



**NYLEX (MALAYSIA) BERHAD**

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

ANNUAL REPORT  
2023



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# CORPORATE INFORMATION

## 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)  
(Appointed on 30 March 2023)

### ▶ AUDIT COMMITTEE

**Datin Joanne Marie Lopez**  
(Appointed as Chairman on 28 June 2023)

**Edmond Cheah Swee Leng**  
(Re-designated to member on 28 June 2023)

**Datuk Anuar bin Ahmad**

**Khamis bin Awal**  
(Resigned on 28 June 2023)

**Tan Sri Dato' Dr Lin See Yan**  
(Resigned on 28 June 2023)

### ▶ REMUNERATION AND NOMINATION COMMITTEE

**Datin Joanne Marie Lopez**  
(Appointed as Chairman on 28 June 2023)

**Datuk Anuar bin Ahmad**  
(Appointed on 28 June 2023)

**Edmond Cheah Swee Leng**  
(Re-designated to member on 28 June 2023)

**Khamis bin Awal**  
(Resigned on 28 June 2023)

### ▶ COMPANY SECRETARIES

**Choo Se Eng**  
(MIA 5876)  
(SSM PC No. 202208000036)

**Stephen Geh Sim Whye**  
(MICPA 1810)  
(SSM PC No. 201908001029)

### ▶ REGISTERED OFFICE

Unit C508, Block C, Kelana Square  
Jalan SS7/26, Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel : (603) 7805 1817  
Fax : (603) 7804 1316  
Email : sgeh@gswconsultants.com.my

### ▶ PRINCIPAL PLACE OF BUSINESS

Lot 16, Persiaran Selangor, Section 15  
40200 Shah Alam  
Selangor Darul Ehsan  
Malaysia  
Tel : (603) 5519 1706  
Fax : (603) 5510 8291

### ▶ WEBSITE

www.nylex.com

### ▶ SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn. Bhd.**

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel : (603) 2783 9299  
Fax : (603) 2783 9222  
Email : is.enquiry@my.tricorglobal.com

### ▶ AUDITORS

BDO PLT (201906000013  
(LLP0018825-LCA & AF 0206))  
Chartered Accountants

### ▶ STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
- Industrial Products & Services  
Sector  
- Stock Code: 4944

### ▶ PRINCIPAL BANKERS

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank (Malaysia)  
Berhad

### ▶ SOLICITORS

Chong, Ng & Yap  
Advocates and Solicitors

### ▶ DOMICILE

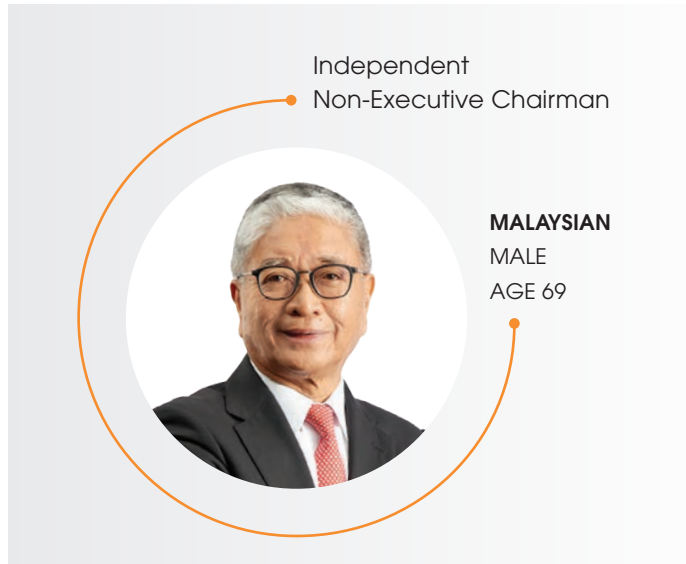
Malaysia

# FIVE-YEAR HIGHLIGHTS

	Company 2023 RM'000	Company 2022* RM'000	Group 2022* RM'000	Group 2021* RM'000	Group 2020 RM'000	Group 2019 RM'000
Revenue	211	21,509	934,143	1,151,677	1,136,305	1,560,354
(Loss)/Earnings before interest, tax, depreciation and amortisation	(1,508)	6,879	(10,564)	60,662	20,212	27,781
(Loss)/Profit before tax	(1,508)	5,509	(33,050)	26,392	(18,940)	4,640
Net (loss)/profit for the year	(1,508)	(8,165)	(49,947)	18,753	(25,705)	(4,520)
Net (loss)/profit attributable to owners of the parent	(1,508)	(8,165)	(50,435)	18,923	(23,207)	(3,332)
<b>ASSETS</b>						
Property, plant and equipment	-	-	-	115,357	123,658	147,340
Right-of-use assets	-	-	-	59,053	48,734	-
Investments	-	-	-	3,831	2,999	4,241
Other non-current assets	7,785	7,785	7,785	107,075	111,478	126,431
Other current assets	14,211	15,741	15,741	444,788	344,048	442,665
<b>TOTAL ASSETS</b>	<b>21,996</b>	<b>23,526</b>	<b>23,526</b>	<b>730,104</b>	<b>630,917</b>	<b>720,677</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity attributable to owners of the parent</b>						
Share capital	30,856	30,856	30,856	195,143	195,143	195,143
Reserves	-	-	-	17,322	20,810	24,805
Retained earnings	160	1,668	1,668	110,769	94,767	119,753
Less: Treasury shares, at cost	(9,678)	(9,678)	(9,678)	(10,011)	(12,916)	(10,062)
	21,338	22,846	22,846	313,223	297,804	329,639
<b>Non-controlling interests</b>	-	-	-	9,563	10,101	11,216
<b>Total equity</b>	<b>21,338</b>	<b>22,846</b>	<b>22,846</b>	<b>322,786</b>	<b>307,905</b>	<b>340,855</b>
Borrowings	-	-	-	213,554	210,565	250,285
Other non-current liabilities	-	-	-	28,426	14,373	7,046
Other current liabilities	658	680	680	165,338	98,074	122,491
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,996</b>	<b>23,526</b>	<b>23,526</b>	<b>730,104</b>	<b>630,917</b>	<b>720,677</b>
<b>FINANCIAL INDICATORS</b>						
Earnings per share - sen	(0.8)	(4.5)	(28.1)	10.7	(13.2)	(1.8)
Dividend per share - sen	-	-	-	1.7	1.0	3.0
Net assets per share - sen	11.9	12.7	12.7	174.7	170.3	183.5
Share price - sen	31.0	23.0	23.0	85.0	84.0	64.0
<b>OTHER INFORMATION</b>						
Depreciation and amortisation	-	1,339	17,351	26,741	27,421	10,423
Finance costs	-	1,370	5,727	7,919	11,867	12,474
<b>* Including discontinued operations as follows</b>						
Revenue	-	21,509	934,143	1,151,677		
Earnings/(Loss) before interest, tax, depreciation and amortisation	-	7,648	(9,795)	61,571		
Profit/(Loss) before tax	-	6,278	(32,281)	27,301		
Net (loss)/profit for the year	-	(7,396)	(49,178)	19,662		
Net (loss)/profit attributable to owners of the parent	-	(7,396)	(49,666)	19,832		
<b>OTHER INFORMATION</b>						
Depreciation and amortisation	-	1,339	17,351	26,741		
Finance costs	-	1,370	5,727	7,919		

# BOARD OF DIRECTORS

## DATUK ANUAR BIN AHMAD



Joined the Board as Independent Non-Executive Director on 14 August 2018. He was re-designated as Independent Non-Executive Chairman on 16 January 2020. He is currently a member of the Audit Committee and a member of the Remuneration and Nomination Committee.

Datuk Anuar graduated in 1977 with a Bachelor of Science (Econs) from the London School of Economics and Political Science, University of London, United Kingdom.

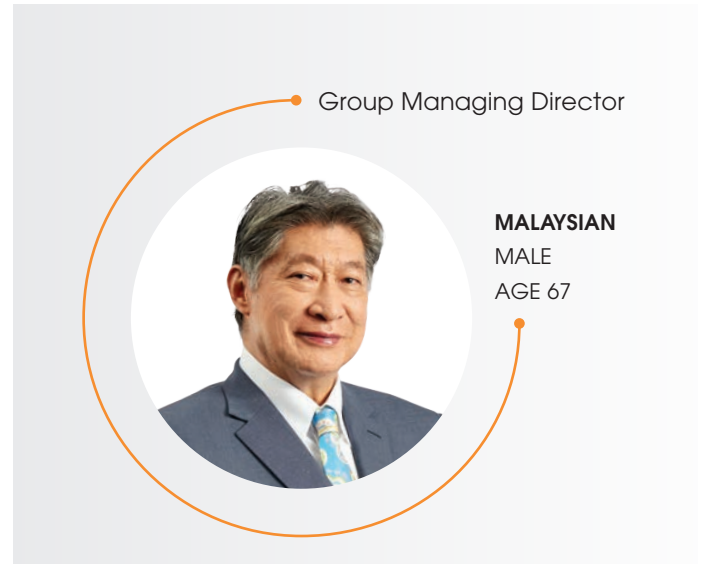
Datuk Anuar started his career in 1977 with Petroliaam Nasional Berhad ("PETRONAS"). During his 36 years of service with the PETRONAS Group, he held various senior managerial and leadership positions in marketing, trading, corporate planning and human resource management until his retirement in April 2014 where his last position held was the Executive Vice President of Gas and Power Business.

During his stint with PETRONAS Group, Datuk Anuar was appointed as the Managing Director and Chief Executive Officer in PETRONAS Dagangan Berhad from 1998 to 2002. He was also a member of PETRONAS Management Committee and member of PETRONAS board from 2002 to April 2014. He also sat on the board of various companies within PETRONAS Group.

In 1997, between his years of service with the PETRONAS Group, Datuk Anuar underwent a 3-month business management course under the Advanced Management Program at Harvard Business School.

Presently, Datuk Anuar is Non-Independent Non-Executive Director Chairman of PETRONAS Dagangan Berhad, and Independent Non-Executive Director of Kumpulan FIMA Berhad, all of which are companies listed on Bursa Malaysia Securities Berhad. Datuk Anuar also holds directorships in a few private companies including Nylex Holdings Sdn. Bhd, a subsidiary of Ancom Nylex Berhad.

## DATO' SIEW KA WEI



Joined the Board as Non-Independent Non-Executive Director on 12 October 1999. He became the Group Managing Director on 29 January 2002.

Dato' Siew received his secondary and tertiary education in the United Kingdom, first studying in Marlborough College and then completed his tertiary education at Imperial College, London, United Kingdom. He received his Bachelor of Science (Hons) Degree in Chemical Engineering and his Masters of Science (MSc) degree in Operational Research at Imperial College, graduated in 1978.

Dato' Siew has extensive working experience in the field of petrochemicals locally and internationally for more than 40 years.


Dato' Siew was a very active member of the Young Presidents' Organization ("YPO") from 1993 until 2006. He was Chairman of the Malaysian Chapter of YPO and was Co-Chairman of the first Regional Conference in Kuala Lumpur in 1998. He became a member of the International Board of YPO in 2000 and served until 2003. During his tenure he was Chairman of YPO's Global Leadership Congress in Beijing in 2003. He was also a former President of the Imperial College Alumni of Malaysia and a former Governor of the Board of Governors of Marlborough College of Malaysia.

Currently, Dato' Siew is also the Executive Chairman of Ancom Nylex Berhad and the Executive Vice Chairman of Ancom Logistics Berhad, both of which are listed on the Bursa Malaysia Securities Berhad.

Dato' Siew is a substantial shareholder of the Company by virtue of his direct and indirect interest in Ancom Nylex Berhad, the holding company of the Company, and his direct and indirect interest in the Company.

# BOARD OF DIRECTORS

## EDMOND CHEAH SWEE LENG



Non-Independent  
Non-Executive Director

**MALAYSIAN**  
MALE  
AGE 69


Joined the Board as Independent Non-Executive Director on 26 August 2005. He was redesignated as Non-Independent Non-Executive Director on 28 June 2023. He is currently a member of Audit Committee and a member of Remuneration and Nomination Committee.

Mr Cheah is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (“MIA”) and Institute of Chartered Accountants, England & Wales (“ICAEW”). He is also a Certified Financial Planner (“CFP”).

Mr Cheah started his career as an Audit Manager with a professional accounting firm in London. He was later the Manager in charge of portfolio investment in a merchant bank in Malaysia and subsequently in charge of the corporate planning and investment division of a public listed company in Malaysia. Mr Cheah was formerly the Chief Executive Officer/Executive Director and a member of the Investment Committee of Public Mutual Berhad. He was also a Council Member and the Chairman of the Secretariat of the Federation of Investment Managers Malaysia (“FIMM”); a former Task Force Member on Islamic Finance for the Labuan Offshore Financial Services Authority (“LOFSA”); a former member on the Securities Market Consultation Panel in Bursa Malaysia Securities Berhad and a founder member and a past President of the Financial Planning Association of Malaysia (“FPAM”) and the Treasurer for the Society for the Prevention of Cruelty to Animals (“SPCA”).

Mr Cheah is currently the Director of Manulife Investment Management (M) Berhad and Manulife Insurance Labuan Limited; the Chairman of Adventa Berhad, a company listed on Bursa Malaysia Securities Berhad.

## KHAMIS BIN AWAL



Non-Independent  
Non-Executive Director

**MALAYSIAN**  
MALE  
AGE 75

Joined the Board as Independent Non-Executive Director on 9 April 2012. He was redesignated as Non-Independent Non-Executive Director on 28 October 2021.

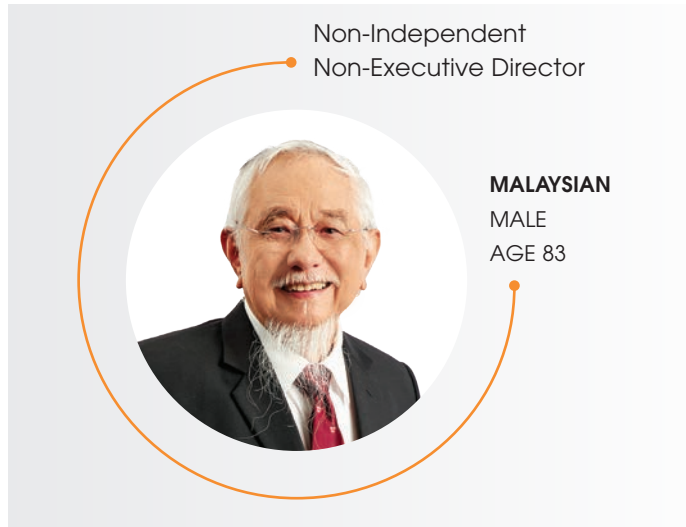
Encik Khamis graduated with a Bachelor of Science in Agriculture in 1972 from the University of Western Australia, Perth.

Encik Khamis has worked in various capacities after his graduation including working as an Area Manager in Associated Tractors Sdn Bhd, a subsidiary of Tractors Malaysia Berhad; Divisional Manager in Malaysian International Shipping Corporation Berhad and Executive Director in Ancom Berhad (now known as Ancom Nylex Berhad). He started his own business in 1996 and became the Managing Director of Warisan Tankers Sdn Bhd, a brokerage company until he retired in 2010.

Encik Khamis has no directorships in other public companies and listed issuers.

# BOARD OF DIRECTORS

## TAN SRI DATO' DR LIN SEE YAN



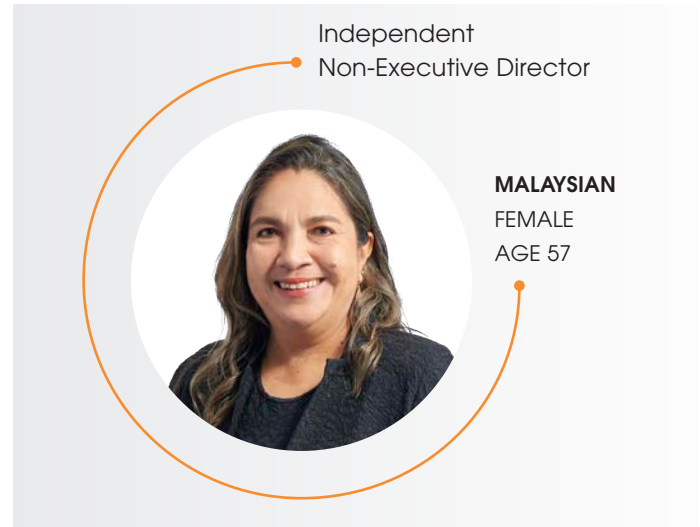
Joined the Board as Independent Non-Executive Director on 2 December 2019. He was redesignated as Non-Independent Non-Executive Director on 28 June 2023.

Tan Sri Dato' Dr Lin is an independent strategic and financial consultant; a British Chartered Scientist and a UK Chartered Statistician. He received three degrees from Harvard University, including a PhD in Economics. He is an Eisenhower Fellow and a Fellow of the IMF Institute in Washington DC, Royal Statistical Society, London, Asian Institute of Chartered Bankers, Malaysian Insurance Institute (Hon.), Malaysian Institute of Management and the Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies, and Research Professor at Sunway University.

He has a long and distinguished history of service in the government and private sectors. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and, for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Dato' Dr Lin continues to serve the public as a member of key steering committees at the Ministry of Higher Education; a member of the Asian Shadow Financial Regulatory Committee; Governor of the Asian Institute of Management, Manila; Board member of Sunway University; Chairman Emeritus of the Harvard Graduate School Alumni Council at Harvard University in Cambridge, USA; President of the Harvard Club of Malaysia; and Economic Advisor to the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Dr Lin is currently a Director of Wasco Berhad (formerly known as Wah Seong Corporation Berhad) and Sunway Berhad; Chairman of IGB REIT Management Sdn Bhd (a manager of the IGB Real Estate & Investment Trust). He also serves as a trustee of the Tun Ismail Ali Foundation (PNB), Malaysian Economic Association Foundation, Prime Minister's Exchange Fellowship Malaysia, Jeffrey Cheah Foundation and Harvard Club of Malaysia Foundation; and is a Mentor Counselor of the LIN Foundation.

## DATIN JOANNE MARIE LOPEZ



Joined the Board as Independent Non-Executive Director on 30 March 2023. She is currently Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee.

Datin Joanne graduated with a Bachelor of Economics (Hons) majoring in Applied Economics from University of Malaya.

Datin Joanne has more than 30 years of experience in the asset management industry. Her last position was the Chief Investment Officer of Hong Leong Assurance Berhad ("HLA") where she was managing more than RM20 billion of funds for both the conventional and takaful portfolios for HLA and the Hong Leong group.

Datin Joanne began her career as an Investment Analyst at a merchant bank in Malaysia in 1991 where she occupied various senior positions thereafter, the last being the Head of Asset Management. She was in institutional broking in BBMB Securities Berhad from 1999 to 2000 before managing the equity funds of Manulife Insurance Malaysia Berhad from 2000 to 2006. Her last role was as Chief Investment Officer of HLA from 2006 to 2022.

Currently, Datin Joanne is an Independent Non-Executive Director of Ancom Logistics Berhad, a subsidiary of Ancom Nylex Berhad, both of which are listed on the Bursa Malaysia Securities Berhad and an Independent Non-Executive Director of Malaysian Reinsurance Berhad.

### Notes:

1. The Directors have no family relationship with any Directors and/or major shareholders of the Company.
2. Save for Dato' Siew Ka Wei who has interest in certain related party transactions as disclosed in the page 82 of this Annual Report, the Director does not have any business interest which conflict with his/her position in the Company.
3. Other than traffic offences (if any), none of the Directors has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
4. The meeting attendance records and securities holdings of the Directors are respectively disclosed in page 18 and page 83 of this Annual Report.



# KEY SENIOR MANAGEMENT

## DATO' SIEW KA WEI



## ROBIN LING SENG CHIONG



## MICHELLE CHEN TAI NGOH



**MALAYSIAN / MALE / AGE 67**

**MALAYSIAN / MALE / AGE 53**

**MALAYSIAN / FEMALE / AGE 56**

Details of Dato' Siew Ka Wei are disclosed in the Director's profile on page 4 of this Annual Report.

Robin was appointed as Deputy Chief Executive Officer on 2 January 2018. He is also the Executive Director in PKG, a position he held since he joined the Group in 2007. Prior to joining PKG, he worked as Asia Pacific Regional Manager for a USA specialty chemicals company for 13 years.

He is currently a member of Industry Expert Advisory Panel (IEAP), Science Programme of Tunku Abdul Rahman University College (TARUC). Robin is also a member of the Executive Committee of Chemical Industries Council of Malaysia (CICM) for 2021-2023 Term.

Robin graduated with a Bachelor of Applied Science degree, majoring in Analytical Chemistry from University of Science Malaysia.

Robin has no directorship in public companies and listed issuers.

Michelle joined the Company in 1995 as Associate Accounts Manager and in the ensuing years, she has held various positions within the Corporate Office of Nylex. She was appointed as Chief Financial Officer in year 2010. Michelle was attached to one of the international professional service firms before joining Nylex.

Michelle is a Fellow member of the Association of Chartered Certified Accountants (ACCA) and also a member of the Malaysian Institute of Accountants (MIA).

Michelle has no directorship in public companies and listed issuers.

**Notes:**

1. There is no family relationship between the Key Senior Management with any Director and/or major shareholder of the Company.
2. None of the Key Senior Management has any financial interest in any business arrangement involving the Company.
3. Other than traffic offences (if any), none of the Key Senior Management has been convicted of any offence within the past five (5) years and there is no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

**ON 26 JANUARY 2022, NYLEX (MALAYSIA) BERHAD (“NYLEX” OR “THE COMPANY”) HAS SUCCESSFULLY COMPLETED THE DISPOSAL OF ALL ITS ASSETS AND LIABILITIES, INCLUDING INVESTMENT IN ALL ITS SUBSIDIARIES, TO ITS HOLDING COMPANY, ANCOM NYLEX BERHAD (FORMERLY KNOWN AS “ANCOM BERHAD”) (“ANB”) (“DISPOSAL”).**

Subsequent to the completion of the Disposal, the Company is classified as an affected listed issuer under Paragraph 8.03A(2) of the Main Market Listing Requirements (**“Listing Requirements”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and is required to submit a regularisation plan to the regulatory authorities within 12 months, from the date of its first announcement. Subsequently, Bursa Securities has via its letter dated 30 January 2023, granted the Company an extension of time of six (6) months up to 26 July 2023 for the Company to submit its regularisation plan to the regulatory authorities.

The Company had further submitted its application for extension of time to Bursa Malaysia on 18 July 2023 but the application has been rejected by Bursa Securities on 16 August 2023. Bursa Securities had also issued a notice to show cause dated 16 August 2023 on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements (**“Notice”**). The Company was requested to make written representations to Bursa Securities within five (5) market days from the date of the Notice, i.e. on or before 23 August 2023 as to why a suspension should not be imposed on the trading of the securities of the Company; and why the securities of the Company should not be de-listed from the Official List of Bursa Securities.

The Company had submitted the written representations to Bursa Securities on 23 August 2023. Further announcement will be made to Bursa Securities immediately upon any development/update in respect of the above.

## CORPORATE EXERCISE ANNOUNCED

The Company had on 21 March 2022 entered into a Heads of Agreement (**“HOA”**) with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and ANB (collectively referred as the **“Parties”**) for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the “Transit-Oriented Development” concept in Johor Bahru metropolitan region (**“Project”**). The Project is subject to the on-going feasibility study and the grant of the concession award for the Project by the state government of Johor.

On 22 March 2023, the Parties have agreed to extend the long stop date of the HOA by another three (3) months to 21 June 2023. On 21 June 2023, the Parties have further agreed to extend the long stop date of the HOA to 31 January 2024.

As at the date of this report, the terms of the definitive agreements to effect the proposals stipulated in the HOA have not been finalised.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW OF FINANCIAL RESULTS

During the financial year ended 31 May 2023 (“FY 2023”), the Company has engaged in a small-scale trading business to generate income, in addition to the interest income earned on the fixed deposits. The trading business generated revenue of RM0.2 million and a gross profit of RM21,000.

For FY 2023, the Company recorded a loss before tax (“LBT”) of RM1.5 million, mainly due to the expenses incurred relating to the Project and some corporate expenses.

The basic loss per share is at 0.8 sen for FY 2023 compared with basic loss per share of 0.4 sen in FY 2022. The net assets per share is at 12.0 sen, compared with 13.0 sen as at 31 May 2022.

## DIVIDEND

As the Company has no core business and operations, the Directors do not recommend the payment of any dividend for the current financial year.

There is no payment of dividend by the Company in the last financial year.

## OUTLOOK AND PROSPECTS

As stated above, the Company has on 21 March 2022 entered into a HOA with various parties, for the Project.

The Project is part of the proposed regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status.

The future prospects of the Company will depend substantially on the awarding and the successful completion of the Project going forward.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

**THE BOARD OF DIRECTORS (“THE BOARD”) ACKNOWLEDGES THE IMPORTANCE OF ADOPTING GOOD CORPORATE GOVERNANCE PRACTICES IN DISCHARGING ITS DUTIES AND RESPONSIBILITIES TO SAFEGUARD THE ASSETS OF THE COMPANY AND TO ENHANCE SHAREHOLDERS’ VALUE AND FINANCIAL PERFORMANCE OF THE COMPANY.**

The *Malaysian Code on Corporate Governance (“MCCG”)* covers three (3) broad principles:

- (A) Board leadership and effectiveness;
- (B) Effective audit and risk management; and
- (C) Integrity in corporate reporting and meaningful relationship with stakeholders.

The Board is pleased to present this Corporate Governance Overview Statement (“**Statement**”) to provide an overview of the extent of compliance with these three (3) principles of the MCCG under the stewardship of the Board throughout the financial year ended 31 May 2023 (“**FY 2023**”).

Pursuant to the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Company has completed the prescribed Corporate Governance Report for FY 2023, which is made available at the Company’s website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Clear roles and responsibilities of the Board

The Board retains full and effective control of and responsibility for the Company. It is primarily responsible for charting and reviewing the strategic direction of the Company. The principal duties and responsibilities of the Board are, inter alia, as follows:

- Formulate and chart the strategic direction and set out the Company’s short-term and long-term plans and objectives;
- Overseeing the governance of sustainability and in setting up the Company’s sustainability strategies;
- Review and approve the Company’s key operational policies and initiatives and major investments in new business/ projects and funding decisions of the Company;
- Oversee and review the Company’s business operations and financial performances;
- Ensure the Company’s strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- Oversee the development, implementation and review of the succession plan for the Directors and key senior management;
- Understand the principal risks of the Company’s business;
- Oversee the development, implementation and reviewing/monitoring of the risk management framework and the adequacy and integrity of the Company’s internal control system and management information system to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Company;
- Ensure the Company has in place procedures to enable effective communication with stakeholders;
- Ensure the integrity of the Company’s financial and non-financial reporting; and
- Formulate and promote ethical and good corporate governance within the Company which reinforces ethical, prudent and professional behaviour.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Clear functions of the Board and Management

As at 31 May 2023, the Board comprised one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

A Deputy Chief Executive Officer, who is not a Board member, has also been appointed to assist the Group Managing Director.

The Board is responsible for the oversight and overall management of the business direction and objectives of the Company. The Non-Executive Directors are independent of the Management but will have free and open contact with the Management in order to provide objective and critical evaluation to Management's function. The Board ensures that the Management has in place an achievable strategic plan and objectives, and appropriate processes for risk assessment, risk management and internal controls.

The Management, under the guidance of the Group Managing Director and Deputy Chief Executive Officer, is accountable for the day-to-day operations of the Company and implementation of the Board's decisions and policies. At the quarterly Board meetings, the Group Managing Director provides the Board with an update on the Company's key strategic initiatives and key operational issues.

To ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level, certain matters are formally reserved for the Board's decision. The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that the decision/approval of any such matter shall be delegated to the committees of the Board or Management):

- Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- Material corporate exercise/restructuring;
- Major capital commitment; and
- New issue of securities.

## Separation of the positions of the Non-Executive Chairman and the Group Managing Director

The Company has adopted the practice of the MCCG whereby the positions of the Non-Executive Chairman and the Group Managing Director are held by different individuals.

The roles of the Non-Executive Chairman and the Group Managing Director are distinct and separate with individual responsibilities and clearly defined duties, power and authorities.

The Chairman holds a non-executive position and is primarily responsible for instilling good corporate governance practices, providing leadership and ensuring the Board's effectiveness and conduct in discharging its responsibilities as well as leading the Board in the oversight of the Management.

The principal duties and responsibilities of the Chairman are, inter alia, as follows:

- Providing leadership for the Board so that the Board can perform its responsibilities effectively;
- Setting the Board agenda and ensuring that Board members receive adequate and accurate information in a timely manner;
- Leading Board meetings and discussions;
- Encouraging active participation and allowing dissenting views to be freely expressed;
- Managing the interface between Board and Management;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- Leading the Board in the adoption and implementation good corporate governance practices in the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

On the other hand, the Group Managing Director with the assistance of the Deputy Chief Executive Officer, are accountable for the day-to-day management of the Company's business operations and implementation of the Board's decisions and policies. They are supported by the management team which consists of the Chief Financial Officer.

The distinct and separate roles of the Chairman and the Group Managing Director, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.

## Qualified and competent Company Secretaries

The Board is supported by two (2) Company Secretaries. Both Company Secretaries have more than twenty (20) years of experience in company secretarial practices and are qualified to act as Company Secretary in accordance with the provisions of the Companies Act 2016 ("**Act**").

The Company Secretaries play an advisory role to the Board on its roles and responsibilities and in formulating the Company's Constitution ("**Constitution**") and Board policies and procedures. The Company Secretaries have a key role to play in ensuring that the Board policies and procedures are both followed and regularly reviewed. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensure compliance with the Constitution, the Board policies and procedures and the statutory and regulatory requirements. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities as well as corporate governance practices.

One of the key responsibilities of the Company Secretaries is to prepare and organise Directors and Committee meetings and the shareholders meetings. The Company Secretaries will also attend these meetings in order to ensure that the legal requirements are fulfilled and provide such information as is necessary. This responsibility will involve the issue of proper notices of meetings, preparation of agenda, circulation of relevant papers and that accurate and adequate records of the proceedings of the Board meetings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretaries are also responsible for ensuring that the Company files its various documents/returns and maintains its statutory records in accordance with the requirements of the Act. The other roles and responsibilities of Company Secretaries include but not limited to facilitate the orientation of new Directors and assist in Directors' training and development; monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

The Company Secretaries work closely with the Chairman and the Group Managing Director/Deputy Chief Executive Officer/Chief Financial Officer to ensure that there are timely and appropriate information flows between the Management and the Board and Board Committees.

## Access to information and advice

All Directors have unrestricted access to information of the Company and on an on-going basis, the Directors interact with the Management team to seek further information, updates or explanation on any aspect of the Company's operations or businesses. Furthermore, the Directors have access to the advice and services of the two (2) Company Secretaries, who are responsible for ensuring that all Board procedures are followed and that applicable laws and regulations are complied with, and may engage independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board meets at least once in every quarter to deliberate and consider a variety of matters including the review and approval of the quarterly interim financial reports of the Company.

Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly interim financial reports or the annual audited financial statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings. Upon conclusion of the Board/Committee meetings, minutes are circulated for review by the attendees. The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretaries ensure that the minutes are kept to record all proceedings at the Board/Committee meetings, the deliberations on the matters at hand and the decisions made thereto.

Senior Management is invited to attend the Board and Board Committee meetings to provide insight and to furnish clarification on issues that may be raised by the Directors. Whenever required, professional advisers appointed by the Company are invited to attend the Board/Committee meetings to provide the Board/Committees, as the case may be, with explanations and clarifications which the Directors may require to facilitate informed decision-making.

## **Board Charter**

The Board is mindful of the need to safeguard the interest of the Company's stakeholders. In order to facilitate the effective discharge of its duties, the Board has drawn up and adopted a board charter on 28 October 2013 of which is posted on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Board Charter sets out the roles and responsibilities of the Board and Board Committees to assist the Board in being aware of their duties and responsibilities to effectively discharge their fiduciary duties in managing the affairs of the Company.

The Board Charter focuses on the following areas:

- Board composition and Board Committees;
- The duties and responsibilities of the Board and the Board Committees; and
- The Code of Conduct and Ethics for the Board members.

The Board Charter will be updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

The Board Charter was last reviewed by the Board on 15 September 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Code of Conduct and Ethics

The Board, in discharging its oversight role, conducts its business in observation to the Company's Code of Conduct and Ethics for Directors.

A summary of the Code of Conduct and Ethics is available on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Code of Conduct and Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:

- To establish a standard of conduct and ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors;
- To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company; and
- To manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.

The Code of Conduct and Ethics was last reviewed by the Board on 15 September 2023.

## Strategies promoting sustainability

The Board practices good corporate governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance and value creation for its shareholders.

The Company continued to carry out activities which demonstrate its commitment towards creating a better environmental, social and sustainability agenda during FY 2023 as reported in the *Sustainability Statement* on page 31 of this Annual Report.

## Anti-Bribery and Anti-Corruption Management/Whistle-Blowing

The Company is committed to uphold sound values and the high standard of work ethics in line with good corporate governance. All its Directors, managers and employees are expected to conduct themselves with integrity in carrying out their functions.

During the last financial year, the Company has initiated the Anti-Bribery and Anti-Corruption Management within the Company. The Company engaged a law firm to draft the Anti-Bribery and Anti-Corruption Policy for the Company ("**Policy**"). The Policy sets out the Company's commitments and requirements regarding ethical business practices and personal conduct. It also sets out the behaviour the Company expects of its employees and what the Company's employees, business partners can expect from the Company. The Company shall conduct its business with integrity, respecting the laws, cultures, dignity and rights of individuals in all of the countries where it operates. All the Company's employees and persons associated with the Company are expected to act in accordance with corporate values and ethics as set out in the Policy. The Policy was last reviewed by the Board on 15 September 2023.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Whistle-Blowing Policy has also been formulated along with a Whistle-Blowing channel on the Company's website [www.nylex.com](http://www.nylex.com) for all employees of the Company and other stakeholders to raise genuine concerns about any improper conduct without fear of retaliation. Offering protection to those who report improper conduct, it strengthens the Company's accountability and transparency in conducting its business affairs. The Whistle-Blowing Policy is accessible on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. The Whistle-Blowing Policy was last reviewed by the Board on 15 September 2023.

## II. BOARD COMPOSITION

### Composition of the Board

As at 31 May 2023, the Board comprises one (1) Independent Non-Executive Chairman, one (1) Group Managing Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The composition of the Board is in compliance with the Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Non-Executive Directors.

The composition of the Board complies with the Listing Requirements which requires at least one-third of the Board comprising independent non-executive directors. It also complies with Practice 5.2 of the MCCG to have at least 50% representation of independent non-executive directors on the Board.

Subsequent to the financial year, two (2) long serving Independent Non-Executive Directors were re-designated as Non-Independent Non-Executive Directors to comply with the Listing Requirements:

All Board members are persons of calibre and credibility with extensive expertise and wealth of experience in legal, accounting, economics, corporate finance, marketing and business practices to augment the Company's continued growth and success.

The Independent Non-Executive Directors on the Board provides for an effective check and balance on the functions of the Board. The Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings or form any other relationship with the Company, which enables them to exercise independent judgement in the discharge of their duties and responsibilities in the best interests of the Company.

The profile of the *Board of Directors* is set out in pages 4 to 6 of this Annual Report.

### Annual Assessment

The Board has in place a Director's Fit and Proper Policy, which was reviewed by the Board on 15 September 2023. The Director's Fit and Proper Policy is available on the Company's website at [www.nylex.com](http://www.nylex.com).

The Remuneration and Nomination Committee ("**R&N Committee**") has conducted an assessment on all the Board members in accordance with the assessment criteria in the Director's Fit and Proper Policy and are satisfied that all the Directors fulfilled the criteria as set out in the Director's Fit and Proper Policy.

In addition, taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&N Committee assessed each Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The R&N Committee was satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board is appropriate and well-balanced, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively. Accordingly, the R&N Committee recommended that the current composition of the Board and Committees be retained.

During the financial year, the R&N Committee did not perform any evaluation on the individual Director's performance. The R&N Committee was of the view that the evaluations done in the previous financial years were adequate and reflective of the current state of affairs as far as the Board and Directors' performance are concerned.

The R&N Committee did not engage independent expert for the annual assessment as suggested by the MCGG but the Board has taken note that the involvement of independent expert or party to facilitate the Board evaluation periodically will lend greater objectivity to the assessment by providing an unbiased perspective on a Director's performance and his ability to contribute effectively to the Board.

## Re-election of Directors

Based on the results of the assessment, the R&N Committee has recommended to the Board the re-election of the following Directors who are retiring at the Company's forthcoming annual general meeting ("**AGM**") pursuant to the Constitution of the Company:

- i. Datuk Anuar bin Ahmad;
- ii. Dato' Siew Ka Wei; and
- iii. Datin Joanne Marie Lopez.

## Assessment of independence

The Board, through the R&N Committee, annually assesses the independence of the Independent Directors. The criteria of an Independent Director include the following:

- The Independent Director is neither employee nor related to any major shareholders/Management of the Company and does not participate in the day-to-day operations of the Company and has fulfilled the definition of "Independent Directors" in the Listing Requirements;
- He/She is free from any business or other relationship with the Company which would materially interfere with the exercise of his/her independent judgement on matters on hand; and
- He/She is a person of calibre, credibility and has the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, business performance, resources and standards of conduct. He/She is able to provide independent views in the Board's discussion and has not shown to have compromised on his/her independent judgement.

The R&N Committee, having conducted the assessment on the Independent Non-Executive Directors, concluded that each of the Independent Non-Executive Directors continues to demonstrate that he/she has fulfilled the above criteria of an Independent Director.

## Tenure of Independent Directors

Practice 5.3 of the MCGG states that the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years in the same capacity, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Pursuant to the definitions in the Listing Requirements, an Independent Director shall be one who has not served as an Independent Director in the Company or any of the companies in the Group for a cumulative period for more than twelve (12) years from the date of his first appointment as an independent director.

Pursuant to the Listing Requirements, two (2) long serving Independent Non-Executive Directors were re-designated Non-Independent Non-Executive Directors subsequent to the financial year.

## Senior Independent Director

The Board has decided to dispense with the need to appoint a Senior Independent Non-Executive Director to whom any concerns should be conveyed. The Board operates in an open environment whereby opinions and information are freely exchanged and, in these circumstances, any concerns need not be focused on a single Director as all members of the Board fulfil this role individually and collectively.

## Board Diversity Policy

The Company practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the Company in selection of Board members. In addition, the Company believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions are effectively carried out and these individuals are able to discharge their duties in the best interests of the Company and its shareholders.

The R&N Committee has taken note of the practice in the MCGG pertaining to the establishment of a policy on boardroom diversity including gender diversity. The Board has formalised a Diversity Policy on 25 July 2018 which is available on the Company website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The Board Diversity Policy was last reviewed by the Board on 15 September 2023.

The Board is supportive of gender diversity in the boardroom as recommended by the MCGG to promote the representation of women on Boards of Directors. The Board currently consist of one (1) women Director. The appointment of new Directors will be guided by the skills, knowledge, experience and qualifications of the candidates rather than solely by their gender or ethnicity.

## Time commitment

All the Directors have committed sufficient time to carry out their duties during the tenure of their appointments. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities, the Directors do not hold more than five (5) directorships in public listed companies, as required in the Listing Requirements.

The Directors are required to inform the Board the proportion of time they will commit to spend in performing their duties when accepting the Company's directorship. They are also required to inform the Board, including the proposed proportion of time to be committed to each of their appointments, should they wish to accept new board directorships in other public listed companies.

The Board meets at least once each quarter and additional meetings are convened as and when necessary as determined by the Chairman or as requested by the Directors. To help the Directors in planning their attendances at the Board and/or Board committees meetings, at the end of each calendar year, the Company Secretaries would draw up a proposed timetable for all the meetings of the Board and Board Committees, including the AGM, to be held in the next calendar year. Reminders are also sent to the Directors prior to each Board/Board Committee meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board meetings

During the financial year, the Board held four (4) Board meetings; the Audit Committee held five (5) meetings and the R&N Committee held one (1) meeting. The attendance record below indicates the level of time commitment of the Directors in carrying out their duties as Directors of the Company:

<b>Attendance at Board meetings</b>		
<b>Name of Directors</b>	<b>Attendance</b>	<b>Percentage</b>
Datuk Anuar bin Ahmad	4/4	100%
Dato' Siew Ka Wei	4/4	100%
Edmond Cheah Swee Leng	4/4	100%
Khamis bin Awal	4/4	100%
Tan Sri Dato' Dr Lin See Yan	4/4	100%
Datin Joanne Marie Lopez ( <i>Appointed on 30 March 2023</i> )	1/1	100%

<b>Attendance at Audit Committee meetings</b>		
<b>Name of Directors</b>	<b>Attendance</b>	<b>Percentage</b>
Datuk Anuar bin Ahmad	5/5	100%
Edmond Cheah Swee Leng	5/5	100%
Khamis bin Awal	5/5	100%
Tan Sri Dato' Dr Lin See Yan	5/5	100%

<b>Attendance at R&amp;N Committee meetings</b>		
<b>Name of Directors</b>	<b>Attendance</b>	<b>Percentage</b>
Edmond Cheah Swee Leng	1/1	100%
Khamis bin Awal	1/1	100%

All Directors have attained the minimum attendance during the financial year as required under the Listing Requirements.

The proceedings of all meetings, including all issues raised, deliberations, decisions and conclusions made at the Board of Directors and Board Committee meetings, were recorded in the minutes of the Board of Directors and Board Committee meetings respectively.

## Continuing Education Programme and Training

All Directors have attended the Directors' Mandatory Accreditation Programme and are aware of the requirements of the Continuing Education Programme prescribed by the Listing Requirements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has assumed the onus of determining and overseeing the training needs of the Directors. The Directors are mindful of the need for continuous training to keep abreast of the relevant changes in laws, regulations and the business environment to effectively discharge their responsibilities and are encouraged to attend forums, training and seminars in accordance with their respective needs in discharging their duties as Directors. The Company Secretaries will also provide updates to the Directors from time to time on relevant guidelines and statutory and regulatory requirements.

During the financial year, the Directors attended an in-house training facilitated by a firm of professional trainers on Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework and Cyber Security – A Boardroom Agenda. They have also attended the refresher course on Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009.

### III. REMUNERATION

#### Remuneration and Nomination Committee

The Board has combined the functions of the Remuneration Committee and Nomination Committee into a Remuneration and Nomination Committee ("**R&N Committee**"). The R&N Committee was established on 24 September 2001.

The TOR of the R&N Committee, which was last reviewed by the Board on 15 September 2023, is available at the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

During FY 2023, the members of the R&N Committee, were as follows:

- i. Edmond Cheah Swee Leng; and
- ii. Khamis bin Awal

The R&N Committee is primarily responsible for reviewing and assessing the performance and effectiveness of the Board and the Board Committees as a whole as well as its Directors individually and collectively, and also to recommend the re-appointment of the retiring Directors. Should there be any Board vacancy or the need for new talent on the Board, the R&N Committee is responsible for identifying, assessing and recommending suitable candidates for Board memberships. The R&N Committee will take into consideration the Board structure, size, composition and the required mix of expertise and experience which the candidates should bring to the Board. In such an evaluation, the R&N Committee would consider the candidates' qualifications, skill, knowledge, expertise and experience, professionalism, integrity, and, in the case of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and functions expected from them. The R&N Committee does not utilise independent sources to identify suitably qualified candidates as the R&N Committee understands the specialised industry the Company operates in and the type of candidates whose background fit its criteria.

The final decision as to who shall be appointed as Director remains the responsibility of the Board, after considering the recommendations of the R&N Committee.

During the financial year, to comply with the Listing Requirements, the Board appointed one (1) woman Director to the Board. The Board did not make other changes to the composition to the Board due principally to the fact that the Company has maintained minimum operations following the disposal of its entire assets and business undertakings to its holding company in January 2022. The Board is now identifying new business opportunities which may result in a change in shareholders and subsequently, change in the Board composition. Changing the Board composition may not be timely under these circumstances.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Remuneration of Directors

The R&N Committee is responsible for recommending the remuneration of the Non-Executive Directors, including Directors' fees and benefits, and after considering a comparison with payments by similar companies, to the Board for its endorsement. The R&N Committee is also responsible for determining and recommending to the Board the remuneration packages of the Chairman and the Group Managing Director of the Company. During the financial year, the Board has approved the Remuneration Policy which maintain strong linkage between remuneration of Directors with performance, value and sustainability of the Company as well as skills and experienced required. The Remuneration Policy is available on the Company's website at [www.nylex.com](http://www.nylex.com).

It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors as per the Remuneration Policy. The Directors' fees and benefits will be submitted to the shareholders for approval at the AGM of the Company. Directors who are shareholders will abstain from voting at general meetings to approve their fees.

For the last financial year, the Non-Executive Directors of the Board received RM70,000 each as Directors' fee per annum. The members of the Audit Committee received RM30,000 each while the members of the R&N Committee received RM20,000 each per annum. These were as recommended by the R&N Committee and the total Directors' fees of RM460,000 was approved by the shareholders at the last AGM of the Company.

In addition, the Non-Executive Directors also received attendance allowances of RM416 for each Board and Board Committees meeting attended.

The Board has endorsed the R&N Committee's recommendation and will propose that the fees for the Board and Board Committees for the current financial year amounting to RM472,082 be paid to the Non-Executive Directors subject to the approval of the Company's shareholders at the forthcoming 53<sup>rd</sup> AGM.

The R&N Committee also assumes the task of recommending to the Board the remuneration package for the Group Managing Director ("**GMD**"). The remuneration of the GMD comprises a monthly salary, bonuses, benefits-in-kind and other benefits that the Board approves from time to time. The GMD is not entitled to the Director's fee and attendance allowance for the Board and Board Committee meetings that he attended.

During the financial year, the GMD receive an allowance from the Company as the Company has maintained minimum operations following the completion of the disposal of its entire assets and business undertakings in January 2022.

Subject to the approval of the shareholders at the 53<sup>rd</sup> AGM of the Company for the payment of Directors fees, the details of remuneration, including remuneration for services rendered to the Company, received and receivable by the Directors of the Company for the financial year ended 31 May 2023 are as follows:

	Directors' fee (RM'000)	Salaries, bonus and other emoluments (RM'000)	Meeting allowances (RM'000)	Total (RM'000)
<b>Executive Director</b>				
Dato' Siew Ka Wei	-	25	-	<b>25</b>
<b>Non-Executive Directors</b>				
Datuk Anuar bin Ahmad	120	-	4	<b>124</b>
Edmond Cheah Swee Leng	120	-	5	<b>125</b>
Khamis bin Awal	120	-	5	<b>125</b>
Tan Sri Dato' Dr Lin See Yan	100	-	4	<b>104</b>
Datin Joanne Marie Lopez	12	-	-	<b>12</b>
<b>Total</b>	<b>472</b>	<b>25</b>	<b>18</b>	<b>515</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition to the above, the Company has taken up a Directors' and Officers' Liability ("**D&O**") insurance for coverage of the Directors' defence costs and legal representation expenses incurred by the Directors concerned should any action be brought against them for actions undertaken as Directors of the Company. Nevertheless, the D&O insurance does not indemnify a Director if he is proven to have acted fraudulently or dishonestly or to have intentionally breached the law.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

#### Compliance with Applicable Financial Reporting Standards

The Board strives to present true and fair, comprehensive, balanced and meaningful evaluation and assessment of the Company's financial performance, financial position and future prospects of the Company in the quarterly interim financial reports of the Company and the annual audited financial statements of the Company in accordance with the provisions of the Act, the Listing Requirements, the Malaysian Financial Reporting Standards in Malaysia ("**MFRSs**"), the International Financial Reporting Standards ("**IFRSs**") and any other statutory or regulatory requirements.

The Directors are responsible for keeping proper accounting records which disclosed with reasonable accuracy on the financial position and of the Company, to enable them to ensure that the financial statements comply with the Act, the Listing Requirements, MFRSs, IFRSs and any other statutory or regulatory requirements.

The *Directors' Responsibilities Statement on Financial Statements* is set out on page 36 of this Annual Report.

The Board has established an Audit Committee to assist the Board in discharging its responsibility more effectively. The activities of the Audit Committee are elaborated on in more detail in the *Audit Committee Report* in this Annual Report.

The Company's annual audited financial statements are reviewed by the Audit Committee together with the External Auditors and the Management of the Company. The quarterly interim financial reports are reviewed by the Audit Committee and the Management. Thereafter, the Audit Committee will recommend to the Board to approve the same prior to their release to Bursa Securities within the stipulated time frame.

The Audit Committee also provides assurance to the Board with support from the External Auditors that all the statutory financial statements and reports presented are in compliance with applicable laws and accounting standards and give a true and fair view of the Company's performance and financial position.

#### Assessment of suitability and independence of External Auditors by the Audit Committee

The Board has established a formal, transparent and appropriate relationship with the Company's External Auditors, primarily through the Audit Committee.

Under its TOR and External Auditors Assessment Policy, the Audit Committee has explicit authority to communicate directly with the External Auditors. Meetings with the External Auditors are held as appropriate to discuss audit plans, audit findings and the annual audited financial statements. Whenever required, the Audit Committee will hold private sessions with the External Auditors in the absence of the Management to discuss the issues affecting the Company, if any.

The Audit Committee is empowered by the Board to assess the independence and performances of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or Senior Management and major shareholders of the Company as well as any conflict of interest arising therefrom, including the extent of non-audit services performed and fees charged by the External Auditors during the financial year that will give rise to questions about the External Auditors' independence and objectivities in carrying out the responsibilities entrusted to them. The assessment of performance also focuses on the External Auditors' experience, competency, resources of the firm, the quality of the staff assigned to audit the Company's accounts and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

For FY 2023, the Audit Committee has assessed the External Auditors' performance and independence based on the above criteria and was satisfied with the External Auditors' competency and independence. The Audit Committee has also received written assurance from the External Auditors confirming that they have complied with the relevant ethical requirements regarding professional independence. The Audit Committee, upon satisfying itself with the independence of the External Auditors, has recommended to the Board on the re-appointment of the External Auditors. The Board concurred with the Audit Committee's recommendation and has recommended the re-appointment of the External Auditors for the approval of the Company's shareholders at the forthcoming 53<sup>rd</sup> AGM.

The *Audit Committee Report* is set out on pages 25 to 27 of this Annual Report.

## II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Recognise and Manage Risks

The Board acknowledges its overall responsibility to maintain a sound risk management framework and internal control system, covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. The Board recognises that risks cannot be totally eliminated and the risk management framework and internal control system is designed to manage and mitigate, rather than eliminate, these risks to safeguard shareholders' investments and the Company's assets.

As per its TOR, the Audit Committee, which has been empowered to assist the Board in discharging its duties in relation to risk management and internal control, seeks regular assurance on the continuity and effectiveness of the risk management framework and internal control system through independent reviews conducted by the internal and external auditors. It is also empowered to decide on the appointment, dismissal or resignation of the internal auditors. The TOR can be found in the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section.

The *Statement on Risk Management and Internal Control* is disclosed on pages 28 to 30 of this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

#### Procedures on corporate disclosure

The Board acknowledges the importance of transparency and accountability to its shareholders, stakeholders and other investors through proper, timely and adequate dissemination of information on the Company's performance, business activities, financial performance, material information and corporate events through an appropriate channel of communication. The annual reports, quarterly interim financial reports and other announcements, circulars to shareholders and press releases are the primary modes of communication utilised by the Company.

The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at [www.nylex.com](http://www.nylex.com), and to ensure that such information is handled properly to avoid leakage or improper use. The Board will take reasonable steps to ensure that all investors have equal access to material information. Selective disclosure is not allowed.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall disclose all material information required to be disclosed under applicable securities laws, regulations and requirements as per the disclosure principles listed below:

- Material information will be announced immediately to Bursa Securities, and later be made available on the Company's website;
- Material information will be kept confidential temporarily if the immediate release of such information would be detrimental to the interests of the Company and/or its shareholders;
- The disclosure must be factual and non-speculative;
- If the Company learns that an earlier disclosure contained material error(s), such disclosures must be corrected immediately; and
- The Company will not comment, affirmatively or negatively, on rumours including those on the Internet. Should Bursa Securities request that the Company make a definitive statement in response to any market rumour that is causing significant volatility in the price of the Company's securities, the GMD or the Company Secretary will respond appropriately, after consulting with the Board or Advisors if time permits, before a reply is given to Bursa Securities.

Information is considered material if it can reasonably be expected to have a material effect on the price, value or market activity of the Company's securities or the decision of a holder of security or an investor in his/her actions.

The Company Secretaries are responsible for compiling such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

## **Leverage on information technology for effective dissemination of information**

The Company has established a website at [www.nylex.com](http://www.nylex.com) where shareholders, stakeholders and other investors can have access to the Company's latest annual report, quarterly interim financial reports, announcements, circulars to shareholders and press releases, as well as the Company's current share price.

Announcements on corporate developments are made on a timely basis to Bursa Securities and these are made available to the public via Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com) as well as on the Company's website.

## **Effective communication and proactive engagement with shareholders**

The Board encourages shareholders, stakeholders and other investors to communicate with the Company through other channels, via post at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, fax at (603) 55108291 or e-mail at [corp@nylex.com](mailto:corp@nylex.com). These questions and queries would be attended to by the Company's Senior Management or the Board, as the case may be.

## **II. CONDUCT OF GENERAL MEETINGS**

### **Encourage shareholder participation at general meetings**

General meetings remain the principal forum for dialogue between the Company and its shareholders.

At the general meetings, the Board encourages and gives sufficient opportunity for shareholders to ask questions regarding the Company's affairs, its financial performance and the resolutions being proposed. The Chairman of the meeting, when presenting items on the agenda for voting, will give a brief background of the resolutions and shareholders are invited to give their views and raise questions before voting takes place. Explanatory notes are also available on the Notice of General Meeting to provide rationales for the resolutions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the Listing Requirements, to encourage more shareholder participation at the Company's general meetings, the Company allows any member who is entitled to attend and vote at the general meeting to appoint a proxy to attend and vote for him/her. The proxy may, but need not be, a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. The Company's Constitution explicitly allows a proxy to speak at general meetings. Notices of the general meetings and related circulars are sent to the shareholders in accordance with the regulatory and statutory provisions. All notices are advertised in a national English newspaper within the prescribed deadlines.

Minutes on the proceedings at the general meetings are recorded by the Company Secretaries and shareholders may inspect the minutes in accordance with the provisions of the Act. The minutes are published on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section, to allow easier access for shareholders to inspect the minutes. A summary of key matters discussed at the general meetings is also posted on the Company's website at [www.nylex.com](http://www.nylex.com).

## **Poll Voting**

As provided in the Company's Constitution, all resolutions are to be decided via poll voting. The Company has appointed one (1) scrutineer to validate the votes cast at the AGM.

## **CORPORATE GOVERNANCE REPORT**

Please refer to the Company's Corporate Governance Report, available on the Company's website at [www.nylex.com](http://www.nylex.com), on the extent of the Company's application and compliance with the MCCG and the relevant explanations for any deviations.

## **CONCLUSION**

The Board recognises the importance of the Company practising good corporate governance and believes that it has managed the affairs of the Company in accordance with the corporate governance standards which are in compliance with the practices of the MCCG, except where stated otherwise.

# AUDIT COMMITTEE REPORT

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (**“the Board”**) is pleased to present its Audit Committee Report for the financial year ended 31 May 2023.

## TERMS OF REFERENCE (“TOR”)

The Audit Committee is governed by its Terms of Reference, which are available on the Company’s website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. The Terms of Reference were last reviewed by the Board on 15 September 2023.

## MEMBERS AND MEETINGS

The Audit Committee held a total of five (5) meetings during the financial year. The members and their attendance record are as follows:

Members	Attendance	
	No.	%
<b>Edmond Cheah Swee Leng</b> <i>Chairman, Independent Non-Executive Director</i>	5/5	100
<b>Datuk Anuar bin Ahmad</b> <i>Member, Independent Non-Executive Director</i>	5/5	100
<b>Khamis bin Awal</b> <i>Member, Non-Independent Non-Executive Director</i>	5/5	100
<b>Tan Sri Dato’ Dr Lin See Yan</b> <i>Member, Independent Non-Executive Director</i>	5/5	100

The Audit Committee Chairman, Edmond Cheah Swee Leng is a member of the Malaysian Institute of Accountants (MIA). The composition of the Audit Committee during the financial year complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**). The members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee, including the financial reporting process.

The positions of Chairman of the Audit Committee and Chairman of the Board are assumed by different persons to prevent any impairment on objectivity of the Board’s review of the Audit Committee’s findings and recommendations.

As per the TOR, the Chairman of the Audit Committee should engage on a continuous basis with Senior Management of the Company in order to be kept informed of matters affecting the Company. In this respect, the Audit Committee has decided that this would be carried out in the form of Audit Committee/Management meeting whenever the situation warrants such a meeting.

During the financial year, five (5) Audit Committee/Management meetings were held which were attended by the Audit Committee members and Senior Management of the Company to discuss operational issues.

The TOR requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. None of the members of the Audit Committee was a former audit partner.

# AUDIT COMMITTEE REPORT

## SUMMARY OF WORK

During the financial year under review, the Audit Committee carried out its duties in accordance with its TOR. The work undertaken were as follows:

### Financial results

- Reviewed the quarterly interim financial reports with the Management before recommending them for the Board's approval for release to Bursa Malaysia Securities Berhad (**"Bursa Securities"**); and
- Reviewed the annual audited financial statements with the External Auditors prior to submission to the Board for approval for release to Bursa Securities.

The reviews above were to focus particularly on (if any):

- changes in or implementation of major accounting policies;
- significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
- compliance with the provisions of the Companies Act 2016, the Listing Requirements, the Malaysian Financial Reporting Standards (**"MFRSs"**), the International Financial Reporting Standards (**"IFRSs"**) and other statutory and regulatory requirements; and
- that all audit issues were satisfactorily resolved.

### External audits

- Reviewed and approved the annual audit planning memorandum, which detailed the areas of audit emphasis;
- Apprised of and reviewed the updates on the MFRSs and the material effects on the Company's financial reporting on adoption of new and revised MFRSs for the current financial year;
- Reviewed with the External Auditors, the results of their audit, the annual audited financial statements and the internal control recommendations in respect of the weaknesses noted in the Company's internal control system, if any, in the course of their audit and the Management's responses and remedial actions to be undertaken in relation to the weaknesses noted therein; and
- Reviewed the External Auditors' performance, independence and suitability and made recommendation to the Board for their remuneration and re-appointment.

### Related party transactions

- The Company did not carry out any Related Party Transaction during the financial year.
- The Company did not enter into any recurrent related party transaction (**"RRPT"**) of a revenue or trading nature during the financial year except for the sales to related party which is intended to temporary generate income to partially fund the Company's operational expenses. The Company will seek shareholders' mandate to enter into RRPT in the forthcoming 53<sup>rd</sup> annual general meeting.

### Share issuance scheme

- The Company has not established any share issuance scheme and has no subsisting share issuance scheme during the financial year under review.

During the Board Meeting, the Chairman of the Audit Committee briefed the Board on the matters discussed at the Audit Committee meetings. The Chairman also briefed the Board on the discussion on any issues raised in respect of the Company's internal control system, the quarterly interim financial reports, the annual audited financial statements and the recommendations of the Audit Committee thereon to the Board to approve the quarterly interim financial reports and the annual audited financial statements.

# AUDIT COMMITTEE REPORT

## INTERNAL AUDIT FUNCTION

During the financial year under review, no internal audit works were carried out as there is no active business operations within the Company, subsequent to the completion of the disposal of all assets and liabilities of the Company to Ancom Nylex Berhad on 26 January 2022. The Internal Audit functions will be re-established upon the Company establishing and activating a new core business in future.

## ASSESSMENT OF INDEPENDENCE AND PERFORMANCE

### External Auditors

Under its TOR and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performances of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.

The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Company as well as any conflict of interest, including the extent of non-audit services performed by the External Auditors during the financial year that may impact their independence and objectivity. The assessment of performance focuses on the External Auditors' experience, competency, resources of the firm, quality of the staff assigned and the Audit Committee's opinion on the quality of the reports to the Audit Committee.

During the financial year, the Audit Committee assessed the External Auditors' performance and independence and was satisfied with the External Auditors' competency and independence. The External Auditors have given written assurance to the Audit Committee that they have complied with the relevant ethical requirements regarding their professional independence.

The Audit Committee has recommended to the Board to re-appoint Messrs BDO PLT as the External Auditors.

The Board concurred with the Audit Committee's recommendation and will recommend that the shareholders approve Messrs BDO PLT's re-appointment at the forthcoming 53<sup>rd</sup> Annual General Meeting of the Company.

## RISK MANAGEMENT

The Audit Committee reviewed the Risk Management Framework and the Risk Registry of the Company and the ongoing identification, evaluation and management of the significant risks affecting the Company, as has been reported in the *Statement on Risk Management and Internal Control* of this Annual Report.

Please refer the *Statement on Risk Management and Internal Control* in this Annual Report.

## CONCLUSION

The Audit Committee is of the opinion that it has discharged its duties in accordance with the TOR as established above during the financial year under review, and that the Company's risk management and internal control system was effective and adequate.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

## INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors (**“the Board”**) is prepared in accordance with the *Malaysian Code on Corporate Governance 2021* issued by the Securities Commission Malaysia and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control with the support and endorsement of Bursa Malaysia Securities Berhad. It outlines the nature and scope of risk management and internal control of Nylex (Malaysia) Berhad (**“the Company”**) during the financial year under review.

On 26 January 2022, the Company completed the disposal of all its assets and liabilities including all its subsidiaries to its holding company, Ancom Nylex Berhad (formerly known as “Ancom Berhad”)(“Disposal”). The Company has since triggered Paragraph 8.03A(2) of the Main Market Listing Requirements (**“Listing Requirements”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) whereby the Company has ceased all of its business and entire operations and accordingly, and the Company is now classified as an affected listed issuer under the Listing Requirements.

## RESPONSIBILITY OF BOARD AND MANAGEMENT

The Board recognised its responsibilities in establishing and maintaining a sound risk management and internal control system in the Company. The Board also recognised its responsibilities in reviewing the adequacy, effectiveness and integrity of the Company’s risk management and internal control system through ongoing and independent reviews carried out by the Internal Audit function of the Company.

The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate the risks of not adhering to the Company’s policies and achieving goals and objectives within the risk tolerance established by the Board and Management. Therefore, the system provides reasonable but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.

## KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Company adopts an Enterprise Risk Management (**“ERM”**) framework and the Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of objectives and strategies since 2014.

Key elements of risk management and internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are described below. During the financial year under review and up to the date of approval of this Statement, these elements were in place.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Organisational Structure

- The Audit Committee in its advisory capacity was established with specific terms of reference which include the overseeing and monitoring of the Company's financial reporting system and the review of the effectiveness of the Company's risk management framework and system of internal control periodically.
- A Risk Management Working Committee, which comprises the Group Managing Director, the Deputy Chief Executive Officer, Chief Financial Officer and selected committee members from the Corporate Office, was established by the Board to oversee and monitor all identified risks and assess the effectiveness and benefits of internal control in mitigating these risks based on the risk management framework adopted by the Company.
- The Company has in place an organisation structure with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.

## Written Communication of Company Policies and Procedures

- Operational manuals and procedures on authority limits and day-to-day operations are provided to ensure compliance with the Company's risk management and internal control system and the relevant laws and regulations.
- The Board Charter sets out the authorities, roles, functions, compositions and responsibilities of the Board to assist the Directors to be aware of their duties and responsibilities to effectively discharge their fiduciary duty in managing the affairs of the Company. The Board Charter is complemented by the terms of reference of the Audit Committee and the Remuneration & Nomination Committee, which sets out the composition, responsibilities and administrative rights of the relevant Board Committees.

## Information and Communications Processes

- Limits of Authority have been established within the Company to define the necessary reporting procedures and appropriate authorised personnel to make decisions on operational matters, such as policy approval and capital and operational expenditure. These limits serve as a control whereby a cross-check system has been incorporated to minimise any abuse of authority.
- The Company prepares its own annual business plans and budgets, which is reviewed by Senior Management. The approved budget serves as a benchmark for the performance of the business units in the ensuing financial period. Monthly comparisons are made between the performance and budget, and also comparing the actual results with the previous year's results, where significant variances are investigated and explained to the Senior Management so that corrective actions can be taken in a timely manner, if necessary.
- The computers and internal server of the Company are outfitted with antivirus systems to protect the Company's database from cybersecurity threats. All software programs used in the Company are sourced from authorised dealers only, to ensure the authenticity and integrity of its information systems.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Internal Control

- The Company's internal audit function is outsourced to a public accounting firm of international standing. The internal audit function facilitates the Board in its review and evaluation of the adequacy and integrity of the Company's internal control system.

During the financial year under review, no internal audit works were carried out as there is no active business operations within the Company, subsequent to the completion of the disposal of all assets and liabilities of the Company to Ancom Nylex Berhad on 26 January 2022. The Internal Audit functions will be re-established upon the Company establishing and activating a new core business in future.

The Board will continue to take measures and maintain an on-going commitment to strengthen the Company's risk management and internal control system upon establishing a new core business.

The principal risk currently faced by the Company is outlined below:

Risks	Mitigation plan
Financial reporting risk	<ul style="list-style-type: none"> <li>The Company continues to ensure that it is kept abreast with updates on relevant financial reporting standards and that the relevant accounting personnel maintain an adequate level of competency in financial reporting.</li> </ul>

## REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the scope set out in the Audit and Assurance Practice Guide ("APPG 3") issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the financial year ended 31 May 2023. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is the Statement on Risk Management and Internal Control factually inaccurate.

## CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Company's risk management and internal control system, given the no active business operation situation for the financial year under review. The Board has received assurance from the Group Managing Director, Deputy Chief Executive Officer and Chief Financial Officer that the Company's risk management and internal control system, in all material aspects, is operating adequately and effectively, based on the risk management and internal control system adopted by the Company. For the financial year under review, there was no material control failure that has resulted in any material losses that would require disclosure in the Company's Annual Report. The Board will continue to take measures and maintain an on-going commitment to strengthen the Company's risk management and internal control system.



# SUSTAINABILITY STATEMENT

Pursuant to Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Board of Directors (**“the Board”**) is pleased to present the Sustainability Statement (**“Statement”**) of the Company for the financial year ended 31 May 2023.

## GOVERNANCE STRUCTURE

At Nylex (Malaysia) Berhad (**“Nylex”**), we recognise the importance of integrating sustainability in the Company's operations when developing business strategy and management process.

The Company's sustainability strategy is driven by the Board who is involved in formulating plans to identify, evaluate and manage sustainability matters within the Company. The Board is assisted by Senior Management who oversees the implementation of sustainability at their respective operation units.

## SCOPE OF DISCLOSURE

This Statement covers the period from 1 June 2022 to 31 May 2023 (**“FY 2023”**) and it covers the Company's operations in Malaysia. At Nylex, we understand that a holistic approach to business management, where decisions are based not just on economic considerations but also on environmental, social and governance issues, will serve as a sound business model that supports business continuity and competitiveness over the long term. We have worked to incorporate sustainability as an essential element of our corporate culture and business decision making, strive for transparent business practices that are based on ethical values and respect for the stakeholders.

## STAKEHOLDER ENGAGEMENT

We engage regularly with key stakeholders via different platforms to build relationships based on openness and trust. Through these formal and informal sessions, we are able to obtain relevant input on our stakeholders' concerns.

Stakeholder	Main Interests of Stakeholder	Engagement Channels
<b>Employees</b>	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Career development</li> <li>Employees welfare</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety campaigns</li> <li>Periodic management meeting</li> <li>Employee engagement activities such as annual dinner</li> <li>Other on-going multiple internal engagement channels (e.g. emails, training, meeting)</li> </ul>
<b>Vendors &amp; Suppliers</b>	<ul style="list-style-type: none"> <li>Fair procurement system</li> <li>Sustainable partnerships with Nylex</li> <li>Pricing and credit term</li> </ul>	<ul style="list-style-type: none"> <li>Vendor evaluation and registration</li> <li>Formal and informal briefings and meetings</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Timely product delivery</li> <li>Pricing and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback sessions</li> <li>On-going multiple engagement channels (e.g. emails, meetings)</li> </ul>
<b>Shareholders and investment community</b>	<ul style="list-style-type: none"> <li>Shareholders' returns</li> <li>Growth potential</li> <li>Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Annual and quarterly reports</li> <li>General Meetings</li> <li>Announcements via Bursa Malaysia Securities Berhad (<b>“Bursa Securities”</b>)</li> <li>Corporate website</li> </ul>

# SUSTAINABILITY STATEMENT

Stakeholder	Main Interests of Stakeholder	Engagement Channels
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>Regular reporting to relevant regulators</li> <li>Regular engagement with regulators</li> </ul>
<b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>Timeliness of repayment</li> <li>Provide insight on our sustainable business performance</li> </ul>	<ul style="list-style-type: none"> <li>Contractual arrangements and business transactions</li> <li>Annual and quarterly reports</li> <li>General Meetings</li> <li>Announcements via Bursa Securities</li> <li>Corporate website</li> <li>On-going multiple engagement channels (e.g. emails, meetings)</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Environment, education and social support</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility programmes</li> </ul>

## ECONOMIC ENHANCEMENT

### Customer Management

The Company is of the view that maintaining products and services quality is essential to contribute to business success. We make great efforts to deliver positive customer experience, and this is always high on our priority list. We work closely with our customers to understand their needs by way of conducting annual customer satisfaction survey which includes aspect such as responsive enquiry and order handling, product quality, delivery performance, service performance and overall satisfaction. Customers feedback or complain will be attended by our sales personnel along with quality assurance personnel. Corrective and preventive actions will be carried out and monitored by our Quality Assurance Department to prevent recurrence of complaints. We do our best to ensure products we produce meet our customers' requirements.

### Supply Chain Management & Procurement Practices

There has been an increased focus around the world on integrating the sustainability practices into the supply chain. Supply chain management is important in facilitating the business operations and the Company aims to build mutually beneficial relationships with the suppliers in the long run. The Company engages with suppliers fairly, transparently and ethically.

We have an all-encompassing approach to maximise value creation by reducing supply chain costs, improving transactional processes, complying with laws and regulations and enhancing efficiency, while providing sustainable fit for purpose solutions. We source from different suppliers of respective industries and trade globally. We believe in contributing back to the economy which has given us much in economic benefits.

Suppliers' performances are monitored through vendor evaluation. Evaluations on suppliers are generally focusing on areas such as price and payment terms, product and service quality, operation scale, reliability and credibility. Identified issues are communicated with the suppliers for necessary rectification action and improvement.

# SUSTAINABILITY STATEMENT

## ENVIRONMENT

We are aware that our operations need to be managed carefully to minimise our impact on the environment. Our initiatives to address the environmental concerns in our operations include the management of energy and water consumption, responsible disposal of our effluent and other waste products.

### Energy Use

The Company monitors its energy consumption closely. To minimise energy usage, energy-saving light bulbs are used whenever possible throughout our operations. We also encourage our employees to switch off the lights and air conditioners when the office is not in use. In addition, meetings are conducted to discuss the energy saving issues when necessary.

The Company is continuously looking for ways to ensure business operations are energy efficient. By minimising energy consumption, we can lower our operational cost and reduce our carbon footprint.

### Freshwater Consumption

Water is mainly used to generate steam and for cooling on certain production processes and cleaning purposes. Water is reused whenever possible. Nylex takes an active approach to reduce water consumption through the implementation of various initiatives and we aim to reduce our water footprint by fostering water conservation practices and habits among the users.

### Waste and Effluent Management

Some of the by-products of our manufacturing operations are hazardous. As a responsible corporate citizen, we strive to minimise possibility of harm resulting from unintended contact with hazardous waste.

Other wastes or materials such as papers, plastics and wood are re-used where possible or sent to recycling centres. Our production is moving forward to use more recyclable materials in the future.

### Greenhouse Gas Emission

Carbon emissions are inevitable in our business, and we do our very best in minimising these emissions. Regular and scheduled maintenance are prepared on vehicles and plants to ensure optimal performance and efficiency.

## SOCIAL CONTRIBUTION

Nylex endeavours to safeguard high standards of governance across its operations, encourage responsible business practices, manage the environmental impact of its businesses, provide a safe and caring workplace and meet the social needs of its community. Our social contribution efforts are aimed for the benefit of the society and mirrored in the corporate social responsibility or community patronage activities undertaken.

# SUSTAINABILITY STATEMENT

## Workplace Diversity and Inclusion

The Company values its employees and understands that the welfare of its employees is the linchpin to its success. We believe discrimination bars people from living up to their full potential, creates inequality as well as less stable and prosperous societies. We observed basic human rights and will embrace diversity and inclusion of individuals in our business activities.

Talent is diverse by nature and we aim to build a diverse workforce begins with offering same opportunities and career perspectives to women and men regardless of races. However, the challenge will be the business nature and working models of our industry, which is still considered a male dominated industry. We strive to increase the involvement of women in all area.

Our people are the crucial system underpinning organisation's ability to grow and thrive. Therefore, it is crucial to provide employee benefits that suit the Company's goals and objectives.

## Occupational Health and Safety

Keeping our people safe is our first and primary responsibility. It is a core value for us, and an unequivocal expectation from our employees, their families and communities. We aim to establish a "Safety First" culture in the Company. Training, coaching, and recognition are critical components to continuously encourage a culture of safety. The Company takes a proactive approach towards mitigating occupational hazards and risks, by ensuring employees operate in a secure environment at all times.

For health benefits provided to employees, we provide medical coverage and insurance benefits. We are also constantly reviewing our policies and management systems on Occupational Safety and Health and to ascertain they are effective and appropriate.

## Whistle-Blowing

The combination of sound corporate governance and ethical business conduct are fundamental to the achievement of our objectives to grow our business sustainably and enhance stakeholders' value. It is our policy to conduct business in a fair, honest and transparent manner.

The Board had adopted a Whistle-Blowing Policy ("**Policy**"), which is accessible on the Company's website at [www.nylex.com](http://www.nylex.com) under the *Corporate Governance* section. This Policy provides an avenue for all employees of the Company and other stakeholders to raise concerns about any improper conduct without fear of retaliation. Offering protection to those who report improper conduct, the Policy strengthens the Company's accountability and transparency in conducting its business affairs.

## Workforce Training and Development

The Company believes that talent development and retention are important to a sustainable entity as it depends on the quality of its people to bring the Company forward. Trainings have been carried out in-house or participated externally to aim for improvement in employees' knowledge, skillsets and competencies allowing them to excel in their work and meet challenges head-on. Management and Supervisory Development programmes which provide career advancement opportunities were also organised for certain employees to develop key talents and successors for key management positions.

# SUSTAINABILITY STATEMENT

## Compliance

An effective governance structure and risk management system forms the backbone of our business operations. Risk assessments are conducted to identify and mitigate significant risks that are affecting our business operations. Additionally, we also review the adequacy of insurance coverage of all our business operations to safeguard against potential threats.

Employees of the Company are involved in identifying and mitigating sustainability risks across all areas of the Company's operations. The Company's Internal Audit function oversees the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures and with other relevant professional and regulatory requirements.

## Corporate Philanthropy

Consistent with one of the important focal area of its sustainability outlook, the Company welcome undergraduates or technical students from local and international institutions to apply for industrial training or factory visits.

## CONCLUSION

Towards integrating sustainability into our business, we continue our efforts to strengthen the risk management framework and enhance stakeholder value by adopting and applying good corporate governance framework, environmentally responsible practices and sound social policies.

# DIRECTORS' RESPONSIBILITIES STATEMENT ON FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

In accordance with the Companies Act 2016, the Directors of the Company are required to prepare the financial statements for each financial year which shall give a true and fair view of the state of affairs and financial position of the Company and its financial performance and cash flows as at the end of the financial year.

Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Listing Requirements”**), the Directors are required to issue a Statement explaining their responsibilities in the preparation of the annual audited financial statements.

The Directors hereby state that they are responsible for ensuring that the Company keep proper accounting records to enable the Company to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company as at 31 May 2023 and the statement of profit or loss and other comprehensive income and statement of cash flows of the Company for the financial year ended on that date. The Directors are also responsible for ensuring that the financial statements comply with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Companies Act 2016 in Malaysia, the Listing Requirements, and other statutory and regulatory requirements.

In preparing the financial statements of the Company for the financial year ended 31 May 2023, the Directors have:

- adopted the appropriate accounting policies, which are consistently applied;
- made judgements and estimates that are reasonable and prudent;
- adopted all applicable accounting standards, material departures, if any, will be disclosed and explained in the financial statements; and
- adopted the assumption that the Company will operate as a going concern.

The Directors have provided the auditors with every opportunity to take all steps, undertake all inspections and seek all explanations they considered appropriate to enable them to give their audit report on the financial statements.

# Financial Statements

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# DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 May 2023.

## PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding, 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 as well as property development.

In the previous financial year, the Company had completed the disposal of all assets and liabilities of the Company to Ancom Nylex Berhad.

## RESULTS

The results of the operations of the Company for the financial year are as follows:

	<b>RM'000</b>
Net loss for the year	(1,508)

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

## TREASURY SHARES

At the 52<sup>nd</sup> Annual General Meeting held on 27 October 2022, the shareholders of the Company approved the proposed renewal of shareholders' mandate for the Company to repurchase up to 10% of its own ordinary shares. The Company did not purchase any of its ordinary shares during the financial year.

As at 31 May 2023, a total of 14,550,648 (2022: 14,550,648) treasury shares with a carrying amount of RM9,678,119 (2022: RM9,678,119) were held by the Company. Details of the treasury shares movement are disclosed in Note 17 to the financial statements.

## DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the current financial year.



# DIRECTORS' REPORT

## DIRECTORS

The Directors who served on the Board of the Company since the date of the last report and at the date of this report are as follows:

Datuk Anuar bin Ahmad  
 Dato' Siew Ka Wei (*Group Managing Director*)  
 Edmond Cheah Swee Leng  
 Khamis bin Awal  
 Tan Sri Dato' Dr Lin See Yan  
 Datin Joanne Marie Lopez (*Appointed on 30 March 2023*)

In accordance with Clause 125 of the Company's Constitution, Datuk Anuar bin Ahmad and Dato' Siew Ka Wei retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

In accordance with Clause 130 of the Company's Constitution, Datin Joanne Marie Lopez retires at the forthcoming annual general meeting and being eligible, offers herself for re-election.

## DIRECTORS' INTERESTS

The interests in shares in the Company and its related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	← Number of ordinary shares →				
	Balance as at 1.6.2022	Adjusted after Share Split as at 3.6.2022	Acquired	Disposed	
<b>The Company</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	1,399,646	-	-	(500,000)	899,646
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	77,883,551	-	-	(1,407,659)	76,475,892
<b>Holding Company, Ancom Nylex Berhad</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	38,536,872	115,658,616	36,730,500	(3,950,000)	148,439,116
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	22,307,417	68,242,251	9,681,135	(27,820,000)	50,103,386
<b>Related Company, Ancom Logistics Berhad</b>					
<i>Direct interest</i>					
Dato' Siew Ka Wei	6	-	-	-	6
<i>Deemed interest*</i>					
Dato' Siew Ka Wei	160,779,900	-	-	-	160,779,900

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (continued)

The interests in shares in the Company and its related companies of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows (continued):

	← Number of options over ordinary shares →			
	Balance as at 1.6.2022	Adjusted after Share Split as at 3.6.2022	Exercised	Balance as at 31.5.2023

### Options in Holding Company, Ancom Nylex Berhad

#### Direct interest

Dato' Siew Ka Wei	480,000	1,440,000	(1,440,000)	-
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#### Deemed interest\*

Dato' Siew Ka Wei	200,000	600,000	(600,000)	-
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	← Number of Warrants B (2020/2025) →			
	Balance as at 1.6.2022	Adjusted after Share Split as at 3.6.2022	Bought	Sold

### Warrants in Holding Company, Ancom Nylex Berhad

#### Direct interest

Dato' Siew Ka Wei	10,206,077	30,624,231	890,700	(10,037,000)	21,477,931
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#### Deemed interest\*

Dato' Siew Ka Wei	3,897,045	11,691,135	-	(9,291,135)	2,400,000
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\* Deemed interested by virtue of Dato' Siew Ka Wei's direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn. Bhd., Siew Nim Chee & Sons Sendirian Berhad, Silver Dollars Sdn. Bhd., Datin Young Ka Mun, Quek Lay Kheng and Siew Ka Kheong.

By virtue of his interest in the shares in the holding company, Ancom Nylex Berhad ("ANB"), Dato' Siew Ka Wei is also deemed to have an interest in the shares in all the other subsidiaries of ANB to the extent ANB has an interest.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company and its related companies during the financial year.

# DIRECTORS' REPORT

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors, or the fixed salary received in his capacity as a full-time employee of the Company) by reason of a contract made by the Company or by a related corporation with a Director; or with a firm of which the Director is a member; or with a company in which the Director has a substantial financial interest, except as disclosed in Note 20 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

Directors' remuneration of the Company is as follows:

	2023 RM'000	2022 RM'000
<b>Executive Directors</b>		
Salaries and allowances	24	408
Bonuses	-	400
Defined contribution plan	1	32
	<b>25</b>	840
Benefits-in-kind	-	19
	<b>25</b>	859
<b>Non-Executive Directors</b>		
Fees	472	460
Allowances	18	22
	<b>490</b>	482
Benefits-in-kind	-	10
	<b>490</b>	492
Total directors' remuneration	<b>515</b>	1,351

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and officers of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium paid for the Directors and officers of the Company during the financial year was RM13,000.

There were no indemnity given to or insurance effected for the auditors of the Company during the financial year.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may substantially affect the ability of the Company to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

## HOLDING COMPANY

The holding company of the Company is Ancom Nylex Berhad, a company incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

# DIRECTORS' REPORT

## SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the year and significant events between the end of the reporting period and the date when the financial statements are authorised for issue are disclosed in Note 24 to the financial statements.

## AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company for the financial year ended 31 May 2023 are as follows:

	<b>RM'000</b>
Statutory audit	35
Other services	5
	<b>40</b>

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 August 2023.

**Dato' Siew Ka Wei**  
Director

**Edmond Cheah Swee Leng**  
Director

# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Siew Ka Wei and Edmond Cheah Swee Leng, being two of the Directors of Nylex (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 48 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 May 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 August 2023.

**Dato' Siew Ka Wei**  
Director

**Edmond Cheah Swee Leng**  
Director

# STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chen Tai Ngoh (CA 32025), being the officer primarily responsible for the financial management of Nylex (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 80 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the abovenamed  
at Kuala Lumpur  
on 29 August 2023

**Chen Tai Ngoh**

Before me,

**Mardhiyyah Abdul Wahab** (No. W729)  
Pesuruhjaya Sumpah  
Malaysia

# INDEPENDENT AUDITORS' REPORT

To the Members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Nylex (Malaysia) Berhad, which comprise the statement of financial position as at 31 May 2023 of the Company, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 May 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have determined that there were no key audit matters to communicate in our report.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT

To the Members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.



# INDEPENDENT AUDITORS' REPORT

To the Members of Nylex (Malaysia) Berhad (Incorporated in Malaysia)

## **Auditors' Responsibilities for the Audit of the Financial Statements** *(continued)*

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **BDO PLT**

201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

29 August 2023  
Kuala Lumpur

### **Brendan Francis Lim Jern Zhen**

03591/09/2023 J  
Chartered Accountant

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 May 2023

	Note	2023 RM'000	2022 RM'000
<b>Continuing operation</b>			
Revenue	3	211	-
Cost of sales	3	(190)	-
<b>Gross profit</b>		<b>21</b>	-
Other income	4	256	97
Administrative expenses		(1,785)	(866)
<b>Loss before tax from continuing operation</b>		<b>(1,508)</b>	(769)
Taxation	6	-	-
<b>Loss from continuing operation, net of tax</b>		<b>(1,508)</b>	(769)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax		-	(63,891)
Gain on disposal of discontinued operations		-	56,495
<b>Loss from discontinued operations, net of tax</b>	7	-	(7,396)
<b>Loss for the financial year</b>		<b>(1,508)</b>	(8,165)
Other comprehensive income, net of tax		-	-
<b>Total comprehensive loss for the financial year</b>		<b>(1,508)</b>	(8,165)
<b>Basic and diluted:</b>			
Earnings per share (sen)	8		
Continuing operation		(0.8)	(0.4)
Discontinued operations		-	(4.1)
		<b>(0.8)</b>	(4.5)
Dividends per ordinary share (sen)		-	-

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 May 2023

	Note	2023 RM'000	2022 RM'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Deferred tax assets	11	7,785	7,785
<b>Current assets</b>			
Trade and other receivables	13	409	-
Current tax assets		773	1,264
Cash and bank balances	14	13,029	14,477
		14,211	15,741
<b>TOTAL ASSETS</b>		<b>21,996</b>	23,526
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	15	30,856	30,856
Retained earnings	16	160	1,668
Treasury shares, at cost	17	(9,678)	(9,678)
<b>TOTAL EQUITY</b>		<b>21,338</b>	22,846
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	19	658	680
<b>TOTAL LIABILITIES</b>		<b>658</b>	680
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,996</b>	23,526

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 May 2023

	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Balance as at 1 June 2022		30,856	(9,678)	1,668	22,846
Net loss for the year		-	-	(1,508)	(1,508)
<b>Total comprehensive loss for the year</b>		-	-	(1,508)	(1,508)
<b>Balance as at 31 May 2023</b>		<b>30,856</b>	<b>(9,678)</b>	<b>160</b>	<b>21,338</b>
Balance as at 1 June 2021		195,143	(10,011)	68,537	253,669
Net loss for the year		-	-	(8,165)	(8,165)
<b>Total comprehensive loss for the year</b>		-	-	(8,165)	(8,165)
<b>Transactions with owners</b>					
Capital reduction	15	(164,287)	-	(58,523)	(222,810)
Disposal of treasury shares	17	-	333	(181)	152
<b>Total transactions with owners</b>		(164,287)	333	(58,704)	(222,658)
Balance as at 31 May 2022		30,856	(9,678)	1,668	22,846

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 May 2023

	Note	2023 RM'000	2022 RM'000
<b>Cash Flows From Operating Activities</b>			
<b>(Loss)/Profit before tax from:</b>			
- continuing operation		(1,508)	(769)
- discontinued operations		-	6,278
(Loss)/Profit before tax, total		(1,508)	5,509
Adjustments for:			
Depreciation of property, plant and equipment	9	-	1,173
Depreciation of right-of-use assets	10	-	166
Dividend income		-	(6,837)
Finance costs		-	1,370
Fair value gain on investment securities		-	(17)
Loss on disposal of investment securities		-	1
Gain on disposal of discontinued operations	7	-	(56,495)
Gain on disposal of property, plant and equipment		-	(261)
Interest income		(256)	(2,104)
Provision for retirement benefits	18	-	171
Waiver of debts		-	(51,450)
Unrealised gain on foreign exchange		-	(356)
Impairment loss on trade receivables	13(a)	-	29
Write-back of impairment on other receivables		-	(481)
Operating cash flows before working capital changes		(1,764)	(109,582)
<b>Working Capital Changes</b>			
Receivables		(276)	781
Inventories		-	(2,248)
Payables		(22)	(1,835)
Related companies		(133)	98,858
Associates		-	(468)
Cash flows used in operations		(2,195)	(14,494)
Tax refunded/(paid)		491	(921)
Retirement benefits paid	18	-	(92)
<b>Net Cash Flows Used In Operating Activities (carried forward)</b>		<b>(1,704)</b>	<b>(15,507)</b>

# STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 May 2023

	Note	2023 RM'000	2022 RM'000
<b>Net Cash Flows Used In Operating Activities (brought forward)</b>		<b>(1,704)</b>	(15,507)
<b>Cash Flows from Investing Activities</b>			
Net cash inflow from disposal of discontinued operations	7	-	41,048
Dividends received from equity instruments		-	7
Dividends received from former subsidiaries		-	6,830
Interest received		<b>256</b>	2,104
Proceeds from disposal of unquoted/quoted investment		-	177
Proceeds from disposal of property, plant and equipment		-	261
Purchase of property, plant and equipment	9(b)	-	(377)
<b>Net Cash Flows From Investing Activities</b>		<b>256</b>	50,050
<b>Cash Flows From Financing Activities</b>			
Capital reduction	15(b)	-	(35,000)
Drawdowns of borrowings		-	21,835
Repayments of borrowings		-	(15,100)
Payments of lease liabilities		-	(80)
Proceeds from disposal of treasury shares	17	-	152
Lease interest paid		-	(7)
Interest paid		-	(1,363)
<b>Net Cash Flows Used In Financing Activities</b>		<b>-</b>	(29,563)
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>		<b>(1,448)</b>	4,980
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>14,477</b>	9,351
Effects of Exchange Rate Changes		-	146
		<b>14,477</b>	9,497
<b>Cash and Cash Equivalents at End of Year</b>	14	<b>13,029</b>	14,477

# STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 May 2023

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Note	2023 RM'000	2022 RM'000
<b>Borrowings</b>			
As at 1 June 2022/2021		-	45,400
Cash flows		-	6,735
Non-cash flows:			
- Disposal of discontinued operations		-	(52,135)
As at 31 May		-	-
<b>Lease liabilities</b>			
As at 1 June 2022/2021		-	263
Cash flows		-	(87)
Non-cash flows:			
- Unwinding of interest		-	7
- Disposal of discontinued operations		-	(183)
As at 31 May	10	-	-

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 May 2023

## 1. CORPORATE INFORMATION

Nylex (Malaysia) Berhad (“the Company” or “Nylex”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office of the Company is located at Unit C508, Block C, Kelana Square, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, while the principal place of business is located at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.

The Company is a subsidiary of Ancom Nylex Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company 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 as well as property development.

In the previous financial year, the Company had completed the disposal of all assets and liabilities of the Company to Ancom Nylex Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2023.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 2(b) to the financial statements.

The financial statements of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM'000”) except when otherwise indicated.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of preparation (continued)

In the previous financial year, the Company had disposed all of its polymer, industrial chemical and logistics segments, which represent the entire core businesses of the Company. The Company had been classified as an affected listed issuer under Paragraph 8.03A(2) of the Main Market Listing Requirements ("Listing Requirement") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company has a 12 months period from 26 January 2022 to submit its proposal to acquire a new core business in order to enable the Company to regularise its condition and to maintain the listing status on Bursa Securities. Bursa Securities has via its letter dated 30 January 2023, granted the Company an Extension Of Time ("EOT") of 6 months up to 26 July 2023 for the Company to submit its regularisation plan to the regulatory authorities. On 16 August 2023, Bursa Securities has rejected the Company's EOT Application submitted on 18 July 2023 with the reason the Company has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same day, the Company has received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities ("Notice"). The Company had on 23 August 2023 submitted the written representations to Bursa Securities in relation to why a suspension should not be imposed on the trading of the securities of the Company; and why the securities of the Company should not be de-listed from the Official List of Bursa Securities.

On 21 March 2022, the Company has entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad (collectively "Parties") for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" concept in Johor Bahru metropolitan region. The Parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA ("Proposals").

The Proposals will form part of the regularisation plan to be undertaken by the Company to regularise its affected listed issuer status. The regularisation plan will result in a significant change in the business direction or policy of the Company and is subject to the approval of the Securities Commission Malaysia ("SC").

In view of the Directors' intention and financial ability to pursue new business opportunities, the Directors are of the opinion that the preparation of the financial statements of the Company on the going concern basis is appropriate.

### (b) New MFRSs adopted during the financial year

On 1 June 2022, the Company adopted the following applicable MFRS and amendments to MFRS which are mandatory for financial periods beginning on or after 1 January 2022.

MFRSs and amendments to MFRSs	Effective date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Applicable MFRS and amendments to MFRS that are not yet effective and not adopted

MFRSs and amendments to MFRSs	Effective date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	See paragraph 98M of MFRS 112

The Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

## 3. REVENUE AND COST OF SALES

- (a) Revenue from sale of products is recognised at a point in time when the products have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of products.

There is no significant financing component in the revenue arising from sale of products as the sales are made on the normal credit terms not exceeding twelve months.

Disaggregation of revenue from contracts with customers has not been presented as the Company evaluates its business performance based on geographical location and the business of the Company is focused only in Malaysia.

- (b) Cost of sales represents the cost of products sold.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 4. OTHER INCOME

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Interest income	<b>256</b>	97

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

## 5. STAFF COSTS

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Short-term employee benefits	<b>108</b>	36
Defined contribution plan and social security costs	<b>12</b>	4
	<b>120</b>	40

Included in staff costs of the Company are Executive Directors' remuneration amounting to RM24,960 (2022: RM8,320) respectively.

## 6. TAXATION

- (a) There is no tax expense in the current and previous financial years as the Company is in a tax loss position.
- (b) Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profit for the fiscal year.
- (c) A reconciliation of the taxation applicable to loss before tax at the statutory income tax rate against the taxation at the effective income tax rate of the Company is as follows:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Loss before tax	<b>(1,508)</b>	(769)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	<b>362</b>	185
Expenses not deductible for tax purposes	<b>(198)</b>	(44)
Deferred tax assets not recognised	<b>(164)</b>	(141)
	<b>-</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 7. DISCONTINUED OPERATIONS

In the previous financial year, the Company has completed the disposal of the entire assets and liabilities of the Company to Ancom Nylex Berhad ("ANB") for a total consideration of RM179.3 million ("Proposed Disposal"). Following the completion of the Proposed Disposal, the Company had ceased all of its business and operation. The results of the disposed business and operation were disclosed under discontinued operations.

### Statement of comprehensive income disclosures

The results of the discontinued operations for the financial year ended 31 May 2022 were as follows:

	<b>2022</b> <b>RM'000</b>
Revenue	21,509
Cost of sales	(18,704)
<b>Gross profit</b>	<b>2,805</b>
Other income	66,045
Selling and distribution expenses	(3,248)
Administrative expenses	(6,995)
Other expenses	(51,460)
Write-back of impairment on receivables	501
<b>Profit from discontinued operations</b>	<b>7,648</b>
Finance cost	(1,370)
<b>Profit before tax from discontinued operations</b>	<b>6,278</b>
Taxation	(13,674)
<b>Loss from discontinued operations</b>	<b>(7,396)</b>

### (a) Revenue and cost of sales

	<b>2022</b> <b>RM'000</b>
Revenue from contracts with customers:	
Sales of goods	21,509

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 7. DISCONTINUED OPERATIONS *(continued)*

### (b) Other income and other expenses

The significant other income and other expenses of the discontinued operations were as follows:

	<b>2022</b> <b>RM'000</b>
Interest income	2,007
Dividend income	6,837
Gain on disposal of property, plant and equipment	261
Gain on disposal of discontinued operations	56,495
Waiver of debts	(51,450)

### (c) Finance cost

	<b>2022</b> <b>RM'000</b>
Borrowings	1,363
Lease interest	7
	1,370

### (d) Staff costs

	<b>2022</b> <b>RM'000</b>
Short-term employee benefits	6,278
Defined contribution plan and social security costs	770
Provision for retirement benefits (Note 18)	171
Other staff related expenses	105
	7,324

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 7. DISCONTINUED OPERATIONS *(continued)*

### (e) Taxation

	<b>2022</b> <b>RM'000</b>
Current income tax:	
- Malaysian income tax	(598)
Deferred tax (Note 11):	
Relating to origination and reversal of temporary differences	(13,076)
<b>Tax expense for the year</b>	<b>(13,674)</b>

### Statement of cash flows disclosures

The cash flows attributable to the discontinued operations were as follows:

	<b>2022</b> <b>RM'000</b>
Operating activities	(14,640)
Investing activities	49,952
Financing activities	29,563
<b>Net cash inflows from discontinued operations</b>	<b>64,875</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 7. DISCONTINUED OPERATIONS *(continued)*

### Effects of disposal on financial position

The disposal had the following effects on the financial position of the Company as at the end of the previous financial year:

	<b>2022</b>
	<b>RM'000</b>
Property, plant and equipment	16,254
Right-of-use assets	10,904
Investments in subsidiaries	157,502
Investments in associates	400
Inventories	9,818
Trade and other receivables	44,827
Cash and bank balances	8,952
Borrowings	(52,135)
Provision for retirement benefits	(2,805)
Lease liabilities	(183)
Trade and other payables	(14,323)
Net assets disposed	179,211
Expenses related to the disposal	2,105
Total deemed disposal proceeds	(237,811)
<b>Gain on disposal</b>	<b>(56,495)</b>
Disposal proceeds settled by:	
Cash	50,000
Set off arrangement	82,593
Ordinary shares of ANB, at fair value	105,218
	237,811
Cash consideration	50,000
Cash and cash equivalents of subsidiaries disposed	(8,952)
<b>Net cash inflow on disposal</b>	<b>41,048</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Loss net of tax attributable to equity holders of the Company:		
- Continuing operation	<b>(1,508)</b>	(769)
- Discontinued operations	-	(7,396)
	<b>(1,508)</b>	(8,165)
	<b>Number of</b> <b>shares</b>	<b>Number of</b> <b>shares</b>
Weighted average number of ordinary shares	<b>179,787,212</b>	179,403,650
Basic earnings per share (sen):		
- Continuing operation	<b>(0.8)</b>	(0.4)
- Discontinued operations	-	(4.1)
	<b>(0.8)</b>	(4.5)

The Company has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share equals to basic earnings per share.

There have been no other transactions involving ordinary shares or potential shares since the reporting date and before the completion of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Plant and machinery RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>							
As at 1 June 2021	22,994	35,670	1,060	4,023	2,697	1,848	68,292
Additions	-	265	-	27	-	85	377
Disposals	-	(259)	-	(12)	(235)	-	(506)
Disposal of discontinued operations	(22,994)	(37,472)	(1,060)	(4,038)	(2,462)	(137)	(68,163)
Reclassification	-	1,796	-	-	-	(1,796)	-
As at 31 May 2022	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>							
As at 1 June 2021	11,340	33,700	766	3,852	1,584	-	51,242
Charge for the year	328	315	31	59	440	-	1,173
Disposals	-	(259)	-	(12)	(235)	-	(506)
Disposal of discontinued operations	(11,668)	(33,756)	(797)	(3,899)	(1,789)	-	(51,909)
As at 31 May 2022	-	-	-	-	-	-	-
<b>Carrying amount</b>							
As at 31 May 2022	-	-	-	-	-	-	-

- (a) In the previous financial year, property, plant and equipment were measured after initial recognition at cost less accumulated depreciation and any accumulated impairment losses.

In the previous financial year, depreciation of all property, plant and equipment was computed on the straight-line method based on the estimated useful life of the various assets, at the following annual rates:

	%
Buildings	1.1 - 2.5
Plant and machinery	7.5 - 20.0
Furniture and fittings	10.0 - 15.0
Office equipment	15.0 - 33.3
Motor vehicles	20.0

In the previous financial year, capital work-in-progress were not depreciated until such time when the asset was available for use.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 9. PROPERTY, PLANT AND EQUIPMENT *(continued)*

- (b) In the previous financial year, the Company made the following cash payments to purchase property, plant and equipment:

	<b>2022 RM'000</b>
Additions of property, plant and equipment, represented cash payment on purchase of property, plant and equipment.	377

## 10. LEASES

### The Company as lessee

<b>Right-of-use assets</b>	<b>Land RM'000</b>	<b>Office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
As at 1 June 2021	15,045	90	209	15,344
Disposal of discontinued operations	(15,045)	(90)	(209)	(15,344)
As at 31 May 2022	-	-	-	-
<b>Accumulated depreciation</b>				
As at 1 June 2021	4,236	30	8	4,274
Charge for the year	84	12	70	166
Disposal of discontinued operations	(4,320)	(42)	(78)	(4,440)
As at 31 May 2022	-	-	-	-
<b>Carrying amount</b>				
As at 31 May 2022	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 10. LEASES (continued)

### The Company as lessee (continued)

<b>Lease liabilities</b>	<b>2022 RM'000</b>
As at 1 June 2021	263
Lease payments	(87)
Interest expenses	7
Disposal of discontinued operations	(183)
As at 31 May	-

- (a) In the previous financial year, the right-of-use assets were initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases with incremental borrowing rates per annum is 5.0%.

After initial recognition, right-of-use assets were stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

- (b) In the previous financial year, the right-of-use assets were depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets were as follows:

Land	99 years
Office equipment	5 years
Motor vehicles	2 years

- (c) In the previous financial year, the following are the amounts recognised in profit or loss:

	<b>2022 RM'000</b>
Depreciation charge of right-of-use assets	166
Interest expense on lease liabilities	7
Expense relating to short-term leases and lease of low-value assets	26
	199

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 11. DEFERRED TAX ASSETS

	2023 RM'000	2022 RM'000
As at 1 June 2022/2021	(7,785)	(20,861)
Recognised in profit or loss	-	13,076
As at 31 May	(7,785)	(7,785)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
As at 1 June 2021	712	(712)	-
Recognised in profit or loss	(712)	712	-
<b>As at 31 May 2022/2023</b>	-	-	-

Deferred tax assets	Retirement benefit obligations RM'000	Provision for liabilities RM'000	Tax losses and unabsorbed capital allowances RM'000	Offsetting RM'000	Total RM'000
As at 1 June 2021	(654)	(2,410)	(18,509)	712	(20,861)
Recognised in profit or loss (Note 7(e))	(19)	3,083	10,724	(712)	13,076
Disposal of discontinued operations	673	(673)	-	-	-
<b>As at 31 May 2022/2023</b>	-	-	(7,785)	-	(7,785)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 11. DEFERRED TAX ASSETS (continued)

### Unrecognised tax losses

At the reporting date, the Company have tax losses of approximately RM22,167,000 (2022: RM21,484,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its realisation. The availability of unused tax losses for offsetting against future taxable profits is subject to guidelines issued by the tax authority.

The amounts of unrecognised tax losses are as follows:

	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Expires by year of assessment 2028	<b>8,571</b>	8,571
Expires by year of assessment 2029	<b>3,865</b>	3,865
Expires by year of assessment 2030	<b>4,757</b>	4,757
Expires by year of assessment 2031	<b>699</b>	699
Expires by year of assessment 2032	<b>3,592</b>	3,592
Expires by year of assessment 2033	<b>683</b>	-
	<b>22,167</b>	21,484

## 12. INVENTORIES

Raw materials and consumable stores, work-in-progress, finished goods and inventory-in-transit were valued at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials determined using weighted average cost, standard cost and an applicable portion of labour and manufacturing overheads for work-in-progress and finished goods.

In the previous financial year, the amount of inventories recognised as an expense in cost of sales of the Company under discontinued operations was RM11,174,080.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 13. TRADE AND OTHER RECEIVABLES

	2023 RM'000	2022 RM'000
<b>Trade receivables</b>		
Related company	133	-
<b>Other receivables</b>		
Sundry receivables	10	-
Prepayments	266	-
	<b>409</b>	-
Trade and other receivables	409	-
Less: Prepayment	(266)	-
Add: Short-term deposits with licensed banks (Note 14)	12,600	14,000
Add: Cash and bank balances (Note 14)	429	447
Total financial assets, measured at amortised cost	<b>13,172</b>	14,447

Trade and other receivables are denominated in RM.

### (a) Trade receivables

Trade receivables are non-interest bearing and generally on 60 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Impairment for trade receivables that do not contain significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. The Company uses an allowance matrix to measure the expected credit loss of trade receivables based on grouping of receivables sharing the same credit risk characteristics and past due days. Expected loss rates are calculated using the roll rate method.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (i.e. gross domestic products growth rate) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 13. TRADE AND OTHER RECEIVABLES (continued)

### (a) Trade receivables (continued)

No expected credit loss is recognised arising from trade receivables as it is negligible.

The movements in impairment loss of trade receivables were as follows:

	<b>2022</b> <b>RM'000</b>
As at 1 June 2021	126
Impairment loss for the year	29
Written off	(2)
Disposal of discontinued operations	(153)
As at 31 May	-

### (b) Other receivables

Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company defined significant increase in credit risk as twenty percent (20%) on relative basis and including operating performance of the receivables, payment delays and past due information. It requires management to exercise significant judgement in determining the probability of default by receivables, appropriate forward looking information (i.e. unemployment rate, gross domestic product growth rate and inflation rate) and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables as it is negligible.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 13. TRADE AND OTHER RECEIVABLES (continued)

### (b) Other receivables (continued)

In the previous financial year, the movements in impairment loss of other receivables are were as follows:

	12 month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
As at 1 June 2021	760	4,342	5,102
Write-back for the year	(481)	(14)	(495)
Charge for the financial year	14	-	14
Written off	-	(358)	(358)
Disposal of discontinued operations	(293)	(3,970)	(4,263)
As at 31 May 2022	-	-	-

- (c) The Company has only one (1) customer, which is the related company, constituting 100% of trade receivable of the Company at the end of the reporting period. The Company does not anticipate the carrying amount recorded at the end of each reporting period to be significantly different from the amount that would eventually be received.

## 14. CASH AND BANK BALANCES

Cash and cash equivalents included in the statements of cash flows comprise the following:

	2023 RM'000	2022 RM'000
Short-term deposits with licensed banks (Note 13)	12,600	14,000
Cash and bank balances (Note 13)	429	477
	<b>13,029</b>	14,477

Cash and bank balances are denominated in RM.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one (1) day and twelve (12) months, depending on the immediate cash requirements of the Company, and earn interest at respective short-term deposit rates.

The average interest rate of deposits as at the reporting date is 2.3% (2022: 1.6%) per annum.

No expected credit losses were recognised on the deposits with licensed banks because the probabilities of default by these financial institutions were negligible.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:</b>				
As at 1 June 2022/2021	<b>194,338</b>	194,338	<b>30,856</b>	195,143
Less: Capital reduction	-	-	-	(164,287)
As at 31 May	<b>194,338</b>	194,338	<b>30,856</b>	30,856

Owners of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

In the previous financial year, the Company reduced its issued share capital from RM195,142,388 to RM30,855,176 by way of capital reduction and repayment exercise in the following manner:

- Set-off amounted to RM82,592,950 against the interested shareholders of the Company;
- Cash distribution of RM35,000,000 on the basis of approximately RM0.3926 for every one share held by the non-controlling interest of the Company; and
- Consideration shares of RM46,694,262 which consist of 31,129,508 Ancom Nylex Berhad ("ANB") shares on the basis of approximately RM0.5238 for every share held by the non-controlling interest of the Company.

Of the total 194,337,860 (2022: 194,337,860) issued and paid-up ordinary shares as at 31 May 2023, 14,550,648 (2022: 14,550,648) shares are held as treasury shares by the Company (Note 17). Consequently, as at 31 May 2023, the number of ordinary shares in issue after deduction of the treasury shares is 179,787,212 (2022: 179,287,212) ordinary shares.

## 16. RETAINED EARNINGS

The balance of the entire retained earnings of the Company may be distributed as dividends under the single-tier system. Dividends paid under this system are tax-exempt in the hands of shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 17. TREASURY SHARES

	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
As at 1 June 2022/2021	14,551	15,051	9,678	10,011
Sold during the year	-	(500)	-	(333)
As at 31 May	14,551	14,551	9,678	9,678

In the previous financial year, the Company sold a total of 500,000 treasury shares at an average price of RM0.31 per share. The total consideration received for the disposal net of transaction cost was RM151,768.

As at 31 May 2023, a total of 14,550,648 (2022:14,550,648) treasury shares with a carrying amount of RM9,678,119 (2022: RM9,678,119) were held by the Company.

## 18. PROVISION OF RETIREMENT BENEFITS

	2023 RM'000	2022 RM'000
As at 1 June 2022/2021	-	2,726
Benefits paid	-	(92)
Expense recognised in profit or loss (Note 7(d))	-	171
Disposal of discontinued operations	-	(2,805)
As at 31 May	-	-

Retirement benefits obligation was a post-employment benefit plan under which the Company obligated to pay eligible employees a fixed percentage on the average annual salary for each completed year of service. For the Company, the retirement benefits obligation was payable to employees employed prior to 1 July 2005 who had more than 10 years of continuous working experience with the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 19. OTHER PAYABLES

	2023 RM'000	2022 RM'000
<b>Other payables</b>		
Other payables	556	529
Accruals	102	151
Other payables	658	680
Total financial liabilities, measured at amortised cost	658	680

- (a) Other payables and accrued liabilities are denominated in RM.
- (b) Information on financial risk of other payables and accrued liabilities are disclosed in Note 22 to the financial statements.
- (c) Maturity profile of other payables of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable within twelve months.

## 20. RELATED PARTY DISCLOSURES

### (a) Significant related party transactions

#### Identities of related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Company include:

- (i) Direct and indirect subsidiaries, and associates of Ancom Nylex Berhad group.
- (ii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include the Executive Directors of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 20. RELATED PARTY DISCLOSURES (continued)

### (a) Significant related party transactions (continued)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place on terms agreed between the parties during the financial year:

	Note	2023 RM'000	2022 RM'000
<i>Sales to related companies</i>			
Ancom Crop Care Sdn. Bhd.	(i)	-	36
Entopest Environmental Services Sdn. Bhd.		<b>211</b>	-
<i>Purchases from former subsidiaries</i>			
Perusahaan Kimia Gemilang Sdn. Bhd.	(i)	-	170
Fermpro Sdn. Bhd.		-	2
<i>Freight/transport charges paid to related company</i>			
Vanguard Express Sdn. Bhd.	(i)	-	28
<i>Pest control service and health and safety paid to related companies</i>			
Entopest Environmental Services Sdn. Bhd.	(i)	-	16
Ancom Truelife Sdn. Bhd.		-	95
<i>Office rental paid to holding company</i>			
Ancom Nylex Berhad	(i)	-	10
<i>Waiver of debts to former subsidiaries</i>			
ALB Marine Sdn. Bhd.		-	41,766
CKG Chemincals Pte. Ltd.		-	9,684
<i>Interest income from holding company, former subsidiaries and a former associate</i>			
Ancom Nylex Berhad	(ii)	-	1,144
CKG Chemicals Pte. Ltd.		-	169
ALB Marine Sdn. Bhd.		-	572
One Chem Terminal Sdn. Bhd.		-	114
<i>Gross dividend from former subsidiaries</i>			
Kumpulan Kesuma Sdn. Bhd.		-	1,025
PT Nylex Indonesia		-	5,805

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 20. RELATED PARTY DISCLOSURES (continued)

### (a) Significant related party transactions (continued)

- (i) The Directors are of the opinion that the sales, purchases and other charges to/from former subsidiaries and related companies are entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.
- (ii) In the previous financial year, interest income arose from advances or loan to holding company, former subsidiaries and former associate.

### (b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Directors of the Company.

The remuneration of Directors and other members of key management personnel are as follows:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Fees	<b>472</b>	460
Short-term employee benefits	<b>72</b>	2,213
Defined contribution plan and social security costs	<b>8</b>	199
Other emoluments	<b>17</b>	60
	<b>569</b>	2,932

Included in the total remuneration of key management personnel are:

	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Directors' remuneration	<b>515</b>	1,351

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Determination of fair values

The carrying amounts of financial assets and liabilities of the Company at the reporting date approximate their fair values.

The following methods and assumptions are used to estimate fair values of the following classes of financial instruments:

#### (i) Current receivables, cash and bank balances and current payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

### (b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing their risks. The Company operates within clearly defined guidelines and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Company reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### (a) Interest rate risk *(continued)*

The interest profile of the financial assets and liabilities of the Company as at the reporting date are as follows:

	2023 RM'000	2022 RM'000
<b>Financial assets</b>		
Fixed rate	12,600	14,000
Interest free	572	477
	<b>13,172</b>	14,477
<b>Financial liabilities</b>		
Interest free	658	680

The weighted average interest rates on the financial assets is as follows:

	2023 %	2022 %
<b>Financial assets</b>		
Fixed rate	2.3	1.6

### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and short-term borrowings.

The maturity profile of the liabilities of the Company at the reporting date based on contractual undiscounted payment obligations are payable on demand or within the next twelve (12) months.

### (c) Credit risk

Credit risk is the risk of loss on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures and are minimised by limiting the Company's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via Company management reporting procedures.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any risk related to any financial instruments. Information regarding trade and other receivables is disclosed in Note 13 to the financial statements. Deposits with licensed banks are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 23. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain a strong capital base and safeguard the Company's ability to continue in operations as a going concern in order to provide fair returns for shareholders and to maintain an optimal capital structure.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Company. The Company may, from time to time, adjust the dividend pay-out to shareholders, issue new shares, return capital to shareholders, redeem debt or sell assets to reduce debts, where necessary. No changes were made in the objectives, policies or processes during the financial year ended 31 May 2023 and 31 May 2022.

## 24. SIGNIFICANT EVENTS DURING THE YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

### (a) **Heads Of Agreement entered into between Nylex, Sinar Bina Infra Sdn Bhd, LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad**

The Company had on 21 March 2022 entered into a Heads of Agreement ("HOA") with Sinar Bina Infra Sdn. Bhd., LBS Bina Group Berhad, BTS Group Holdings Public Company Limited and Ancom Nylex Berhad (collectively "Parties") for the collaboration to build and operate a light rail transport system connected with the railway shuttle link currently being built from Singapore to Johor Bahru, with an integrated property development using the "Transit-Oriented Development" concept in Johor Bahru metropolitan region ("LRT Project"). The Parties are working together exclusively to agree on the terms of the definitive agreements to effect the proposals stipulated in the HOA ("Proposals"). The LRT Project is subject to the feasibility study as defined in the HOA being completed and the grant of the concession award for the LRT Project by the state government of Johor. The Proposals will form part of the regularisation plan to be undertaken by Nylex to regularise its affected listed issuer status.

The Company has on 13 December 2022, signed a letter of Intent ("LOI") with CRRC Changchun Railway Vehicles Co., Ltd for the purposes of entering into good faith discussions and negotiations with regards to the construction, commissioning, installation and testing of the Project. The LOI is entered by the Company as part of its efforts to complete the feasibility study for the Project.

Bursa Securities has via its letter dated 30 January 2023, granted the Company an extension of time ("EOT") of 6 months up to 26 July 2023 for the Company to submit its regularisation plan to the regulatory authorities.

On 22 March 2023, the Parties have agreed to extend the long stop date of the HOA by another three (3) months to 21 June 2023. On 21 June 2023, the Parties have further agreed to extend the long stop date of the HOA to 31 January 2024.

On 16 August 2023, Bursa Securities has rejected the Company's EOT application submitted on 18 July 2023 with the reason the Company has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the regularisation plan to the regulatory authorities. On the same day, the Company has received a notice to show cause on commencement of suspension and de-listing procedures pursuant to Paragraph 8.03a(3)(b) of the Listing Requirements from Bursa Securities ("Notice"). The Company had on 23 August 2023 submitted the written representations to Bursa Securities in relation to why a suspension should not be imposed on the trading of the securities of the Company; and why the securities of the Company should not be de-listed from the Official List of Bursa Securities.

As at the date of this report, the terms of the definitive agreements to effect the proposals stipulated in the HOA have not been finalised.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 25. SEGMENT INFORMATION

Segment information is presented in respect of the Company's business and geographical segments. The primary format, business segments, is based on the Company's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

In the previous financial year, polymer segment had been classified as discontinued operations.

### (a) Business segments

	Discontinued operations		Continuing operation		Adjustments RM'000	Balance RM'000
	Polymer RM'000	Investment holding RM'000	Investment holding RM'000			
<b>2023</b>						
<b>Revenue</b>						
External sales	-	-	211	-	-	211
Inter-segment sales	-	-	-	-	-	-
<b>Total revenue</b>	-	-	<b>211</b>	-	-	<b>211</b>
<b>Results</b>						
Interest income	-	-	256	-	-	256
Segment loss	-	-	(1,508)	-	-	(1,508)
<b>Segment assets</b>	-	-	<b>21,996</b>	-	-	<b>21,996</b>
<b>Segment liabilities</b>	-	-	<b>658</b>	-	-	<b>658</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 May 2023

## 25. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

	Discontinued operations		Continuing operation	Adjustments RM'000	Balance RM'000
	Polymer RM'000	Investment holding RM'000	Investment holding RM'000		
2022					
<b>Revenue</b>					
External sales	21,509	-	-	(21,509)	-
Inter-segment sales	-	-	-	-	-
<b>Total revenue</b>	<b>21,509</b>	<b>-</b>	<b>-</b>	<b>(21,509)</b>	<b>-</b>
<b>Results</b>					
Interest income	9	1,998	97	(2,007)	97
Depreciation	(992)	(347)	-	1,339	-
Unrealised gain on foreign exchange	190	166	-	(356)	-
Provision for retirement benefits	(131)	(40)	-	171	-
Gain on disposal of property, plant and equipment	126	135	-	(261)	-
<b>Segment (loss)/profit</b>	<b>(1,927)</b>	<b>8,205</b>	<b>(769)</b>	<b>(6,278)</b>	<b>(769)</b>
<b>Segment assets</b>	<b>-</b>	<b>-</b>	<b>23,526</b>	<b>-</b>	<b>23,526</b>
<b>Segment liabilities</b>	<b>-</b>	<b>-</b>	<b>680</b>	<b>-</b>	<b>680</b>

### Note

- (i) The amounts relating to the segments under discontinued operations had been excluded to arrive at amounts shown in the Company statement of comprehensive income as they are presented separately in the statement of comprehensive income within one line item, "profit from discontinued operations, net of tax".

# ADDITIONAL INFORMATION

## UTILISATION OF PROCEEDS

The Company has not raised any funds from any of its corporate exercises during the financial year.

In the previous financial year, the Company has completed the disposal of the entire assets and liabilities of the Company and distribution of the proceeds to the entitled shareholders of the Company. The status of utilisation of proceeds as at 31 May 2023 are as follows:

No.	Description of use	Intended time frame for utilisation of proceeds from the date of completion of the disposal	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
1.	Retained Cash				
	(a) Acquisition of new businesses	Within 12 months	11,250	1,089	10,161
	(b) Working capital	Within 12 months	1,250	618	632
	(c) Defraying expenses relating to the Proposals	Within 3 months	2,500	2,154 <sup>(1)</sup>	346
			15,000	3,861	11,139
2.	Distribution to non-controlling interest of Nylex	Within 3 months	35,000	35,000	-
			50,000	38,861	11,139

### Note:

(1) Of which approximately RM1,507,000 has been incurred and paid by the Company before the receipt of the cash proceeds. Upon receipt of the cash proceeds, the said amount has been used to replenish the internally generated fund of the Company, which forms part of the Company's cash and bank balances of RM13,029,000 as at 31 May 2023.

## AUDIT AND NON-AUDIT FEES

The audit and non-audit fees of the Company are disclosed in Directors' Report on page 43 of this Annual Report. The Company paid RM5,000 to the external auditors for review of the Statement on Risk Management and Internal Control for the financial year ended 31 May 2023.

## MATERIAL CONTRACTS INVOLVING DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

The Company does not have any contracts not being contracts entered into in the ordinary course of business which involves the Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## ADDITIONAL INFORMATION

### RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

The Company did not seek approval from its shareholders for mandate to enter into any RRPT in the last annual general meeting.

During the financial year ended 31 May 2023, the Company entered into the following RRPT:

<b>Related party</b>	<b>Nature of transaction</b>	<b>Value of RRPT RM'000</b>	<b>Interested Directors, major shareholders and connected person</b>
Entopest Environmental Services Sdn Bhd (“Entopest”)	Sale of pest control, hygiene and sanitation related products.	211	1) Ancom Nylex Berhad 2) Rhodemark Development Sdn Bhd 3) Dato’ Siew Ka Wei

The amount of the RRPT is less than the threshold required to seek shareholders’ mandate for the RRPT entered into in the financial year ended 31 May 2023 and up to the date of this Annual Report.

The Company will seek approval from its shareholders for the mandate to enter into the RRPT with Entopest from 28 October 2023 until the date of the next annual general meeting in the forthcoming 53<sup>rd</sup> annual general meeting.

# ANALYSIS OF SHAREHOLDINGS

As at 5 September 2023

## No. of holders of each class of equity securities

Class of securities	:	Ordinary shares
Total no. issued	:	194,337,860
No. of holders	:	12,729
Voting rights	:	One vote per ordinary share on a poll

## Distribution schedule

Holdings	No. of holders	No. of shares	%
Less than 100	3,152	84,373	0.05
100 to 1,000	4,658	1,816,573	1.01
1,001 to 10,000	3,459	12,722,942	7.08
10,001 to 100,000	1,301	39,821,125	22.15
100,001 to less than 5% of issued shares	156	51,459,216	28.62
5% and above of issued shares	3	73,882,983	41.09
	12,729	179,787,212	100.00
Treasury shares	-	14,550,648	-
	<b>12,729</b>	<b>194,337,860</b>	<b>100.00</b>

## Substantial holders

	Direct No. of shares	%	Indirect No. of shares	%
1. Dato' Siew Ka Wei	943,803	0.53	76,231,735 <sup>(1)</sup>	42.40
2. Ancom Nylex Berhad	18,507,921	10.29	57,385,535 <sup>(2)</sup>	31.92
3. Rhodemark Development Sdn Bhd	57,385,535	31.92	-	-

### Notes:

- Deemed interested through his direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad and Datin Young Ka Mun.
- Deemed interested by virtue of its direct interest in Rhodemark Development Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

## Directors' holdings

	Direct No. of shares	%	Indirect No. of shares	%
1. Dato' Siew Ka Wei	943,803	0.53	76,231,735 <sup>(1)</sup>	42.40

### Note:

- Deemed interested through his direct and indirect interest in Ancom Nylex Berhad, Rhodemark Development Sdn Bhd, Siew Nim Chee & Sons Sendirian Berhad and Datin Young Ka Mun.

# ANALYSIS OF SHAREHOLDINGS

As at 5 September 2023

## Thirty largest shareholders

(Without aggregating securities from different securities accounts belonging to the same person)

Name	No. of shares	%
1. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Rhodemark Development Sdn Bhd (01-00845-000)</i>	37,411,483	20.81
2. Malaysia Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Ancom Berhad (01-00846-000)</i>	21,525,000	11.97
3. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Rhodemark Development Sdn Bhd</i>	14,946,500	8.31
4. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koay Xing Boon (7006931)</i>	2,010,600	1.12
5. Ancom Nylex Berhad	1,982,921	1.10
6. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ahmad Johari Bin Abdul Razak (PB)</i>	1,825,000	1.01
7. Lee Yoke Hean	1,800,000	1.00
8. Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Loh You Choong</i>	1,700,000	0.95
9. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohamad Fuzi Bin Harun</i>	1,400,000	0.78
10. HSBC Nominees (Asing) Sdn Bhd <i>J.P. Morgan Securities PLC</i>	1,311,800	0.73
11. Zakaria Rakesh Bin Abu Bakkar Seddek	1,218,800	0.68
12. Lim Chin Tong	1,193,163	0.66
13. Kenanga Nominees (Asing) Sdn Bhd <i>Exempt An For Phillip Securities Pte Ltd (Client Account)</i>	1,004,582	0.56
14. Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Eng Ho Wa'a @ Chua Eng Wah</i>	929,700	0.52
15. SJ Sec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hafidah Binti Pawanchik (SMT)</i>	857,400	0.48
16. Ng Teng Yau	854,289	0.48
17. Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ho Bing Ni</i>	810,000	0.45
18. Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chaw Kong Ying (E-KUG)</i>	800,000	0.44
19. Lui Yuen Qiu	700,000	0.39
20. Mohamed Faroz Bin Mohamed Jakel	700,000	0.39
21. Ting Kwong Chai	647,925	0.36
22. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Grace Yeoh Cheng Geok</i>	637,341	0.35
23. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hafidah Binti Pawanchik</i>	604,700	0.34
24. Tan Kok Hau	568,400	0.32
25. Pacific & Orient Insurance Co Berhad	552,000	0.31
26. CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Navinchandra A/L R.G. Sheth (LUCKY GDN-CL)</i>	501,500	0.28
27. Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Teng Yau</i>	500,000	0.28
28. Maybank Nominees (Tempatan) Sdn Bhd <i>Tan Kok Wei</i>	500,000	0.28
29. Tan Kok Meng	500,000	0.28
30. Zaid Bin Mohamad Nor	470,600	0.26
<b>Total</b>	<b>100,463,704</b>	<b>55.88</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 53<sup>rd</sup> Annual General Meeting (“AGM”) of the Company 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 (“Broadcast Venue”) 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>, to transact the following businesses:

## AGENDA

### AS ORDINARY BUSINESS

- |    |  |   |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 May 2023 together with the Reports of the Directors and the Auditors thereon.  | <b>(Please refer to Explanatory Note 1)</b> |
| 2. | To re-elect the following Directors who are retiring by rotation, pursuant to Clause 125 of the Company’s Constitution:  |   |
|    | (a) Datuk Anuar bin Ahmad  | <b>(Ordinary Resolution 1)</b>              |
|    | (b) Dato’ Siew Ka Wei  | <b>(Ordinary Resolution 2)</b>              |
| 3. | To re-elect as Director, Datin Joanne Marie Lopez who is retiring pursuant to Clause 130 of the Company’s Constitution.  | <b>(Ordinary Resolution 3)</b>              |
| 4. | To approve the payment of Non-Executive Directors’ fees for the financial year ended 31 May 2023.  | <b>(Ordinary Resolution 4)</b>              |
| 5. | To approve the payment of Non-Executive Directors’ fees for the financial year ending 31 May 2024, to be paid quarterly in arrears.  | <b>(Ordinary Resolution 5)</b>              |
| 6. | To approve the payment of Directors’ benefits (excluding Non-Executive Directors’ fees) for the Non-Executive Directors from the date of the AGM until the next annual general meeting of the Company in 2024. | <b>(Ordinary Resolution 6)</b>              |
| 7. | To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>(Ordinary Resolution 7)</b>              |

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modification(s):

- |    |   |                                |
|----|---|--------------------------------|
| 8. | <b>PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (“RRPTs”) OF A REVENUE OR TRADING NATURE</b> | <b>(Ordinary Resolution 8)</b> |
|----|---|--------------------------------|

“THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), approval be and is hereby given to the Company to enter into the RRPTs of a revenue or trading nature with the related parties as specified in Section 2.4 of the Circular to Shareholders dated 27 September 2023, provided that such transactions are necessary for the Company’s day-to-day operations and carried out in the ordinary course of business at arm’s length basis and 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.

# NOTICE OF ANNUAL GENERAL MEETING

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

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company 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
- (iii) revoked or varied by a resolution passed by the shareholders in a 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 (including executing all such documents) as the Directors may consider expedient or necessary or in the best interest of the Company to give effect to this resolution.”

## 9. PROPOSED RENEWAL OF AUTHORITY ON SHARE BUY-BACK MANDATE

**(Ordinary Resolution 9)**

“THAT subject always to the Companies Act 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements (“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 may 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 purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total 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 treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees’ share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

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 of the Company, 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;



# NOTICE OF ANNUAL GENERAL MEETING

- (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 Company's shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and 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 the Directors deem fit and expedient at their discretion in the best interest of the Company."

## 10. **PROPOSED AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 10)

"THAT contingent upon passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 ("Act") and subject to the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised, pursuant to Section 75 and 76 of the Act, to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, to such persons and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per-centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company, AND THAT the Directors be authorised to do all such things as they deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities."

## 11. **SPECIAL RESOLUTION WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016** (Special Resolution)

"THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution 10 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016."

## 12. **OTHER ORDINARY BUSINESS**

To transact any other business which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

# NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board,

**CHOO SE ENG (MIA 5876) (SSM PC No. 202208000036)**  
**STEPHEN GEH SIM WHYE (MICPA 1810) (SSM PC No. 201908001029)**  
 Company Secretaries

Petaling Jaya  
 27 September 2023

## NOTES:

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the 53<sup>rd</sup> AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available on the Company's website at <http://www.nylex.com/agm.php> for information on registration, participation and voting at the AGM.
2. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 19 October 2023 shall be entitled to participate, speak and vote or appoint proxy(ies) to participate, speak and vote on his/her behalf at the AGM.
3. A member, including an authorised nominee, who is entitled to participate, speak and vote at the AGM may appoint not more than two (2) proxies to participate and vote for him/her. A proxy may but need not be a member of the Company.
4. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy in the Proxy Form.
6. The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar at least forty-eight (48) hours before the time appointed for holding the AGM or any adjourned meeting at which the person named in the appointment proposes to vote:
  - i. In hardcopy form  
 Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - ii. By electronic means  
 The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.
7. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
8. **Last date and time for lodging the Proxy Form is Wednesday, 25 October 2023 at 9:30 a.m..**

# NOTICE OF ANNUAL GENERAL MEETING

9. Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
  - i. If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
  - ii. If the corporate member does not have a Common Seal, the Certificate should be affixed with the rubber stamp of the corporate member (if any) and executed by: (a) at least two (2) authorised officers, of whom one shall be a director; or, (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
11. A member who has appointed a proxy or attorney or authorised representative to participate in the AGM must request his/her proxy or attorney or authorised representative to register himself/herself for the remote participation and voting facilities (RPV) at the Share Registrar's TIH Online website at <https://tih.online>. Please read and follow the procedures provided in the Administrative Guide for Shareholders.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

## EXPLANATORY NOTES

### 1. **Item 1 of the Agenda - Audited Financial Statements for the Financial Year Ended 31 May 2023**

This Agenda item is meant for discussion only. The provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 require the audited financial statements and the reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a motion to be put forward for voting by shareholders.

### 2. **Ordinary Resolutions 1, 2 and 3 - Re-election of Retiring Directors**

Datuk Anuar bin Ahmad, Dato' Siew Ka Wei and Datin Joanne Marie Lopez are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 53<sup>rd</sup> AGM. Their profiles are disclosed in the Annual Report 2023.

Save as disclosed in the Annual Report 2023, all the retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company. The Board had, through the Remuneration and Nomination Committee, assessed the performance and contribution of the retiring Directors including their personality, experience, integrity, competence, time commitment and fit and properness to effectively discharge their roles as Directors. Based on the assessment conducted, the Board is satisfied that the aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

Based on the above, the Board recommends that the above retiring Directors be re-elected to continue to serve on the Board of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## 3. Ordinary Resolution 4 - Non-Executive Directors' Fees for the Financial Year Ended 31 May 2023

Pursuant to Section 230(1) of the Companies Act 2016, the Directors' fees and benefits payable to the Directors of the listed company shall be approved at a general meeting. In this respect, the Board of Directors is recommending to the shareholders for approval to pay fees to the Non-Executive Directors of the Company amounting to RM472,082 respectively for the financial year ended 31 May 2023.

## 4. Ordinary Resolution 5 - Non-Executive Directors' Fees for the Financial Year Ending 31 May 2024

The proposed fees payable to the Non-Executive Directors ("NEDs") by the Company of up to RM520,956 for the financial year ending 31 May 2024 are calculated based on the responsibilities assumed by the NEDs based upon their memberships in the Board and Board Committees, and assuming that all NEDs will hold office until 31 May 2024. This resolution is to facilitate payment of NEDs' fees on current year basis.

The Proposed fees payable by the Company to each of the NEDs are as detailed below:

NEDs	Fee (RM)
<b>Board of Directors</b>	
- Chairman	90,000
- Members	70,000
<b>Audit Committee</b>	
- Chairman/Members	30,000
<b>Remuneration &amp; Nomination Committee</b>	
- Chairman/Members	20,000

## 5. Ordinary Resolution 6 - Non-Executive Directors' Benefits

The Directors' benefits comprise the meeting attendance allowance and other benefits (car, fuel, driver, allowance and other emoluments) payable to the Non-Executive Directors ("NEDs").

In determining the estimated total amount of benefits (excluding Directors' fees) for the NEDs, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees as well as the number of Directors involved. The Board is recommending to the shareholders for approval to pay benefits to the NEDs of up to RM60,000 from the date of the forthcoming AGM until the next AGM of the Company. In the event the proposed amount is insufficient (due to more meetings/enlarged board size), approval will be sought at the next AGM for the shortfall.

## 6. Ordinary Resolution 7 - Re-appointment of Auditors

The Audit Committee has evaluated the performance of Messrs BDO PLT, the External Auditors, as enumerated in the Audit Committee Report and has recommended the re-appointment of Messrs BDO PLT as the External Auditors of the Company.

The Board has concurred with the recommendation of the Audit Committee.

# NOTICE OF ANNUAL GENERAL MEETING

7. **Ordinary Resolution 8 – Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

This proposed resolution, if passed, will allow the Company to enter into recurrent related party transactions of a revenue or trading nature with the related party(ies) in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders’ approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Company or affecting the business opportunities available to the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company and is subject to renewal on an annual basis.

Further details relating to this proposed resolution are set out in the Company’s Circular to Shareholders dated 27 September 2023.

8. **Ordinary Resolution 9 – Proposed Renewal of Authority for Share Buy-Back Mandate**

This proposed resolution, if passed, will empower the Company to purchase its own shares up to ten percent (10%) of the total number of issued ordinary shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

Further details relating to this proposed resolution are set out in the Company’s Share Buy-Back Statement dated 27 September 2023.

9. **Ordinary Resolution 10 – Proposed Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act**

Subject to the passing of the Special Resolution on the waiver of pre-emptive rights pursuant to Section 85 of the Act, this proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next annual general meeting of the Company.

This is a renewal of the mandate obtained from the shareholders at the Company’s 52<sup>nd</sup> annual general meeting held on 27 October 2022 (“Previous Mandate”). This proposed resolution is to provide flexibility to the Company for any possible fund-raising exercises including but not limited to further placement of new ordinary shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings, acquisitions and/or for issuance of new ordinary shares as settlement of purchase consideration or such other application as the Directors may deem fit and in the best interest of the Company, without the need to convene separate general meeting to obtain shareholders’ approval so as to avoid incurring additional costs and time.

The Board, having considered the current and prospective financial positions of the Company, is of the view that this mandate is in the best interest of the Company and its shareholders to ensure long term sustainability of the Company.

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate.

10. **Special Resolution – Waiver of Pre-emptive Rights pursuant to Section 85 of the Act**

The provision of Section 85 of the Act requires all new shares or other convertible securities of the Company be first offered to shareholders in proportion to their existing holdings.

The purpose of this Special Resolution is to seek waiver from the shareholders on their statutory pre-emptive rights pursuant to Section 85 of the Act. This resolution, if passed, will allow the Directors to issue and allot new shares in the Company from time to time without making a pre-emptive offer to the existing shareholders.

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# NYLEX (MALAYSIA) BERHAD

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

# PROXY FORM

CDS A/C. No.	No. of shares held

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Full Address)

being (a) member(s) of NYLEX (MALAYSIA) BERHAD, hereby appoint

Full Name in Block Letters		Proportion of Shareholdings to be represented  %
NRIC No.		
Full Address		
Full Name in Block Letters		Proportion of Shareholdings to be represented  %
NRIC No.		
Full Address		
		100 %

or failing \*him/her, the Chairman of the Meeting as \*my/our \*proxy/proxies to participate and to vote for \*me/us on \*my/our behalf at the 53<sup>rd</sup> Annual General Meeting (“AGM”) of the Company to 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 (“Broadcast Venue”) on Friday, 27 October 2023 at 9:30 a.m. and to vote as indicated below:-

ORDINARY RESOLUTIONS		FOR	AGAINST
1	To re-elect Datuk Anuar bin Ahmad as a Director of the Company		
2	To re-elect Dato’ Siew Ka Wei as a Director of the Company		
3	To re-elect Datin Joanne Marie Lopez as a Director of the Company		
4	To approve the payment of Non-Executive Directors’ fees for the Financial Year Ended 31 May 2023		
5	To approve the payment of Non-Executive Directors’ fees for the Financial Year Ending 31 May 2024, to be paid in arrears		
6	To approve the payment of Directors’ benefits		
7	To re-appoint Messrs BDO PLT as Auditors of the Company		
8	To approve the Proposed New Shareholders’ Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		
9	To approve the Proposed Renewal of Authority on Share Buy-Back Mandate		
10	To approve the Proposed Authority to Issue and Allot Shares		
SPECIAL RESOLUTION			
	To approve the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016		

(Please indicate with an “X” on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Telephone number during office hours:

\_\_\_\_\_  
(Signature/Common Seal of Shareholder(s))

(\*Delete if not applicable)

**NOTES:**

1. Pursuant to Section 327(2) of the Companies Act 2016, the Chairman will be present at the Broadcast Venue being the main venue of the AGM. **Members will not be allowed to attend the 53<sup>rd</sup> AGM in person at the Broadcast Venue on the day of the meeting.** Members are to participate, speak (via real time submission of typed texts only) and vote remotely. Please refer to the Administrative Guide available on the Company's website at <http://www.nylex.com/agm.php> for information on registration, participation and voting at the AGM.
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The Proxy Form can be electronically lodged with the Share Registrar of the Company via TIH Online website at <https://tih.online>. Please refer to the Administrative Guide for Shareholders on the appointment and registration of proxy for the AGM by electronic means.
7. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
8. **Last date and time for lodging the Proxy Form is Wednesday, 25 October 2023 at 9:30 a.m..**
9. Any authority pursuant to which such an appointment is made by a Power of Attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM at which the person named in the appointment proposes to vote. A copy of the Power of Attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL Certificate of Appointment of Authorised Representative ("Certificate") with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote. The Certificate should be executed in the following manner:
  - i. If the corporate member has a Common Seal, the Certificate should be executed under seal in accordance with the constitution of the corporate member.
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12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of AGM will be put to vote by way of poll.

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Affix  
Stamp

**NYLEX (MALAYSIA) BERHAD**

(Registration No.: 197001000148 (9378-T))

The Share Registrar:  
Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia.

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