



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

12 October 2022

BY EMAIL/FAX/HAND

(Fax No: (603) 7804 1316)

The Board of Directors
NYLEX (MALAYSIA) BERHAD
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Attention: Choo Se Eng
Stephen Geh Sim Whye
Company Secretaries

Dear Directors,

Re: 52nd Annual General Meeting (AGM) of Nylex (Malaysia) Berhad ("Nylex" or "the Company") to be held on Thursday, 27 October 2022

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational & Financial Matters

1. As part of its regularisation exercise, Nylex has on 21 March 2022 entered into a Heads of Agreement (HOA) with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad for the collaboration to build and operate a light rail transport (LRT) system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" (TOD) concept in Johor Bahru metropolitan region (collectively known as the Proposed JV or the LRT Project) (page 8 of Annual Report 2022).

What is the role of Nylex in the Proposed JV? What is the Group's percentage share in this venture? How confident is the Management that the Proposed JV is significant and meaningful enough for the Group to succeed in its regularisation plan?

2. The prospect and future of the Company would hinge on the feasibility of the LRT Project (page 8 of AR 2022). The Proposed JV will also form part of the regularisation

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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No. 30, JALAN SULTAN ISMAIL

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plan to be undertaken by Nylex to regularise its affected listed issuer status. In addition, the regularisation plan will result in a significant change in the business direction or policy of Nylex and is subject to the approval of the SC.

As of 3 October 2022, the Company has approximately 4 months to submit its regularisation plan to the Securities Commission for approval.

- a) Will the Management be able to meet the targeted timeline for the submission of regularisation plan to the relevant authorities?
 - b) What are the milestones achieved so far for the feasibility study and finalisation of definitive agreements for the Proposed JV?
 - c) Based on current developments, the Proposed JV is expected to form a major part of Nylex's regularisation plan. Has the Group explored any other opportunities apart from the LRT Project to regularise its business? What other exercises or businesses does the Group plan to include in its regularisation plan?
3. During the financial year, the Company has completed the disposal of the entire assets and liabilities of the Company and distribution of the proceeds to the entitled shareholders of the Company. As at 31 May 2022, of the amount of RM50 million cash received, an amount of RM11.25 million was retained for the acquisition of new businesses (page 119 of AR 2022).

Considering that the Group needs to embark on a regularisation exercise, would the amount of RM11.250 million be sufficient to succeed in its exercise? Does the Board and Management foresee the need for equity fund raising exercise in the near future?

Corporate Governance Matters

1. The Company has departed from adopting Practice 5.9 of the Malaysian Code on Corporate Governance (MCCG) which stipulates that the board comprises at least 30% women directors.

As at the end of FY2022, the Board does not have any woman director (page 27 of Corporate Governance Report 2022)

- a) To better promote boardroom diversity and inclusivity, public-listed companies in Bursa Malaysia are required to appoint at least one-woman director on their boards with effect from 1 June 2023.
What is the progress in identifying suitable candidates? How many candidates were interviewed and shortlisted?

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b) Does the Company intend to apply Practice 5.9? If so, by when?

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/RF/LCY/CCF/NYLEX/AGM2022

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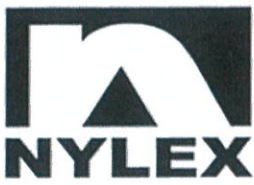
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27 October 2022

Badan Pengawas Pemegang Saham Minoriti Berhad
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

By Fax/Original by hand

Attention: Mr Devanesan Evanson

Dear Sirs,

Re: **52nd ANNUAL GENERAL MEETING OF NYLEX (MALAYSIA) BERHAD (“NYLEX”)**

We refer to your letter dated 12 October 2022.

On behalf of the Board of Directors (“Board”) of Nylex, we would like to provide the following information in response to the issues raised in your said letter: -

Operational & Financial Matters

1. Based on the Heads of Agreement dated 21 March 2022 (“HOA”), Nylex, Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad (collectively, the “Parties”) intend to collaborate together to build and operate the LRT Project. The role and percentage share in the venture of the respective Parties are dependent on the outcome of the feasibility study of which the process is still on-going. Such details will be finalised and incorporated into the definitive agreements to be executed between the Parties at a later date. For the Group to succeed in the regularisation plan, it is important for Nylex to acquire the concession award for the LRT Project.
2.
 - (a) The management, together with the other Parties are in discussions with the strategic partners and relevant authorities on the project feasibility. We will be appointing an Adviser in due course for the submission of regularisation plan and appropriate announcements will be made, should there be any material development in regard to the LRT Project.
 - (b) A consultant was appointed to conduct a feasibility study and we are also in discussions with a few potential and strategic partners on the technical and financial matters.

An update of the project feasibility is expected to be submitted to the Johor State Government by end of November 2022 and if it is deemed satisfactory, we expect to be granted for an extension of the exclusivity period to complete and submit the feasibility study of the LRT Project to the Johor State Government. During this extension period, we expect to complete more detailed negotiations with all technical and financial partners and upon finalisation of the feasibility study, the Parties are to agree on the terms of the definitive agreements to effect the proposals as announced on 21 March 2022 (“**Proposals**”). A detailed announcement will be made on Bursa Malaysia Securities Berhad upon execution of the definitive agreement.

- (c) The HOA is legally binding on all the Parties for a period of 12 months from the date of the HOA or such other extended period as may be mutually agreed between the Parties. Pursuant to the HOA, the Parties are to work together exclusively to agree on the terms of the definitive agreements for the Proposals. Therefore, the LRT Project remains as our focus and we have not explore any other opportunities presently to regularise the affected listed issuer status of the Company.
3. As mentioned in the announcement made by the Company on 21 March 2022 in regard to the LRT Project, there is an intention of the Company to undertake a private placement of new Nylex shares to Ancom Nylex Berhad, BTS Group Holdings Public Company Limited and/or other investors to be identified, to raise funding needed to put on-stream the operation of the new business.

Corporate Governance Matters

1. (a) The Board presently does not have any woman director. The Board has taken note that in accordance with the amendments to the Listing Requirement, the Board has to appoint at least 1 woman director by 1 June 2023.

The Board will appoint a woman director by 1 June 2023. The Board is in the process of identifying a suitable candidate.

- (b) The regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status will result in a significant change in the business direction or policy of Nylex. It may also result in a change in the board of directors of the Company.

In view thereof, it will be more appropriate for the new Board at that point of time to decide on whether the Company will be adopting Practice 5.9 of the Malaysian Code on Corporate Governance in future.

We value your comments and trust that the above has clarified the issues raised.

Thank you.

Yours faithfully
On behalf of the Board of Directors of
NYLEX (MALAYSIA) BERHAD

Dato’ Siew Ka Wei
Group Managing Director