

YNH PROPERTY BHD (561986-V)

Announcement to Bursa Malaysia Securities Berhad on 8 August 2007

Subject : **YNH PROPERTY BHD (“YNHP” or “the Company”)
Proposed Acquisition of Nine Million Eight Hundred Seventy Thousand
(9,870,000) fully paid ordinary shares in D’Kiara Place Sdn Bhd (“DKP”)
representing Seventy percent (70%) of the issued and fully paid shares of DKP by
Kar Sin Berhad (“KSB”), a wholly owned subsidiary of the Company**

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1. INTRODUCTION

Reference is made to our announcements dated 2 April 2007 and 18 July 2007.

The Board of Directors of YNH Property Bhd is pleased to announce that KSB, a wholly owned subsidiary of the Company has on 8 August 2007 entered into an Agreement for the Acquisition of Shares (“SAA”) from Triple-H Auto Parts Sdn Bhd (“THSB”) of its entire equity interest in DKP which comprises 9,870,000 ordinary shares of RM1.00 each (“Sale Shares”) and representing 70% of the issued and paid up share capital of DKP, for a total cash consideration of RM67,868,833 and an indebtedness to THSB by DKP amounting to RM4,631,167 (“Proposed Acquisition”).

Upon completion of the Proposed Acquisition, DKP shall become a subsidiary company of KSB.

2.0 BACKGROUND INFORMATION

2.1 DKP, bearing Company No. 335142-D, was incorporated in Malaysia on 28 February 1995 as a private limited company and has an existing authorised share capital of RM20,000,000 divided into 20,000,000 ordinary shares of RM1.00 each of which 14,100,000 ordinary shares have been issued and are fully paid up or credited as fully paid up. The principal activities of DKP are that of property development and provision of consultancy services.

DKP is the registered and beneficial owner of the freehold properties held under Geran Nos. 6145 and 6146 for Lots 1883 and 1884 respectively, both in Mukim Batu, Daerah Kuala Lumpur measuring a total of approximately 6 acres (“Development Land”). The Development Land is strategically located within Mont’ Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont’ Kiara and opposite One Mont’ Kiara. The intended development of the Development Land is for the construction and development of service apartments, office block, retail centre and auditorium with an estimated Gross Development Value of RM680 million. Development Order of the Development Land has been obtained and the development charges have been paid. The land has been converted into commercial land and all premiums have been paid. Most of the infrastructures are ready for connection.

The original cost of the Development Land and the development cost thereon amounted to RM6,500,000 and RM14,856,308 respectively as at 31 December 2006, based on the audited financial statements of DKP for the financial year ended thereon. There is no valuation exercise being carried out on the Development Land.

- 2.2 THSB, bearing Company No. 593687-K is incorporated in Malaysia and the principal activity is investment holding. The authorized share capital of THSB is RM500,000 divided into 500,000 ordinary shares of RM1.00 each of which 250,000 ordinary shares have been issued and are fully paid up or credited as fully paid up.
- 2.3 DKLS Industries Berhad (“DKLS”), bearing Company No. 369472-P, is the registered and beneficial owner of 4,230,000 ordinary shares of RM1.00 each representing the remaining 30% of the issued and paid up share capital of DKP (“Remaining Share”). DKLS is a company listed on the Main Board of Bursa Malaysia Securities Berhad. The principal activities of DKLS are investment holding and provision of management services. DKLS and THSB have entered into a Shareholders Agreement on 28 July 2003 to regulate their rights and obligation inter-se as shareholders of DKP.

3.0 DETAILS OF THE PROPOSED ACQUISITION

- 3.1 The cash consideration for the Proposed Acquisition of RM67,868,833 is arrived at on a willing buyer-willing seller basis after taking into consideration of the following:
- a) payment by KSB in respect of an indebtedness to THSB by DKP of an amount of RM4,631,167
 - b) net assets of DKP of RM15,324,364, based on its audited financial statements for the financial year ended 31 December 2006; and
 - c) the prospective development value of the Development Land and the prospective future earnings of DKP.
- 3.2 The Sale Shares in DKP are free from all liens, charges, mortgages and other encumbrances whatsoever but with all rights attached and upon the terms and conditions thereto. KSB will not be assuming any liabilities arising from the Proposed Acquisition except that KSB shall repay on behalf of DKP or procure DKP to repay the amount owing of RM4,631,167 to THSB as mentioned above.
- 3.3 The original cost of investment of the Sale Shares in the books of THSB amounting to RM18,569,960 and the Sale Shares were registered in the name of THSB on 10 December 2003.

Salient Terms of the SAA

- 3.4 The cash consideration of RM67,868,833 for the Proposed Acquisition shall be paid by KSB in the following manner:
- a) a deposit of RM6,786,883 shall be paid upon execution of the SAA; and
 - b) the balance of RM61,081,950 (“Balance Purchase Price”) shall be paid on the day which falls three (3) months after the date of the SAA or a period of one (1) month after the Conditions Precedent of the SAA have been fulfilled, whichever shall be the later (“Completion Date”).

- 3.5 The completion of the SAA, among others, is conditional upon the following conditions being fulfilled:
- a) the approval of the Foreign Investment Committee (“FIC”) for the acquisition of the Sale Shares by KSB being obtained on terms acceptable to both parties;
 - b) the approval of the shareholders of THSB being obtained in an extraordinary general meeting for the Proposed Acquisition, if required,; and
 - c) THSB to obtain from DKLS the letter to waive its pre-emptive rights over the Sale Shares under the Shareholders Agreement (“Waiver Letter”)

The above conditions are hereinafter collectively referred to as “Conditions Precedent”.

- 3.6 The SAA shall become unconditional on the day upon which all of the Conditions Precedent are fulfilled or waived or deemed to have been waived.
- 3.7 The sale and purchase of the Sale Shares shall be completed on the Completion Date or one (1) month after the Completion Date (“the Extended Completion Date”), as the case may be, in the following manner:-
- 3.7.1 KSB shall pay to THSB the Balance Purchase Price and Interest (if applicable) and shall repay on behalf of DKP the Indebtedness of RM4,631,167 by cheque or by bank draft;
 - 3.7.2 THSB shall upon receipt of the above payments, deliver to KSB:-
 - (a) the original share certificates for the Sale Shares together with an executed and registrable share transfer form in respect thereof in favour of the Purchaser and the PDS6 stamping proforma;
 - (b) the signed copy of the Waiver Letter;
 - (c) the resignation letters of the two (2) directors of DKP appointed by THSB without any claim for loss of office or any other compensation whatsoever;
 - (d) such other documents or information as may be necessary to facilitate the stamping or registration of the share transfer form in respect of the Sale Shares; and
- 3.8 THSB shall do all acts, deeds and things to cause the Sale Shares to be registered in the name of KSB as soon as possible after the Completion Date or the Extended Completion Date, as the case may be.
- 3.9 KSB may, at any time after the Unconditional Date but no later than seven (7) days before the Completion Date, by written notice to the Vendor extend the date for the completion of the sale and purchase of the Sale Shares herein to the Extended Completion Date. Upon KSB exercising such right, the sale and purchase of the Sale Shares shall not occur on the Completion Date but be deferred to the Extended Completion Date and pay THSB interest on the Balance Purchase Price at Eight per cent (8%) per annum calculated on a daily basis for the period commencing on the day after the Completion Date up to and including the Extended Completion Date (“Interest”).

- 3.10 the issue documents of titles in respect of the Land held under Geran Nos. 6145 and 6146 for Lots 1883 and 1884 respectively, both in Mukim Batu, Daerah Kuala Lumpur have been surrendered by DKP to the Land Administrator, Jabatan Tanah dan Galian Wilayah Persekutuan for amalgamation and partial surrender for road and drains on 16 May 2007.
- 3.11 THSB further undertakes with KSB to indemnify DKP up to Seventy percent (70%) against any claims made against DKP in respect of any liabilities incurred by DKP prior to the Completion Date or Extended Completion Date (as the case may be) which was not disclosed in the audited accounts for the year ended 31 December 2006 and the management accounts for the period ended 30 June 2007.
- 3.12 The undertaking by THSB in respect of 3.11 above shall remain in force for two (2) years from the date of the SAA.
- 3.13 KSB undertakes to ensure that DKP fulfils its written commitment to sell a four storey auditorium to be constructed on the Development Land to Full Gospel Assembly Berhad for a total consideration of approximately RM20,000,000.

3.14 If:-

- (a) KSB defaults in the payment of the Balance Purchase Price or Interest (if applicable) or fails to repay on behalf of DKP the Indebtedness of RM4,631,167; or
- (b) KSB is in breach of any of its obligations, undertakings, representations or warranties under the SAA and if capable of remedy, such breach has not been remedied within fourteen (14) days from the date of a written notice from THSB requiring the same to be remedied;

THSB may forthwith terminate the SAA by giving written notice to such effect to KSB. Upon such termination, the Deposit shall be forfeited immediately to THSB as agreed liquidated damages.

3.15 If :-

- (a) THSB defaults in completing the sale herein on the Completion Date or the Extended Completion Date, as applicable; or
- (b) THSB is in breach of any of its obligations, undertakings, representations or warranties under the SAA and if capable of remedy, such breach has not been remedied within fourteen (14) days from the date of a written notice from KSB requiring the same to be remedied;

KSB may forthwith terminate the SAA by giving written notice to such effect to THSB. Upon such termination, THSB shall immediately return the Deposit, without interest, to KSB and shall pay KSB a sum equal to the Deposit as agreed liquidated damages.

3.16 THSB and KSB shall be entitled to obtain an order for specific performance against a party who defaults in the performance of its obligations under the SAA.

4.0 RATIONALE OF THE PROPOSED ACQUISITION

KSB's acquisition of DKP from THSB would enable KSB to share Seventy per cent (70%) of the development result arising from the Development Land.

5.0 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 Earnings and Earning Per Share

The Proposed Acquisition is not expected to have any material effect on the earnings of YNHP for the financial year ending 31 December 2007.

5.2 Net Assets

The Proposed Acquisition is not expected to have material effect on YNHP's Net Assets for the financial year ending 31 December 2007

5.3 Gearing

The Proposed Acquisition is not expected to have material effect on YNHP's Gearing for the financial year ending 31 December 2007

5.4 Share Capital and Substantial Shareholders' Shareholding

The Proposed Acquisition is not expected to have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in YNHP.

6.0 SOURCES OF FUNDS

The Proposed Acquisition is financed by KSB's internal funds and overdraft facilities.

7.0 APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of shareholders of YNHP.

8.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the directors and/or substantial shareholders of YNHP and persons connected to them have any interest, direct or indirect in the Proposed Acquisition.

9.0 RISK FACTOR

There is no expected risk arising from the Acquisition, other than the normal and global economic risks.

10.0 DIRECTORS' RECOMMENDATION

The Board of Directors of YNHP, having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interests of YNHP.

11.0 DEPARTURE FROM SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON ISSUE / OFFER OF SECURITIES

The Proposed Acquisition has not departed from the Securities Commission's Policies and Guidelines on the Issue / Offer of Securities.

12.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED ACQUISITION

Based on the SAA, the application to FIC is expected to be made within 30 days from the date of signing of the SAA. The Proposed Acquisition is expected to be completed within 9 months from the date of the SAA.

13.0 DOCUMENTS FOR INSPECTION

The SAA is available for inspection at the registered office of the Company at 55 Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak, during normal office hours from Mondays to Fridays (except public holidays) for a period of two weeks from the date of this announcement.

This announcement is dated 8 August 2007.