

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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YLI HOLDINGS BERHAD

(199501038047) (367249-A)

(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

in relation to the

PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF THE COMPANY'S OWN ORDINARY SHARES OF UP TO TEN PER CENTUM (10%) OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

The resolution in respect of the above proposal will be tabled as Special Business at the 28th Annual General Meeting ("AGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Monday, 28 August 2023 at 11.00 a.m.

The Notice of AGM, together with the Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 31 March 2023. The Form of Proxy shall be deposited at the registered office of the Company situated at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur OR by electronic form via TIIH Online at <https://tiih.online> (applicable to individual shareholders only), not less than forty-eight (48) hours before the time appointed for holding the meeting. The lodging of the Form of Proxy will not preclude you from participating and voting remotely should you subsequently wish to do so.

The last day and time for lodging the Form of Proxy is Saturday, 26 August 2023 at 11.00 a.m.

This Statement is dated 28 July 2023.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

“Act”	:	The Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board” or “Board of Directors”	:	Board of Directors of YLI
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016, as amended from time to time
“EPS”	:	Earnings Per Share
“MMLR”	:	Main Market Listing Requirements of Bursa Securities (as amended from time to time and any re-enactment thereof)
“Market Day”	:	A day on which the stock market of Bursa Securities is open for trading in securities as defined in the MMLR
“NA”	:	Net Assets
“Proposed Renewal of Share Buy-Back”	:	Proposed renewal of the authority to carry out the Proposed Share Buy-Back
“Purchased YLI Shares”	:	Shares purchased pursuant to the Proposed Renewal of Share Buy-Back
“RM”	:	Ringgit Malaysia
“Share(s)”	:	Ordinary share or shares in YLI
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares, is not less than 5% of the total number of all the voting shares in the Company.
“YLI” or “the Company”	:	YLI Holdings Berhad (199501038047) (367249-A)
“YLI Group” or “the Group”	:	YLI and its subsidiaries and associated companies

All references to “you” in this Statement is to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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PROPOSED RENEWAL OF THE AUTHORITY FOR THE PURCHASE OF THE COMPANY'S OWN ORDINARY SHARES OF UP TO TEN PER CENTUM (10%) OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES

1. INTRODUCTION

The Company proposes to seek a renewal of an existing authorisation from its shareholders to purchase shares of the Company up to ten per centum (10%) of the total number of issued shares of YLI through the Bursa Securities pursuant to Section 127 of the Act and any prevailing laws and regulations issued by the relevant authorities at the time of purchase.

At the 27th AGM held on 30 August 2022, the Company had obtained from its shareholders, the authorisation for the Company to purchase up to ten per centum (10%) of the total number of issued shares of YLI. The authority obtained shall lapse at the conclusion of the forthcoming 28th AGM unless a renewal of the authority of share buy-back is obtained from shareholders of YLI. In view thereof, a renewal of the authority for the purchase of own shares is sought from shareholders for the Proposed Renewal of Share Buy-Back by way of an ordinary resolution.

The purpose of this Statement is to provide you with details of the Proposed Renewal of Share Buy-Back, to set out the recommendation of the Board and to seek your approval for the ordinary resolution to be tabled at the 28th AGM. The Notice of the 28th AGM and the Form of Proxy are enclosed in the Annual Report for the financial year ended 31 March 2023.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

As at 30 June 2023 the total number of issued shares of the Company is represented by 102,950,873 Shares, equivalent to RM110,158,886.50. The maximum number of shares that may be bought-back of up to ten percent (10%) of the total number of issued shares of YLI will include all shares which have been previously bought-back and retained as treasury shares.

The authority from shareholders, if renewed, shall be effective upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back at the 28th AGM, and will continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditional or subject to conditions; or

- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting

whichever occurs first.

Paragraph 12.10(1) of the MMLR stipulates that the Proposed Renewal of Share Buy-Back must be made wholly out of retained profits of the listed company. The maximum amount of funds to be allocated for the Proposed Share Buy-Back will be subject to the retained profits of the Company. The actual number of Shares which may be purchased and the timing of the purchase(s) will depend on, inter-alia, the market conditions, the availability of retained earnings and financial resources of the Company as well as the Bursa Securities requirement to maintain the necessary shareholding spread.

The Proposed Renewal of Share Buy-Back will be financed through internally generated funds and will be made out of the retained earnings of YLI on a company level. Based on the Company's latest audited financial statements for the financial year ended 31 March 2023, the Company's accumulated losses stood at RM41,541,000.00.

Under the provisions of Paragraph 12.17 of the MMLR, the Company may only purchase its own Shares on Bursa Securities at a price which is not more than 15% above the weighted average market price for the Shares for the five (5) market days immediately before the date of the purchase. Under the provisions of Paragraph 12.18 of the MMLR, the Company may only resell the Purchased YLI Shares held as treasury shares on Bursa Securities at:-

- (a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale; or
- (b) a price at a discount of not more than five percent (5%) to the weighted average market price for the Shares for the five (5) market days immediately before the resale provided that:-
 - (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

Pursuant to the provisions of Section 127(4) of the Act, the Directors may deal with the Shares in the following manner:-

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased in treasury, which may be distributed as share dividends to the shareholders and/or be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be transferred for the purposes of an employees' share scheme and/or be transferred as purchase consideration and/or be cancelled subsequently and/or be sold, transferred or otherwise be used for such purposes of the Minister may by order prescribe; or
- (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder.

While the Purchased YLI Shares are held as treasury shares, the rights attached to them as to attending meetings, voting, receiving dividends and participation in other distributions whether cash or otherwise shall not be conferred to the holder of such treasury shares and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in YLI for any purpose including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back is expected to benefit the Company and its shareholders as it may enhance the Net Assets of the Company. In turn, long term investors are expected to enjoy a corresponding increase in the value of their investment.

It is not expected to have any potential material disadvantage to the Company and shareholders as it will be exercised only after considering the financial resources of the Group and resultant impact on Shareholders.

In the event the treasury shares are distributed as share dividends to shareholders, it will serve as a reward to shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The potential advantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are outlined in Section 3 of this Statement.

The potential disadvantages of the Proposed Renewal of Share Buy-Back to the Company or its shareholders are as follows:-

- (i) the Proposed Renewal of Share Buy-Back, if implemented, would reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
- (ii) the Proposed Renewal of Share Buy-Back may also reduce the amount of resources available for the payment of cash dividends to shareholders of YLI.

However the financial resources of the Group may increase pursuant to the resale of the Purchased YLI Shares held as treasury shares at prices higher than the purchase price. In that regard, the Company would buy back the Shares only after your Directors have given due consideration to the potential impact on the Group's earnings and financial position and your Directors are of the opinion that it would be in the interests of the Company and the minority shareholders to do so.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

5.1 Share Capital

The Proposed Renewal of Share Buy-Back will not have any immediate material effect on the issued share capital of the Company until such time when the Shares purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back are cancelled resulting in the issued share capital of the Company being decreased accordingly. On the other hand, if the Shares purchased are retained as treasury shares, the Proposed Renewal of Share Buy-Back will not affect the issued share capital of the Company.

5.2 NA

The Proposed Renewal of Share Buy-Back may increase or decrease the NA per Share depending on the purchase price(s) of the Shares bought back. The NA per Share will increase if the purchase price is less than the NA per Share and will decrease if the purchase price exceeds the NA per Share at the time when the Shares are purchased.

In the event the Purchased YLI Shares which are retained as treasury shares are resold, the NA of the YLI Group will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in NA will depend on the actual disposal price and the number of the Purchased YLI Shares, retained as treasury shares, which are resold.

5.3 Working Capital

The Proposed Renewal of Share Buy-Back will reduce the working capital of the YLI Group, the quantum of which depends on the actual purchase price and number of Shares purchased. However, it is not expected to have a material adverse effect on the working capital of the Group. If purchased shares are treated as treasury shares and subsequently resold on Bursa Securities, the working capital of the Group will increase if the Company realized a gain from the resale.

5.4 EPS

The effect of the Proposed Renewal of Share Buy-Back on the EPS of the Company is dependent on, inter-alia, the actual number of the Shares bought back and the purchase prices of the Shares and the effective funding cost to the Company.

Assuming that the Purchased YLI Shares are retained as treasury shares and resold, the EPS will increase if the selling price is higher than the cost of the Shares purchased and the interest foregone or interest expense incurred on the Purchased YLI Shares. If the Purchased YLI Shares are cancelled, the EPS will increase provided that the income foregone and interest expense incurred on the Purchased YLI Shares is less than the EPS before the Proposed Renewal of Share Buy-Back.

The effective reduction in the number of Shares in the computation of the consolidated EPS pursuant to the Proposed Renewal of Share Buy-Back may generally, all other things remaining equal, have a positive impact on the consolidated EPS of YLI for the financial year in which the Shares are purchased.

5.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back is implemented in full, dividends will be paid on the remaining issued share capital of YLI (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back may reduce the amount of distributable reserves available for payment of dividend in the immediate future.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The effects of the Proposed Renewal of Share Buy-Back on the shareholdings of the directors and substantial shareholders based on the YLI's Registers of Directors' Shareholdings and Substantial Shareholders as at 30 June 2023 will be as follows:-

(i) Directors

Name of Directors	Before the Proposed Renewal of Share Buy-Back Taking into account Shares purchased and held as treasury shares				After the Proposed Renewal of Share Buy-Back Assuming 10% of the share capital is purchased and cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Dato' Hj Samsuri bin Rahmat	-	-	32,510,089*	31.62	-	-	32,510,089*	35.09
Seah Heng Chin	-	-	32,510,089*	31.62	-	-	32,510,089*	35.09

(ii) Substantial Shareholders

Name of Substantial Shareholders	Before the Proposed Renewal of Share Buy-Back Taking into account Shares purchased and held as treasury shares				After the Proposed Renewal of Share Buy-Back Assuming 10% of the share capital is purchased and cancelled			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Suasana Karisma Sdn. Bhd.	32,510,089	31.62	-	-	32,510,089	35.09	-	-
Dato' Hj Samsuri bin Rahmat	-	-	32,510,089*	31.62	-	-	32,510,089*	35.09
Seah Heng Chin	-	-	32,510,089*	31.62	-	-	32,510,089*	35.09

* *Deemed interested by virtue of their shareholdings in Suasana Karisma Sdn. Bhd.*

Save for the changes in percentage of shareholdings and/or voting of the Shareholders resulting from the Proposed Renewal of Share Buy-Back, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back and, if any, the resale of treasury shares. In addition, in so far as the Directors are aware, none of the persons connected to the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back and, if any, in the resale of treasury shares.

7. IMPLICATIONS OF THE CODE

Under the Code, a director and any persons acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholdings is between 33% and 50% and increases by another 2% in any subsequent 6 months period.

Notwithstanding the above, such person and any person acting in concert may make an application to the Securities Commission for an exemption from a mandatory general offer under Paragraph 24.1 of Practice Note 9 of the Code.

As at the date of this Statement, the Company has yet to decide on the percentage of its own shares to be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority. In any case, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code and the Company will be mindful of the above implications of the Code in making any purchase of its own shares under the Proposed Renewal of Share Buy-Back Authority.

8. HISTORICAL SHARE PRICE OF THE COMPANY

The monthly highest and lowest closing price of shares as traded on Bursa Securities for the past twelve (12) months are as follows:

<u>Year 2022/2023</u>	<u>High (RM)</u>	<u>Low (RM)</u>
2022		
July	0.280	0.280
August	0.260	0.260
September	0.255	0.255
October	0.265	0.260
November	0.255	0.255
December	0.300	0.300
2023		
January	0.305	0.305
February	0.345	0.340
March	0.310	0.310
April	0.300	0.300
May	0.325	0.325
June	0.325	0.325

(Source : www.i3investor.com)

The last transacted price of shares on 14 July 2023 being the latest practicable date prior to the printing of this Statement was RM0.350

9. PURCHASE, RESALE AND CANCELLATION OF YLI SHARES MADE IN THE LAST FINANCIAL YEAR

The Company has not purchased any of its own shares in the last financial year ended 31 March 2023. There was no resale or cancellation of treasury shares during the same period. As at 31 March 2023, a total of 121,000 YLI Shares was bought back and retained as treasury shares.

10. PUBLIC SHAREHOLDING SPREAD

As at 30 June 2023, the public shareholding spread of the Company was approximately 68.38%. The public shareholding spread is expected to be reduced to approximately 64.91% assuming the Proposed Renewal of Share Buy-Back is implemented in full and all the Shares so purchased are cancelled. In this regard, the Board undertakes that the purchase of Shares will be conducted in compliance with the 25% public shareholding spread as required by the MMLR.

11. DIRECTORS' RECOMMENDATION

Your Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back, are of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, your Directors recommend that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM of the Company.

12. 28th AGM

The 28th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online> on Monday, 28 August 2023 at 11.00 a.m. for the purpose of considering and if thought fit, inter-alia, to pass the resolution pertaining to the Proposed Renewal of Share Buy-back under Special Business. The Notice of AGM, together with the Form of Proxy, are enclosed in the Annual Report of the Company for the financial year ended 31 March 2023.

If you are unable to participate and vote remotely at the 28th AGM, you are requested to deposit the Form of Proxy at the registered office of the Company situated at No. 45 Lorong Rahim Kajai 13, Taman Tun Dr Ismail, 60000 Kuala Lumpur OR by electronic form via TIIH Online at <https://tiih.online> (applicable to individual shareholders only), not less than forty-eight (48) hours before the time appointed for holding the meeting, or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I of this Statement for further information.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that after having made all reasonable enquiries and to the best of their knowledge, information and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company, during normal business hours on any week day (except public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:

- (a) The Constitution of the Company; and
- (b) Audited financial statements of the Company for the two (2) financial years ended 31 March 2022 and 31 March 2023.