MSWG Letter dated 20 August 2026

MSWG
MINORITY SHAREHOLDERS WATCH GROUP

20 August 2026

Reference: MSWG-CM-07-27/26
By Email

The Board of Directors
YLI HOLDINGS BERHAD
3rd Floor, Lot 3066
Jalan Datuk Sulaiman
Sungai Penchala
60000 Kuala Lumpur
Wilayah Persekutuan

Attention: **Wan Razmah Binti Wan Abd Rahman**
Wong Shey Lan
Company Secretaries

Dear Directors,

31st ANNUAL GENERAL MEETING ("AGM") OF YLI HOLDINGS BERHAD ("THE COMPANY" OR "THE GROUP") TO BE HELD ON THURSDAY, 27 AUGUST 2026

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

A. OPERATIONAL AND FINANCIAL MATTERS

1. In FY2026, the Group recognised a RM13.5 million fair value gain on investment properties, while certain properties were written off amounting to RM14.1 million and others were disposed of at a loss of RM2.643 million during the same period (Note 6, Pages 93-95 of the Annual Report (AR) 2026, and Note 26, Page 119 of AR 2026).

   a) Which investment properties contributed to the fair value gain? Please explain the key factors that drove the valuation uplift.

   b) How many investment properties were written off during FY2026, and what were the locations, carrying values and original acquisition dates of these properties? Why were they written off only in FY2026?

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   c) Were any of the written-off properties acquired, reclassified, revalued, or subject to significant fair value gains in recent years prior to their write-off?

   d) Did the Board or Audit Committee previously review the written-off properties, and were any concerns raised in earlier years regarding their recoverability?

   e) Following the write-offs, are there any other investment properties within the portfolio that may be at risk of impairment or write-down in FY2027?

   f) Considering that the combined write-offs and disposal losses exceeded RM16 million, effectively offsetting the RM13.5 million fair value gain, what is Management's assessment of the overall economic return generated by the Group's investment property portfolio, and what steps are being taken to improve shareholder value going forward?

2. The Construction and Project Management segment's loss widened from RM438,000 in FY2025 to RM4.264 million in FY2026, while net liabilities deepened to RM9.302 million. The segment also recorded a first-time impairment of RM3.793 million on contract assets (Note 15, Page 109 of AR 2026, and Note 34, Pages 136-137 of AR 2026).

   a) What contracts caused the RM3.793 million impairment on contract assets, and is recovery, including legal action, being pursued?

   b) What is the plan to address this segment's growing net liabilities?

   c) Is Haluan Prisma Sdn Bhd's Grade 7 CIDB tendering capacity affected (Page 18 of AR 2026)?

B. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE MATTERS

3. Two Industrial Court disputes at Yew Lean Foundry & Co Sdn Bhd (YLF), a Group subsidiary, stem from a reduced working-day schedule and a retrenchment exercise. The Court has fixed both matters for hearing in October and December 2026, after this AGM (Note 36, Page 138 of AR 2026).

   a) In light of these disputes, has the Group identified any changes needed to its employee consultation, restructuring, or workforce management processes?

   b) If so, have those changes been made at YLF, and what are they?

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

MSWG

MINORITY SHAREHOLDERS WATCH GROUP

Answers to Questions posed in relation to the MSWG Letter dated 20 August 2026

Operational & Financial Matters

1) In FY2026, the Group recognised a RM13.5 million fair value gain on investment properties, while certain properties were written off amounting to RM14.1 million and others were disposed of at a loss of RM2.643 million during the same period (Note 6, Pages 93-95 of the Annual Report (AR) 2026, and Note 26, Page 119 of AR 2026).

a) Which investment properties contributed to the fair value gain? Please explain the key factors that drove the valuation uplift.

Operational & Financial Matters (con’t)

b) How many investment properties were written off during FY2026, and what were the locations, carrying values and original acquisition dates of these properties?

Why were they written off only in FY2026?

c) Were any of the written-off properties acquired, reclassified, revalued, or subject to significant fair value gains in recent years prior to their write-off?

d) Did the Board or Audit Committee previously review the written-off properties, and were any concerns raised in earlier years regarding their recoverability?

Operational & Financial Matters (con't)

e) Following the write-offs, are there any other investment properties within the portfolio that may be at risk of impairment or write-down in FY2027?

f) Considering that the combined write-offs and disposal losses exceeded RM16 million, effectively offsetting the RM13.5 million fair value gain, what is Management's assessment of the overall economic return generated by the Group's investment property portfolio, and what steps are being taken to improve shareholder value going forward?

Operational & Financial Matters (con’t)

***Answer**:*

1. (a) The RM13.5 million fair value gain arose from the remeasurement of the Group’s investment properties to their fair values as at 31 March 2026. The portfolio comprised freehold land, leasehold land, buildings on freehold land and buildings on leasehold land under Yew Lean Foundry & Co Sdn Bhd, Zenith Eastern (M) Sdn Bhd and Damini Corporation Sdn Bhd. Fair values were determined using valuation techniques including the comparison method and cost method, based on relevant valuation assumptions and prevailing market conditions.

<u>Operational & Financial Matters (con't)</u>

***Answer**:*

1. (b) The RM14.1 million write-off related to investment properties held under Yew Lean Foundry & Co Sdn Bhd in Prai acquired in 1994 & 1999 where buildings on leasehold land had been demolished upon request from the purchaser. The write-off arose when the relevant buildings were demolished and were no longer available for use.

1. (c) No, there isn't written-off properties acquired, reclassified, revalued, or subject to significant fair value gains in recent years prior to their write-off.

Operational & Financial Matters (con’t)

Answer:

1. (d) Yes. The investment property portfolio forms part of the Group’s regular financial reporting and asset management review. The Board and Audit Committee review significant financial reporting matters, including material movements in investment property valuations and the related accounting treatment.

1. (e) The Group continuously reviews its investment property portfolio and assesses fair values at each reporting date. As at 31 March 2026, the remaining investment properties had a total fair value of RM65.6 million. Based on information currently available, Management is not aware of any specific matter requiring a further write-down. Valuations on annual basis will nevertheless continue to be reassessed based on market conditions and relevant assumptions.

Operational & Financial Matters (con't)

***Answer**:*

1. (f) Generating positive return to the Shareholder on the existing investment property portfolio has always been the main agenda for the management and the Group subject always to the market preference & condition at the point of disposal. The remaining portfolio will be managed with a focus on positive return and value enhancement.

Operational & Financial Matters (con’t)

2. The Construction and Project Management segment's loss widened from RM438,000 in FY2025 to RM4.264 million in FY2026, while net liabilities deepened to RM9.302 million. The segment also recorded a first-time impairment of RM3.793 million on contract assets (Note 15, Page 109 of AR 2026, and Note 34, Pages 136-137 of AR 2026).

a) What contracts caused the RM3.793 million impairment on contract assets, and is recovery, including legal action, being pursued?

Operational & Financial Matters (con’t)

b) What is the plan to address this segment's growing net liabilities?

c) Is Haluan Prisma Sdn Bhd's Grade 7 CIDB tendering capacity affected (Page 18 of AR 2026)?

***Answer**:*

2. (a) The construction contract is namely “Naiktaraf Kompleks Majlis Sukan Negara”.

Management continues to pursue recovery despite impairment made through appropriate contractual and legal channels where applicable.

Operational & Financial Matters (con't)

***Answer**:*

2. (b) We had on 29 June 2026 to announce entering Property Development industry via joint development of vacant land located in Puncak Alam. This will complement with our existing Construction and Project segment moving forward with more development projects forthcoming.

2. (c) Haluan Prisma Sdn Bhd's Grade 7 CIDB license is still valid until 30 January 2029 and our tendering capacity is unaffected by this impairment arising from the applicable approved Accounting treatment.

Environmental, Social And Governance Matters

3. Two Industrial Court disputes at Yew Lean Foundry & Co Sdn Bhd (YLF), a Group subsidiary, stem from a reduced working-day schedule and a retrenchment exercise. The Court has fixed both matters for hearing in October and December 2026, after this AGM (Note 36, Page 138 of AR 2026).

a) In light of these disputes, has the Group identified any changes needed to its employee consultation, restructuring, or workforce management processes?

b) If so, have those changes been made at YLF, and what are they?

Environmental, Social And Governance Matters (con't)

***Answer**:*

3. (a) The Board recognises the importance of effective employee communication and consultation, particularly during restructuring. The Group would like to stress that any restructuring action done by the Group on the Human Resources planning are always adhere to applicable employment and industrial relations requirements after in consultation with relevant external professional, including legal counsel. Nevertheless, moving forward, the Management will always explore options to strengthen the process via more effective communication to affected employees and consultation with employee representatives where appropriate.

Environmental, Social And Governance Matters (con’t)

Answer:

3. (b) YLF has ceased its manufacturing operations and is now focused on trading activities with minimal workforce. Nevertheless, the Management will continue to apply strengthened employee engagement and restructuring processes for future workforce changes with the appointment of appropriate professional advisers, if applicable.

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