

Reference Number :IQL-18052023-00001

19 May 2023

**SUBJECT : PROPOSED DISPOSAL BY KAR SIN BERHAD, A WHOLLY-OWNED SUBSIDIARY OF YNH OF PROPERTY ON ALL THAT FREEHOLD VACANT LAND IN THE MUKIM OF KUALA LUMPUR, DAERAH KUALA LUMPUR, NEGERI WILAYAH PERSEKUTUAN KUALA LUMPUR FOR A TOTAL CASH CONSIDERATION OF RM170.00 MILLION ONLY TO SUNWAY LIVING SPACE SDN BHD (PROPOSED DISPOSAL)**

We refer to your Company's announcement dated 16 May 2023, in respect of the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad with the following additional information for public release:-

1. In Section 1, to provide a brief background on the tripartite relationship involving Kar Sin Berhad ("Vendor"), Imbuhan Sempurna Sdn Bhd ("Registered Proprietor") and Great Wall Park Sdn Bhd ("First Beneficial Owner") and to clarify on the following:-

(a) How did Kar Sin Berhad become the Vendor when it is neither the Registered Proprietor nor the First Beneficial Owner of the Property.

[Kar Sin Berhad become the Vendor by acquiring the beneficial right via agreement 18 April 2022.](#)

(b) Why is Kar Sin Berhad not the Registered Proprietor and/or the Beneficial Owner of the Property if it had invested in the Property since 18 April 2022.

[Kar Sin Berhad is the beneficial owner as the registration to be the registered proprietor is deferred for administrative purposes in view of the various submission to various authority has been done or still on-going and until such a time which is convenient for the registration for the change of name is unhindered Kar Sin Berhad will register its name to be the registered owner.](#)

(c) The differences in the role and responsibilities between the Registered Proprietor and the First Beneficial Owner in dealing with the Property.

[The Registered Proprietor role is to hold the Property in trust of the Beneficial Owner.](#)

2. In Section 2, to clarify whether or not Lau Sheng Ming and/or Yu Teong Wei are in any way related to the Vendor and/or the Vendor's directors/major shareholders.

[Lau Sheng Ming and/or Yu Teong Wei are NOT in any way related to the Vendor and/or the Vendor's directors/major shareholders.](#)

3. In Section 4, to provide the basis in deriving at the disposal consideration of RM170 million other than willing-buyer and willing-seller basis since there was no valuation carried out on the Property.

The disposal consideration is arrived at on the willing buyer and willing seller basis based on direct negotiation between representative of the Vendor and Sunway Living Space Sdn Bhd (“the Purchaser”).

4. In Section 5, to highlight that the Disposal Consideration could potentially increase by RM50 million to RM220 million due to the Special Conditions agreed upon and to provide brief details on the Special Conditions or to direct the shareholders to refer to Section 9, Appendix I of the announcement.

The Sales and Purchase Agreement dated 12 May 2023 also contains an additional consideration of RM50 million should YNH successfully obtains a New Development Order (NDO) within one year from the date of the SPA. The NDO would include the approval by the relevant authorities for a development with a minimum plot ratio of seven (7) on the net land area.

5. In Section 9, to provide timeframe for full utilisation of proceeds arising from the Disposal.

The net proceeds arising from the Disposal are expected to be utilized within 24 months for the working capital of YNH and its group of companies.

6. In Section 14, to reassess the computation of percentage ratios by taking into account the additional consideration sum of RM50 million stated under the Special Conditions section of the announcement and to announce the highest percentage ratio based on new computation. Otherwise, to provide a negative statement on this together with the reason for not including the RM50 million.

The Revised Percentage Ratio after taking into consideration sum of RM50 million is 17.885%.

7. In Section 15, it is noted that the Proposed Disposal is not subject to the approval of shareholders of the Company and/or any other relevant authorities. Please provide clarification on the Conditions Precedents relating to obtaining approvals of the Vendor’s holding company as stated in Section 2 of Appendix I of the announcement.

Disposal not subject to shareholders of the Company except as so far as required by the Condition Precedent as stated in Section 2 of Appendix 1. Hence, an Advisor would be appointed in due course to undertake the Proposal Disposal.

8. In Section 1 of Appendix I, to clarify/disclose the following information:

- (a) The rationale for entering into the Sale and Purchase Agreement date 20 May 2008 between the Registered Proprietor and the First Beneficial Owner when both entities are owned by the same parties namely Lau Sheng Ming and Yu Teong Wei.

The entering of the Sale and Purchase Agreement dated 20 May 2008 refer to the Register Owner and the First Beneficial Owner internal restructuring.

- (b) The consideration sum agreed in the Sale and Purchase Agreement dated 20 March 2008.

The sum agreed in the Sale and Purchase Agreement dated 20 March 2008 was not made available to us by the Registered Proprietor and the First Beneficial Owner as the deemed that these are confidential information on their part and they are unwilling to disclosed the sum agreed.

- (c) The consideration sum paid by the Government of Malaysia to acquire part of the Land on 5 May 2009.

We are unable to provide the sum paid by Government as the Registered Owner and First Beneficial as the deemed that these are confidential information on their part and they are unwilling to disclosed the sum agreed.

- (d) Whether or not there was an adjustment made to the consideration sum agreed upon in the Sale and Purchase Agreement dated 20 March 2008 following the acquisition of part of the Land by the Government of Malaysia on 5 May 2009.

We are unable to provide the sum paid by Government as the Registered Owner and First Beneficial as the deemed that these are confidential information on their part and they are unwilling to disclosed the sum agreed and thus no adjustment can be considered.

- (e) The amount of full purchase price and all other monies due and payable under the Principal Agreement, of which such payment was made by the First Beneficial Owner on 15 February 2014. To also clarify what was meant by all other monies due and payable under the Principal Agreement by providing the specific details of such payment.

The amount of full purchase price and all other monies due and payable under the Principal Agreement are confidential information of the Registered Owner and First Beneficial and we are unable to disclose such amount.

- (f) Whether or not YNH made any announcement pertaining to the Turnkey Construction Agreement entered into on 20 June 2016. If yes, to specify the date of the announcement. Otherwise, to provide a negative statement and the reason for not making any announcement.

No announcement was made pertaining to the Turnkey Construction Agreement entered into on 20 June 2016 as these transactions are within the ordinary course of business of the Company and the Company do not wish to make unnecessary or over publicity of the agreement.

(g) The date of payment for the RM41.5 million paid by the Vendor (as contractor) to the First Beneficial Owner (as developer) and the purpose/reason for such payment.

The payment of the RM41.5 million paid by the Vendor to the Beneficial Owner is the Security Deposit consideration of the Turnkey Construction Agreement for the purpose of developing the Property into a Mixed Development in accordance to the terms and conditions of the Turnkey Construction Agreement.

(h) The rationale for the Registered Proprietor agreeing to the creation of the charge over the Property to secure a loan in favour of the Vendor and the loan amount granted by OCBC Al-Amin Bank Berhad. To also clarify if such loan is still subsisting and the outstanding amount, if any.

The rationale for the Reistered Proprietor agreeing to the creation of charge over the Property are in view of the instruction of the First Beneficial Owner arising from the terms and conditions of the Turnkey Construction Agreement with high Security Deposit consideration.

(i) The original completion date and the extended completion date of the Mixed Development as well as the original profit-sharing proportions between the Vendor (as contractor) and the First Beneficial Owner (as developer) and the subsequent variation made to the profit sharing proportions. To also provide the date of payment and the purpose for the additional RM198 million paid by the Vendor to the First Registered Owner.

|  |            |   |
|--|------------|---|
| Original completion date               | N/A        | Pending advertisement permit license                              |
| Extended completion date               | N/A        | Pending advertisement permit license                              |
| Profit sharing                         | Initial    | Developer share 10% of the GDV<br>Contractor share 90% of the GDV |
| Subsequent variation in profit sharing | Subsequent | Developer share 28% of the GDV<br>Contractor share 72% of the GDV |
| Payment of additional turnkey deposit  | 18.7.2019  | 148,500,000   |
|  | 26.3.2020  | <u>49,500,000</u>   |
|  |            | <u>198,000,000</u>  |

(j) Whether or not YNH made any announcement pertaining to the termination of the Turnkey Construction Agreement on 1 April 2022. If yes, to specify the date of the announcement. Otherwise, to provide a negative statement and the reason for not making any announcement.

No announcement was made pertaining to the termination of the Turnkey Construction Agreement on 1 April 2022 as these are ordinary business of the Company and to be consistent with the non-announcement of the Turnkey Construction Agreement when the agreement was first entered into.

(k) Whether or not YNH made any announcement pertaining to the Sub-Sale Agreement entered into on 18 April 2022. If yes, to specify the date of the announcement. Otherwise, to provide a negative statement and the reason for not making any announcement.

No announcement was made pertaining to the Sub-Sale Agreement entered into on 18 April 2022 as these transactions are within the ordinary course of business of the Company and the Company do not wish to make unnecessary or over publicity of the agreement.

(l) The basis in deriving at the RM150 million purchase consideration and the salient terms including all the Conditions Precedent of the Sub-Sale Agreement and the expected completion date.

The RM150 million purchase consideration and the salient terms are derived from direct negotiation between the Vendor and the Purchaser based on the respective parties intention to maximized their respective benefits and gains.

(m) The reason for the long time taken by the Vendor in holding the company's members resolution in general meeting since entering into the Sub-Sale Agreement on 18 April 2022.

The Vendor delay in holding the company's members resolution is to maximise cost saving by coinciding the approval with the Annual General Meeting.

(n) The impact to the acquisition of the Property by the Vendor in the event shareholders' approval is not obtained and the remedy/recourse to the Vendor since it is deemed to have paid the First Beneficial Owner the Purchase Price of the Sub-Sale Agreement on 18 April 2022.

In the event shareholders's approval is not obtain the Sub-Sale Agreement will be re-negotiated to provide the best beneficial solution for the parties involved.

(o) Whether or not the balance sum of RM89.5 million (i.e. RM239.5 million being the Sum to be Refunded – RM150.0 million being the Purchase Price of the Sub Sale Agreement) has been received by the Vendor from the First Beneficial Owner. If yes, to disclose the date of payment and the details on the Vendor's utilisation of such amount received. If the balance sum has yet to be paid to the Vendor, please explain the reason for the delay in making the refund as it was supposed to be refunded within 6 months from 1 April 2022 and indicate the payment timeline as well as compensation to be received by the Vendor arising from such late payment.

The balance sum of RM89.5 million has yet to be received as further negotiation between the Vendor and the First Beneficial Owner that allowed for the balance sum of RM89.5 million be payable only upon the successful selling of the said Property to third party purchaser.

(p) The original expiry date of the First Development Order.

Original expiry date 7 August 2021.

(q) The date of application and date of approval with respect to the extension of the validity of the First Development Order until 6 August 2023 and the party who submitted such application to the authority i.e. whether it was the Vendor or the First Beneficial Owner.

First extension application date 13 July 2021

Date of approval of first extension 12 August 2021

Second extension application date 23 June 2022

Date of approval of second extension 2 August 2022

All application are submitted in name of Great Wall Park Sdn Bhd.

(r) Details of Clause 3A of the SPA relating to the corporate guarantee matter.

In consideration of the Purchaser entering into this Agreement, the Vendor shall cause its holding company, YNH Property Bhd (Registration No. 200101026228 [561986-V]), to furnish to the Purchaser a corporate guarantee , guaranteeing the due performance and observance by the Vendor of all their covenants, undertakings, warranties, representations, obligations and all other terms of this Agreement and to indemnify and keep the Purchaser fully indemnified and to hold the Purchaser harmless from and against any damages, actions, proceedings, claims, demands, penalties, expenses, liabilities, losses, etc., suffered and/or incurred or to be suffered and/or incurred by the Purchaser arising out of any breach, non-observance or non-performance by the Vendor of any of its covenants, undertakings, warranties, representations, obligations and all other terms of this Agreement.

(s) Details relating to appointments of all consultants, architects and contractors appointed by the Vendor to work on the planning and the development of the Property previously including any submissions to the authorities, of which the information shall include the name of the appointed parties, date of appointment, purpose of appointment and the total costs incurred by the Vendor arising from such appointments.

Architect – KW Associates Architects Sdn Bhd  
Civil & Structural Engineer – JPT Consulting Engineers Sdn Bhd  
Mechanical & Electrical Engineer – EAB Consulting Engineers Sdn Bhd  
Surveyor – Jurukur Pintar

All consultants are appointed by the Vendor on 15 January 2020 and the Vendor has yet to incur any cost as payment for the consultant work has yet to reached the agreed payable benchmark for payment.