



YONGNAM HOLDINGS LIMITED

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

RECEIPT OF STATUTORY NOTICE OF DEMAND – RHB TRUSTEES BERHAD

The judicial managers of Yongnam Holdings Limited (Judicial Managers Appointed) (the “**Company**”) wish to update that Yongnam Engineering Sdn Bhd (“**YESB**”), a wholly-owned subsidiary of the Company, received a statutory notice of demand dated 16 November 2023 under Section 446(1)(a) of the Malaysian Companies Act 2016 (“**Companies Act 2016**”) from the solicitors of RHB Trustees Berhad (as Trustee for Axis Real Estate Investment Trust) (“**RHB**”) in relation to a Sum (as defined below) due to RHB (the “**Notice**”), which is guaranteed by the Company.

The Notice alleges that YESB is required to pay to RHB the sum of RM122,980,054.59, being the aggregate sum due and owing to RHB (the “**Sum**”) for the First Malaysian Suit (as defined below), the Second Malaysian Suit (as defined below) and the Third Malaysian Suit (as defined below) (together, the “**Suits**”).

The sums due and owing under each of the Suits as stated in the Notice relate to remaining arrears of rental for the 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 “**Premises**”) for different rental periods, compensation charges, cost and such other or further reliefs as deemed fit and just by the High Court of Malaya at Johor Bahru.

First Malaysian Suit

The JMs refer to:

1. 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 RM8,456,194.20, from the attorney of RHB owing from YESB, with the Company as corporate guarantor; and
2. the Company’s General Announcement dated 16 April 2023, announcing that the Company received, among other things, a Writ of Summons dated 8 February 2023 and an amended Statement of Claim dated 31 March 2023 from RHB in relation to Malaysian Court Proceedings (Suit Number: **JA-22NCC-64-12/2022**) (the “**First Malaysian Suit**”).

In relation to the First Malaysian Suit, the JMs also wish to update that YESB received a copy of the judgment of the Johor Bahru High Court dated 25 October 2023 (the “**Judgment**”), which named YESB as the defendant. Pursuant to the Judgment, the Malaysian Court adjudged the Defendant to pay RHB:

- (a) a principal judgment sum of RM2,537,980.20 (the rental deposit of RM5,918,214 was offset from the claim amount of RM8,456,194.20);
- (b) compensation charges on the sum of RM7,195,943.41 at the rate of 1.5% per month from 21 December 2022 until 20 March 2023;
- (c) compensation charges on the sum of RM1,277,729.41 at the rate of 1.5% per month from 21 March 2023 until the date of full settlement; and
- (d) costs of RM1,000.00.

The Notice states that the sum due and owing to RHB under the First Malaysian Suit (which relates to outstanding arrears of rental of the Premises in 2022) is as follows:

- (a) principal judgment sum of RM2,537,980.20;
- (b) compensation charges of RM323,817.45 on the sum of RM7,195,943.41 at the rate of 1.5% per month from 21 December 2022 until 20 March 2023;
- (c) compensation charges of RM151,184.25 on the sum of RM1,277,729.41 at the rate of 1.5% per month from 21 March 2023 until 16 November 2023; and
- (d) costs of RM1,000.00.

Second Malaysian Suit

The JMs received a writ of distress of the Johor Bahru Sessions Court dated 13 March 2023 (Execution No.: **JA-56-9-03/2023**) to seize movable property found at, or on the Premises to obtain the sum amounting to RM2,345,738.00, which is two months of rental arrears owed for the months of January 2023 and February 2023, together with the fixed cost and fee and expenses for executing the writ (the “**Second Malaysian Suit**”).

The Notice states that the sum due and owing to RHB under the Second Malaysian Suit (which relates to arrears of rental of the Premises for the months of January and February 2023) is as follows:

- (a) rental payment of RM2,345,738.00 for January 2023 and February 2023;
- (b) (less) auction proceeds of RM1,200,000.00 (from the sale of the seized movable property);
and

- (c) court commission and bailiff expenses of RM10,111.70.

Third Malaysian Suit

The JMs refer to:

1. the Company's General Announcement dated 11 September 2023, announcing that the Company received a Writ of Summons dated 25 August 2023 and Statement of Claim dated 25 August 2023 from RHB in relation to Malaysian Court Proceedings (Suit Number: **JA-22NCC-59-08/2023**) (the "**Third Malaysian Suit**"), which named YESB and the Company as defendants; and
2. the Company's General Announcement dated 23 October 2023, announcing that the Company received a copy of the sealed judgment in default of appearance dated 3 October 2023 filed by RHB in the Third Malaysian Suit and a letter of demand dated 19 October 2023 demanding sums due under the default judgment from Shearn Delamore & Co.

The Notice states that the sum due and owing to RHB under the Third Malaysian Suit (which relates to remaining arrears of rental of the Premises from March 2023 to 7 June 2023) is as follows:

- (a) agreed rental arrears due and owing pursuant to a lease for the amount of RM3,792,276.43;
- (b) compensation charges of RM703,966.14 as at 7 June 2023;
- (c) continuing compensation charges of RM301,485.98 on the sum of RM3,792,276.43 at the rate of 1.5% per month on daily basis from 8 June 2023 until 16 November 2023;
- (d) agreed liquidated damages of RM105,396,516.60;
- (e) compensation charges of RM8,379,023.07 on the sum of RM105,396,516.60 at the rate of 1.5% per month from 8 June 2023 until 16 November 2023; and
- (f) legal charges and reimbursements as at the date of filing the writ in the sum of RM236,954.77.

The Notice states that it serves as notice that unless the Sum is paid to RHB within 21 days from 17 November 2023, YESB shall pursuant to Section 466(1)(a) of the Companies Act 2016 be deemed to be unable to pay its debt and proceedings may thereafter be commenced for the winding up of YESB.

The JMs will make further announcements on the SGXNET in the event there are any material developments which warrant disclosure, in compliance with its obligations under the Listing Manual.

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
4 December 2023

Seow Soon Yong
Chief Executive Officer
4 December 2023