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NYLEX (MALAYSIA) BERHAD

(Company No. 9378-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to the

PART A

PROPOSED NEW AND PROPOSED RENEWAL OF 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 47TH ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY.

The relevant resolutions will be tabled as Special Businesses at the Company’s 47th AGM, which will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017, at 9.30 a.m..

The Notice of AGM and Proxy Form are enclosed in the Annual Report 2017 of the Company.

The Proxy Form should be completed and deposited at the Registered Office of the Company not less than 48 hours before the time stipulated for the holding of the 47th AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM, should you subsequently wish to do so.

Last date and time for lodging the Proxy Form is Tuesday, 17 October 2017 at 9.30 a.m.

This Circular/Statement is dated 26 September 2017

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
“ACTSB”	: Ancom-ChemQuest Terminals Sdn Bhd (358783-T)
“AGM”	: Annual General Meeting
“AKSB”	: Ancom Kimia Sdn Bhd (260964-M)
“ALB”	: Ancom Logistics Berhad (6614-W)
“Ancom”	: Ancom Berhad (8440-M)
“ACCSB”	: Ancom Crop Care Sdn Bhd (148170-X)
“Annual Report 2017”	: Annual Report for Nylex issued for the financial year ended 31 May 2017
“Board”	: Board of Directors of Nylex
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“CKG”	: CKG Chemicals Pte Ltd (199000843D)
“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’ (Dr) 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
“EPS”	: Earnings per share
“Fermpro”	: Fermpro Sdn Bhd (83579-K)
“KES”	: Kumpulan Kesuma Sdn Bhd (47412-V)
“Listing Requirements”	: The Listing Requirements of Bursa Securities including any amendments to the Listing Requirements that may be made from time to time

DEFINITIONS *(continued)*

“Major Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the 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
“MMSB”	: Malay Mail Sdn Bhd (239512-V)
“NA”	: Net assets
“NSC”	: Nylex Specialty Chemicals Sdn Bhd (13073-H)
“NYL”	: NYL Logistics Sdn Bhd (1165777-D)
“Nylex” or “Company”	: Nylex (Malaysia) Berhad (9378-T)
“Nylex Group” or “Group”	: Nylex and its subsidiaries and associates, collectively
“Nylex Share(s)” or “Share(s)”	: Ordinary share(s) in Nylex
“PCSB”	: Pengangkutan Cogent Sdn Bhd (408189-H)
“PKG”	: Perusahaan Kimia Gemilang Sdn Bhd (82890-D)
“Proposed RRPT Mandate”	: Proposed new and proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09 of the Listing Requirements and Practice Note 12, for Nylex Group 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
“Redberry”	: Redberry Sdn Bhd (720809-K)
“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 (480986-V)
“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 or its subsidiaries
“RM” and “sen”	: Ringgit Malaysia and sen respectively

DEFINITIONS *(continued)*

- “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
- “Tan Sri Al Amin” : Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid
- “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.

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NYLEX (MALAYSIA) BERHAD

(Company No.: 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

26 September 2017

Board of Directors

Tan Sri Ir (Dr) Mohamed Al Amin Abdul Majid (*Executive Chairman*)
Dato' (Dr) Siew Ka Wei (*Group Managing Director*)
Lim Hock Chye (*Independent Non-Executive Director*)
Edmond Cheah Swee Leng (*Independent Non-Executive Director*)
Safrizal bin Mohd Said (*Independent Non-Executive Director*)
Khamis bin Awal (*Independent Non-Executive Director*)
Dato' Tengku Mahamad bin Tengku Mahamut (*Independent Non-Executive Director*)
Puan Sri Datuk Rohani Parkash binti Abdullah (*Independent Non-Executive Director*)

To: The Shareholders of Nylex

Dear Sir/Madam,

NYLEX (MALAYSIA) BERHAD

PROPOSED NEW AND PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the 46th AGM held on 19 October 2016, the shareholders of the Company had approved the renewal of the shareholders' mandate and new shareholders' mandate to allow the Nylex Group to enter into RRPTs as set out in the Circular to Shareholders dated 27 September 2016. The said mandate, in accordance with the Listing Requirements, will expire on the conclusion of the forthcoming 47th AGM of the Company, unless such authority is renewed by a resolution passed at the forthcoming 47th AGM.

On 25 August 2017, the Company announced its intention to seek the approval of its shareholders to renew the mandate in respect of RRPT with existing transacting Related Parties and to obtain a new mandate in respect of additional RRPT with transacting Related Parties, 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 47th 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 Parties 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 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) in relation to a business trust, in addition to the parties referred to in note (iv) above, the interested trustee-manager or major unit holder or interested person connected with the trustee-manager or a major unit holder, must not vote on the resolution approving the transaction; and
- (vi) the Company immediately announces to Bursa Securities when the actual value of RRPT entered into by the Group 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 renewal of the existing RRPT mandate as set out in Section 2.4.1 of this Circular. In addition, the Company wishes to seek a new mandate from its shareholders to enter into new RRPT, with parties not included in the earlier mandate, as set out in 2.4.2 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 Parties than those generally available to the public and which will not be to the detriment of the minority shareholders.

The new and existing 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 47th 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 Activities of Nylex Group

Nylex is principally involved in investment holding and the manufacture and marketing of vinyl-coated fabrics, calendered film and sheeting, rotomoulded plastic products, and other plastic products, including geotextiles, prefabricated sub-soil drainage systems, bulk chemical containers, road barriers, playground equipment and disposal bins.

The principal business activities of its subsidiaries comprise the following: -

- Trading, manufacture and sale of petrochemicals and industrial chemicals products;
- Manufacture and marketing of polyurethane ("PU") and polyvinyl chloride ("PVC") synthetic leather, films and sheets; and
- Carrying out business of transport, cartage and haulage contractors and agencies, ship owning, ship management and charter hire of tanker.

2.4. Nature of Transactions and Classes of Related Parties
2.4.1. Existing Mandate

Transacting Related Party	Nylex Group Transacting Party	Nature of transactions	Preceding year Mandate ⁵ (RM)	Preceding year actual value ⁶ (RM)	Deviation of actual value against preceding year mandate		Current year estimated value ⁷ (RM)	Classes of Related Parties ⁸
					(RM)	(%)		
ACTSB ¹	PKG CKG Fermpro	Storage rentals and Charges for handling of industrial chemicals for storage	6,600,000	4,102,532	(2,497,468)	(37.8)	6,000,000	<p>Classes of Related Parties⁸</p> <ul style="list-style-type: none"> ♦ Rhodemark holds a 31.3% equity interest in Nylex and 19.8% equity interest in ALB. ♦ Ancom holds a 45.8% direct and indirect equity interest in Nylex, 100.0% equity interest in Rhodemark and 45.3% direct and indirect equity interest in ALB. ♦ Dato' Siew is the Group Managing Director for both Nylex and Ancom and the Executive Vice Chairman of ALB. Dato' holds in aggregate a 49.9% direct and indirect equity interest in Nylex, 20.4% direct and indirect equity interest in Ancom and 45.7% direct and indirect equity interest in ALB. ♦ Tan Sri Al Amin and Dato' Siew are directors of Dahlia Megah Sdn Bhd ("DMSB") in which they each hold 50% equity interest respectively. DMSB holds 46.8% equity interest directly in MMSB while Dato' Siew hold 26.2% equity interest directly in MMSB. Tan Sri Al Amin and Dato' Siew are also the directors of MMSB. ♦ Tan Sri Al Amin is the Executive Chairman of Nylex, a Non-Executive Director of Ancom and the Executive Chairman of AKSB. Tan Sri holds a 30.0% direct equity interest in AKSB.
PCSB ²	PKG CKG Fermpro NSC NYL	Charges for transportation of industrial chemicals	5,225,000	3,163,361	(2,061,639)	(39.5)	6,100,000	
Redbery ³	PKG Nylex Fermpro KES NSC	Provision of media services and sponsorship	2,000,000	-	(2,000,000)	(100.0)	2,000,000	
ACCSB ³	PKG Nylex Fermpro	Sale of industrial chemicals	400,000	148,784	(251,216)	(62.8)	2,000,000	
Sub-total			14,225,000	7,414,677	(6,810,323)	(47.9)	16,100,000	
MMSB	PKG	Bulk sponsorship of Malay Mail and advertisement expenses	1,500,000	1,312,058	(187,942)	(12.5)	2,000,000	
Sub-total			1,500,000	1,312,058	(187,942)	(12.5)	2,000,000	
AKSB ⁴	PKG	Purchase of industrial chemicals Sale of industrial chemicals	90,000,000 10,000,000	66,869,254 1,919,695	(23,130,746) (8,080,305)	(25.7) (80.8)	90,000,000 10,000,000	
Sub-total			100,000,000	68,788,949	(31,211,051)	(31.2)	100,000,000	
Grand total			115,725,000	77,515,684	(38,209,316)	(33.0)	118,100,000	

Notes:

1. A 51.0% subsidiary of Synergy Trans-Link Sdn Bhd, a 100.0% subsidiary of ALB. ALB is a 45.3% subsidiary of Ancom.
2. A 100.0% subsidiary of Synergy Trans-Link Sdn Bhd, a 100.0% subsidiary of ALB. ALB is a 45.3% subsidiary of Ancom.
3. A 100.0% subsidiary of Ancom.
4. A 60.0% subsidiary of Nylex.
5. As extracted from previous year's Circular to Shareholders dated 27 September 2016.
6. Actual costs incurred for the period from 20 October 2016 to 5 September 2017, being the latest practicable date prior to the printing of this Circular
7. These estimated values are arrived at by the Nylex Group after taking into account the management's forecast on transaction values which have been undertaken and anticipated for the mandate period from 20 October 2017 (one day after date of 47th AGM) to 31 October 2018. Nevertheless, the above estimates may vary from the actual amount and are subject to changes.
8. All percentages of equity interest disclosed are as at 5 September 2017.

2.4.2. New Mandate

Transacting Related Party	Transacting Party	Nature of transactions	Current year estimated value ¹	Classes of Related Parties ²
			(RM)	
MMSB	Nylex NSC Fermpro AKSB CKG	Bulk sponsorship of Malay Mail and advertisement expenses	1,000,000	Tan Sri Al Amin and Dato' Siew are directors of Dahlia Megah Sdn Bhd ("DMSB") in which they each hold 50% equity interest respectively. DMSB holds 46.8% equity interest directly in MMSB while Dato' Siew hold 26.2% equity interest directly in MMSB. Tan Sri Al Amin and Dato' Siew are also the directors of MMSB.
ACCSB	NSC	Sale of industrial chemicals	3,000,000	<ul style="list-style-type: none"> ♦ Rhodemark holds a 31.3% equity interest in Nylex and 19.8% equity interest in ALB. ♦ Ancom holds a 45.8% direct and indirect equity interest in Nylex, 100.0% equity interest in Rhodemark and 45.3% direct and indirect equity interest in ALB. ♦ Dato' Siew is the Group Managing Director for both Nylex and Ancom and the Executive Vice Chairman of ALB. Dato' holds in aggregate a 49.9% direct and indirect equity interest in Nylex, 20.4% direct and indirect equity interest in Ancom and 45.7% direct and indirect equity interest in ALB.
TOTAL			4,000,000	

Notes:

1. Current year estimated value is for period from 20 October 2017 (one day after date of 47th AGM) to 31 October 2018.
2. All percentages of equity interest disclosed are as at 5 September 2017.

2.5. Amount Due and Owing by Related Parties

As at 31 May 2017, the amount due and owing by Related Parties, pursuant to RRPT, was as follows:

Related Party	Within credit term	Exceed credit term Less than 1 year	Total amount due and owing
ACCSB	RM763,163	RM1,520,690	RM2,283,853

There was no late payment charges imposed because it is an industrial practice that late payment charges are not imposed. Sales personnel and the credit controller will follow up regularly with ACCSB to ensure that the outstanding amounts are recovered. As at the latest practicable date on 5 September 2017, the total amount due and owing by the related party is RM788,019.

2.6. Review Procedures

The Nylex Group has established the following procedures to ensure that the RRPT are undertaken at arms' length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally not more favourable to the Related Parties 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) designated by the Audit Committee, from time to time for such purpose.

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

- (i) the relevant employees of the Group are notified of the identities of the Related Parties and will be required, prior to entering into such transaction, to ensure that all the RRPT are consistent with the Group's normal business practices and policies, on terms not more favourable to the Related Parties 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 parties 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 Parties 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 parties, or where there has not been any similar transactions between the Group 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 Parties than those generally available to the public and is not detrimental to Nylex Group;
- (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 Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and that the Group 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 Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties 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, and the renewal of the same 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 Group or adversely affecting the business opportunities available to the Group.

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 Group.

3. APPROVAL REQUIRED

The Proposed RRPT Mandate is conditional upon approval being obtained from the shareholders of Nylex at the forthcoming 47th AGM to be convened.

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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 5 September 2017			
	Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*
Interested Directors				
Dato' Siew	2,096,460	1.09	93,608,359 ¹	48.78
Tan Sri Al Amin	-	-	-	-
Major Shareholders				
Dato' Siew	2,096,460	1.09	93,608,359 ¹	48.78
Ancom	27,949,700	14.57	59,985,888 ²	31.26
Rhodemark	59,985,888	31.26	-	-
Person(s) connected				
Siew Nim Chee & Sons Sendirian Berhad ³	5,131,492	2.67	-	-
Silver Dollars Sdn Bhd ⁴	495,667	0.26	-	-
Datin Young Ka Mun ⁵	45,612	0.02	-	-

Notes:

* Based on share capital of 191,900,936 (excluding Treasury Shares of 2,436,924)

- Held through Ancom, Rhodemark, Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn Bhd and Datin Young Ka Mun.
- Held through Rhodemark.
- Company in which Dato' Siew, his brother Siew Ka Kheong, and his sister, Siew Foong Kuan, have equal shareholding.
- Company in which Dato' Siew and his spouse, Datin Young Ka Mun, have 85% and 15% equity interest respectively.
- Spouse of Dato' Siew.

Accordingly, the interested Directors, namely Dato' Siew and Tan Sri Al Amin have and will continue to abstain from all Board deliberations and voting in respect of the transactions in which they have an interest as detailed in Section 2.4 of this Circular.

The interested Directors, namely Dato' Siew and Tan Sri Al Amin, 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 47th 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 47th 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 47th AGM.

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

Edmond Cheah Swee Leng
Chairman of the Audit Committee



NYLEX (MALAYSIA) BERHAD

(Company No.: 9378-T)
(Incorporated in Malaysia)

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

1. INTRODUCTION

On 25 August 2017, 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 46th AGM held on 19 October 2016, 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 on the conclusion of the forthcoming 47th 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 47th AGM of the Company.

2. DETAILS OF THE PROPOSED SBB MANDATE

2.1. Rationale for the Share Buy-Back

The Share Buy-Back is expected to stabilise the supply and demand of Nylex's Shares, which in turn may have a positive impact on the prices of the Shares.

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 consolidated 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 shares at a higher price than the purchase price, the financial resources of the Company would be increased; and
- (iii) the Treasury Shares may be distributed to shareholders as dividends, which if undertaken, will serve to reward the shareholders of the Company.

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.

2.3. 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 profits of the Company at the time of purchase. Based on the latest audited accounts as at 31 May 2017, the Company has a balance of RM68,084,000 in the retained earnings. Based on the latest management accounts as at 31 August 2017, the Company has a balance of RM71,616,000 in the retained earnings.

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 profits and share premium reserves of the Company.

2.4. Material Financial Effects of the Proposed SBB Mandate

2.4.1. 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.

2.4.2. NA

The effect of the Share Buy-Back on the consolidated NA of the Group 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 consolidated NA, and vice versa.

If the Treasury Shares are distributed as share dividends, the consolidated NA would decrease by any associated costs incurred in the distribution of the Treasury Shares.

2.4.3. Working Capital

The Share Buy-Back is likely to reduce the working capital of the Group, 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 Group will increase upon the receipt of the proceeds of the resale.

2.4.4. EPS

The effect of the Share Buy-Back on the EPS of the Group 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 Group 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.

2.4.5. 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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2.4.6. 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 5 September 2017, are set out as follows:

	as at 5 September 2017			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	2,096,460	93,608,359 ¹	95,704,819	49.87	49.25
Major shareholders					
Dato' Siew	2,096,460	93,608,359 ¹	95,704,819	49.87	49.25
Ancom	27,949,700	59,985,888 ²	87,935,588	45.82	45.25
Rhodemark	59,985,888	-	59,985,888	31.26	30.87
Chan Thye Seng	-	87,935,588 ³	87,935,588	45.82	45.25
Pacific & Orient Berhad	-	87,935,588 ⁴	87,935,588	45.82	45.25
Mah Wing Holdings Sdn Bhd	-	87,935,588 ³	87,935,588	45.82	45.25
Mah Wing Investments Limited	-	87,935,588 ³	87,935,588	45.82	45.25
Person(s) connected					
Siew Nim Chee & Sons Sendirian Berhad ⁵	5,131,492	-	5,131,492	2.67	2.64
Silver Dollars Sdn Bhd ⁶	495,667	-	495,667	0.26	0.26
Datin Young Ka Mun ⁷	45,612	-	45,612	0.02	0.02

Notes:

* Based on share capital of 191,900,936 (excluding Treasury Shares of 2,436,924)

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, Silver Dollars Sdn Bhd and Datin Young Ka Mun.
2. Held through Rhodemark.
3. Held through Pacific & Orient Berhad.
4. Held through Ancom.
5. Company in which Dato' Siew, his brother Siew Ka Kheong and his sister, Siew Foong Kuan have equal shareholding.
6. Company in which Dato' Siew and his spouse, Datin Young Ka Mun, have 85% and 15% equity interest respectively.
7. 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.

2.5. 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 5 September 2017 and the shareholdings indicated in Section 2.4.6, the Share Buy-Back is not expected to trigger the Code.

2.6. Purchases, Resale and/or Cancellation of Shares in the last financial year

Details of the Company's shares repurchased, resold, cancelled or retained as treasury shares are disclosed in the Directors' Report on page 47 and Note 24 to the financial statements on page 96 of the Annual Report 2017.

2.7. 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 5 September 2017, the public shareholding spread of the Company was 50.13%.

3. APPROVAL REQUIRED

The Proposed SBB Mandate is conditional upon approval being obtained from the shareholders of Nylex at the forthcoming 47th 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 47th AGM.

This Statement is dated 26 September 2017.

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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 47th AGM, which is enclosed in the Annual Report 2017 and an extract of which is enclosed in this Circular/Statement. The 47th AGM will be held at Selangor 1 Ballroom, Dorsett Grand Subang, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 19 October 2017, at 9.30 a.m. or adjournment thereof for purpose of considering and, if thought fit, passing the ordinary/special resolutions set out in the said Notice.

If you are unable to attend and vote in person at the 47th AGM and would like to appoint a proxy to attend and vote on your behalf, you are requested to complete, sign and return the Proxy Form, available in the Annual Report 2017, in accordance with the instructions printed thereon as soon as possible and, in any event so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the date and time fixed for the meeting or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending and voting in person at the 47th AGM should you subsequently wish to do so. If you do, your proxy shall be precluded from attending the 47th 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

Save as disclosed below, the Board has confirmed that neither Nylex nor its subsidiaries has entered 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:

On 20 May 2016, the Company has entered into a share sale agreement for the acquisition of 1,320,000 ordinary shares in NYL Logistics Sdn Bhd ("NYL") representing 60% of the issued and paid-up share capital of NYL for a cash consideration of RM6,376,461. NYL is in the business of transport, cartage and haulage contractors and agencies. The transaction was completed on 26 May 2016.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the date of this Circular/Statement, the Board has confirmed that neither the Company nor its subsidiaries is 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 and/or its subsidiaries or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Company and its subsidiaries.

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 47th AGM:

- (i) Constitution of Nylex; and
- (ii) The audited consolidated financial statements of Nylex for the past two (2) financial years ended 31 May 2016 and 31 May 2017 and the latest unaudited results since the last audited financial statements (if any).

NYLEX (MALAYSIA) BERHAD

(Company No.: 9378-T)
(Incorporated in Malaysia)

EXTRACT OF NOTICE OF 47TH AGM

8. PROPOSED NEW AND PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RRPT MANDATE") **[Ordinary Resolution 8]**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 26 September 2017, provided that such transactions are necessary for day-to-day operations and carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the interest of the minority shareholders of the Company.

AND THAT the authority conferred by such Mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- (c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to this Ordinary Resolution."

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY **[Ordinary Resolution 9]**

"THAT subject always to the provisions of the Companies Act, 2016 ("Act"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may in their absolute discretion deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:

- (a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point of time pursuant to the Share Buy-Back Mandate shall not exceed ten per centum (10%) of the total number of issued ordinary shares of the Company as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and

- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the shares on Bursa Securities or distribute the shares as dividends or transfer the shares under an employees' share scheme or as purchase consideration or otherwise use the shares for such other purpose as the Minister by order prescribe.

THAT the authority conferred by this resolution will be effective upon passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement finalise and to give full effect to the Share Buy-back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the Act, regulations and guidelines.”