<b>Major shareholders</b>						
Dato' Siew	1,399,646	77,883,551 <sup>1</sup>	79,283,197	44.10	45.33	40.80
Ancom	18,507,921	57,385,535 <sup>2</sup>	75,893,456	42.21	43.39	39.05
Rhodemark	57,385,535	-	57,385,535	31.92	32.81	29.53
<b>Person(s) connected</b>						
Siew Nim Chee & Sons Sendirian Berhad <sup>3</sup>	1,644,066	-	1,644,066	0.91	0.94	0.85
Silver Dollars Sdn Bhd <sup>4</sup>	244,157	-	244,157	0.14	0.14	0.13
Datin Young Ka Mun <sup>5</sup>	71,497	-	71,497	0.04	0.04	0.04
Quek Lay Kheng <sup>6</sup>	6,250	-	6,250	0.00	0.00	0.00
Siew Ka Kheong <sup>7</sup>	24,125	-	24,125	0.01	0.01	0.01

Notes:

\* Based on share capital of 179,787,212 (excluding Treasury Shares of 14,550,648)

# Based on share capital of 174,904,074

+ Based on share capital of 194,337,860

1. Held through Ancom, Rhodemark, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd, Datin Young Ka Mun, Quek Lay Kheng and Siew Ka Kheong.
2. Held through Rhodemark.
3. Company in which Dato' Siew, his brother Siew Ka Kheong and his son, Siew Yuen Tuck, collectively have 100% equity interest.
4. Company in which Dato' Siew and his spouse, Datin Young Ka Mun, have 85% and 15% equity interest respectively.
5. Spouse of Dato' Siew.
6. Sister-in-law of Dato' Siew.
7. Brother of Dato' Siew.

Save as disclosed above, none of the other Directors, Major Shareholders or persons connected to them has any interest, direct or indirect, in the Share Buy-Back.

### 2.6.7. Implications of the Code

Pursuant to Rule 4 of the Code, if as a result of the Share Buy-Back, a person or group of persons acting in concert holding a combined shareholding that is more than 33% but less than 50% has inadvertently increased his/their combined shareholdings by more than 2% or more within a six (6) month period, the said person or group of persons acting in concert will be obliged to make a mandatory offer for the remaining Nylex Shares not held by him/them. Notwithstanding the above, the Securities Commission may grant an exemption to the said person or group of persons acting in concert from implementing a mandatory offer under Section 219(1) of the CMSA.

Based on the Company's issued and paid-up capital as at the Latest Practicable Date and the shareholdings indicated in Section 2.6.6, the Share Buy-Back is not expected to trigger the Code.

### 2.7. Purchases, Resale and/or Cancellation of Shares made in the preceding twelve (12) months

The Company did not purchased its own Shares during the past twelve (12) months.

On 8 March 2022, the Company sold a total of 500,000 treasury shares at a resale price per share of RM0.305 and the total consideration of RM151,768.

As at the Latest Practicable Date, a total of 14,550,648 Treasury Shares were held by the Company. The Company has not made any purchase, transfer or cancellation of Treasury Shares in the preceding 12 months.

### 2.8. Historical Share Prices

The details of the highest and lowest prices of Nylex shares traded on the Bursa Securities for the past 12 months are as follows:

Month	Highest	Lowest
	(RM)	(RM)
September 2021	1.22	0.82
October 2021	1.43	1.05
November 2021	1.32	1.16
December 2021	1.46	1.17
January 2022	1.64	1.40
February 2022	1.88	1.52
March 2022	1.87	0.17
April 2022	0.49	0.33
May 2022	0.35	0.23
June 2022	0.33	0.17
July 2022	0.33	0.23
August 2022	0.27	0.23

The last transacted price on Latest Practicable Date was RM0.24.

### 2.9. Public Shareholding Spread

The Board will ensure that the public shareholding spread of Nylex shall not fall below twenty-five per centum (25%) of the issued and paid-up share capital of the Company at the time of purchase. As at Latest Practicable Date, the public shareholding spread of the Company was 55.90%.

## 3. APPROVAL REQUIRED

The Proposed SBB Mandate is conditional upon approval being obtained from the shareholders of Nylex at the forthcoming 52<sup>nd</sup> AGM to be convened.

#### **4. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed SBB Mandate, is of the opinion that the proposal is in the best interest of the Company and accordingly recommends that you vote in favour of the resolution pertaining to the Proposed SBB Mandate to be tabled at the forthcoming 52<sup>nd</sup> AGM.

#### **5. FURTHER INFORMATION**

You are requested to refer to the attached Appendix for further information.

This Statement is dated 28 September 2022.

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**FURTHER INFORMATION****1. AGM**

The resolutions pertaining to the Proposed SBB Mandate are contained in the Notice of the 52<sup>nd</sup> AGM, which is enclosed in the Annual Report 2022. The 52<sup>nd</sup> AGM will be conducted entirely through live streaming from the broadcast venue at No. 2A, Jalan 13/2, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 27 October 2022, at 9:30 a.m. using remote participation and voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via TIIH Online website at <https://tiih.online>.

If you are unable to participate, and vote at the 52<sup>nd</sup> AGM and would like to appoint proxy(ies) to do so on your behalf, you are requested to complete, sign and return the Proxy Form, available in the Annual Report 2022, in accordance with the instructions printed thereon as soon as possible and, in any event so as to arrive at the Share Registrar's Office of the Company not less than forty-eight (48) hours before the date and time fixed for the meeting or any adjournment thereof. If you are an individual shareholder, you can also lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online> before the proxy appointment cut off time as mentioned above. The lodging of the Proxy Form will not, however, preclude you from participating and voting at the 52<sup>nd</sup> AGM should you subsequently wish to do so. If you do, your proxy shall be precluded from participating the 52<sup>nd</sup> AGM.

**2. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Directors of Nylex who collectively and individually accept full responsibility for the accuracy and correctness of the information contained herein and confirm that, after having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**3. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia during office hours from Mondays to Fridays (except public holidays) from the date of this Statement up to and including the date of the 52<sup>nd</sup> AGM:

- (i) The Constitution of Nylex; and
- (ii) The audited consolidated financial statements of Nylex for the past two (2) financial years ended 31 May 2021 and 31 May 2022 and the latest unaudited results since the last audited financial statements (if any).

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