



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

18 October 2023

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: 54th Annual General Meeting (“AGM”) of Ancom Nylex Berhad (“ANCOMNY”
or the “Company”) to be held on Friday, 27 October 2023**

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. For the agricultural chemicals division, the Group's products are primarily used in sugar cane, corn, wheat, cotton, pineapple and palm oil plantations.
 - i) For FY2023, what percentage of the revenue of the division is derived from sugar cane related agricultural chemicals?
 - ii) Currently, does the division experience significantly stronger demand for its agricultural chemicals as a result of escalated sugar price?
2. The segmental revenue from the Agrichemicals Division increased by 18.7% from RM462.8 million in FY2022 to RM549.3 million in FY2023.
 - i) To what extent was the increase in revenue driven by the acquisition of Shennong Group, which made its maiden contribution to the Group in FY2023?

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

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No. 30, JALAN SULTAN ISMAIL

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- ii) Besides, is the revenue improvement in FY2023 also driven by an increase in average selling prices and higher demand from existing customers?
 - iii) Did the division acquire any major new customers in FY2023?
3. In response to question no.4 raised by MSWG at the 53th AGM last year, the Board stated that the Group remained focused to bring down its debts at company level and added that the Group aimed to conserve cash and raise debts to garner for growth opportunity.

Given that the Group had a net gearing position of 0.44x as of May 31, 2023, and did not have excess cash, why is the company seeking shareholders' approval for the proposed renewal of authority for share buyback mandates at this AGM? Should not the company prioritise higher dividend payments and reinvestment rather than share buybacks?

4. During FY2023, the Company repurchased 3,464,300 of its shares at an average price of RM1.09 per share and resold 13,597,500 of its treasury shares with prices ranging from RM0.93 and RM1.25.
- i) What is the average resale price for the reselling of the treasury shares during FY2023?
 - ii) What is the rationale for the Company to repurchase and resell the shares within a close range of share prices and within a short span of time? It may appear that the Company was trading its shares instead of buying back the shares on the belief that the Company is undervalued.
5. Between 10 July 2023 and 20 July 2023, the Company resold 3,684,600 treasury shares at prices ranging from RM0.965 to RM0.99 per share. Subsequently on 29 August 2023, the Company resold 1,200,000 treasury shares at RM1.04 per share. In the following month, up to 16 October 2023, the Company bought back 2,137,300 shares at a price range of RM1.04 to RM1.23. Why did the Company choose to resell its treasury shares and then soon after repurchase them at higher prices?

Sustainability and Corporate Governance Matters

6. **Practice 13.6 Malaysian Code on Corporate Governance 2021**- Minutes of the general meeting should be circulated to shareholders no later than 30 business

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days after the general meeting.

ANCOMNY' response: Applied. The minutes of the AGM and the Key Matter Discussed will be published in the Company's website at www.ancomnylex.com not later than 30 business days after the meeting. (Page 69 of Corporate Governance Report 2023)

MSWG's comment: The website <http://www.ancomnylex.com/agm.php> has published the minutes of meetings for 2018, 2019, 2020 and 2021, but it has yet to release the minutes for 2022 at the website.

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/OBH/ANCOMNY/AGM2023

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