



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

17 October 2022

BY EMAIL/~~FAX~~/HAND

The Board of Directors
Ancom Nylex Berhad
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention: Mr Choo Se Eng/ Ms Wong Wai Foong
Company Secretaries

Dear Directors,

**Re: 53rd Annual General Meeting (“AGM”) of Ancom Nylex Berhad (“ANCOMNY”
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. The group introduced two new active ingredients into its agrichemical product range in FY2022.
 - i) What were the 2 new active ingredients that were introduced in FY2022?
 - ii) What are the main target markets for the two new active ingredients?
 - iii) Were the two new active ingredients developed internally?
 - iv) At last year's AGM, the group was looking to increase 5 active ingredients in the next 3 years with 3 to be added into production throughout 2023 and 2024. Is the group on track to achieve the target?
 - iv) On average, how much does the agrichemical division spend each year on research and development activities?

2. The group has completed factories to house production lines with an additional capacity of 4,000MT for new agrichemicals. Apart from the new plant, the group

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my

is expanding its existing facility by about 25% to increase the MSMA-based production.

- i) What will be the new total production capacity for the agricultural chemicals division after the new 70,000 sq ft plant in Klang is operational and the expansion of the existing facilities?
 - ii) What is the average capacity utilization rate for the agricultural chemicals division for FY2022?
3. “The Proposed Acquisition of Nylex Business was completed on 26 January 2022. With full control of Nylex’s businesses, Ancom Nylex Berhad is able to recognise 100% of the profit compared to approximately 50% before this. The Group also stands to benefit from synergies via economies of scale and cost savings with all its chemical businesses under one roof” (page 30 of Annual Report FY2022). Ancom Berhad held a controlling stake of 50.27% in Nylex (Malaysia) Berhad before the completion of the proposed acquisition of Nylex Business. What are the synergies that the group stands to benefit after obtaining full control of Nylex’s businesses but not before the proposed acquisition?
4. The company has not paid any cash dividend since the last cash dividend paid on 23 January 2015. When a question about the possibility of dividend payment was raised at the 52nd AGM last year, the company replied that the group saw the opportunities to strengthen its financial performance, going forward, the group would maintain its focus on cost reduction and conserve cash flow for capital investments for future business growth in the next 2 years.

Why did the company spend RM15.898m in net purchase of treasury shares of the company in FY2022 and why is the company seeking shareholders’ approval for the proposed renewal of authority for share buy-back mandate at this AGM when i) the group’s net gearing ratio jumped from 0.55x as at 31 May 2021 to 0.75x as at 31 May 2022; ii) no cash dividend has been declared since the previous payment on 23 January 2015; and iii) the group would maintain its focus on conserving cash flow for capital investments for future business growth?

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.

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my

Ancom Nylex Berhad

53rd AGM, 27 October 2022

Page 3 of 3

Thank you.

Yours sincerely



Devanesan Evanson

Chief Executive Officer

DE/OBH/ANCOMNY/AGM2022

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

Incorporated in Malaysia Registration No: 200001022382 (524989-M)

LEVEL 23, UNIT 23-2, MENARA AIA SENTRAL

No. 30, JALAN SULTAN ISMAIL

50250 KUALA LUMPUR

TEL: (603) 27320010

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my