Nylex (Malaysia) Berhad (“Nylex”) (9378-T)

Summary of Key Matters discussed at The 46th Annual General Meeting Held on 19th October, 2016 at 9.30 a.m. at the Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS12/1, 47500 Subang Jaya, Selangor

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Audited Financial Statements And Reports For The Financial Year Ended 31 May 2016

(1) **Mr Ng Soo Har @ Ng Seet Kow** enquired on whether the Company and the Group prepare their financial statements using the MFRS and whether the figures are overstated.

Mr Ng referred to page 51 of the Annual Report and pointed out that the Total Comprehensive Income of the Group for the Year Ended 31 May 2016 was RM26.758 million as opposed to RM10.859 million for the Company.

The CFO of Nylex, Ms Michelle Chen explained that the financial statements of the Group and of the Company have been prepared in accordance with the latest applicable IFRS, MFRS as well as the Companies Act, 1965 in Malaysia and the profits are not overstated in the financial statements.

Ms Chen further informed that the profit of the Company includes dividend income from the subsidiaries but the profits of the Group is made up of the profit of the Company and the profits/losses of its subsidiaries, after eliminating dividend income from subsidiaries and some consolidation adjustments.

(2) **Mr Wan Eng Wah** noted that the Industrial Chemical Division and the Polymer Division did not do well but the Earnings Per Share improved from 3.8 sen per share to 5.8 sen per share. He hoped that the Group could continue to maintain positive earnings and continue to pay dividend. Mr Wan asked whether the Company would be able to pay dividend in the future.

The CFO informed that the Company has been consistently paying dividend for the past 10 years. The decision on the payment of dividend is depending on the profitability and cash flow position of the Group.

(3) **Mr Phang Ah Kow** enquired on the ratio of export revenue to local revenue of the Industrial Chemical Division and the Polymer Division and also the foreign exchange gain or loss on export sales.

The CFO informed that based on page 128 of the Annual Report, The ratio of the Group’s sales to Malaysia to sales to outside Malaysia is approximately 50% : 50%.

There was a foreign exchange gain of approximately RM6.6 million recorded in the financial year 2016 of which approximately RM5.0 million was realised gain and the balance were unrealised.

(4) **Mr Lee Cheng Lock** pointed out that page 94 of the Annual Report states that the Company acquired 60% equity in a new subsidiary, NYL Logistics Sdn Bhd but at the same time wound up a subsidiary by the name of Malaysian Roofing Industries Sdn Bhd. He enquired on the reason for the transactions.

The CFO explained that the Company has acquired 60% equity in NYL Logistics Sdn Bhd to go into logistics business. The acquisition was completed on 26 May 2016.

Malaysian Roofing Industries Sdn Bhd ("MRI") was a manufacturer of roof tiles which was a non-core business to the Group. MRI disposed of its business and commenced voluntary winding up in 2012 and the winding up process was completed on 10 September 2014.

(5) **Mr Lee Cheng Hock** enquired on the Vendor's name for the acquisition of NYL Logistics Sdn Bhd.

The CFO informed that Mr Bon Pow Koon is the vendor of the shares.

(6) **Mr Ng Aik Pheng** enquired on the reason of acquiring NYL Logistics Sdn Bhd when there is already a logistic company within the Ancom Group namely Ancom Logistics Berhad and enquired on the reason of winding up Malaysian Roofing Industries Sdn Bhd.

Mr Ng further enquired on the reason of not holding all 3 Annual General Meetings of Nylex (Malaysia) Berhad, Ancom Logistics Berhad and Ancom Berhad on the same day to save time and cost.

The CFO explained that as per Nylex's earlier announcement to Bursa Malaysia, the Group has committed in the construction and purchase of a vessel of which is expected to be delivered in January 2017. NYL Logistics Sdn Bhd is involved in the business of transport, cartage and haulage contractors and agencies. The acquisition of NYL would enhance Nylex's presence in logistics business to augment Nylex's strategy to emerge as an integrated chemical group involving manufacturing, distribution and transportation to meet its customers' needs.

Ancom Logistics Berhad is a separate group of companies, which is listed on the ACE market of Bursa Malaysia Securities Berhad.

Malaysian Roofing Industries Sdn Bhd was wound up because it is a non-core business to the Group.

On the question of why only two Annual General Meetings ("AGM") were held today instead of three as in the past, the new ruling by Bursa Malaysia Securities Berhad requiring all resolutions at the AGM to be decided by a poll voting of which requires longer time compared with the past practice of show of hands. We were unsure whether there would be sufficient time to conduct three AGMs in a single day. As such, for this first year of implementation, we have arranged for only two AGMs in one day.

(7) **Resolution No 1 – Declaration of Final Dividend of 2.0 sen per share for the Financial Year Ended 31 May 2016.**

Mr Ng Aik Pheng enquired on the reason of not paying this dividend as an interim dividend.

The CFO explained that the Board recommended the payment of final dividend for the financial year ended 31 May 2016 after the full year financial results of the Group were finalised.

(8) **Resolution No 2 – Approval of Directors Fees of RM368,000.00 for the Financial Year Ended 31 May 2016.**

Mr Ng Aik Pheng enquired on whether the directors satisfied with the quantum of fees recommended.

The Chairman of Nylex, Tan Sri (Dr) Mohamed Al Amin Bin Abdul Majid shared that a survey by a firm of professional accountants engaged by its holding company, Ancom Berhad found that the directors' fees recommended was within the range of fees paid by similar listed entities. As such the directors are satisfied with the fees recommended.

(9) **Resolution No 9 – Proposed Mandate For Share Buy Back.**

Mr Phang Ah Kow enquired on the number of shares purchased in the financial year ended 31 May 2016 and the lowest price paid.

The CFO informed that total of 534,400 shares of RM1.00 each was re-purchased from the market during the financial year ended 31 May 2016 at the cost of RM300,017.

The Chairman added that the lowest price paid in the repurchase of shares during the financial year was 47 sen per share.

(10) **Mr Ng Aik Pheng** enquired on the reason of not using fund used in shares buy-back to pay dividend.

The CFO explained that the share buy-back is expected to stabilise the supply and demand of the Company's securities traded on Bursa Malaysia Securities Berhad, and hence, would maintain the Company's share prices and shareholders' confidence in the Company's securities.

Despite the share buy-back, the Company has been consistently paying dividend for the past 10 years.

Prepared by
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Secretary