

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. You should rely on your own evaluation to assess the merits and risks of the Proposed Rights Issue (as defined herein).

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YB VENTURES BERHAD
(formerly known as Yi-Lai Berhad)
(Registration No.: 200001013437 / 516043-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM48,523,305 NOMINAL VALUE OF FIVE (5)-YEAR, 0.10% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) AT 100% OF ITS NOMINAL VALUE OF RM0.04 EACH ON THE BASIS OF FIVE (5) ICULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN YB VENTURES BERHAD (“YBVB”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



The Notice of the Extraordinary General Meeting (“**EGM**”) of YBVB will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Wednesday, 30 June 2021 at 3.00 p.m. or immediately upon the conclusion or adjournment of the Twenty-First Annual General Meeting of YBVB which will be held on the same day at 2.00 p.m., whichever is later, or at any adjournment thereof. The Proxy Form should be lodged at YBVB’s Share Registrar’s Office at Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time appointed for the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

IMPORTANT DATES

Last date and time for lodging the Proxy Form	:	Monday, 28 June 2021 at 3.00 p.m. or any adjournment thereof
Date and time for the EGM	:	Wednesday, 30 June 2021 at 3.00 p.m. or immediately upon the conclusion or adjournment of the Twenty-First Annual General Meeting of YBVB which will be held on the same day at 2.00 p.m., whichever is later, or any adjournment thereof

This Circular is dated 14 June 2021

DEFINITIONS

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

“Act”	:	The Companies Act 2016
“Board”	:	Board of Directors of YBVB
“Bonus Issue”	:	A bonus issue of 97,045,933 new YBVB Shares on the basis of two (2) new YBVB Shares for every three (3) existing YBVB Shares
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (198701006854 / 165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (200301033577 / 635998-W)
“Circular”	:	This circular dated 14 June 2021 to the shareholders of YBVB in relation to the Proposed Rights Issue
“CMSA”	:	Capital Markets & Services Act, 2007
“Conversion Price”	:	The conversion price of the ICULS, which will be determined at a later date by the Board after all relevant approvals have been obtained
“COVID-19”	:	Coronavirus pandemic 2019
“Diversification”	:	Diversification of the existing principal activities of YBVB Group to include the provision of IT solutions which was approved by the shareholders of the Company on 30 October 2020
“EGM”	:	Extraordinary general meeting
“Entitled Shareholders”	:	Shareholders of YBVB whose name appear in the Record of Depositors at the close of business on the Entitlement Date
“Entitlement Date”	:	The date to be determined and announced by the Board after the approvals from the relevant authorities and shareholders of the Company have been obtained, for the purpose of determining the entitlements of the shareholders of YBVB for the Proposed Rights Issue
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending 31 December
“Guidelines”	:	Guidelines on Issuance of Corporate Bonds and Sukuk to Retails Investors
“ICULS”	:	Five (5)-year, 0.10%, irredeemable convertible unsecured loan stocks to be issued by the Company pursuant to the Proposed Rights Issue
“IT”	:	Information Technology
“KAF IB”	:	KAF Investment Bank Berhad (197401003530 / 20657-W)
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	25 May 2021, being the latest practicable date prior to the printing of this Circular
“Maximum Scenario”	:	(i) Assuming that the Proposed Rights Issue is implemented based on the Maximum Subscription Level basis; and (ii) RM48,523,305 nominal value of ICULS to be issued under the Maximum Subscription Level will be fully converted into 1,213,082,625 new YBVB Shares by surrendering one (1) ICULS together with cash such that in aggregate it amounts to the Conversion Price (as further elaborated in Section 6.0 of this Circular)

DEFINITIONS (CONT'D)

“Maximum Subscription Level”	:	The maximum subscription level basis of RM48,523,305 nominal value of ICULS that may be issued under the Proposed Rights Issue
“MCO”	:	Movement control order
“Minimum Scenario”	:	(i) Assuming that the Proposed Rights Issue is implemented based on the Minimum Subscription Level basis; and (ii) RM7,461,599.80 nominal value of ICULS to be issued under the Minimum Subscription Level will be fully converted into 18,653,999 new YBVB Shares by surrendering nominal value of ICULS equivalent to the Conversion Price (as further elaborated in Section 6.0 of this Circular)
“Minimum Subscription Level”	:	The minimum subscription level basis of RM7,461,599.80 nominal value of ICULS that may be issued under the Proposed Rights Issue
“NA”	:	Net assets
“Proposed Rights Issue”	:	Proposed renounceable rights issue of up to RM48,523,305 nominal value or 1,213,082,625 ICULS at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) YBVB Share held by the Entitled Shareholders on the Entitlement Date
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules of Bursa Depository”	:	The rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991 as amended from time to time, including the Securities Industry (Central Depositories) Amendment Act, 1998
“SC”	:	Securities Commission Malaysia
“TERP”	:	Theoretical ex-rights price
“TechBase Solution”	:	TechBase Solution Sdn Bhd (200901025479 / 868581-M)
“Trust Deed”	:	The ICULS will be issued in registered form and constituted by a trust deed to be executed by the Company and a trustee to be appointed acting for the benefits of the ICULS holders
“Undertakings”	:	Irrevocable written undertakings from the Undertaking Shareholders to subscribe in full for their respective entitlements of ICULS under the Proposed Rights Issue
“Undertaking Shareholders”	:	Collectively, Lim Lee Wheng, Au Yee Boon and TechBase Solution
“VWAMP”	:	Volume weighted average market price
“YBVB” or the “Company”	:	YB Ventures Berhad (formerly known as Yi-Lai Berhad) (200001013437 / 516043-K)
“YBVB Group” or the “Group”	:	YBVB and its subsidiaries, collectively
“YBVB Share(s)” or “Share(s)”	:	Ordinary share(s) in the Company

Words denoting the singular number only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include a body of persons, corporate or unincorporated (including a trust). Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated. Any reference to any statute is a reference to that statute as for the time being amended or re-enacted.

LETTER TO THE SHAREHOLDERS OF YBVB IN RELATION TO THE PROPOSED RIGHTS ISSUE

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EXECUTIVE SUMMARY

This Executive Summary only highlights the key information of this Circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Circular before making a decision on the Proposed Rights Issue.

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
Summary of the Proposed Rights Issue	<p>: The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to RM48,523,305 nominal value or 1,213,082,625 ICULS at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) YBVB Share held by Entitled Shareholders on the Entitlement Date.</p> <p>The Conversion Price of the ICULS will be determined at a later date by the Board after all relevant approvals have been obtained.</p>	Section 2
Rationale	<p>: After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for YBVB for the purposes stated in Section 3.0 of this Circular in view of the following reasons:-</p> <ul style="list-style-type: none">(i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3 of this Circular, particularly for the Business Expansion Plan (as defined below), which is expected to contribute positively to the future financial performance of the Group;(ii) the Proposed Rights Issue enables the Company to raise funds without incurring high interest costs as in the case of borrowings from financial institutions, where the 0.10% annual coupon payment on the nominal value of the ICULS is much lower than the base lending rate of financial institutions, which exceeds 5.0% per annum as at the LPD (<i>Source : Base Rates, BLR and Indicative Effective Lending Rates of Financial Institutions as at 6 August 2020 published by Bank Negara Malaysia</i>);(iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company at a pre-determined conversion price during the tenure of the ICULS. In addition, the proceeds from the conversion of the ICULS, if any, will provide an additional source of funds for the Company's future working capital requirements and/or business expansion of the Company; and(iv) the issuance of ICULS does not have an immediate dilutive effect on the EPS of the Company as opposed to the issuance of new YBVB Shares and it enables the Company to strengthen its eventual capital base upon full conversion of the ICULS.	Section 4

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EXECUTIVE SUMMARY (CONT'D)

<u>Key information</u>	<u>Description</u>	<u>Reference to Circular</u>
Approvals required	<p>: The Proposed Rights Issue is subject to the following approvals being obtained:-</p> <ul style="list-style-type: none">(i) the SC for the issuance of the ICULS;(ii) Bursa Securities for:-<ul style="list-style-type: none">(a) the admission of the ICULS on the Official List of Bursa Securities and the listing of and quotation for the ICULS on the Main Market of Bursa Securities; and(b) the listing of and quotation for the new YBVB Shares to be issued upon conversion of ICULS on the Main Market of Bursa Securities;(iii) shareholders of the Company for the Proposed Rights Issue at an EGM to be convened; and(iv) any other relevant authorities and/or parties, if required.	Section 8
Directors' Statement and Recommendation	<p>: The Board, having considered all aspects of the Proposed Rights Issue, including but not limited to the rationale and financial effects of the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interest of the Company.</p>	Section 10

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YB VENTURES BERHAD
(formerly known as Yi-Lai Berhad)
(Registration No.: 200001013437 / 516043-K)
(Incorporated in Malaysia)

Registered Office:
Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah Alam
Selangor

14 June 2021

BOARD OF DIRECTORS

Tan Sri Dato' Sri Dr. Ali Bin Hamsa (Independent and Non-Executive Chairman)
Au Yee Boon (Executive Director)
Lee Boon Siong (Executive Director)
Tan Eik Huang (Independent and Non-Executive Director)
Dato' Sri Gan Chow Tee (Independent and Non-Executive Director)

To: The Shareholders of YBVB

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE

1.0 INTRODUCTION

On 4 March 2021, KAF IB had, on behalf of the Board, announced that YBVB is proposing to undertake a proposed renounceable rights issue of up to RM48,523,305 nominal value or 1,213,082,625 ICULS at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) YBVB Share held by the Entitled Shareholders on the Entitlement Date.

On 25 May 2021, KAF IB had, on behalf of the Board, announced that the SC had vide its letter 25 May 2021, resolved to approve the issuance of the ICULS pursuant to the Proposed Rights Issue under subsection 214(1) of the CMSA, subject to the conditions set out in Section 8 of this Circular.

On 8 June 2021, KAF IB had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 8 June 2021, resolved to approve the following:-

- (i) the admission of the ICULS to the Official List of Bursa Securities and the listing of and quotation for the ICULS on the Main Market of Bursa Securities; and
- (ii) the listing of and quotation for the new YBVB Shares to be issued upon conversion of ICULS on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF YBVB WITH THE DETAILS OF THE PROPOSED RIGHTS ISSUE AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

SHAREHOLDERS OF YBVB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RIGHTS ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2.0 DETAILS OF THE PROPOSED RIGHTS ISSUE

2.1 Basis and number of ICULS

As at the LPD, the issued share capital of YBVB (including 808,166 treasury shares) is RM93,692,416 comprising 242,616,525 YBVB Shares. The Proposed Rights Issue, which will be undertaken on a renounceable basis, entails the issuance of up to RM48,523,305 nominal value or 1,213,082,625 ICULS at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) YBVB Share held by the Entitled Shareholders on the Entitlement Date. The Maximum Subscription Level was derived as follows:-

		No. of Shares
Issued share capital (including treasury shares) as at the LPD	(A)	242,616,525
No. of ICULS to be issued pursuant to the Proposed Rights Issue	(B) = (A) x 5 / 1	1,213,082,625
Maximum nominal value of ICULS	(C) = (B) x RM0.04	48,523,305

The Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the ICULS. Any unsubscribed ICULS shall be made available for excess applications by the Entitled Shareholders and/or their renounee(s)/transferee(s).

The ICULS will be provisionally allotted to the Entitled Shareholders on the Entitlement Date after obtaining all relevant approvals in respect of the Proposed Rights Issue. Any fractional entitlements of the ICULS under the Proposed Rights Issue will be disregarded and shall be dealt with in such a manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company.

The ICULS will be issued in registered form and constituted by the Trust Deed. The indicative salient terms of the ICULS are set out in Section 2.4 of this Circular.

2.2 Basis of determining and justification for the issue price and conversion price of ICULS

The ICULS shall be issued at 100% of the nominal value of RM0.04 each. The nominal value was fixed after taking into consideration the minimum level of funds intended to be raised by YBVB for the purposes stated in Section 3 of this Circular. The conversion price of the ICULS will be determined at a later date by the Board after all relevant approvals have been obtained, and announced by the Company, after taking into consideration, among others, the following:-

- (i) the 5-day VWAMP of YBVB Shares immediately before the price-fixing date or the TERP of YBVB Shares calculated based on such 5-day VWAMP, if applicable; and
- (ii) the prevailing market conditions and market price of YBVB Shares on the price-fixing date.

For clarity, the intention of determining the Conversion Price closer to the implementation of the Proposed Rights Issue serves to provide the Board with greater flexibility to determine the Conversion Price based on the foregoing basis with due consideration to the volatility of historical market prices of YBVB Shares, where during the past six (6) months up to the LPD, the YBVB Shares (after adjusted for the Bonus Issue) were traded between a low of RM0.516 on 8 January 2021 and a high of RM0.756 on 18 February 2021.

For the purpose of illustration in this Circular only, the ICULS are assumed to be converted at an indicative conversion price of RM0.40 per Share. Such indicative conversion price assumed represents a discount of 28.33% to the five (5)-day VWAMP of YBVB Shares up to and including the LPD of RM0.5581.

2.3 Ranking of the ICULS and new YBVB Shares arising from the conversion of ICULS

The ICULS shall constitute direct, unconditional, unsecured and unsubordinated obligations of YBVB and subject to the provisions contained in the Trust Deed, at all times, rank equally without discrimination, preference or priority between themselves and all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of YBVB from time to time, except those which are preferred by law.

The new YBVB Shares to be issued arising from the conversion of the ICULS shall, upon allotment and issue, rank equally in all respects with the then existing YBVB Shares, save and except that such new YBVB Shares to be issued arising from the conversion of the ICULS shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new YBVB Shares to be issued arising from the conversion of the ICULS.

2.4 Salient terms of ICULS

The salient terms of ICULS are set out as follow:-

Issuer	:	YBVB
Issue Size	:	Up to RM48,523,305 nominal value or 1,213,082,625 ICULS to be issued pursuant to the Proposed Rights Issue
Issue Price	:	Each ICULS shall be issued at 100.0% of its nominal value of RM0.04
Form and Denomination	:	The ICULS will be issued in registrable form and in denomination of RM0.04 each and multiples thereof, and constituted by the Trust Deed
Issue Date	:	A market day to be mutually agreed between the Company and KAF IB
Tenure	:	Five (5) years from and inclusive of the date of issue of the ICULS
Maturity Date	:	The date immediately preceding the fifth (5 th) anniversary date of first issue of the ICULS, and if such date is not a market day, then on the immediate preceding market day
Basis of Allotment	:	RM0.20 nominal value of ICULS for every one (1) existing YBVB Share held by the Entitled Shareholders on the Entitlement Date
Coupon Rate/ Payment	:	0.10% per annum on the nominal value of the ICULS payable on an annual basis
Conversion Mode	:	The ICULS may be converted into new YBVB Shares in the following manner:- (i) by surrendering nominal value of ICULS equivalent to the Conversion Price (“ Non-Cash Option ”); or (ii) by surrendering such number of ICULS together with cash such that in aggregate it amounts to the Conversion Price (“ Cash-Option ”) subject to a minimum of one (1) ICULS and paying the difference between the aggregate value of the ICULS surrendered and the Conversion Price in cash for one (1) new YBVB Share

Conversion Rights	:	The holders of ICULS shall have the right at any time during the conversion period to convert such amount of ICULS held into new YBVB Shares at the Conversion Price. Any remaining ICULS not converted at the end of the conversion periods shall be mandatorily converted into new YBVB Shares at the Conversion Price on the maturity date. Any fractional new YBVB Shares arising from the conversion of the ICULS will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company
Conversion Price	:	The Conversion Price will be determined by the Board and announced by the Company at a later date in the manner set out in section 2.2 of this Circular. The Conversion Price may be subject to adjustments as described below
Adjustments in the Conversion Price and nominal value	:	Necessary adjustments to the Conversion Price and/or the nominal value shall be made in the event of any alteration in the Company's share capital on or before the maturity date, whether by way of rights issue, bonus issue, consolidation of shares, subdivision of shares or capital distribution whether on a reduction of capital howsoever being effected, in accordance with the provisions of the Trust Deed
Conversion Period	:	On any market day after the issue date and up to and including the maturity date
Status of ICULS	:	The ICULS shall constitute direct, unconditional, unsubordinated and unsecured obligations of YBVB and subject to the provisions contained in the Trust Deed, must at all times rank equally, without discrimination, preference or priority between themselves and must rank at least equally with all present and future direct, unconditional, unsecured and unsubordinated debts and obligations of YBVB except for those which are preferred by law
Ranking of new YBVB Shares to be issued pursuant to the conversion of ICULS	:	The new YBVB Shares to be issued pursuant to the conversion of ICULS shall, upon issue and allotment rank equally in all respects with the then existing YBVB Shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid where the entitlement date is before the date of allotment of the new YBVB Shares
Rights of ICULS	:	The ICULS holders are not entitled to any voting rights and shall not have any participating rights in any distribution and/or offer of securities in the Company until and unless such ICULS holders convert their ICULS into new YBVB Shares
Board lot	:	The ICULS will be freely transferable in board lots of 100 units of ICULS for the purpose of trading on Bursa Securities, unless otherwise revised by the relevant authorities
Amendment to the ICULS holders' rights	:	Save as otherwise provided in the Trust Deed and consented to in writing by the Company, approval of the ICULS holders by way of special resolution is required to sanction any modification, variation or arrangement requested by YBVB in respect of the rights of the ICULS holders
Governing laws	:	Laws of Malaysia and the exclusive jurisdiction of the Courts of Malaysia
Redemption	:	The ICULS will not be redeemable for cash. All outstanding ICULS will be mandatorily converted into new YBVB Shares on the Maturity Date
Rating	:	Not applicable

Listing	:	The ICULS and the new YBVB Shares arising from the conversion of the ICULS will be listed on Bursa Securities
Trust Deed	:	The ICULS is constituted by a trust deed to be executed between YBVB and a trustee to be appointed by YBVB, acting for the benefit of the ICULS holders
Rights of the ICULS holders on liquidation	:	In the event of the ICULS becoming payable upon the occurrence of an event of default, the amount which is immediately due and payable by YBVB to the holders of the ICULS or which the holders of the ICULS may prove for in the liquidation shall be the nominal value of the outstanding ICULS. Save as aforementioned, the ICULS shall not be liable to be redeemed in cash but only by conversion into new YBVB Shares in accordance with the provisions of the Trust Deed

2.5 Listing on the Main Market of Bursa Securities

Bursa Securities had vide its letter dated 8 June 2021 approved the following subject to the conditions as set out in Section 8 of this Circular:-

- (i) the admission of the ICULS to the Official List of Bursa Securities and the listing of and quotation for the ICULS on the Main Market of Bursa Securities; and
- (ii) the listing of and quotation for the new YBVB Shares to be issued upon conversion of ICULS on the Main Market of Bursa Securities.

2.6 Shareholder's Undertakings

The Proposed Rights Issue will be undertaken on a Minimum Subscription Level, which was determined after taking into consideration the minimum level of funds required by YBVB for the purposes stated in Section 3 of this Circular.

To facilitate the implementation of the Proposed Rights Issue on a Minimum Subscription Level basis, the following shareholders of YBVB have provided written irrevocable undertakings to subscribe for their respective entitlements to the ICULS under the Proposed Rights Issue in the following manner:-

Undertaking Shareholders	As at LPD		Entitlement under Proposed Rights Issue	
	No. of Shares	%	No. of ICULS	RM
Lim Lee Wheng	8,242,166	3.40	41,210,830	1,648,433.20
Au Yee Boon	13,115,833	5.41	65,579,165	2,623,166.60
TechBase Solution	15,950,000	6.57	79,750,000	3,190,000.00
Total	37,307,999	15.38	186,539,995	7,461,599.80

The Undertaking Shareholders have provided written confirmations that they have sufficient financial resources to subscribe in full for their irrevocable undertaking pursuant to the Proposed Rights Issue. KAF IB has verified, that the Undertaking Shareholders have the financial resources to fulfil their commitments pursuant to the Undertakings. As the Undertakings are sufficient to achieve the Minimum Subscription Level, the remaining portion of RM41,061,705.20 nominal value of ICULS will not be underwritten.

Based on the Undertakings procured and in the event that the Proposed Rights Issue is implemented on a Minimum Subscription Level basis, the subscription of ICULS by the Undertaking Shareholders and the full conversion of such ICULS into new Shares by them under a Cash-Option basis are not expected to give rise to any implications under the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC.

2.7 Public shareholding spread requirement

Pursuant to Paragraph 8.02(1) of the Listing Requirements, at least 25% of YBVB's total listed shares (excluding treasury shares) are required to be held by public shareholders. Although the eventual level of subscription for the Proposed Rights Issue is not determinable at this juncture, in the event that only the Undertaking Shareholders will be subscribing for their respective entitlements to the ICULS and converting all such ICULS into new YBVB Shares via the Cash Option, the public shareholding spread of YBVB will be approximately 39.46%, which is still above the requisite threshold of at least 25% of its total listed shares to be held by public shareholders.

2.8 Fund raising exercise undertaken by the Company in the past twelve (12) months

The Company has not undertaken any other equity fund raising exercise in the past twelve (12) months.

3.0 UTILISATION OF PROCEEDS

Utilisation of proceeds	Expected timeframe for utilisation	Minimum Subscription Level RM'000	Maximum Subscription Level RM'000
Business expansion ⁽¹⁾	Within 24 months	⁽⁴⁾ 6,862	45,585
Working capital ⁽²⁾	Within 12 months	-	2,338
Estimated expenses ⁽³⁾	Within 3 months	600	600
Total		7,462	48,523

Notes:-

- (1) YBVB Group existing manufacturing facilities comprise of eight (8) production lines with a production capacity of approximately 7.12 million square metre of ceramic, homogeneous and porcelain tiles annually, which are currently operating at its peak capacity. Thus, in line with the Company's business strategies to focus on introducing products that are aligned with the customer buying behaviour as well as to optimise and improve the cost-efficiency for its manufacturing business, the management of the Group intends to upgrade its existing production lines and to construct four (4) new production lines (collectively referred to as the "**Business Expansion Plan**") with the total estimated costs as follows:-

Business Expansion Plan	RM'000
Upgrading of existing production lines	
- Modification of eight (8) existing press machines	13,500
- Purchase of two (2) new digital printers	1,500
Installation of four (4) new production lines	
- Four (4) press machines	15,707
- Four (4) spray dryer machines	6,970
- Four (4) digital printers	3,000
- Two (2) kilns	4,908
Total	45,585

The upgrading of the existing production lines will enhance its efficiency in terms of productivity as well as to cater for larger tiles which are more aligned with the customer buying behaviours. In addition, given the gradual recovery of the economy coupled with the encouraging sales enquiries and demand from its original equipment manufacturer (OEM) customers, the construction of the new production lines are essential for the Group to remain competitive and position itself strategically to capture new business opportunities as the new advanced production lines will increase its production capacity, quality standard, productivity, product flexibility and at the same time, reduced energy consumption and environmental impact.

Any shortfall due to the eventual proceeds raised from the Proposed Rights Issue for the implementation of the Business Expansion Plan, will be funded via a combination of internally generated funds and/or bank borrowings. Any surplus for such expenditures will be adjusted accordingly against the amount allocated for working capital purposes.

- (2) *Intended to be utilised to meet the working capital requirements of the YBVB Group, such as operating expenses, utilities, payment for staff salaries and trade creditors. The proceeds to be utilised for each component of working capital are subject to the operating requirements at the time of utilisation and therefore has not been determined at this juncture. Solely for illustration purposes and based on best estimates, the proceeds allocated for the Group's working capital requirements are anticipated to be utilised for each component of the working capital as per the following breakdown:-*

	RM'000
<i>Operating expenses</i>	1,200
<i>Utilities</i>	500
<i>Payment for staff salaries</i>	300
<i>Payment for trade creditors</i>	338
Total	2,338

- (3) *The proceeds earmarked for estimated expenses in relation to the Rights Issue will be utilised as set out below:-*

	RM'000
<i>Professional fees</i>	420
<i>Fee payable to relevant authorities</i>	131
<i>Other expenses *</i>	49
Total	600

*Note *:- Being miscellaneous expenses including printing and advertising cost, expenses incidental to the convening of the EGM and other miscellaneous expenses.*

Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for working capital purposes.

- (4) *Under the Minimum Subscription Level scenario, the gross proceeds raised, after payment for expenses incidental to the Proposed Rights Issue, will be utilised to part-finance the modification of the existing press machines pursuant to the Business Expansion Plan. The remaining requisite funds earmarked for the Business Expansion Plan will be funded via internally generated funds and/or bank borrowings. As at the LPD, the cash and bank balances of the Group stood at RM37.53 million.*

Pending utilisation of proceeds for the abovementioned purposes, the total gross proceeds arising from the Proposed Rights Issue will be placed in interest-bearing deposits and/or short-term money market instruments with financial institutions as the Board in its absolute discretion deems fit and in the best interest of the Company. The resulting interest income derived from such placements will be used as additional working capital for the Group.

The additional proceeds to be received by the Company pursuant to the conversion of the ICULS via the Cash Option, if any, are intended to be utilised for the capital expenditure and/or working capital requirements of the Group. The eventual quantum of such proceeds cannot be determined at this juncture as it would be dependent on the number of ICULS converted under the Cash Option. However, no proceeds will be raised upon conversion of ICULS via the Non-Cash Option.

4.0 RATIONALE FOR THE PROPOSED RIGHTS ISSUE

After due consideration of the various funding options available to the Company, the Board is of the opinion that the Proposed Rights Issue is the most appropriate avenue of fund raising for YBVB for the purposes stated in Section 3 of this Circular in view of the following reasons:-

- (i) the Proposed Rights Issue serves to raise funds for the purpose set out in Section 3 of this Circular, particularly for the Business Expansion Plan, which is expected to contribute positively to the future financial performance of the Group;
- (ii) the Proposed Rights Issue enables the Company to raise funds without incurring high interest costs as in the case of borrowings from financial institutions, where the 0.10% annual coupon payment on the nominal value of the ICULS is much lower than the base lending rate of financial institutions, which exceeds 5.0% per annum as at the LPD (*Source : Base Rates, BLR and Indicative Effective Lending Rates of Financial Institutions as at 6 August 2020 published by Bank Negara Malaysia*);

- (iii) the Entitled Shareholders would have the opportunity to increase their equity participation in the Company at a pre-determined conversion price during the tenure of the ICULS. In addition, the proceeds from the conversion of the ICULS, if any, will provide an additional source of funds for the Company's future working capital requirements and/or business expansion of the Company; and
- (iv) the issuance of ICULS does not have an immediate dilutive effect on the EPS of the Group as opposed to the issuance of new YBVB Shares and it enables the Group to strengthen its eventual capital base upon full conversion of the ICULS.

5.0 INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a smaller decline of 0.5% in the first quarter (4Q 2020: -3.4%). The growth performance was supported mainly by the improvement in domestic demand and robust exports performance, particularly for electrical and electronics (“E&E”) products. Growth was also supported by the continued policy measures. The imposition of the Second MCO (“MCO 2.0”) and the continued closure of international borders and restrictions on inter-state travel, however, weighed on economic activity. Nevertheless, as restrictions were eased in February and March, economic activity gradually picked up. All economic sectors registered an improvement, particularly in the manufacturing sector. On the expenditure side, growth was driven by better private sector spending and strong growth in trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a growth of 2.7% (4Q 2020: -1.5%).

In terms of sectoral performance, all economic sectors registered an improvement. The manufacturing sector expanded at a higher pace of 6.6% (4Q 2020: 3.0%), driven by the robust E&E production and continued recovery in the consumer-, primary- and construction-related clusters. The strong performance of the E&E subsectors reflected the higher global demand for semiconductors components, as reflected by the improvement in the World Semiconductor Trade Statistics. Despite the imposition of MCO 2.0, the consumer- and primary-related manufacturing also recorded higher growth, as most manufacturing sectors were allowed to operate while adhering to stringent standard operating procedures. Global concerns surrounding electronic-chip shortages on the automotive sector had only a limited impact on the strong domestic passenger car production due to the lower chip intensity of most mass market vehicles. In addition, the extension of Sales and Services Tax exemption for the purchase of motor vehicles until June 2021 also helped Malaysia's motor vehicle production.

Domestic demand recorded a smaller decline of 1.0% (4Q 2020: -4.5%) in the first quarter of 2021, weighed down by the contraction in private sector expenditure amid the imposition of MCO 2.0. However, the impact of MCO 2.0 was smaller given that most economic sectors were allowed to operate and with continued policy support for households and businesses. On the external front, robust external demand particularly for E&E products, contributed to a continued expansion in net exports. Private consumption contracted by 1.5% during the quarter (4Q 2020: -3.5%). Although household spending was affected by the imposition of MCO 2.0, the impact was smaller compared to the MCO last year amid relatively less restrictive containment measures. While wage and employment growth remain in contraction, the overall growth improved, as most businesses continued to operate, which lent support to household spending. Spending on online platforms also continued to increase, cushioning the impact of the drop of in-store spending, as reflected in the expansion of the index of online retail sales (1Q 2021: 22.8%; 4Q 2020: 30.4%). Furthermore, consumer expenditure remained supported by various stimulus measures including the Employment Provident Fund i-Sinar withdrawals, wage subsidies as well as the Targeted Repayment Assistance. Public consumption improved to 5.9% (4Q 2020: 2.4%) amid a rebound in supplies and services spending, particularly by the Federal Government. Growth was also supported by faster expansion in emoluments

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

5.2 Overview and outlook of the manufacturing industry in Malaysia

The manufacturing sector contracted by 8.7% during the first half of 2020, as almost all industry operations were temporarily halted, following supply chain disruptions amid the MCO. Within the export-oriented industries, the E&E cluster was severely affected as global demand decelerated sharply. Domestic-oriented industries also recorded sluggish growth, with transport equipment; and non-metallic mineral products, basic metal and fabricated metal products segments registering a double-digit contraction.

Nonetheless, the manufacturing sector is expected to improve by 2.4% in the second half of 2020, as industrial activities resume operations in line with the gradual lifting of the MCO. Within the export-oriented industries, the E&E segment is projected to improve following rising demand for computer and electronic products. Chemical and rubber products are anticipated to continue to record high growth, benefitting from higher demand for rubber gloves and pharmaceutical products. Within the domestic-oriented industries, the food products and transport equipment segments are expected to rebound, supported by higher demand. Overall, for the year, the manufacturing sector is expected to decline by 3%.

The manufacturing sector is forecast to rebound by 7% in 2021, driven by steady improvement in both the export- and domestic-oriented industries. The E&E segment is projected to accelerate in line with the digital transformation as work from home (“WFH”) and virtual communication become part of new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support the segment. The production of chemical and rubber products is expected to expand rapidly in tandem with the increase in demand for disinfectants, sanitisers and rubber gloves. With the economic recovery, consumer-related products will benefit from higher household disposable income, while construction-related products will be supported by major infrastructure and affordable housing projects.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

The building material industry is poised for modest growth next year as operating conditions improve and construction activities gradually resume following the easing of movement restrictions. The research house projected that the average net cement selling price in Peninsular Malaysia will rise by 8% to RM260 per tonne in 2021, compared with an estimated RM240 per tonne this year. Meanwhile, we project cement consumption in Peninsular Malaysia to only improve by 5% to 4.4 million tonnes in 2021 from 4.2 million tonnes estimated in 2020, driven by gradual resumption of construction activities of ongoing projects and new property launches.

(Source: “Building material sector set for modest growth” dated 31 December 2020, The Star)

5.3 Overview and outlook of the Information and Communication Technology industry in Malaysia

The services sector recorded a smaller decline of 2.3% in the first quarter of 2021 (4Q 2020: -4.8%). This was due to the improvement in the consumer-related activities, supported by the relaxation of containment measures such as dine-ins and inter-district travel beginning from middle of February 2021. Nevertheless, the weakness in tourism activity continues to affect key subsectors such as accommodation as well as air travel under the transport and storage subsector. Meanwhile, growth in the finance and insurance subsector improved, attributed to higher fee income, stable loan and deposit growth, and higher net insurance premiums. The information and communication subsector continued to benefit from demand for data communication services following the adoption of remote working and learning arrangements. The agriculture sector registered a positive growth of 0.4% (4Q 2020: -1.0%), driven mainly by expansion in livestock, other agriculture, forestry and logging subsectors. Growth in the oil palm subsector declined further as production was affected by floods in the earlier part of the quarter, while labour shortages continued to affect harvesting activities.

(Source: Economic, Monetary and Financial Developments in the Malaysian Economy in the First Quarter of 2021, Bank Negara Malaysia)

The services sector contracted by 6.7% in the first half of 2020 largely due to worldwide travel bans, domestic movement restrictions and quarantines, which severely affected the tourism-related subsectors and airlines. Among the subsectors that have been severely affected include wholesale and retail trade, food & beverages and accommodation, transportation and storage as well as real estate and business services. Nevertheless, the information and communication subsector expanded as online transactions increased significantly during the MCO. The services sector is expected to record a smaller decline of 1% in the second half of the year, reflecting the gradual resumption of economic activities. Overall, the sector is projected to contract by 3.7% in 2020 before rebounding by 7% in 2021. With the normalisation of economic activities in 2021, all subsectors are projected to record positive growth.

The information and communication subsector expanded by 5.8% in the first half of 2020, primarily supported by higher usage of internet, particularly online transactions, entertainments, educational and WFH activities. The subsector is projected to expand further by 7.1% in the second half of the year buoyed by various Government initiatives. The initiatives include a tax exemption of up to RM5,000 for information, communication and technology equipment to support WFH activities and individual income tax relief of up to RM2,500 on the purchase of digital devices. For the year, the subsector is anticipated to accelerate by 6.4% as WFH activities, virtual communication and online businesses become the new normal. In 2021, the subsector is projected to expand by 7.9%, with the fifth-generation cellular network spectrum facilitating e-commerce and e-learning activities. The roll-out of the National Fourth Industrial Revolution Policy and Digital Economy Blueprint in the fourth quarter of 2020 is expected to enhance the productivity and competitiveness of the subsector. The formation of the Malaysian Digital Economy Task Force, which focusses on digital technology, cybersecurity, trade and digital content is expected to support the acceleration of the subsector.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.4 Prospects of the Group

Currently, the Company is principally involved in the manufacture and sale of ceramic, homogeneous tiles, trading and distribution of tiles. Although the businesses have recorded losses for the past three (3) financial years, the Company intends to continue with the business by introducing “just-in-time” concept with the aim of enhancing efficiency and productivity, and put in place a research and development team to develop a new range of products. Pursuant thereto, the Company managed to reduce the firing cycle time between 5% and 24% (depending on the size of the tiles) and the firing temperature by reducing the use of natural gas in the production process. Further, the Company launched a new generation of functional tiles, namely Talos Living Tiles (“**Talos**”) in November 2020. Talos incorporates advanced nano glazing technology which is expected to bring about numerous health benefits from the release negative ions and with this, the Company anticipates favourable response from its customers. Upon completion of the Business Expansion Plan as stipulated in Section 3.0 of this Circular, the Company anticipates that the Company’s production capacity would increase by approximately 50.0%.

Further, the Company had on 30 October 2020 obtained its shareholders’ approval to diversify into IT solutions, particularly in the provision of blockchain technology solutions and system integration services. The Company had entered into a joint venture agreement with TechBase Solution, which serves as an entry point into the IT industry for the Group without significant investment commitment, whilst enabling the Group to leverage on the knowledge, skills, expertise and experience of TechBase Solution. In the meantime, the Group may also in the future embark on additional viable ventures relating to IT services through strategic investments, joint ventures, collaborations agreements and/or merger and acquisitions of suitable businesses/investments in the IT industry.

(Source: The management of YBVB)

6.0 EFFECTS OF THE PROPOSED RIGHTS ISSUE

Solely for the purpose of illustrating the effects of the Proposed Rights Issue under the Minimum Scenario and the Maximum Scenario in Section 6 of this Circular, the Conversion Price is assumed to be RM0.40. The aforesaid assumption for the Conversion Price is strictly for illustration purposes only and should not be regarded as an indication or reference to the eventual Conversion Price to be determined by the Board after receipt of all relevant approvals for the Proposed Rights Issue.

6.1 Issued share capital

The proforma effects of the Proposed Rights Issue on the issued share capital of YBVB are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
As at the LPD	⁽¹⁾ 242,616,525	93,692,416	⁽¹⁾ 242,616,525	93,692,416
To be issued upon conversion of ICULS	18,653,999	⁽²⁾ 7,461,600	1,213,082,625	⁽²⁾ 485,233,050
Enlarged issue share capital	261,270,524	101,154,016	1,455,699,150	578,925,466

Notes:-

(1) Including 808,166 treasury shares.

(2) For the purpose of illustration in this Circular only, the ICULS are assumed to be converted at an indicative conversion price of RM0.40 per Shares. For clarity, the final conversion price of the ICULS will only be determined at a later date by the Board after all relevant approvals have been obtained and announced by the Company.

6.2 Earnings and EPS

Barring any unforeseen circumstances, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group when the benefits of the utilisation of proceeds are realised. Nonetheless, the Proposed Rights Issue will:-

- (i) reduce the earnings of the Group during the tenure of the ICULS by the annual coupon payment of the ICULS of approximately RM0.01 million* and RM0.05 million* per annum based on the Minimum Subscription Level and Maximum Subscription Level respectively; and
- (ii) result in a dilution of the consolidated EPS of YBVB arising from the increase in the number of YBVB Shares in issue upon conversion of the ICULS.

Note *:- Calculated based on the annual coupon rate of 0.10% multiply by the nominal value of ICULS of RM7.46 million and RM48.52 million based on the Minimum Subscription Level and Maximum Subscription Level respectively.

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6.3 NA and gearing

The proforma effects of the Proposed Rights Issue on the consolidated NA per Share and gearing of YBVB based on the latest audited consolidated financial statements of YBVB for the FYE 2020 are as follows:-

<u>Minimum Scenario</u>	Audited as at 31.12.2020 RM'000	(I) After subsequent events RM'000	(II) After (I) and Proposed Rights Issue RM'000	After (II) and upon full conversion of ICULS RM'000
Share capital	93,692	93,692	93,692	101,154
Treasury shares	(256)	(256)	(256)	(256)
ICULS - Equity portion	-	-	⁽²⁾ 7,433	-
Reserve	80,405	80,405	80,405	80,405
Retained earnings	109,147	109,147	⁽³⁾ 108,547	108,547
Shareholders' equity / NA	282,988	282,988	289,821	289,850
No. of Shares ('000)	145,571	242,617	242,617	261,271
NA per Share (RM)	1.94	1.17	1.19	1.11
Borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-
<u>Maximum Scenario</u>	Audited as at 31.12.2020 RM'000	(I) After subsequent events RM'000	(II) After (I) and Proposed Rights Issue RM'000	After (II) and upon full conversion of ICULS RM'000
Share capital	93,692	93,692	93,692	578,925
Treasury shares	(256)	(256)	(256)	(256)
ICULS - Equity portion	-	-	⁽²⁾ 48,339	-
Reserve	80,405	80,405	80,405	80,405
Retained earnings	109,147	109,147	⁽³⁾ 108,547	108,547
Shareholders' equity / NA	282,988	282,988	330,727	767,621
No. of Shares ('000)	145,571	242,617	242,617	1,455,699
NA per Share (RM)	1.94	1.17	1.36	0.53
Borrowings (RM'000)	-	-	-	-
Gearing (times)	-	-	-	-

Notes:-

- (1) After completion of the Bonus Issue.
- (2) The estimated equity component of the ICULS arising from the Proposed Rights Issue is determined by deducting the liability component of the ICULS of about RM37,196 under Minimum Scenario and RM241,890 under Maximum Scenario, which is estimated by discounting the coupon payments over the tenure of five (5) years at an effective annual interest rate of 0.10%, from the gross proceeds to be raised under the Proposed Rights Issue.

The equity component of the ICULS also includes the resulting deferred tax asset arising from the temporary differences of the liability component of the ICULS of about RM8,927 under Minimum Scenario and RM58,054 under Maximum Scenario, which is recognised based on the Malaysian statutory tax rate of 24.0%.

- (3) After deducting the estimated expenses incidental to the Proposed Rights Issue of approximately RM0.60 million.

6.4 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Rights Issue on YBVB's substantial shareholders' shareholdings in the Company are as follows:-

	As at the LPD			Minimum Scenario Assuming full exercise of ICULS		
	Direct		Indirect	Direct		Indirect
	No. of Shares	(¹) %	No. of Shares	(¹) %	No. of Shares	(¹) %
Substantial shareholders	8,242,166	3.40	(²) 29,065,833	11.98	12,363,249	4.73
Lim Lee Wheng	13,115,833	5.41	(³) 24,192,166	9.97	19,673,750	7.53
Au Yee Boon	15,950,000	6.57	-	-	23,925,000	9.16
TechBase Solution	33,250,000	13.70	-	-	33,250,000	12.73
Gunung Resources Sdn Bhd						

	Maximum Scenario Assuming full exercise of ICULS		
	Direct		Indirect
	No. of Shares	(¹) %	No. of Shares
Substantial shareholders	49,452,996	3.40	(²) 174,394,998
Lim Lee Wheng	78,694,998	5.41	(³) 145,152,996
Au Yee Boon	95,700,000	6.57	-
TechBase Solution	199,500,000	13.70	-
Gunung Resources Sdn Bhd			

Notes:-

- (1) Including treasury shares.
- (2) Deemed interested through the shareholdings of her spouse, Au Yee Boon's interest in the Company.
- (3) Deemed interested by virtue of his interest in TechBase Solution pursuant to Section 8 of the Act.
- (4) Deemed interested through the shareholdings of his spouse, Lim Lee Wheng's interest in the Company.

6.5 Convertible securities

As at the LPD, the Company does not have any other convertible securities.

7.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of YBVB Shares as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Highest (RM)	Lowest (RM)
<u>2020</u>		
May	0.845	0.455
June	1.030	0.770
July	1.080	0.850
August	1.090	0.885
September	0.985	0.850
October	0.985	0.860
November	0.940	0.840
December	1.060	0.855
<u>2021</u>		
January	1.040	0.850
February	1.310	0.895
March	1.170	0.630
April	0.645	0.590
Last transacted market price on 3 March 2021 (being the latest market day preceding the announcement of the Proposed Rights Issue)		1.080
Last transacted market price on the LPD		0.560

(Source: Bloomberg)

8.0 APPROVALS REQUIRED

The Proposed Rights Issue is subject to the following approvals being obtained:-

- (i) the SC for the issuance of the ICULS;

The approval of the SC was obtained vide its letter dated 25 May 2021 and is subject to the following conditions:-

Condition	Status of compliance
(a) Compliance with the standard conditions and continuing obligations as stipulated in the Guidelines.	Noted
(b) Submit a checklist of compliance with the standard conditions and continuing obligations as stipulated in the Guidelines and any other condition imposed in any other letter issued in connection with the Proposed Rights Issue within seven (7) business days from the date of issuance of the ICULS.	To be complied

- (ii) Bursa Securities for:-
- (a) the admission of the ICULS to the Official List of Bursa Securities and the listing of and quotation for the ICULS on the Main Market of Bursa Securities; and
 - (b) the listing of and quotation for the new YBVB Shares to be issued upon conversion of ICULS on the Main Market of Bursa Securities;

The approval of Bursa Securities was obtained vide its letter dated 8 June 2021 and is subject to the following conditions:-

Condition	Status of compliance
(a) Approval by the SC for the Proposed Rights Issue	Complied
(b) YBVB and KAF IB must fully comply with the relevant provisions under the Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue	Noted
(c) YBVB and KAF IB to inform Bursa Securities upon the completion of the Proposed Rights issue	To be complied
(d) YBVB and KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed	To be complied
(e) YBVB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the ICULS as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

- (iii) shareholders of YBVB for the Proposed Rights Issue at the EGM to be convened; and
- (iv) any other relevant authorities/parties (if applicable).

The Proposed Rights Issue is not conditional upon any other proposal undertaken or to be undertaken by the Company.

9.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

None of the Directors, major shareholders, chief executive and/or persons connected with them have any interest, direct or indirect, in the Proposed Rights Issue save for their respective entitlements as shareholders under the Proposed Rights Issue, including their right to apply for excess ICULS, which are also available to all other shareholders of the Company.

10.0 DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Rights Issue, including, but not limited to, the rationale and financial effects of the Proposed Rights Issue, is of the opinion that the Proposed Rights Issue is in the best interest of the Company and accordingly, on the basis above, recommends you to vote in favour of the resolution in relation to the Proposed Rights Issue to be tabled at the forthcoming EGM.

11.0 OUTSTANDING CORPORATE EXERCISES

There are no other intended corporate exercises/schemes which have been announced but yet to be completed by the Group prior to the printing of this Circular, save for the Proposed Rights Issue.

12.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED RIGHTS ISSUE

Subject to the approvals as stated in Section 8 above and barring any unforeseen circumstances, the Proposed Rights Issue is expected to be completed by the third (3rd) quarter of 2021. The tentative timetable in relation to the Proposed Rights Issue is set out below:-

Date	Events
30 June 2021	Convening of the EGM to obtain the approval of YBVB's shareholders for the Proposed Rights Issue
Early July 2021	Announcement of the Entitlement Date
Mid July 2021	Entitlement Date
Mid August 2021	Listing of and quotation for the ICULS on Bursa Securities / Completion of the Proposed Rights Issue

13.0 EGM

The EGM, the notice of which is enclosed in this Circular, will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Wednesday, 30 June 2021 at 3.00 p.m. or immediately upon the conclusion or adjournment of the Twenty-First Annual General Meeting of YBVB which will be held on the same day at 2.00 p.m., whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolution pertaining to the Proposed Rights Issue.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed therein as soon as possible so as to arrive at YBVB's Share Registrar's Office at Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not later than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,

For and on behalf of the Board of Directors of

YB VENTURES BERHAD (FORMERLY KNOWN AS YI-LAI BERHAD)

AU YEE BOON
Executive Director

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

1.0 FINANCIAL POSITION OF THE COMPANY

The audited and unaudited consolidated financial information of YBVB for the past four (4) FYE 2017, 2018, 2019 and 2020 are as follows:-

	<-----Audited----->			
	FYE 2017	FYE 2018	FYE 2019	FYE 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	111,698	118,532	118,134	91,384
Gross profit	7,119	6,712	4,553	7,584
Profit/(Loss) before tax	(4,409)	(4,375)	(6,298)	8,999
Profit/(Loss) after tax ("PAT/LAT") (attributable to owners of the parent)	(2,920)	(3,155)	(5,803)	10,146
Share capital	100,907	100,907	93,692	93,692
Current assets	164,600	162,531	161,181	166,544
Total assets	228,361	221,971	217,508	322,846
Current liabilities	15,665	18,977	20,622	21,517
Total liabilities	18,202	19,900	21,301	39,858
NA/shareholders' fund (attributable to owners of the parent)	210,159	202,071	196,207	282,988
Number of YBVB Shares in issue ('000)	160,000	160,000	145,571	145,571
EPS	(0.02)	(0.02)	(0.04)	0.07
NA per Share (attributable to owners of the parent) (RM)	1.31	1.26	1.35	1.94
Current ratio (times)	10.51	8.56	7.82	7.74
Total borrowings	-	-	-	-
Gearing ratio (times)	-	-	-	-

Commentary on the financial performance**FYE 2017**

For FYE 2017, the revenue of the Group decreased by 14.02% or RM18.22 million to RM111.70 million (FYE 2016: RM129.92 million) due mainly to the lower sale volume resulting from a market environment that was characterised by stiff competition. In tandem, the Group registered a lower gross profit of RM7.12 million (FYE 2016: RM17.41 million) due to the higher gas tariff which resulting in the higher energy cost and overall operating cost and thus recorded an LAT of RM2.92 million (FYE 2016: PAT of RM4.94 million).

FYE 2018

For FYE 2018, the revenue of the Group increased by RM6.83 million or 6.11% to RM118.53 million (FYE 2017: RM111.70 million) pursuant to the Group's focus in enhancing their own sales channel by renovating and improving the marketing touch-points. However, the Group incurred a lower gross profit of RM0.41 million to RM6.71 million (FYE 2017: RM7.12 million) due to the challenging operating landscape and increased in gas tariff. As a consequence, the Group recorded a slightly higher LAT of RM3.16 million (FYE 2017: LAT of RM2.92 million).

FYE 2019

For FYE 2019, the revenue of the Group decreased slightly by RM0.40 million or 0.34% to RM118.13 million (FYE 2018: RM118.53 million) due to the competitive landscape and the soft property market, which has impacted its sale volume. However, the Group registered a much lower gross profit of RM4.55 million (FYE 2018: RM6.71 million) due to higher raw material cost and increased in gas tariff despite the operating cost is being kept in check by the management. As a consequence, the Group incurred a higher LAT of RM5.80 million (FYE 2018: LAT of RM3.16 million).

FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP (CONT'D)

FYE 2020

The revenue of the Group decreased by RM26.75 million or 22.64% to RM91.38 million (FYE 2019: RM118.13 million) due mainly to business disruptions by the COVID-19 pandemic. Nonetheless, the Group registered a higher gross profit of RM7.58 million (FYE 2019: RM4.55 million) due to cost saving and higher operating efficiencies achieved by the Group. Further, the Group recorded a PAT of RM10.15 million (FYE 2019: LAT of RM5.80 million) which was mainly due to the recognition of a gain on disposal of properties of RM10.0 million.

2.0 EXPECTED VALUE TO BE CREATED FROM THE PROPOSED RIGHTS ISSUE

The Proposed Rights Issue would enable the Group to fund its Business Expansion Plan which is expected to contribute positively to the future financial performance of the Group. The Business Expansion Plan, which includes the upgrading of the existing manufacturing facilities and installation of new manufacturing facilities, is anticipated to enhance the production capacity, quality, productivity, product flexibility and reduce energy consumption.

Further, the Proposed Rights Issue enables the Company to raise funds without incurring high interest costs when compared to raising funds via bank borrowings. In addition, the proceeds to be raised from the conversion of the ICULS via the Cash Option will also provide further funding for the Group's capital expenditure and/or working capital requirements. Meanwhile, the Proposed Rights Issue will provide the shareholders who subscribe for the ICULS with a fixed annual return of 0.10% on their investment.

3.0 IMPACT OF THE PROPOSED RIGHTS ISSUE ON THE COMPANY AND SHAREHOLDERS

The Proposed Rights Issue is not expected to have any immediate effect on the issued share capital and the existing shareholders' shareholdings of the Company. The earnings of the Group will be slightly impacted during the tenure of the ICULS pursuant to the annual coupon payment of the ICULS but the Proposed Rights Issue enables the Group to enhance its cashflow position without increasing its gearing level as the Proposed Rights Issue relieves the Group from having to rely on borrowings to raise the intended proceeds for the purposes as set out in Section 3.0 of the Circular.

Nonetheless, upon the conversion of the ICULS, the issued share capital of YBVB will increase and therefore, would have a dilutive impact on the Group's EPS, NA per Share and the existing shareholders' shareholdings whom did not subscribe in full for their entitlements to the ICULS.

4.0 ADEQUACY OF THE PROPOSED RIGHTS ISSUE IN ADDRESSING THE COMPANY'S FINANCIAL CONCERN

The Board is of the view that the Proposed Rights Issue is adequate to address the immediate financial requirements of the Group after having considered the following:-

- (i) the funds required for the Group's Business Expansion Plan as illustrated in Section 3.0 of the Circular; and
- (ii) raise funds without incurring high interest costs as in the case of borrowings from financial institutions as illustrated in Section 4.0 of the Circular.

FURTHER INFORMATION

1.0 RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors of YBVB individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm 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/information herein misleading.

2.0 CONSENT

KAF IB, as the adviser to YBVB in relation to the Proposed Rights Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto, where relevant, in the form and context in which it appears.

3.0 DECLARATION

KAF IB confirms that it is not aware of any conflict of interest that exist or likely to exist that affect or may affect its ability to act independently and objectively as the adviser in connection with the Proposed Rights Issue.

4.0 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any other material commitments and contingent liabilities incurred or known to be incurred by the YBVB Group which, upon becoming due and enforceable, may have a material and adverse impact on the financial results/position of the YBVB Group.

5.0 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, YBVB Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the 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 the YBVB Group, save and except for the following case:-

- (i) YBVB had been cited as the 2nd defendant in Kuala Lumpur High Court Suit No. WA-22NCC-285-07/2020 ("**Suit No. 285**") filed on 8 July 2020 by Teng Kam Kheong, who intends to seek a specific prayer against us to purchase three properties for a sum of RM100 million.

On 30 July 2020, we had taken out an application to have Suit No. 285 summarily determined in favour of YBVB. Following the hearing that was held on 18 December 2020, Teng Kam Kheong withdrew the action against all parties (including YBVB) with no order as to cost and without liberty to file afresh.

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FURTHER INFORMATION (CONT'D)

6.0 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of YBVB at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor during ordinary business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- (i) the Constitution of YBVB;
- (ii) the letters of consent and conflict of interest referred to in Section 2 and Section 3 respectively of this Appendix II;
- (iii) the cause paper in respect of the material litigation referred to in Section 5 of this Appendix II;
- (iv) the audited consolidated financial statements of YBVB for the past two (2) FYE 2019 and FYE 2020;
- (v) the unaudited consolidated financial statements of YBVB for the financial period ended 31 March 2021; and
- (vi) the draft Trust Deed constituting the ICULS.

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YB VENTURES BERHAD
(formerly known as Yi-Lai Berhad)
(Registration No.: 200001013437 / 516043-K)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting (“**EGM**”) of YB Ventures Berhad (formerly known as Yi-Lai Berhad) (“**YBVB**” or the “**Company**”) will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting (“**RPV**”) Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Wednesday, 30 June 2021 at 3.00 p.m. or immediately upon the conclusion or adjournment of the Twenty-First Annual General Meeting of YBVB which will be held on the same day at 2.00 p.m., whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modifications:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO RM48,523,305 NOMINAL VALUE OF FIVE (5)-YEAR, 0.10% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) AT 100% OF ITS NOMINAL VALUE OF RM0.04 EACH ON THE BASIS OF FIVE (5) ICULS FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN YBVB (“YBVB SHARE”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED RIGHTS ISSUE”)

“**THAT** subject to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and conditional upon the approvals of all relevant authorities/parties, where required, the Board of Directors of YBVB (“**Board**”) be and is hereby authorised to:-

- (i) provisionally allot and issue up to RM48,523,305 ICULS at 100% of its nominal value of RM0.04 each on the basis of five (5) ICULS for every one (1) existing YBVB Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board and announced later;
- (ii) enter into and execute the trust deed to be executed by the Company and the trustee appointed by YBVB constituting the ICULS (“**Trust Deed**”) and to do all acts, deed and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Trust Deed;
- (iii) allot and issue new YBVB Shares arising from the conversion of the ICULS (including further ICULS arising from any adjustments under the provisions of the Trust Deed);
- (iv) determine the conversion price of the ICULS after all relevant approvals have been obtained for the Proposed Rights Issue; and
- (v) such further number of new YBVB Shares as may be required or permitted to be issued and allotted as a consequence of the adjustments under the provisions of the Trust Deed;

THAT any fractional entitlements of the ICULS under the Proposed Rights Issue will be disregarded and shall be dealt with in such a manner as the Board shall in its absolute discretion deem fit, expedient and in the best interests of the Company;

THAT the proceeds of the Proposed Rights Issue be utilised for the purpose as set out in Section 3 of the Circular, and the Board be and is hereby authorised to revise the manner and purposed of the utilisation of proceeds as it may deem fit, expedient and in the best interests of the Company subject to the approval of any relevant authorities (where required);

THAT the new YBVB Shares to be issued arising from the conversion of the ICULS shall, upon allotment and issue, rank equally in all respects with the then existing YBVB Shares, save and except that such new YBVB Shares to be issued arising from the conversion of the ICULS shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new YBVB Shares to be issued arising from the conversion of the ICULS;

AND THAT any one Director of YBVB be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities, and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as he may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue.”

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 / SSM PC NO. 201908002253)

THIEN LEE MEE (LS0009760/ SSM PC NO. 201908002254)

Company Secretaries

Selangor Darul Ehsan

14 June 2021

Notes:-

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual EGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at <https://web.vote2u.my>.
2. A member of the Company entitled to participate, speak and vote at the meeting is entitled to appoint not more than two (2) proxies to participate, speak and vote in his/ her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
4. Where a member or authorised nominee appoints two (2) proxies, or when an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/ her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or the hand of an office or attorney duly authorised.
6. The form of proxy must be deposited at the Registered Office of YBVB situated at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
7. Only members registered in the Record of Depositors as at 23 June 2021 shall be eligible to participate, speak and vote at the meeting or appoint a proxy to participate, speak and/ or vote on his/ her behalf.



YB VENTURES BERHAD

YB VENTURES BERHAD
(formerly known as Yi-Lai Berhad)
(Registration No.: 200001013437 / 516043-K)
(Incorporated in Malaysia)

CDS account no. of authorised nominee

No. of shares held

PROXY FORM

I/We* NRIC No./ Passport No./ Registration No.
(name of shareholders as per NRIC, in capital letters)

of
(full address)

Email Address: Contact No.

being a member/members* of YB VENTURES BERHAD (formerly known as Yi-Lai Berhad), hereby appoint

..... NRIC No./ Passport No
(name of proxy as per NRIC, in capital letters)

of
(full address)

Email Address: Contact No.

and/or failing him/her*, NRIC No./ Passport No.
(name of proxy as per NRIC, in capital letters)

of
(full address)

Email Address: Contact No.

You are required to fill in the contact no. and email address in order to participate the Extraordinary General Meeting (“EGM”), otherwise, we are unable to register you as the participant of the meeting.

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the EGM of the Company or any adjournment thereof will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities from the Online Meeting Platform of Vote2U Online operated by Agmo Digital Solutions Sdn. Bhd. in Malaysia via the link at <https://web.vote2u.my> on Wednesday, 30 June 2021 at 3.00 p.m. or immediately upon the conclusion or adjournment of the Twenty-First Annual General Meeting of YBVB which will be held on the same day at 2.00 p.m., whichever is later, or any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION - PROPOSED RIGHTS ISSUE		

* Strike out whichever is not desired.

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific directions, your proxy may vote or abstain as he thinks fit.]

.....
Signature or Common Seal
Of Member/(s)

Dated this: _____ day of _____ 2021



Notes:-

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AFFIX
STAMP

**The Share Registrar of
YB Ventures Berhad** (formerly known as Yi-Lai Berhad)
(200001013437 / 516043-K)

c/o Boardroom.com Sdn Bhd
Level 5, Block B
Dataran PHB, Saujana Resort
Section U2
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

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