

YNH PROPERTY BERHAD (“YNH” OR “COMPANY”)

DISPOSAL OF PROPERTY COMPRISING A BUILDING WHICH IS A 5-STOREY HOSPITAL FACILITY CURRENTLY KNOWN AS “PANTAI HOSPITAL MANJUNG” ERECTED ON A PIECE OF LAND MEASURING APPROXIMATELY 19,986 SQUARE METERS LOCATED AT JALAN PPMP 1, PUSAT PERNIAGAAN MANJUNG POINT, 32040 SERI MANJUNG, PERAK BY YNH HOSPITALITY SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, FOR A TOTAL CASH CONSIDERATION OF RM63,000,000.00 (“DISPOSAL”)

1. INTRODUCTION

The Board of Directors of YNH wishes to announce that YNH Hospitality Sdn Bhd (“**Vendor**”), a wholly-owned subsidiary of YNH, had on 26 January 2017, entered into a sale and purchase agreement (“**SPA**”) with Pantai Medical Centre Sdn Bhd (“**Purchaser**”) for the disposal of a piece of land held under HSD 33527, Lot PT 17283 Mukim Lumut Daerah Manjung, Negeri Perak comprising an area of approximately 19,986 square meters on which has been erected a 5-storey hospital facility currently known as “Pantai Hospital Manjung” (“**Property**”) for a total cash consideration of RM63,000,000.00 (“**Sales Consideration**”) (“**Disposal**”).

For information purposes, the title of the Property is currently held under Kar Sin Berhad (“**KSB**”), a co-subsiary of the Vendor and also a wholly owned subsidiary of YNH. KSB shall ensure that the title of the property be transferred to the Purchaser upon finalization of the transaction.

2. INFORMATION ON THE DISPOSAL

2.1 Information on the Vendor

The Vendor is a private limited company incorporated on 25 June 2009 in Malaysia under the Companies Act, 1965 (“**Act**”). The present authorised share capital of the Vendor is RM 5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, for which 2,600,000 ordinary shares of RM1.00 each have been issued and fully paid-up. The Vendor is principally involved in providing management services and lodging facilities as well as property investment holding.

2.2 Information on the Purchaser

The Purchaser is a private limited company incorporated on 15 July 1981 in Malaysia under the Act. The present authorised share capital of the Purchaser is RM25,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and 1,000,000,000 redeemable preference shares of RM0.01 each and the paid-up capital is RM14,495,280 made up of 5,000,000 ordinary shares of RM1.00 each and 949,528,000 redeemable preference shares of RM0.01 each. The Purchaser is principally involved in the provision of medical, surgical and hospital services, as well as providing administrative support, management and consultancy services.

2.3 Information on the Property

The Vendor is the beneficial owner of the Property. Further information on the Property are as follows:

Postal address and identification	:	A 5-storey hospital facility currently known as "Pantai Hospital Manjung" bearing postal address of Jalan PPMP 1, Pusat Perniagaan Manjung Point , 32040 Seri Manjung, Perak. The land is held under under HSD 33527, Lot PT 17283 Mukim Lumut Daerah Manjung, Negeri Perak.
Land area	:	Approximately 19,986 square meters (215,129 square feet)
Restriction-in-interest	:	None
Existing use	:	Hospital operations
Tenure	:	Freehold
Net book value as at 31 December 2015	:	RM 51,174,000.00
Encumbrances	:	A legal charge over the Property in favour of Public Bank Berhad
Original cost of investment/ Date of investment	:	RM51.174 million / 13 th November 2013
Approximate Age of building	:	2.5 years

2.4 Basis of the Sales Consideration

The Sales Consideration was arrived at based on negotiations between the parties on a "willing-buyer willing-seller" basis after taking into consideration, among others, the following:

- The original cost of investment of the Property;

2.5 Salient Terms of the Disposal

The salient terms of the SPA include, amongst others, the following:

2.5.1 Payment terms of the Sales Consideration

The Sales Consideration is payable by the Purchaser in the following manner:

- (i) RM6,300,000.00 which is equivalent to 10% of the Sales Consideration upon execution of the SPA.
- (ii) The balance of the Sales Consideration amounting to RM56,700,000.00 ("**Balance Sales Consideration**") shall be paid by the Purchaser within 90 days from the execution of the SPA.

2.5.2 Conditions Precedent

To obtain shareholders approval, if required.

2.6 Utilization of proceeds

The net proceeds arising from the Disposal are expected to be utilised for the working capital of YNH and its group of companies ("**YNH Group**")

2.7 Liabilities to be assumed by Purchaser

There is no liability to be assumed, including any contingent liability and guarantee, by the Purchaser pursuant to the Disposal.

3. RATIONALE

The rationale for the Disposal are:

- (i) to realise gain via sale of Property; and
- (ii) to raise funds as working capital for YNH Group.

The Disposal will also strengthen the balance sheet of the Company.

4. EFFECTS OF THE DISPOSAL

4.1 Share capital and substantial shareholders' shareholding

The Disposal will not have any effect on the issued and paid-up share capital of YNH and the substantial shareholders' shareholding in YNH, as the Disposal does not involve any issuance of shares in YNH.

4.2 Earnings, earnings per share, net assets per share and gearing

The Disposal is expected to be completed in the 1st quarter of 2017 and will contribute positively on earnings per share and net assets per share of YNH for the financial year ending 31 December 2017.

5. APPROVALS REQUIRED

The Disposal is not subject to the regulatory approval of any government authority or the approval of the shareholders.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of YNH and its subsidiaries and/or persons connected to them have any interest, direct or indirect in the Disposal.

7. DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Disposal, is of the opinion that the Disposal is in the best interest of YNH.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Disposal pursuant to Paragraph 10.02(g) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements is approximately 7.99% based on the latest audited financial statements of YNH as at 31st December 2015.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed in the 2nd quarter of 2017.

10. DOCUMENTS FOR INSPECTION

The SPA is available for inspection by shareholders of YNH at the registered office of YNH at 55A, Medan Ipoh 1A, Medan Ipoh Bistari 31400 Ipoh, Perak Darul Ridzuan, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 26 January 2017.