



**YBS INTERNATIONAL BERHAD**  
Registration No.: 200201014380 (582043-K)  
(Incorporated in Malaysia)

## **Response to Queries from Minority Shareholders Watch Group**

---

1. The precision machining and stamping segment recorded a 21.3% decline in revenue to RM39.6 million in FY2023. The decrease was mainly due to softened market demand and the shortage of key components experienced by end customers. (page 15 of Annual Report (AR) 2023)

(a) Please provide the revenue breakdown for this segment by industry (e.g., telco, automotive, aerospace etc) for FY2023 and FY2022.

Answer:

The revenue distribution within the precision machining and stamping segment followed by a sequence which the telecommunications industry being the highest contributor, then succeeded by the automotive sector and subsequently the aerospace industry for both FY2023 and FY2022.

(b) Does the Group expect the revenue for this segment to recover in FY2024?

Answer:

The market remains soft and uncertain, which could impact the eventual outcome. The Group is carefully monitoring market trends and putting strategies in place to effectively handle the challenging conditions.

(c) Based on your current orders in hand, how long is the sales visibility?

Answer:

According to the current orders on hand, the sales visibility extends for a period of 6 months. However, this duration can be influenced by various external factors and may be subject to change over time according to customer requirement.

(d) Which industries does the Group expect to be the key revenue drivers going forward?

Answer:

The Group anticipates that the automotive industry will be a key driver of revenue moving forward, especially related to energy storage.

(e) What is the budgeted capex for FY2024 and its breakdown?

Answer:

The budgeted capex for FY2024 was mainly attributable to the investment in manufacturing of lithium-ion batteries with approximately USD 70 million allocated for the acquisition of machinery.

**2. The increase of RM18.08 million in borrowings was mainly due to renovation and extension of factory building projects. (page 13 of AR 2023)**

- (a) What is the total floor space and current utilisation rate for the new manufacturing plant at Penang Science Park?**

Answer:

The new manufacturing plant at Penang Science Park is situated on a 10-acre land parcel and the current utilisation rate is approximately half of its total available space.

- (b) What is the total capex for this plant?**

Answer:

The total capex for the plant at this junction is approximately RM100 million.

- (c) When does the Group expect this plant to run at full capacity? What is the potential revenue at full capacity?**

Answer:

The Group expects the plant to reach full capacity in FY 2025 according to customer demand and estimate the potential revenue projected to be increase approximately 3 to 4 times.

**3. The Group recently entered into a manufacturing agreement with Enovix Corporation to be the non-exclusive supplier of Enovix in Asia for the manufacture of lithium-ion batteries. Enovix will contribute 30% of the initial investment of USD\$100 million with the remaining 70% funded by YBS. YBS will provide the building and capital for equipment and labour for Fab2 and the Gen2 Autoline.**

- (a) How is YBS going to fund its portion of the initial capital outlay of USD\$70 million? Will there be a rights issue?**

Answer:

YBS intends to finance its portion of the initial capital outlay of USD\$70 million through term loan. As of now, there are no intentions to pursue a rights issue for this funding.

- (b) When do you expect this new venture to start operations?**

Answer:

The operations are expected to start in the next financial year.

Minutes of 21<sup>st</sup> Annual General Meeting held on 24 August 2023  
Response to Queries from Minority Shareholders Watch Group and Shareholders (cont'd)

## Corporate Governance Matters

4. **Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FY2023, there was only one woman director which represents 14.3% female representation on the Board. Does the Company intend to apply Practice 5.9, and if yes, by when?**

Answer:

Applying Practice 5.9 will depend on the availability of suitable candidates with the necessary skills, expertise, and capabilities to contribute effectively to the Board's functioning. The Company is dedicated to ensuring a fair and transparent selection process to identify qualified women candidates who can contribute positively to the Company's governance and strategic decision-making.

As the Company focuses on identifying and attracting the right individuals, efforts will be made to increase female representation on the Board in a manner that is both meaningful and sustainable. Specific timelines for achieving this goal will be determined as suitable candidates emerge and conditions are met.

## Response to Queries from Shareholders

---

### Shareholder 1

1. **The Enovix project is expected to cost USD100 million. Is all financed by loans? Any intention to undertake private placement to fund the Enovix project?**

Answer:

YBS would finance its 70% share of the project cost through bank loan and Enovix would contribute the remainder 30% for the investment cost USD100 million.

2. **What kind of products will be produced? Upstream or downstream?**

Answer:

YBS Group would produce battery cells which are raw materials for battery.

### Shareholder 2

3. **What is the potential profit margin from this Enovix project?**

Answer:

YBS Group undertakes the project as contract manufacturer for Enovix so the margin would be within the range of 4% to 6%.

Minutes of 21<sup>st</sup> Annual General Meeting held on 24 August 2023  
Response to Queries from Minority Shareholders Watch Group and Shareholders (cont'd)

**4. When will the Enovix project kick off?**

Answer:

The machine and equipment for manufacturing would be installed by the end of calendar year 2023 with ramp up plan in April 2024.

**Shareholder 3**

**5. What is the usage of the battery cells produced for Enovix?**

Answer:

These batteries are for energy saving and storage, four use in any electronic device.

**Shareholder 4**

**6. What is the partnership / collaboration model for the Enovix project?**

Answer:

YBS is the contract manufacturer supporting Enovix for this project.

**7. Any plan for new facility / expansion of present site? In the future should the need arise?**

Answer:

Management would expand its present manufacturing site to meet demand. It would be in the medium term.

**8. What is the biggest risk / advantage of Enovix project?**

Answer:

The biggest concern would be not being able to meet the specifications and delivery deadline.

On the flip side, partnering Enovix is a huge boost to the YBS Group, lifting presence to a different level.

**9. Will fabrication of Line 1 battery start in December 2023?**

Answer:

All things being equal, it should kick off in December 2023. As mentioned earlier, the project is in final planning stage.

**Shareholder 5**

**10. Next generation batteries are all solid state ones. What is the impact to Enovix product? An example is BYD, the automaker, setting up joint venture for car batteries. How would YBS respond to technology change?**

Answer:

These are lithium ion batteries with long shelf life. Enovix focuses on premium market for miniature batteries. The focus is not on big battery size as for automotive industry.

**Shareholder 6**

**11. Will YBS Group be seen as too dependent on Enovix? What about other customers?**

Answer:

The Enovix project is part of the Group's business expansion plan to venture into new industry and products. The Board has considered the viability of the Enovix's technology and products before green-lighting the project. There would be more focus on energy storage going forward. The Enovix project came through on the introduction by Dato' Dr. Mohd. Sofi Bin Osman, Chairman of the Board of Directors of YBS International Berhad.

Other projects are still ongoing and the management continued to pursue new customers in both existing and new industries.

**Shareholder 7**

**12. Who are the customers for these Enovix batteries? Local or foreign?**

Answer:

The Group is producing at component level to Enovix, its sole customer. In turn, Enovix will sell to its end customers whose information YBS Group is not privy to.