THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

YLI HOLDINGS BERHAD
(Registration No. 199501038047 (367249-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED REDUCTION OF RM50.0 MILLION OF THE ISSUED SHARE CAPITAL OF YLI HOLDINGS BERHAD ("YLI") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

Principal Adviser

HongLeong Investment Bank

Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Notice of the EGM of YLI together with the Form of Proxy are enclosed in this Circular. Our forthcoming EGM will be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof. Please refer to the Administrative Guide for the 31st Annual General Meeting of YLI on the procedures for electronic lodgement of the Form of Proxy.

You are entitled to attend, participate and vote at our forthcoming EGM. Should you be unable to attend, participate and vote at our forthcoming EGM, you are entitled to appoint not more than 2 proxies to attend, participate and vote on your behalf. If you wish to appoint a proxy or up to 2 proxies to attend, speak and vote on your behalf at our forthcoming EGM, you must complete and deposit the Form of Proxy in accordance with the instructions thereon so as to arrive at the office of YLI's share registrar, Plantation Agencies Sdn Berhad, at 3rd Floor, 2 Lebuh Pantai, 10300 Georgetown, Penang or lodge the Form of Proxy by email to sharereg@plantationagencies.com.my, on or before the time and date indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting at our forthcoming EGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy for our forthcoming EGM	:	Tuesday, 25 August 2026 at 11.30 a.m.
Day, date and time of our forthcoming EGM	:	Thursday, 27 August 2026 at 11.30 a.m., or immediately following the conclusion of the 31st Annual General Meeting of YLI or at any adjournment thereof

This Circular is dated 31 July 2026

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

Act	:	Companies Act 2016
Board	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Circular	:	This circular to our shareholders in relation to the Proposed Capital Reduction
Constitution	:	Constitution of our Company
Court	:	High Court of Malaya
Damini Corporation	:	Damini Corporation Sdn Bhd (Registration No. 199501004088 (333283-H)), our 80.0%-owned subsidiary
Director(s)	:	Shall have the same meaning given in the Listing Requirements and Section 2(1) of the Capital Markets and Services Act 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive of our Company, our subsidiary or our holding company
EGM	:	Extraordinary general meeting of our Company
EPS	:	Earnings per YLI Share
FR Development Asia	:	FR Development Asia Sdn Bhd (Registration No. 201801036718 (1298748-D))
FYE	:	Financial year ending or ended, as the case may be
HLIB or **Principal Adviser**	:	Hong Leong Investment Bank Berhad (Registration No. 197001000928 (10209-W))
Laksana	:	Laksana Wibawa Sdn Bhd (Registration No. 199601027502 (399854-W)), our 51.0%-owned subsidiary
LAT	:	Loss after taxation
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Logam Utara	:	Logam Utara (M) Sdn Bhd (Registration No. 198801003097 (170454-P)), our wholly-owned subsidiary
LPD	:	17 July 2026, being the latest practicable date prior to the printing of this Circular
NA	:	Net assets
PAT	:	Profit after taxation
Proposed Capital Reduction	:	Proposed reduction of RM50.0 million of the issued share capital of YLI pursuant to Section 116 of the Act
Puncak Alam Housing	:	Puncak Alam Housing Sdn Bhd (Registration No. 199301008543 (263280-A))

Share Registrar	:	Plantation Agencies Sdn Berhad (Registration No. 195501000033 (2603-D))
Substantial Shareholders	:	Shall have the meaning given in Section 136 of the Act
Trilight Optics	:	Trilight Optics (Malaysia) Sdn Bhd (Registration No. 202501003838 (1605251-K))
Yew Lean Foundry	:	Yew Lean Foundry & Co Sdn Bhd (Registration No. 197601002136 (28131-K)), our wholly-owned subsidiary
Yew Lean Industries	:	Yew Lean Industries Sdn Bhd (Registration No. 199301016469 (271209-W)), our wholly-owned subsidiary
Yew Li	:	Yew Li Foundry & Co Sdn Bhd (Registration No. 197901006108 (50391-V)), our wholly-owned subsidiary
YLI or our **Company**	:	YLI Holdings Berhad (Registration No. 199501038047 (367249-A))
YLI Group or our **Group**	:	YLI and its subsidiaries, collectively
YLI Share(s)	:	Ordinary share(s) in YLI
Zenith Eastern	:	Zenith Eastern (M) Sdn Bhd (Registration No. 198901008998 (186299-T)), our wholly-owned subsidiary

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen respectively

All references to "**our Company**" or "**YLI**" in this Circular are to YLI and references to "**our Group**" or "**YLI Group**" are to our Company and our subsidiaries, collectively. All references to "**we**", "**us**", "**our**" and "**ourselves**" are to our Company, and where the context requires otherwise, shall include our subsidiaries.

All references to "**you**" and "**your**" in this Circular are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and *vice versa*. References to persons shall include corporations, unless otherwise specified.

Any reference to any act, rule, written law, ordinance, enactment or guideline in this Circular is a reference to that act, rule, written law, ordinance, enactment or guideline as amended or re-enacted from time to time.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included in this Circular have been subject to rounding adjustments. Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company's plans and objectives will be achieved.

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THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED CAPITAL REDUCTION. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR IN ITS ENTIRETY AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED CAPITAL REDUCTION AT OUR FORTHCOMING EGM.

Summary		Reference to this Circular
Details on the Proposed Capital Reduction	The Proposed Capital Reduction entails the reduction of RM50.0 million of the issued share capital of our Company pursuant to Section 116 of the Act. The corresponding credit of RM50.0 million arising from such reduction in the issued share capital of our Company will be utilised to set off the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company. The retained earnings will be used in a manner as our Board deems fit and in the best interest of our Company, as permitted by our Constitution and the relevant and applicable laws as well as the Listing Requirements.	**Section 2**
Rationale for the Proposed Capital Reduction	The Proposed Capital Reduction will enable our Group to rationalise our financial position by eliminating the entire accumulated losses of our Company, thereby allowing the financial statements to more accurately reflect the value of the underlying assets and the overall financial position of our Group. With the elimination of the accumulated losses, our Group will show a net retained earning position and enhanced capital structure which is expected to enhance our credibility with financial institutions, customers, suppliers, investors and other stakeholders and improve our ability to obtain financing and secure new projects.	**Section 3**
Effects of the Proposed Capital Reduction	The Proposed Capital Reduction will: (i) cancel RM50.0 million of the issued share capital of our Company with no change to the total number of issued YLI Shares; (ii) not have any material effect on the NA, NA per YLI Share and gearing of our Group; (iii) not have any material effect on the earnings and the EPS of our Group for the FYE 31 March 2027; and (iv) not have any effect on our Substantial Shareholders' shareholdings.	**Section 4**
Approvals required	The Proposed Capital Reduction is subject to the following being obtained: (i) the approval of our shareholders at our forthcoming EGM; (ii) the order from the Court pursuant to Section 116 of the Act; and (iii) the approval of any other relevant authorities, if required.	**Section 5**

Summary		Reference to this Circular
Interests of Directors, major shareholders and/or persons connected with them	None of our Directors, major shareholders and/or any persons connected with them have any interests, direct and/or indirect, in the Proposed Capital Reduction.	**Section 7**
Directors' statement and recommendation	Our Board, after having considered all aspects of the Proposed Capital Reduction including but not limited to the rationale and effects of the Proposed Capital Reduction, is of the opinion that the Proposed Capital Reduction is in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Capital Reduction to be tabled at our forthcoming EGM.	**Section 8**
Estimated timeframe for completion	Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Capital Reduction is expected to be completed by the 4th quarter of 2026.	**Section 9**

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YLI HOLDINGS BERHAD
(Registration No. 199501038047 (367249-A))
(Incorporated in Malaysia)

Registered Office
3rd Floor, Lot 3066
Jalan Datuk Sulaiman
Sungai Penchala
60000 Kuala Lumpur
Wilayah Persekutuan
Malaysia

31 July 2026

Board of Directors

Dato' Abdul Jalil Bin Abdul Karim	(*Independent Non-Executive Chairman*)
Seah Heng Chin	(*Group Managing Director*)
Shamshiah Binti Hashim @ Abu Bakar	(*Non-Independent Executive Director*)
Azmi Bin Mohd	(*Non-Independent Executive Director*)
Lim Yoke Moi	(*Independent Non-Executive Director*)
Datuk Haji Jalaludin Bin Haji Ibrahim	(*Independent Non-Executive Director*)
Dr Haji Badrul Hisham Bin Mohd Yusoff	(*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED CAPITAL REDUCTION

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1. INTRODUCTION

On 2 July 2026, HLIB had, on behalf of our Board, announced that our Company proposed to undertake the Proposed Capital Reduction.

Further details of the Proposed Capital Reduction are set out in the ensuing sections in this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CAPITAL REDUCTION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED CAPITAL REDUCTION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS ON THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of RM50.0 million of the issued share capital of our Company pursuant to Section 116 of the Act. As at the LPD, YLI has an issued share capital of RM114.2 million comprising 112,950,873 YLI Shares.

In 2025, Yew Lean Foundry ceased its business operation in manufacturing of ductile iron pipes, fittings and waterworks-related products ("**Products**") as the revenue from the manufacturing operations had gradually declined while fixed overheads remained the same pending full cessation of Yew Lean Foundry's manufacturing operations. The main reason for the cessation of Yew Lean Foundry's manufacturing operations was declining profit margins resulting from increased utility expenses due to the withdrawal of subsidies by the Government of Malaysia, higher raw material and labour costs, and increased competition from competitively priced imported ductile iron pipes and fittings over the years.

Following the cessation of Yew Lean Foundry's manufacturing operations with shift in focus from manufacturing to trading business, our Group had incurred retrenchment costs of workers, impairment on machineries and impairment with revision in costing for inventories in 2025. These factors had contributed to the accumulated losses of our Group of approximately RM40.0 million as at 31 March 2026. The accumulated losses of our Company of approximately RM45.8 million were mainly due to our Company receiving insufficient dividend income to offset the necessary accumulated losses over the past years while continuing to incur the necessary fixed overheads to maintain the listing status of our Company.

Subsequent to the cessation of manufacturing of the Products, our Group's business operations comprise the following:

Segments	**Business activities**
Manufacturing and trading	- Manufacturing and trading of energy meters, water meters and other related activities. - Trading of ductile iron pipes, plastic pipes, fittings and waterwork-related products, trading of steel pipes and related products, trading in scrap metal, supplying chemicals and equipment.
Construction and project management	Construction and project management.

In order to rationalise our financial position, our Company proposes to undertake the Proposed Capital Reduction. The reduction of RM50.0 million from our Company's issued share capital was arrived at after taking into consideration the amount required to set off our Company's accumulated losses of approximately RM45.8 million and to show a net retained earnings position.

Please refer to **Appendix I** of this Circular for historical financial information on our Group for the past 5 years.

The corresponding credit of RM50.0 million arising from such reduction in the issued share capital of our Company will be utilised to set off the accumulated losses of our Company while the remaining balance will be credited to the retained earnings of our Company. The retained earnings will be used in a manner as our Board deems fit and in the best interest of our Company, as permitted by our Constitution and the relevant and applicable laws as well as the Listing Requirements.

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the accumulated losses of our Group based on the latest audited consolidated financial statements for the FYE 31 March 2026 will be as follows:

	Audited as at 31 March 2026	
	Company	**Group**
	(RM'000)	**(RM'000)**
Accumulated losses[1]	(45,835)	(39,939)
Add: Credit arising from the Proposed Capital Reduction	50,000	50,000
Less: Estimated expenses for the Proposed Capital Reduction	(400)	(400)
Resultant retained earnings	**3,765**	**9,661**

Note:

(1) The accumulated losses of our Group and our Company were mainly due to the reasons set out in **Section 2** of this Circular above.

Following the approval for the Proposed Capital Reduction being obtained from our shareholders at our forthcoming EGM, an order from the Court confirming the Proposed Capital Reduction will be sought by our Company.

The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed court order of the Court with the Registrar of Companies, Companies Commission Malaysia pursuant to Section 116(6) of the Act, confirming the Proposed Capital Reduction. Our Company will make an immediate announcement on Bursa Securities' website on the effective date of the Proposed Capital Reduction.

For the avoidance of doubt, the Proposed Capital Reduction will not result in:

(i) any adjustment to the share price of the YLI Shares;

(ii) any change in the total number of YLI Shares in issue or the number of YLI Shares held by our shareholders;

(iii) any payment to our shareholders; and

(iv) any cash outflows or change in the NA of our Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

The Proposed Capital Reduction is permitted pursuant to Clause 46(2) of our Constitution.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction will enable our Group to rationalise our financial position by eliminating the entire accumulated losses of our Company, thereby allowing the financial statements to more accurately reflect the value of the underlying assets and the overall financial position of our Group.

With the elimination of the accumulated losses, our Group will show a net retained earning position and enhanced capital structure which is expected to enhance our credibility with financial institutions, customers, suppliers, investors and other stakeholders and improve our ability to obtain financing and secure new projects.

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the issued share capital of our Company as at the LPD are as follows:

	No. of YLI Shares ('000)	RM'000
Issued share capital as at the LPD	112,951	114,259
To be cancelled pursuant to the Proposed Capital Reduction	-	(50,000)
After the Proposed Capital Reduction	**112,951**	**64,259**

4.2 NA, NA per YLI Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the NA, NA per YLI Share and gearing of our Group based on the audited consolidated statement of financial position of our Group as at 31 March 2026 and on the assumption that the Proposed Capital Reduction had been effected on that date are as follows:

	Audited as at 31 March 2026 (RM'000)	After the Proposed Capital Reduction (RM'000)
Share capital	114,259	(1)64,259
Capital reserve	(1,467)	(1,467)
Treasury shares	(108)	(108)
Revaluation reserve	27,378	27,378
(Accumulated losses)/ retained earnings	(39,939)	(2)9,661
NA attributable to owners of our Company	**100,123**	**99,723**
No. of YLI Shares in issue **('000)**	112,951	112,951
NA per YLI Share(3) **(RM)**	0.89	0.88
Total borrowings **(RM'000)**	19,775	19,775
Gearing(4) **(times)**	0.20	0.20

Notes:

(1) After deducting the amount arising from the Proposed Capital Reduction of RM50.0 million.

(2) After adding the amount arising from the Proposed Capital Reduction of RM50.0 million and deducting the estimated expenses for the Proposed Capital Reduction of approximately RM0.4 million.

(3) Calculated based on the NA attributable to owners of our Company over the number of YLI Shares in issue (excluding treasury shares).

(4) Calculated based on total borrowings over the NA attributable to owners of our Company.

4.3 Earnings and EPS

The Proposed Capital Reduction is not expected to have any material effect on the earnings and the EPS of our Group for the FYE 31 March 2027.

4.4 Substantial Shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on our Substantial Shareholders' shareholdings.

4.5 Convertible securities

Our Company does not have any convertible securities in issue as at the LPD.

5. APPROVALS REQUIRED

The Proposed Capital Reduction is subject to the following being obtained:

(i) the approval of our shareholders at our forthcoming EGM;

(ii) the order from the Court pursuant to Section 116 of the Act; and

(iii) the approval of any other relevant authorities, if required.

The Proposed Capital Reduction is not conditional upon any other corporate exercise of our Company.

6. OTHER CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the following, there are no other outstanding corporate exercises which have been announced by our Company but pending completion prior to the date of this Circular:

(i) Proposed Capital Reduction;

(ii) on 27 July 2026, our Board announced that Yew Lean Foundry had entered into a sale and purchase agreement with FR Development Asia for the disposal by Yew Lean Foundry to FR Development Asia of 1 unit of single-storey detached factory erected on the land held under issue document of title HS(D) 37820 (PT 434) Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang, for a total cash consideration of RM14.0 million;

(iii) on 27 July 2026, our Board announced that Zenith Eastern had entered into a sale and purchase agreement with FR Development Asia for the disposal by Zenith Eastern to FR Development Asia of 1 unit of single-storey detached factory erected on the land held under issue document of title HS(D) 37829 (PT 445) Mukim 6, Daerah Seberang Perai Tengah, Pulai Pinang, for a total cash consideration of RM14.0 million;

(iv) on 29 June 2026, our Board announced that Yew Lean Industries had entered into a joint development agreement with Puncak Alam Housing to undertake a development on all that piece of vacant land located along Persiaran Puncak Alam 3, Bandar Puncak Alam, Selangor Darul Ehsan identified as Plot 1, Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor measuring approximately 10.963 acres; and

(v) on 3 June 2026, our Board announced that Yew Lean Foundry had entered into a sale and purchase agreement with Trilight Optics for the disposal by Yew Lean Foundry to Trilight Optics of 2 plots of industrial lands known as Lot 2432 (PT 1359), Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Penang and Lot 2462 (PT 1424), Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang, together with a 33 kilovolt (kV) electrical system and a substation erected thereon, for a total cash consideration of RM28.5 million.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of our Directors, major shareholders and/or any persons connected with them have any interests, direct and/or indirect, in the Proposed Capital Reduction.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Capital Reduction including but not limited to the rationale and effects of the Proposed Capital Reduction, is of the opinion that the Proposed Capital Reduction is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Capital Reduction to be tabled at our forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Capital Reduction is expected to be completed by the 4th quarter of 2026.

The tentative timeline for completion of the Proposed Capital Reduction is as follows:

Tentative timeline	Events
27 August 2026	Our forthcoming EGM for the Proposed Capital Reduction
Early September 2026	Application to the Court for the Proposed Capital Reduction
Early October 2026	Court order granted
Mid-October 2026	• Lodgement of the sealed court order with the Registrar of Companies • Completion of the Proposed Capital Reduction

10. OUR FORTHCOMING EGM

Our forthcoming EGM will be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Capital Reduction, with or without any modifications, to give effect to the Proposed Capital Reduction.

You are entitled to attend, participate and vote at our forthcoming EGM. Should you be unable to attend, participate and vote at our forthcoming EGM, you are entitled to appoint not more than 2 proxies to attend, participate and vote on your behalf. If you wish to appoint a proxy or up to 2 proxies to attend, speak and vote on your behalf at our forthcoming EGM, you must complete and deposit the Form of Proxy in accordance with the instructions thereon so as to arrive at the office of YLI's Share Registrar at 3rd Floor, 2 Lebuh Pantai, 10300 Georgetown, Penang or lodge the Form of Proxy by email to sharereg@plantationagencies.com.my, on or before Tuesday, 25 August 2026 at 11.30 a.m. Please refer to the Administrative Guide for the 31st Annual General Meeting of YLI on the procedures for electronic lodgement of the Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending and voting at our forthcoming EGM should you subsequently wish to do so.

11. FURTHER INFORMATION

You are requested to refer to the enclosed appendices set out in this Circular for further information.

Yours faithfully
For and on behalf of the Board of
YLI HOLDINGS BERHAD

SEAH HENG CHIN
Group Managing Director

HISTORICAL FINANCIAL INFORMATION OF OUR GROUP

A summary of historical financial information of our Group for the past 5 financial years up to the FYE 31 March 2026 is as follows:

	Audited				
	FYE 31 March 2026	**FYE 31 March 2025**	**FYE 31 March 2024**	**FYE 31 March 2023**	**FYE 31 March 2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group consolidated revenue					
- Manufacturing and trading	65,886	48,014	63,547	75,446	83,849
- Construction and project management	-	-	-	-	-
	65,886	**48,014**	**63,547**	**75,446**	**83,849**
(Loss)/ profit before taxation	(42,672)	(57,086)	43,171	3,373	(6,692)
(LAT)/ PAT	(46,411)	(56,837)	43,452	1,853	(6,701)
(Loss)/ profit attributable to:					
- Owners of the company	(44,727)	(55,165)	16,281	3,391	(5,143)
- Non-controlling interests	(1,684)	(1,672)	27,171	(1,538)	(1,558)
	(46,411)	**(56,837)**	**43,452**	**1,853**	**(6,701)**
Share capital	114,259	114,259	110,159	110,159	110,159
(Accumulated losses)/ retained earnings	(39,939)	(27,984)	27,181	10,900	7,509
Shareholders' funds/ NA	100,123	142,429	135,765	119,484	116,093
Total borrowings	19,775	28,302	18,727	45,178	47,285
No. of YLI Shares in issue **('000)**	112,951	112,951	102,951	102,951	102,951
Weighted average no. of YLI Shares in issue **('000)**	112,830	105,049	102,830	102,830	102,830
NA per YLI Share$^{(1)}$ **(RM)**	0.89	1.26	1.32	1.16	1.13
EPS$^{(2)}$ **(sen)**	(39.64)	(52.51)	15.83	3.30	(5.00)
Gearing ratio$^{(3)}$ **(times)**	0.20	0.20	0.14	0.38	0.41
Current ratio$^{(4)}$ **(times)**	2.58	2.31	3.38	1.45	1.39

Notes:

(1) Calculated based on NA over number of YLI Shares in issue.

(2) Calculated based on (loss)/ profit attributable to owners of the company over weighted average number of YLI Shares in issue.

(3) Calculated based on total borrowings over NA.

(4) Calculated based on current assets over current liabilities.

Commentaries:

(i) FYE 31 March 2026 compared against FYE 31 March 2025

Our Group's revenue of approximately RM65.9 million for the FYE 31 March 2026 increased by 37.2% compared to approximately RM48.0 million achieved in the FYE 31 March 2025. Our Group also recorded lower LAT of approximately RM46.4 million in the FYE 31 March 2026 compared to the LAT of approximately RM56.8 million recorded in the preceding year, mainly due to lower impairment on inventories in our Group and higher revenue from Damini Corporation and its subsidiaries with full 12-month results recorded compared to the FYE 31 March 2025 with recognition of approximately 3 months results after the acquisition.

(ii) FYE 31 March 2025 compared against FYE 31 March 2024

Our Group's revenue of approximately RM48.0 million for the FYE 31 March 2025 decreased by 24.4% compared to approximately RM63.5 million achieved in the FYE 31 March 2024. Our Group also recorded LAT of approximately RM56.8 million compared to PAT of approximately RM43.5 million recorded in the preceding year, mainly due to lower revenue recorded, impairment of machineries, impairment and revision in costing for stocks, and retrenchment costs of workers with shift in focus from manufacturing to trading business compared to one-off gains from disposal of land under compulsory acquisition of land pursuant to the Land Acquisition Act 1960 and disposal of machineries, in Laksana in the FYE 31 March 2024.

(iii) FYE 31 March 2024 compared against FYE 31 March 2023

Our Group's revenue of approximately RM63.5 million for the FYE 31 March 2024 decreased by 15.8% compared to approximately RM75.4 million achieved in the FYE 31 March 2023. Our Group recorded increase in PAT at approximately RM43.5 million compared to PAT of approximately RM1.9 million in the preceding year, mainly due to one-off gains from disposal of land under compulsory acquisition of land pursuant to the Land Acquisition Act 1960 and disposal of machineries, in Laksana in the FYE 31 March 2024.

(iv) FYE 31 March 2023 compared against FYE 31 March 2022

Our Group's revenue of approximately RM75.4 million for the FYE 31 March 2023 decreased by 10.0% compared to approximately RM83.8 million achieved in the FYE 31 March 2022. Our Group recorded PAT of approximately RM1.9 million compared to LAT of approximately RM6.7 million in the preceding year, mainly due to one-off gains from disposal of 2 plots of freehold lands by Yew Lean Foundry of RM13.5 million in the FYE 31 March 2023.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and our Board collectively and individually accepts full responsibility for the completeness and accuracy of the information contained in this Circular and confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

HLIB, being the Principal Adviser for the Proposed Capital Reduction, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

HLIB has confirmed that it is not aware of any conflict of interest situations which exist or is likely to exist in its capacity as the Principal Adviser for the Proposed Capital Reduction.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

3.2 Contingent liabilities

As at the LPD, save as disclosed below, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

	RM'000
Corporate guarantees given to banks and financial institutions to secure borrowings and bank guarantees of the subsidiary companies	27,325

4. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being a contract entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

(i) on 7 July 2025, Yew Li entered into a sale and purchase agreement with Liew Choo for the disposal by Yew Li to Liew Choo of 1 unit of factory having the address of 51, Jalan Layang-Layang 3, Bandar Puchong Jaya, 47170 Puchong, Selangor erected on all that piece of freehold land held under 5 individual titles for a total cash consideration of RM10.3 million. The disposal completed on 11 November 2025;

(ii) on 17 September 2025, Yew Lean Foundry entered into a sale and purchase agreement with Hong Kuan Metals Recycle Sdn Bhd ("**Hong Kuan**") for the disposal by Yew Lean Foundry to Hong Kuan of 1 unit of factory bearing postal address of Lot 2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang for a total cash consideration of RM18.0 million. The disposal completed on 5 January 2026;

(iii) on 15 May 2026, Logam Utara entered into a sale and purchase agreement with Lim Bee Hong for the disposal by Logam Utara to Lim Bee Hong of one and a half ($1^{1/2}$) storey terrace factory bearing postal address of No. 7, Lorong Nagasari 22, Taman Nagasari, 13600 Perai, Penang for a total cash consideration of RM900,000;

(iv) on 3 June 2026, Yew Lean Foundry entered into a sale and purchase agreement with Trilight Optics for the disposal by Yew Lean Foundry to Trilight Optics of 2 plots of industrial lands known as Lot 2432 (PT 1359), Tingkat Perusahaan 6, Prai Industrial Estate, 13600 Prai, Penang and Lot 2462 (PT 1424), Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai, Penang, together with a 33 kilovolt (kV) electrical system and a substation erected thereon, for a total cash consideration of RM28.5 million;

(v) on 29 June 2026, Yew Lean Industries entered into a joint development agreement with Puncak Alam Housing to undertake a development on all that piece of vacant land located along Persiaran Puncak Alam 3, Bandar Puncak Alam, Selangor Darul Ehsan identified as Plot 1, Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor measuring approximately 10.963 acres;

(vi) on 27 July 2026, Zenith Eastern entered into a sale and purchase agreement with FR Development Asia for the disposal by Zenith Eastern to FR Development Asia of 1 unit of single-storey detached factory erected on the land held under issue document title HS(D) 37829 (PT 445) Mukim 6, Daerah Seberang Perai Tengah, Pulai Pinang, for a total cash consideration of RM14.0 million; and

(vii) on 27 July 2026, Yew Lean Foundry entered into a sale and purchase agreement with FR Development Asia for the disposal by Yew Lean Foundry to FR Development Asia of 1 unit of single-storey detached factory erected on the land held under issue document title HS(D) 37820 (PT 434) Mukim 6, Daerah Seberang Perai Tengah, Pulau Pinang, for a total cash consideration of RM14.0 million.

5. MATERIAL LITIGATION, CLAIMS AND/OR ARBITRATION

As at the LPD, our Group is not involved in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or any facts which are likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for your inspection at our registered office at 3rd Floor, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

(i) our Constitution;

(ii) the audited consolidated financial statements of our Company for the FYE 31 March 2025 and FYE 31 March 2026;

(iii) the letter of consent and declaration of conflict of interest referred to in **Section 2** of **Appendix II** of this Circular; and

(iv) the material contracts referred to in **Section 4** of **Appendix II** of this Circular.

YLI HOLDINGS BERHAD
(Registration No. 199501038047 (367249-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of YLI Holdings Berhad ("**YLI**" or the "**Company**") ("**EGM**") will be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without any modifications, the resolution set out in this notice:

SPECIAL RESOLUTION

PROPOSED REDUCTION OF RM50.0 MILLION OF THE ISSUED SHARE CAPITAL OF YLI PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") ("PROPOSED CAPITAL REDUCTION")

"**THAT**, subject to the approvals of all relevant regulatory authorities and/or third parties being obtained for the Proposed Capital Reduction (where required) including the confirmation by the High Court of Malaya ("**Court**") pursuant to Section 116 of the Act being granted, approval be and is hereby given to the Company to implement the Proposed Capital Reduction via the reduction of RM50.0 million of the issued share capital of the Company.

THAT the corresponding credit of RM50.0 million arising from such reduction in the issued share capital be utilised to set off the accumulated losses of the Company and the remaining balance be credited to the retained earnings of the Company and may be utilised in such manner as the Board of Directors of the Company ("**Board**") deems fit and in the best interest of the Company, as permitted by the Constitution of the Company and the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AND THAT, the Board be and is authorised with full powers to take all such steps as it may deem necessary for and on behalf of the Company to:

(i) assent to any terms, conditions, stipulations, modifications, variations and/or amendments imposed by the relevant authorities (if any) and/or by the Court;

(ii) lodge the sealed copy of the order of the Court confirming the Proposed Capital Reduction with the Registrar of Companies on such date as the Board may determine; and

(iii) approve, sign, execute, deliver or cause to be delivered, all documents (including, without limitation, the affixing of the Company's common seal in accordance with the Constitution of the Company, where necessary), do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Capital Reduction in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the Court or any relevant authorities, the relevant and applicable laws or deemed necessary or desirable by the Board."

BY ORDER OF THE BOARD

Wan Razmah Binti Wan Abd Rahman (MAICSA 7021383)
Wong Shey Lan (MAICSA 7042197)
Company Secretaries

Kuala Lumpur
31 July 2026

Notes:

1. *The EGM will be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof.*

2. *A member of the Company entitled to attend, participate and vote at the meeting may appoint not more than 2 proxies or the Chairman of the EGM as his/her proxy(ies) to attend, participate and vote in his or her stead, by indicating the voting instruction in the Form of Proxy:*

   (a) *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

   (b) *A proxy appointed to attend, participate and vote at the meeting shall have the same rights as the member to speak at the meeting.*

   (c) *Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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. Where an exempt authorised nominee appoints more than 1 proxy in respect of each Omnibus Account, the appointment shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

5. *The appointment of proxy(ies) may be made in hardcopy form or by electronic means as follows:*

   (a) *<u>In Hardcopy Form</u>*

   The instrument appointing a proxy or representative and the duly registered power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the office of the Company's share registrar, Plantation Agencies Sdn Berhad, at 3rd Floor, 2 Lebuh Pantai, 10300 Georgetown, Penang; or

   (b) *<u>By Electronic Means</u>*

   The Form of Proxy may also be lodged electronically by email to sharereg@plantationagencies.com.my. Please refer to the Administrative Guide for the 31st Annual General Meeting of YLI on the procedures for electronic lodgement of the Form of Proxy,

   in either case, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

6. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.*

7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 August 2026 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his/her behalf.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this notice will be put to vote by way of a poll.*

YLI HOLDINGS BERHAD
(Registration No. 199501038047 (367249-A))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No. of Shares held

*I/We, ____
(Full name in block as per NRIC/Passport)
*NRIC No./Passport No./Company No. ______________________ Tel: ______________

of ____
(Address)
being member(s) of **YLI Holdings Berhad** hereby appoint:

First Proxy			
Full Name (in Block as per NRIC/Passport)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
(Tel:)			

And

Second Proxy			
Full Name (in Block as per NRIC/Passport)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
(Tel:)			

or failing *him/her, the Chairman of the Extraordinary General Meeting ("**EGM**") as *my/our proxy, to vote for *me/us and on *my/our behalf at the EGM of the Company, to be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:

NO.	**SPECIAL RESOLUTION**	**FOR**	**AGAINST**
1.	Proposed Capital Reduction		

Please indicate with an "X" in the space provided how you wish your proxy to vote. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this ______________ day of _________________ 2026

____
Signature(s) / Seal of Shareholder(s)
Contact No.:

** Delete whichever is not applicable*

Notes:

1. *The EGM will be held at Event Hall, Lot 3066, Jalan Datuk Sulaiman, Sungai Penchala, 60000 Kuala Lumpur on Thursday, 27 August 2026 at 11.30 a.m. or immediately following the conclusion of the 31st Annual General Meeting of YLI, which is scheduled to be held at the same venue and on the same day at 10.00 a.m. or at any adjournment thereof.*

2. *A member of the Company entitled to attend, participate and vote at the meeting may appoint not more than 2 proxies or the Chairman of the EGM as his/her proxy(ies) to attend, participate and vote in his or her stead, by indicating the voting instruction in the Form of Proxy:*

   (a) *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

   (b) *A proxy appointed to attend, participate and vote at the meeting shall have the same rights as the member to speak at the meeting.*

   (c) *Where a member appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of 2 proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 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. Where an exempt authorised nominee appoints more than 1 proxy in respect of each Omnibus Account, the appointment shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

5. *The appointment of proxy(ies) may be made in hardcopy form or by electronic means as follows:*

   (a) *<u>In Hardcopy Form</u>*

   The instrument appointing a proxy or representative and the duly registered power of attorney or other authority (if any), under which it is signed or a duly notarized certified copy of that power or authority, shall be deposited at the office of the Company's share registrar, Plantation Agencies Sdn Berhad, at 3rd Floor, 2 Lebuh Pantai, 10300 Georgetown, Penang; or

   (b) *<u>By Electronic Means</u>*

   The Form of Proxy may also be lodged electronically by email to sharereg@plantationagencies.com.my. Please refer to the Administrative Guide for the 31st Annual General Meeting of YLI on the procedures for electronic lodgement of the Form of Proxy,

   in either case, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

6. *The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.*

7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 August 2026 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his/her behalf.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in the Notice of EGM will be put to vote by way of a poll.*

9. *Any alteration in this form must be initialled.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

YLI HOLDINGS BERHAD
(Registration No. 199501038047 (367249-A))

Plantation Agencies Sdn Berhad
3rd Floor, 2 Lebuh Pantai
10300 Georgetown
Penang

1st fold here