

THIS STATEMENT 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, solicitor, accountant, bank manager or other professional adviser immediately.

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PROLEXUS BERHAD

Registration No. 199201019353 (250857-T)
(Incorporated in Malaysia)

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO
PURCHASE UP TO 10% OF THE COMPANY'S TOTAL NUMBER OF ISSUED SHARES
("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

The above proposal will be tabled as Special Business at the 31st Annual General Meeting ("**AGM**") to be held and conducted by way of a virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor on 19 January 2024 at 2.00 p.m.. The Notice of the 31st AGM and the Proxy Form are enclosed with the Company's Annual Report for the financial year ended 31 July 2023.

As a shareholder, you may appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Proxy Form at the Company's Share Registrar Office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, not less than 48 hours before the time of holding the 31st AGM. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 31st AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 17 January 2024 at 2.00 p.m.
Date and time of the 31st AGM : Friday, 19 January 2024 at 2.00 p.m.

This Statement is dated 30 November 2023.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

“Act”	:	Companies Act, 2016
“AGM”	:	Annual general meeting
“Board”	:	Board of Directors of Prolexus
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Code”	:	Malaysian Code on Take-Over and Mergers, 2016, as amended from time to time and any re-enactment thereof
“Constitution”	:	Constitution of the Company
“Directors”	:	Members of the Board and shall have the same meaning given in Section 2(1) of the Capital Market and Services Act 2007
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending, as the case may be
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	31 October 2023, being the latest practicable date before the printing of this Statement
“NA”	:	Net Assets
“Prolexus” or “Company”	:	Prolexus Berhad [199201019353 (250857-T)]
“Prolexus Group” or “Group”	:	Prolexus and its subsidiaries, collectively
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of authority for the Company to purchase up to 10% of the Company’s total number of issued shares
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Shares”	:	Ordinary Shares of Prolexus
“Statement”	:	Statement in relation to the Proposed Renewal of Share Buy-Back Authority
“Warrants”	:	Warrants B 2021/2026 expiring on 29 June 2026

All references to “we”, “us”, “our” and “ourselves” are to the Company, and save where the context otherwise requires, the consolidated subsidiary.

All references to “you” in this Statement are to the shareholders of the Company.

Any reference in this Statement to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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PROLEXUS BERHAD

Registration No. 199201019353 (250857-T)
(Incorporated in Malaysia)

Registered Office:

B-21-1, Level 21, Tower B, Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

30 November 2023

Board of Directors:

Datuk Au Yee Boon (*Executive Director*)
Mr. Lee Boon Siong (*Executive Director*)
Datuk Low Chin Koon (*Independent Non-Executive Director*)
Mr. Tan Chin Yong (*Independent Non-Executive Director*)
Mr. Au Yee Soon (*Non-Independent Non-Executive Director*)
Datin Lim Lee Wheng (*Non-Independent Non-Executive Director*)

To: The Shareholders of Prolexus

Dear Sirs/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

The Company had, on 30 December 2022, obtained its shareholders' approval for the Company to purchase up to 10% of the Company's total number of issued Shares. Accordingly, the authority shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 31st AGM of the Company, unless renewed at the forthcoming 31st AGM.

On 23 November 2023, the Board announced that the Company proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back Authority and set out the Board's recommendation thereon. In addition, the Company will seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 31st AGM of the Company. The Notice of the 31st AGM and the Proxy Form are enclosed in the Annual Report for the FYE 31 July 2023.

Shareholders are advised to read and carefully consider the contents of this Statement together with the appendices contained herein before voting on the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 31st AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Quantum

The Board is proposing to seek the Company's shareholders' approval to renew the authority for the Company to purchase up to 10% of the Company's total number of issued Shares at any point of time within the period stated in Section 2.2 of this Statement. Such purchase is subject to compliance with the provisions of the Act, Listing Requirements and any prevailing laws, rules, regulations, guidelines and requirements issued by the relevant authorities at the time of purchase.

As at the LPD, the Company's issued share capital is RM126,071,329 comprising 276,727,513 Shares (including 809,200 treasury shares) and a total of 133,585,898 outstanding Warrants.

Based on the above, the maximum number of Shares that may be purchased is as follows:

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
	No. of Shares	No. of Shares
Total number of issued Shares as at LPD ⁽¹⁾	276,727,513	276,727,513
Assuming all the outstanding Warrants are exercised ⁽²⁾	-	133,585,898
	<u>276,727,513</u>	<u>410,313,411</u>
	-	
Proposed Share Buy-Back (10%)	<u>27,672,751</u>	<u>41,031,341</u>
Less: Treasury Shares	(809,200)	- ⁽³⁾
Maximum number of Shares that may be purchased	<u>26,863,551</u>	<u>41,031,341</u>

Notes:

- (1) Including 809,200 Shares which the Company holds as treasury shares as at LPD.
- (2) Assuming all the outstanding 133,585,898 Warrants are fully exercised into 133,585,898 new Shares at the exercise price of RM0.56.
- (3) Assuming 809,200 treasury shares are resold in the open market at their respective acquisition prices.

2.2 Duration

The Proposed Renewal of Share Buy-Back Authority, if approved by the shareholders of Prolexus at the forthcoming 31st AGM, shall be effective immediately from the date of the passing of its ordinary resolution for the Proposed Renewal of Share Buy-Back Authority and shall remain in force until:

- (i) the conclusion of the Company's first general meeting following the forthcoming 31st AGM at which the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority is passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the Company's shareholders in a general meeting,

whichever occurs first.

2.3 Source of Funds

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or external borrowings. The maximum amount of funds to be allocated by the Company for purchasing the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will be subject to the Company's retained profits. The Company's latest audited retained profits as at 31 July 2023 is RM7.35 million.

If funded through internally generated funds, the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is not expected to have a material impact on the Company's cash flow. In addition, if the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is to be financed by bank borrowings, the Company shall ensure that its repayment capabilities and such repayment will not have a material effect on the Company's cash flow.

2.4 Treatment of the Purchased Shares

Pursuant to Section 127(4) of the Act, where the Company has purchased the Shares, the Board may, at their discretion, resolve the following:

- (i) to cancel the Shares so purchased;
- (ii) to retain the Shares so purchased in treasury which is referred to as "treasury shares" in the Act; or
- (iii) to retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares.

Pursuant to Section 127(7) of the Act, where such Shares are held as treasury shares, the Board may, at their discretion:

- (i) distribute the Shares as dividends to shareholders;
- (ii) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Shares, or any of the Shares for the purposes of or under an employees' share scheme;
- (iv) transfer the Shares, or any of the Shares as purchase consideration;
- (v) cancel the Shares or any of the Shares; or
- (vi) sell, transfer or otherwise use the Shares for such other purposes as the minister may by order prescribe.

Upon each purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board to either retain the Shares purchased as treasury shares or cancel them or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale, transfer or cancellation of treasury shares.

In considering how the Shares so purchased will be dealt with, the Directors will take into consideration, amongst others, factors such as the prevailing market price of the Shares, the intrinsic value of the Shares and effects on the Group's earnings and NA.

While the purchased Shares are held as treasury shares, the holder of treasury shares shall not confer:

- (i) the right to attend or vote at meetings and any purported exercise of such rights is void; and
- (ii) the right to receive dividends or other distribution, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company.

In addition, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purposes including, without limiting the generality of Section 127(9) of the Act, the provisions of any law or requirements of the Company's Constitution or the Listing Requirements on substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.5 Public Shareholding Spread

Any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements.

Based on the Company's Record of Depositors as at the LPD, the Company's public shareholding spread was approximately 55.55%. The Board will be mindful of ensuring that the minimum public shareholding spread of 25% is met and maintained before implementing any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

2.6 Purchase Price and Resale or Transfer Price

(i) Purchase price

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares on Bursa Securities at a price which is not more than 15% above the weighted average market price of the Shares for the 5 market days immediately before the purchase.

(ii) Resale or transfer price

Pursuant to Paragraph 12.18 of the Listing Requirements, the Company may only resell the treasury shares on Bursa Securities or transfer the treasury shares at:

- (a) a price which is not less than the weighted average market price for the Shares for the 5 market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price for the Shares for the 5 market days immediately before the resale or transfer provided that:
 - (1) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - (2) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The rationale for the Proposed Renewal of Share Buy-Back Authority is as follows:

- (i) allows the Company to take preventive measures against speculation, particularly when the Shares are undervalued which would in turn, stabilise the market price of the Shares and hence, enhance investors' confidence;
- (ii) should any treasury shares be distributed as share dividends and/or issued under an employees' share scheme, this would also serve to reward the shareholders of the Company and/or the eligible persons;
- (iii) enable the Company to utilise its surplus financial resources, which are not immediately required for other uses, to purchase the Shares from the open market at market prices which the Board views as favourable; and
- (iv) if the Shares purchased are subsequently cancelled, long-term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS and the NA per Share of the Group (assuming all things being equal).

4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

4.1 Issued Share Capital

The maximum number of ordinary shares the Company may purchase shall not exceed 10% of the Company's total number of issued Shares.

As at the LPD, the Company has 276,727,513 Shares in issue (including 809,200 treasury shares) and a total of 133,585,898 outstanding Warrants.

Assuming the Proposed Renewal of Share Buy-Back Authority is approved and the Shares so purchased are fully cancelled, the effects of the Proposed Renewal of Share Buy-Back Authority on the Company's total number of issued Shares are as follows:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Total number of issued Shares as at LPD ⁽¹⁾	276,727,513	276,727,513
Less: Treasury Shares	(809,200)	(2)-
	<hr/> 275,918,313	<hr/> 276,727,513
Assuming all the outstanding Warrants are exercised	-	⁽³⁾ 133,585,898
	<hr/> 275,918,313	<hr/> 410,313,411
Assuming all Shares Purchased are to be cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority	(26,863,551)	(41,031,341)
Resultant issued share capital	<hr/> 249,054,762	<hr/> 369,282,070

Notes:

- (1) Including 809,200 Shares which the Company holds as treasury shares as at LPD.
- (2) Assuming 809,200 treasury shares are resold in the open market at their respective acquisition prices.
- (3) Assuming all the outstanding 133,585,898 Warrants are fully exercised into 133,585,898 new Shares at the exercise price of RM0.56.

4.2 NA and Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the Group's consolidated NA will depend on, inter-alia, the number of purchased Shares, the purchase price of such purchased Shares, the effective funding cost to the Group to finance the purchased Shares or any loss in interest income to the Company and the treatment of the purchased Shares.

If all the purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will cause the Group's NA per Share to reduce in the event the purchase price of the purchased Shares exceeds the Group's NA per Share at the time of purchase and vice versa.

The Group's NA would decrease if the purchased Shares were retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the Group's NA by the cost of the treasury shares.

If the treasury shares are resold through Bursa Securities for a profit, the Group's NA per Share will increase accordingly. However, the quantum of the increase will depend on the selling prices of the treasury shares and the number of treasury shares resold.

Assuming that the treasury shares are being retained by the Company and no borrowings are being utilised to fund the purchase of the Shares, all else being equal, any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority may increase the Group's gearing as the Group's NA will be reduced by the cost of Shares acquired.

4.3 Working Capital

Any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will reduce the Group's working capital and cash flow, the quantum of which depends on, amongst others, the number of Shares purchased, the purchase price of the Shares and funding cost, if any.

However, the Group's working capital and cash flow will increase if the purchased Shares are resold on Bursa Securities. The quantum increase in the working capital and cash flow will depend on the selling price of the treasury shares and the number of treasury shares resold.

4.4 Earnings and EPS

The effects of any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority on the Group's earnings and EPS will depend on the number of Shares purchased, the prices paid for such Shares, the effective funding cost to finance the purchase of such Shares, if any, or any loss in interest income to the Group. Nevertheless, all things being equal, assuming that the treasury shares are retained, any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is expected to increase the Group's EPS as the treasury shares held will not be taken into account in calculating the total number of issued Shares.

If the Shares purchased are cancelled, the number of Shares applied in the computation of EPS will reduce. Accordingly, all things being equal, the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will increase the Group's EPS.

If the Shares purchased are resold, the extent of the impact on the Group's EPS will depend on the actual selling price, the number of treasury shares resold and the effective gain on resale and any funding cost arising from the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

4.5 Shareholdings of the Substantial Shareholder and Directors

The pro forma effects of the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Company's Directors and the substantial shareholders, calculated based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD, assuming the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority is undertaken in full by the Company, are as follows:

Minimum Scenario

	As at LPD				(I) After the purchase of the Shares pursuant to Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Lau Mong Ying	29,119,110	10.55	26,221,050 ⁽³⁾	9.50	29,119,110	11.69	26,221,050 ⁽³⁾	10.53
Yi-Lai Marketing Sdn Bhd	27,905,000	10.11	-	-	27,905,000	11.20	-	-
JE Holdings Sdn Bhd	26,221,050	9.50	-	-	26,221,050	10.53	-	-
Yi-Lai Industry Berhad	20,998,400	7.61	-	-	20,998,400	8.43	-	-
Lau Mong Fah	1,785,000	0.65	26,221,050 ⁽³⁾	9.50	1,785,000	0.72	26,221,050 ⁽³⁾	10.53
YB Ventures Berhad	-	-	48,903,400 ⁽²⁾	17.72	-	-	48,903,400 ⁽²⁾	19.64
Directors								
Datuk Au Yee Boon	11,100,200	4.02	4,923,500 ⁽¹⁾	1.78	11,100,200	4.46	4,923,500 ⁽¹⁾	1.98
Datuk Low Chin Koon	-	-	-	-	-	-	-	-
Lee Boon Siong	-	-	-	-	-	-	-	-
Tan Chin Yong	-	-	-	-	-	-	-	-
Au Yee Soon	-	-	-	-	-	-	-	-
Datin Lim Lee Wheng	-	-	11,100,200 ⁽⁴⁾	4.02	-	-	11,100,200 ⁽⁴⁾	4.46

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4.5 Shareholdings of the Substantial Shareholder and Directors (cont'd)

Maximum Scenario

	As at LPD				(i) Assuming all treasury shares are resold at cost			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Lau Mong Ying	29,119,110	10.55	26,221,050 ⁽³⁾	9.50	29,119,110	10.52	26,221,050 ⁽³⁾	9.48
Yi-Lai Marketing Sdn Bhd	27,905,000	10.11	-	-	27,905,000	10.08	-	-
JE Holdings Sdn Bhd	26,221,050	9.50	-	-	26,221,050	9.48	-	-
Yi-Lai Industry Berhad	20,998,400	7.61	-	-	20,998,400	7.59	-	-
Lau Mong Fah	1,785,000	0.65	26,221,050 ⁽³⁾	9.50	1,785,000	0.65	26,221,050 ⁽³⁾	9.48
YB Ventures Berhad	-	-	48,903,400 ⁽²⁾	17.72	-	-	48,903,400 ⁽²⁾	17.67
Directors								
Datuk Au Yee Boon	11,100,200	4.02	4,923,500 ⁽¹⁾	1.78	11,100,200	4.01	4,923,500 ⁽¹⁾	1.78
Datuk Low Chin Koon	-	-	-	-	-	-	-	-
Lee Boon Siong	-	-	-	-	-	-	-	-
Tan Chin Yong	-	-	-	-	-	-	-	-
Au Yee Soon	-	-	-	-	-	-	-	-
Datin Lim Lee Wheng	-	-	11,100,200 ⁽⁴⁾	4.02	-	-	11,100,200 ⁽⁴⁾	4.01

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4.5 Shareholdings of the Substantial Shareholder and Directors (cont'd)

Maximum Scenario

	(II) After (I) and all the outstanding Warrants are exercised				(III) After (II) and the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Lau Mong Ying	29,208,760	7.12	31,161,575 ⁽³⁾	7.59	29,208,760	7.91	31,161,575 ⁽³⁾	8.44
Yi-Lai Marketing Sdn Bhd	27,905,000	6.80	-	-	27,905,000	7.56	-	-
JE Holdings Sdn Bhd	31,161,575	7.59	-	-	31,161,575	8.44	-	-
Yi-Lai Industry Berhad	20,998,400	5.12	-	-	20,998,400	5.69	-	-
Lau Mong Fah	2,677,500	0.65	31,161,575 ⁽³⁾	7.59	2,677,500	0.73	31,161,575 ⁽³⁾	8.44
YB Ventures Berhad	-	-	48,903,400 ⁽²⁾	11.92	-	-	48,903,400 ⁽²⁾	13.24
Directors								
Datuk Au Yee Boon	11,100,200	2.71	4,923,500 ⁽¹⁾	1.20	11,100,200	3.01	4,923,500 ⁽¹⁾	1.33
Datuk Low Chin Koon	-	-	-	-	-	-	-	-
Lee Boon Siong	-	-	-	-	-	-	-	-
Tan Chin Yong	-	-	-	-	-	-	-	-
Au Yee Soon	-	-	-	-	-	-	-	-
Datin Lim Lee Wheng	-	-	11,100,200 ⁽⁴⁾	2.71	-	-	11,100,200 ⁽⁴⁾	3.01

Notes:

- (1) Deemed interested by virtue of his interest in Techbase Solution Sdn Bhd.
- (2) Deemed interested by virtue of Section 8 of the Act held through Yi-Lai Industry Bhd and Yi-Lai Marketing Sdn Bhd.
- (3) Deemed interested by virtue of Section 8 of the Act held through JE Holdings Sdn Bhd.
- (4) Deemed interested by virtue of the interest of her spouse, Datuk Au Yee Boon pursuant to Section 8 of the Act.

5. **POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority, if implemented, to the Company and the shareholders are as follows:

Potential advantages

- (i) the Proposed Renewal of Share Buy-Back Authority will enable the Company to take preventive measures against market speculation and reduce the volatility of Shares by stabilising the demand and supply of Shares that will maintain investors' confidence;
- (ii) the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will provide potential gains to the Company if the purchased Shares are then resold at a higher price;
- (iii) the Proposed Renewal of Share Buy-Back Authority will provide the Company with the flexibility in attaining the desired capital structure, in terms of debt and equity composition and size of equity; and
- (iv) in the event the treasury shares are distributed as share dividends, it will serve to reward the shareholders and thus, minimise the cash outlay required for dividends in the future whilst stabilising the market price of our Shares.

Potential disadvantages

- (i) the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority will reduce the Group's financial resources and may result in the Group forgoing future investment opportunities that may emerge; and
- (ii) as the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority may only be made out of the Company's retained profits, it may result in the reduction of financial resources available for distribution as dividends and/or bonus shares to the shareholders in the immediate future.

The Board will be mindful of the interests of the Company and the shareholders when undertaking the purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Authority and in the subsequent resale of treasury shares on Bursa Securities, if any.

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6. PURCHASE, RESALE, TRANSFER AND CANCELLATION OF SHARES IN THE PRECEDING 12 MONTHS

During the preceding 12 months up to the LPD, the Company did not purchase any of its Shares from the open market.

As at LPD, there was a total of 809,200 Shares held as treasury shares. The Company has not transferred and cancelled any of its treasury shares in the preceding 12 months up to the LPD. The details of treasury shares resold by the Company in the preceding 12 months up to the LPD were as below:

Date	No. of Shares Resale	Min. Price (RM)	Max. Price (RM)	Average price (RM)	Total Consideration (RM)
3 January 2023	1,500,000	0.485	0.495	0.490	726,400.04

7. HISTORICAL SHARE PRICES

The monthly highest and lowest share price of Prolexus traded on Bursa Securities for the past 12 months preceding the date of this Statement are as follows:

Month/Year	High (RM)	Low (RM)
2022		
November	0.450	0.400
December	0.520	0.425
2023		
January	0.555	0.465
February	0.580	0.475
March	0.525	0.425
April	0.500	0.450
May	0.490	0.435
June	0.470	0.395
July	0.425	0.385
August	0.405	0.300
September	0.410	0.325
October	0.345	0.295

The last transacted price of Shares on the LPD was RM0.30.

8. IMPLICATION OF MALAYSIAN CODE ON TAKEOVERS AND MERGERS

Pursuant to the Code and Rules on Take-Overs, Mergers and Compulsory Acquisitions (“**Rules**”) issued by the Securities Commission Malaysia (“**SC**”), a person and any person acting in concert with him, will be required to make a mandatory offer for the remaining Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is/are between 33.0% and 50.0% and increases by another 2.0% in any 6 months period as a result of the purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority. However, an exemption from mandatory offer obligation may be granted by the SC under the Code and Rules upon application by such person(s).

The Board does not intend to undertake the Proposed Renewal of Share Buy-Back Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code and Rules. However, in the event an obligation to undertake a mandatory offer is expected to arise with respect to any parties resulting from the purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, which is an action outside its direct participation, the relevant parties shall make the necessary application to the SC for an exemption from undertaking the mandatory offer (“**Proposed Waiver**”).

If the Proposed Waiver is not approved by the SC, the Company will only proceed with the purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority to the extent that it will not contravene the limit as provided under the Code and Rules.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage of shareholdings and/or voting rights of the shareholders as a result of the purchase of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority, none of the Directors, major shareholders and/or persons connected with them, if any, has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority and the subsequent resale of treasury shares, if any, in the future.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, including the rationale and effects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company.

Accordingly, the Board recommends the shareholders to vote in favour of the ordinary resolution to give effect to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 31st AGM of the Company.

11. AGM

The 31st AGM, notice of which is enclosed in the Company's Annual Report for the FYE 31 July 2023, will be conducted by way of a virtual meeting entirely through live streaming via Remote Participation and Voting Facilities from the Broadcast Venue at Unit 702, Level 7, Tropicana Gardens Office Tower, No. 2A, Persiaran Surian, 47810 Petaling Jaya, Selangor on 19 January 2024 at 2.00 p.m., or any adjournment thereof, to consider, and if thought fit, passing, the Ordinary Resolution on the Proposed Renewal of Share Buy-Back Authority under the agenda of Special Business as set out in the Company's Annual Report for the FYE 31 July 2023.

If you are unable to attend and vote in person at the 31st AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Proxy Form in accordance with the instructions therein at the Company's Share Registrar Office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, not less than 48 hours before the time of holding the 31st AGM or any adjournment thereof.

12. FURTHER INFORMATION

Shareholders are advised to refer to the ensuring Appendices set out in this Statement for further information.

Yours faithfully,
For and on behalf of the Board of
PROLEXUS BERHAD

DATUK AU YEE BOON
Executive Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board, and they, individually and collectively, accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for the period commencing from the date of this Statement up to and including the date of the forthcoming 31st AGM:

- (i) the Company's Constitution; and
- (ii) the Company's audited consolidated financial statements for the FYE 31 July 2022 and FYE 31 July 2023.

EXTRACT OF THE NOTICE OF THE 31ST AGM

PROLEXUS BERHAD

Registration No. 199201019353 (250857-T)

(Incorporated in Malaysia)

AS SPECIAL BUSINESS:-**Ordinary Resolution 8****Proposed Renewal of Share Buy-Back Authority for the Company to Purchase Up to 10% of its Total Number of Issued Shares (“Proposed Renewal of Share Buy-Back Authority”)**

“THAT subject to the Company’s compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Company’s Constitution, the Listing Requirements and the approvals of all relevant governmental/regulatory authorities, approval be and is hereby given to the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the Company’s total number of issued shares including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 30 November 2023 which is despatched together with the Annual Report.

THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Listing Requirements and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.”