



YONGNAM HOLDINGS LIMITED

(Co Reg No 199407612N)
(Judicial Managers Appointed)

RECEIPT OF WRIT OF SUMMONS DATED 25 AUGUST 2023 AND STATEMENT OF CLAIM DATED 25 AUGUST 2023 FROM RHB TRUSTEES BERHAD (AXIS REAL ESTATE INVESTMENT TRUST) IN RELATION TO MALAYSIAN COURT PROCEEDINGS, SUIT NUMBER: JA-22NCC-59-08/2023

The judicial managers of Yongnam Holdings Limited (the “**Company**”) refer to the Company’s General Announcement dated 29 December 2022, announcing that the Company had previously received a letter of demand on 28 December 2022 for the sum of RM 8,456,194.20 (the “**Demanded Sum**”), from the attorney of RHB Trustees Berhad (as Trustee for AXIS-REIT). The Demanded Sum was in relation to arrears of rental, compensation charges and legal fees for premises known as AXIS Steel Centre @ SiLC(JB), No. 27, Jalan SiLC 1/5, Kawasan Perindustrian SiLC, 79200 Bandar Nusajaya, Johor Darul Ta’Zim, Malaysia.

The judicial managers wish to update that on 2 September 2023, Yongnam Engineering Sdn. Bhd. (“**YESB**”) received a copy of the Writ of Summons dated 25 August 2023 (“**Writ**”) and Statement of Claim dated 25 August 2023 (“**SOC**”) filed by RHB Trustees Berhad (Axis Real Estate Investment Trust) (“**RHB**”) in Malaysian Court proceedings (Johor Darul Takzim), under Suit Number: JA-22NCC-59-08/2023 (“**RHB Claim**”).

The RHB Claim relates to rental arrears owed by YESB, pursuant to a lease agreement entered into between RHB and YESB on 26 November 2014 (“**Lease**”) in respect of the parcel of land held under HSD 458080 for PTD 5755, Mukim Jelutong, Daerah Johor Bahru, measuring 10,9095 hectares.

As YHL issued a corporate guarantee on 30 December 2014, for which it irrevocably and unconditionally guaranteed YESB’s payments to RHB for agreed rental, interest, taxes, agreed liquidated damages and all other forms of payment and/or indebtedness or any portion thereof payable by YESB to RHB in accordance with the terms of the Lease, RHB is also seeking to hold YHL jointly and severally liable for the rental arrears under the Lease.

Allegations in the SOC

By the SOC, RHB is claiming the following against YESB and YHL (as Guarantor), jointly and severally:

- a. Agreed rental arrears due and owing pursuant to the Lease for the amount of RM 3,792,276.43;
- b. Compensation charges of RM 703,966.14 as at 7 June 2023 and continuing on the sum of RM3,792,276.43 at the rate of 1.5% per month on daily basis from 8 June 2023 until the date of full and final realisation;
- c. Agreed liquidated damages of RM 105,396,516.60;
- d. Compensation charges on the sum of RM 105,396,516.60 at the rate of 1.5% per month from 8 June 2023 until the date of full and final realisation; and
- e. Legal charges and reimbursements as at the date of filing the Writ in the sum of RM 236,954.77.

The Company and YESB are in the process of taking legal advice and will make further announcements as and when there are material updates in relation to the abovementioned matters.

Shareholders, creditors and holders of existing debts and securities of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

For and On Behalf of the Company

Toh Ai Ling
Joint and Several Judicial Manager
11 September 2023

Seow Soon Yong
Chief Executive Officer
11 September 2023