

THIS CIRCULAR/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 Circular/Statement on Proposed RRPT Mandate and Proposed SBB Mandate (as defined herein) except in respect of the new shareholders’ mandate for RRPT under Part A of this Circular/Statement on a limited review basis pursuant to the provision of Practice Note 18 of the Listing Requirements of Bursa Securities, prior to the issuance of this Circular/Statement.

Bursa Securities takes no responsibility for the contents of this Circular/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 Circular/Statement.



NYLEX (MALAYSIA) BERHAD

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

CIRCULAR TO SHAREHOLDERS

in relation to the

PART A

**PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

STATEMENT

in relation to the

PART B

PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE ON SHARE BUY-BACK

THIS CIRCULAR/STATEMENT IS ISSUED IN CONJUNCTION WITH THE RELEVANT RESOLUTIONS TO BE TABLED AT THE 53RD ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY.

The relevant resolutions will be tabled as Special Businesses at the Company’s 53rd 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 Friday, 27 October 2023, 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://tjih.online>.

The Notice of AGM and Proxy Form are enclosed in the Annual Report 2023 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 53rd 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://tjih.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 Wednesday, 25 October 2023 at 9:30 a.m.

This Circular/Statement is dated 27 September 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular/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 2023”	: Annual Report for Nylex issued for the financial year ended 31 May 2023
“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-Overs 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
“Entopest”	: Entopest Environmental Services Sdn Bhd [200301025521 (627941-D)]
“EPS”	: Earnings per share
“Latest Practicable Date”	: Latest Practicable Date prior to the printing of this Circular/Statement, being 5 September 2023
“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 Share(s)” or “Share(s)”	: Ordinary share(s) in Nylex
“Proposed RRPT Mandate”	: Proposed new shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements and Practice Note 12, for Nylex to enter into RRPT
“Proposed SBB Mandate”	: Proposed renewal of shareholders’ mandate on Share Buy-Back
“Purchased Shares”	: Share(s) purchased pursuant to the Proposed SBB Mandate
“Related Party” or “Related Parties”	: Director(s), Major Shareholder(s) or person(s) connected with such Director or Major Shareholder
“Rhodemark”	: Rhodemark Development Sdn Bhd [199901006086 (480986-V)]

DEFINITIONS *(continued)*

“RRPT”	:	Related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of Nylex
“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
“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 Circular/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 Circular/Statement shall be a reference to Malaysian time, unless otherwise stated.

TABLE OF CONTENTS

	PAGE
PART A – PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE	
LETTER TO SHAREHOLDERS RELATING TO THE PROPOSED RRPT MANDATE	
1. INTRODUCTION	2
2. DETAILS OF THE PROPOSED RRPT MANDATE	2
3. APPROVAL REQUIRED	6
4. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS	6
5. DIRECTORS’ RECOMMENDATION	6
6. FURTHER INFORMATION	7
PART B - PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE ON SHARE BUY-BACK	
STATEMENT RELATING TO THE PROPOSED SBB MANDATE	
1. INTRODUCTION	8
2. DETAILS OF THE PROPOSED SBB MANDATE	8
3. APPROVAL REQUIRED	12
4. DIRECTORS’ RECOMMENDATION	13
5. FURTHER INFORMATION	13
APPENDIX	
FURTHER INFORMATION	14



NYLEX (MALAYSIA) BERHAD

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

Registered Office:
Unit C508, Block C, Kelana Square
Jalan SS7/26, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

27 September 2023

Board of Directors

Datuk Anuar bin Ahmad (*Independent Non-Executive Chairman*)
Dato' Siew Ka Wei (*Group Managing Director*)
Edmond Cheah Swee Leng (*Non-Independent Non-Executive Director*)
Khamis bin Awal (*Non-Independent Non-Executive Director*)
Tan Sri Dato' Dr Lin See Yan (*Non-Independent Non-Executive Director*)
Datin Joanne Marie Lopez (*Independent Non-Executive Director*)

To: The Shareholders of Nylex

Dear Sir/Madam,

**NYLEX (MALAYSIA) BERHAD
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

1. INTRODUCTION

On 22 September 2023, the Company announced its intention to seek the approval of its shareholders mandate in respect of RRPT with new transacting Related Party, pursuant to Paragraph 10.09 of the Listing Requirements and Practice Note 12.

The purpose of this Circular is to provide you with details of the Proposed RRPT 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 53rd AGM of the Company.

YOU ARE ADVISED TO READ THE CONTENTS AND APPENDICES OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE.

2. DETAILS OF THE PROPOSED RRPT MANDATE

2.1. Introduction

In accordance with Paragraph 10.09 of the Listing Requirements and Practice Note 12, Nylex may seek a mandate from its shareholders for RRPT subject to, inter-alia, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;

- (iii) the Company's circular to shareholders for the RRPT mandate shall include the information as may be prescribed by Bursa Securities. The draft circular to obtain shareholders' mandate for new RRPT shall be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that person(s) connected with him abstain from voting on the resolution approving the transactions;
- (v) the Company immediately announces to Bursa Securities when the actual value of RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in the Company's circular to shareholders by 10% or more and shall include the information as may be prescribed by Bursa Securities in its announcement.

The Company hereby seeks the approval of the shareholders for the new mandate from its shareholders to enter into new RRPT as set out in 2.4.1 of this Circular, provided such transactions are entered into at arm's length and on normal commercial terms that are not more favourable to the Related Party than those generally available to the public and which will not be to the detriment of the interests of minority shareholders. The new RRPT are subject to the review procedures set out in Section 2.6 of this Circular.

2.2. Validity period of the Proposed RRPT Mandate

The Proposed RRPT Mandate, if approved at the forthcoming 53rd AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of Nylex at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - (iii) revoked or varied by resolution passed by the shareholders at a general meeting,
- whichever is earlier.

2.3. Principal Business Activity of Nylex and Rationale for the RRPT

Following the completion of the disposal of Nylex's entire business undertakings to its holding company, Ancom, on 26 January 2022, Nylex does not have any principal activity at the moment. Until a new principal activity is identified and activated, Nylex intends to engage in trading business to generate income to partially fund its operational expenses.

In this respect, Nylex has identified the RRPT i.e. sale of pest control, hygiene and sanitation related products to Entopest as its business activity for the time being.

The Company is currently embarking on a regularisation exercise whereby it will undertake a new business activity, if the regularisation plan is successfully implemented in due course. The RRPT with Entopest are intended to be temporary to generate income to partially fund the Company's operational expenses. When the regularisation plan is successfully implemented, the new shareholders will decide whether to continue with the RRPT.

2.4. Nature of Transactions and Classes of Related Party

2.4.1. New Mandate

Transacting Related Party	Transacting Party	Nature of transactions	Current year estimated value ¹	Classes of Related Party ²
			(RM)	
Entopest ³	Nylex	Sale of pest control, hygiene and sanitation related products.	1,200,000 ⁴	<ul style="list-style-type: none"> ♦ Entopest is a 90% owned subsidiary of Ancom Agrichemical Sdn Bhd, which in turn is a wholly-owned subsidiary of Ancom ♦ Ancom holds a 42.2% direct and indirect equity interest in Nylex. Dato' Siew is the Group Managing Director of Nylex, the Executive Chairman of Ancom. Dato' Siew holds in aggregate a 42.9% direct and indirect equity interest in Nylex and 14.1% direct and indirect equity interest in Ancom.

Notes:

1. Current year estimated value is for period from 28 October 2023 (one day after 53rd AGM) to 31 October 2024.
2. All percentages of equity interest disclosed are as at Latest Practicable Date.
3. The Company recorded total sales of RM211,018 to Entopest for the period from March 2023 until May 2023 and is below the threshold required approval from shareholders. There were no transactions from 1 June 2023 to the date of this Circular and no transactions are expected from the date of this Circular to 27 October 2023.
4. The estimated value is made based on the total sales recorded for period from March 2023 to May 2023 with an increase in the overall sales for the next one (1) year. A monthly sales of about RM100,000 is estimated in this respect.

2.5. Amount Due and Owing by Related Party

As at 31 May 2023, the amount due and owing by Related Party, pursuant to RRPT, was as follows:

Related Party	Within credit term	Exceed credit term Less than 1 year	Total amount due and owing
Entopest	RM133,091	-	RM133,091

There was no late payment charges imposed because it is an industrial practice that late payment charges are not imposed. Credit controller will follow up regularly with Entopest to ensure that the outstanding amounts are recovered. As at the Latest Practicable Date, the total amount due and owing by the related party is RM41,072.

2.6. Review Procedures

Nylex has established the following procedures to ensure that the RRPT are undertaken at arms' length basis and on normal commercial terms consistent with the Company's usual business practices and policies, which are generally not more favourable to the Related Party/(ies) than those generally available to the public and are not detrimental to Nylex's minority shareholders.

There are no specific thresholds for the approval of RRPT. All RRPT will be reviewed and approved by the Director(s) (with the exception of Directors interested in the RRPT) or such other senior executive(s) (not being a person connected to the Related Party/(ies)) designated by the Audit Committee, from time to time for such purpose.

The Company has established the following procedures in relation to the RRPT:

- (i) the relevant employees of the Company are notified of the identities of the Related Party/(ies) and will be required, prior to entering into such transaction, to ensure that all the RRPT are consistent with the Company's normal business practices and policies, on terms not more favourable to the

Related Party/(ies) than those generally available to the public and not detrimental to the minority shareholders;

- (ii) the transaction prices and terms are determined based on the prevailing market rates which are determined by market forces and other relevant factors. Where practical and feasible, quotations and/or tenders will be obtained from unrelated party/(ies) for the same or substantially similar products or services for at least two (2) other contemporaneous transactions with unrelated third parties for similar services will be used as a comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party/(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of services. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated party/(ies), or where there has not been any similar transactions between the Company and unrelated third parties, the terms of the transactions for the products or services will be in accordance with applicable industry norms, prevailing commercial rates and at rates not more favourable to the Related Party/(ies) than those generally available to the public and is not detrimental to Nylex;
- (iii) all RRPT will be reviewed monthly by the Company's Corporate Office to ensure that they are within the shareholders' mandate obtained;
- (iv) records will be maintained by the Company's Corporate Office to capture all RRPT which are entered into pursuant to the Proposed RRPT Mandate;
- (v) additional information pertaining to the RRPT may be requested from independent sources or advisers, if required;
- (vi) the Audit Committee will review all RRPT every quarterly, with a detailed review of RRPT exceeding RM1.0 million; and
- (vii) the Audit Committee will consider, from time to time, whether the established guidelines and procedures for RRPT have become inappropriate and/or it is unable to ensure that the transactions will be on normal commercial terms and/or will prejudice the interests of shareholders generally. Notwithstanding the above, the guidelines and procedures for RRPT will be reviewed by the Audit Committee at least once in a financial year.

2.7. Statement by Audit Committee

The Audit Committee has reviewed the procedures mentioned in Section 2.6 of this Circular and is of the view that procedures are sufficient to ensure that the RRPT are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of the Company and that the Company has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner.

The Audit Committee conducts a review of the procedures on a yearly basis or such frequency as the Audit Committee considers appropriate having regard to the value and frequency of the RRPTs.

2.8. Rationale and Benefits of the Proposed RRPT Mandate

The RRPT are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. As these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT.

The RRPT are intended to meet the business needs of the Company at the best possible terms. By transacting with the Related Party, the Company would have an advantage of familiarity with the background and management of the Related Party, thus enabling more informed commercial decisions to be made. In most dealings with the Related Party, the Company and the Related Party have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT.

By obtaining the Proposed RRPT Mandate on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur, would not arise. This will substantially reduce administrative time, inconvenience and avoid expenses associated with the convening of such general meetings on an ad-hoc basis without compromising the corporate objectives of the Company or adversely affecting the business opportunities available to the Company.

2.9. Effects of the Proposed RRPT Mandate

The Proposed RRPT Mandate will not have any effect on the share capital and shareholding structure of the Company and will not have any impact on the NA and EPS of the Company.

3. APPROVAL REQUIRED

The Proposed RRPT Mandate is conditional upon approval being obtained from the shareholders of Nylex at the forthcoming 53rd AGM to be convened.

4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other Directors and Major Shareholders of Nylex or person(s) connected to them (as defined in Paragraph 1.01 of the Listing Requirements) have any interest, direct or indirect, in the Proposed RRPT Mandate:

	As at Latest Practicable Date			
	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
<i>Interested Directors</i>				
Dato' Siew	943,803	0.53	76,231,735 ¹	42.40
<i>Major Shareholders</i>				
Dato' Siew	943,803	0.53	76,231,735 ¹	42.40
Ancom	18,507,921	10.29	57,385,535 ²	31.92
Rhodemark	57,385,535	31.92	-	-
<i>Person(s) connected</i>				
Siew Nim Chee & Sons Sendirian Berhad ³	266,782	0.15	-	-
Datin Young Ka Mun ⁴	71,497	0.04	-	-

Notes:

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

1. Held through Ancom, Rhodemark, Siew Nim Chee & Sons Sendirian Berhad and Datin Young Ka Mun.

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. Spouse of Dato' Siew.

Accordingly, the Interested Director, Dato' Siew has and will continue to abstain from all Board deliberations and voting in respect of the transactions in which he has an interest as detailed in Section 2.4 of this Circular.

The Interested Director, Dato' Siew, and Major Shareholders, namely Dato' Siew, Ancom and Rhodemark, will abstain from voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed RRPT Mandate at the forthcoming 53rd AGM, and have also undertaken to ensure that the person(s) connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed RRPT Mandate at the forthcoming 53rd AGM.

5. DIRECTORS' RECOMMENDATION

The Board (with the exception of the interested Directors who have abstained from giving any opinion and making any recommendation in respect of transaction in which they have an interest in), having considered all aspects of the Proposed RRPT Mandate, is of the opinion that the proposal is in the best interest of the Company and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming 53rd AGM.

6. FURTHER INFORMATION

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

Yours faithfully
for and on behalf of the Board of
NYLEX (MALAYSIA) BERHAD

Datin Joanne Marie Lopez
Chairman of the Audit Committee



NYLEX (MALAYSIA) BERHAD

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

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

1. INTRODUCTION

On 22 September 2023, 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 52nd AGM held on 27 October 2022, 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 53rd 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 53rd 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 Company. 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 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 earnings of the Company at the time of purchase. Based on the latest audited accounts as at 31 May 2023, the Company has a balance of RM160,000 in the retained earnings. Based on the latest management accounts as at 31 August 2023, the Company recorded accumulated loss of RM355,000.

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 earnings 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 NA of the Company 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 NA, and vice versa.

If the Treasury Shares are distributed as share dividends, the 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 Company, 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 Company 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 Company 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 Company 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	% *		
Directors						
Dato' Siew	943,803	76,231,735 ¹	77,175,538	42.93	44.12	39.71
Major shareholders						
Dato' Siew	943,803	76,231,735 ¹	77,175,538	42.93	44.12	39.71
Ancom	18,507,921	57,385,535 ²	75,893,456	42.21	43.39	39.05
Rhodemark	57,385,535	-	57,385,535	31.92	32.81	29.53
Person(s) connected						
Siew Nim Chee & Sons Sendirian Berhad ³	266,782	-	266,782	0.15	0.15	0.14
Datin Young Ka Mun ⁴	71,497	-	71,497	0.04	0.04	0.04

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, and Datin Young Ka Mun.
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. Spouse 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

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 2022	0.24	0.18
October 2022	0.23	0.17
November 2022	0.22	0.19
December 2022	0.39	0.19
January 2023	0.62	0.30
February 2023	0.66	0.53
March 2023	0.60	0.40
April 2023	0.49	0.40
May 2023	0.45	0.31
June 2023	0.56	0.31
July 2023	0.51	0.41
August 2023	0.49	0.20

The last transacted price on Latest Practicable Date was RM0.37.

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 57.07%.

3. APPROVAL REQUIRED

The Proposed SBB Mandate is conditional upon approval being obtained from the shareholders of Nylex at the forthcoming 53rd 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 53rd AGM.

5. FURTHER INFORMATION

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

This Statement is dated 27 September 2023.

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FURTHER INFORMATION

1. AGM

The resolutions pertaining to the Proposed RRPT Mandate and Proposed SBB Mandate are contained in the Notice of the 53rd AGM, which is enclosed in the Annual Report 2023. The 53rd 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 Friday, 27 October 2023, 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 53rd 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 2023, 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 53rd AGM should you subsequently wish to do so. If you do, your proxy shall be precluded from participating the 53rd AGM.

2. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/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. MATERIAL CONTRACTS

Except as disclosed below, the Board has confirmed that Nylex did not enter into any material contract (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular/Statement.

- (a) Conditional Sale of Business Agreement dated 29 July 2021 entered into between Ancom, Nylex and Nylex Holdings Sdn. Bhd. ("NHSB", a subsidiary of Ancom) in respect of the proposed acquisition of the entire business and undertaking including all the assets and liabilities of Nylex by NHSB for a consideration of RM179,287,212. This transaction has been completed on 26 January 2022.
- (b) Heads of Agreement dated 21 March 2022 between Ancom, Nylex, Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad and BTS Group Holdings Public Company Limited for the collaboration to build and operate a light rail transport system. As at LPD, this transaction has yet to be completed as the parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the said Heads of Agreement.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

The Board has confirmed that the Company did not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Directors of Nylex do not have any knowledge of any proceedings pending or threatened against the Company or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Company.

5. 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 Circular/Statement up to and including the date of the 53rd 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 2022 and 31 May 2023 and the latest unaudited results since the last audited financial statements (if any).