

27 October 2026

Reference: MSWG-CM-11-11/26

By Email

The Board of Directors
ANCOM NYLEX BERHAD
Level 13, Menara 1 Sentrum
201, Jalan Tun Sambanthan
Brickfields
50470 Kuala Lumpur

Attention: **Choo Se Eng**
Angelina Cheah Gaik Suan
Tan Bee Hwa
Company Secretaries

Dear Directors,

57th ANNUAL GENERAL MEETING ("AGM") OF ANCOM NYLEX BERHAD ("ANB", "THE COMPANY" OR "THE GROUP") TO BE HELD ON THURSDAY, 29 OCTOBER 2025

In consideration of the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

Operational and Financial Matters

1. Despite the improvement in profitability in FY2026, the Group's net operating cash flow declined from RM107.0 million to RM43.8 million, while net gearing increased from 0.29 times to 0.40 times. Management attributed the lower cash flow mainly to higher receivables and inventories arising from increased trading activities in the final quarter, which were expected to normalise in early FY2027 (page 29 of AR FY2026).
 - (a) How did the Group's trade receivable collection days and inventory turnover days in FY2026 compare with FY2025? Furthermore, given that inventories written down surged to RM7.47 million in FY2026 (FY2025: RM0.84 million) mainly within the Industrial Chemicals segment (pages 221 and 250 of AR FY2026), what caused this substantial write-down?

- (b) As at the latest practicable date, how much of the year-end trade receivables have been collected, and to what extent have inventory levels normalised? Have collections and inventory movements met management's expectations?
- (c) What specific measures and targets has management established to improve working capital efficiency and strengthen operating cash flow in FY2027?

Special Business

- 2. During FY2026, the Company actively repurchased 120.75 million shares at an average price of RM0.91 per share and resold 82.03 million treasury shares at prices ranging between RM0.89 and RM0.92 per share, resulting in a net cash outflow of RM36.36 million and a RM4.64 million reduction in retained earnings (pages 194, 212 and 217 of AR FY2026). The Circular dated 30 September 2026 (page 9) also states that future share buy-backs may be funded through internally generated funds and/or bank borrowings. These activities warrant further explanation given the Group's lower operating cash flow and higher net gearing in FY2026.
 - (a) What valuation criteria and financial objectives guide the Board's decisions to repurchase shares and subsequently resell, cancel or distribute them? In particular, please explain the rationale for undertaking both purchase and resale of treasury shares during the same period, and how these activities created value for continuing shareholders.
 - (b) Please disclose the total expenditure on share buy-backs, proceeds from treasury share resales and the resulting net cash outflow or inflow for FY2026. To what extent were the share buy-backs financed through borrowings?
 - (c) How does the Board prioritise share buy-backs against debt repayment, business investment and cash dividends? What liquidity and gearing limits would trigger a reduction in, or suspension of, share buy-backs?

We look forward to your reply. Additionally, please present the questions raised and the related answers to the shareholders present at the forthcoming AGM.

Thank you.

Yours sincerely



MINORITY SHAREHOLDERS WATCH GROUP

Minority Shareholders Watch Group
Badan Pengawas Pemegang Saham Minoriti Berhad (20-0001022382)