

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

- (I) PROPOSED BONUS ISSUE;
- (II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
- (III) PROPOSED M&A AMENDMENTS

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

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### 1. INTRODUCTION

On behalf of the Board of Directors of YNH (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) wishes to announce that the Company proposes to undertake the following:

#### (a) Proposed Bonus Issue

Proposed bonus issue of up to 88,289,225 new ordinary shares of RM1.00 each in YNH (“**Bonus Shares**”) on the basis of one (1) Bonus Share for every five (5) existing ordinary shares of RM1.00 each in YNH (“**YNH Shares**” or “**Shares**”) on an entitlement date to be determined and announced later (“**Entitlement Date**”).

#### (b) Proposed Increase in Authorised Share Capital

Proposed increase in authorised share capital of the Company from RM500,000,000 comprising 500,000,000 YNH Shares to RM1,000,000,000 comprising 1,000,000,000 YNH Shares.

#### (c) Proposed M&A Amendments

Proposed amendments to the Memorandum and Articles of Association of YNH (“**M&A**”) to facilitate the Proposed Increase in Authorised Share Capital.

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Proposed Bonus Issue

##### 2.1.1 Basis and number of Bonus Shares

The Proposed Bonus Issue entails the issuance of up to 88,289,225 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every five (5) existing YNH Shares held by shareholders of YNH whose names appear in the YNH’s Record of Depositors (“**Entitled Shareholders**”) as at the close of business on the Entitlement Date.

The maximum number of 88,289,225 Bonus Shares was arrived at after taking into consideration the following:-

- (i) the existing issued and paid-up share capital of the Company as at 1 April 2016 (“**LPD**”) of RM441,446,129 comprising 441,446,129 YNH Shares (including treasury shares); and
- (ii) assuming that the existing 35,388,978 treasury shares held by the Company as at LPD were fully distributed to the shareholders as share dividends<sup>(1)</sup> and no further treasury shares are accumulated prior to the Entitlement Date.

(collectively referred to as the “**Maximum Scenario**”).

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<sup>1</sup> The assumption above is made solely for the purpose of this illustration only and is not to be construed or regarded as the Company’s commitment or indication of the Company’s intention towards its treasury shares.

For illustrative purposes, based on the number of issued and paid-up share capital of the Company as at the LPD of RM374,455,900 (excluding treasury shares) comprising 406,057,151 YNH Shares and assuming that all 35,388,978 treasury shares were retained by the Company and no further treasury shares are accumulated prior to the Entitlement Date, 81,211,430 Bonus Shares will be issued pursuant to the Proposed Bonus Issue ("**Minimum Scenario**").

In any event, the actual number of Bonus Shares to be issued will be determined based on the issued and paid-up share capital of YNH on the Entitlement Date.

The Entitlement Date will be determined and announced at a later date upon the receipt of all relevant approvals for the Proposed Bonus Issue. The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

Any fractional entitlements arising from the Proposed Bonus Issue shall be disregarded and/or be dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

### 2.1.2 Capitalisation of reserves

The Proposed Bonus Issue is to be effected by way of capitalising the Company's share premium account and retained earnings.

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the reserves of the Company based on the Company's latest audited financial statements for the financial year ended 31 December ("**FYE**") 2014 and unaudited financial statements for the FYE 2015 are set out below:-

Company level	Minimum Scenario		Maximum Scenario	
	Share premium RM'000	Retained earnings RM'000	Share premium RM'000	Retained earnings RM'000
<b>Audited as at 31 December 2014</b>	<b>52,227</b>	<b>60,279</b>	<b>52,227</b>	<b>60,279</b>
(-) Share dividend distributed on 29 September 2015 <sup>(1)</sup>	(7,529)	-	(7,529)	-
(-) Share dividend distributed on 29 February 2016 <sup>(2)</sup>	(7,603)	-	(7,603)	-
(+) Profit for the Company for FYE 2015	-	96,713	-	96,713
<b>Adjusted balance</b>	<b>37,095</b>	<b>156,992</b>	<b>37,095</b>	<b>156,992</b>
(-) Assuming distribution of the entire treasury shares held by the Company as at LPD as share dividends prior to the Entitlement Date <sup>(3)</sup>	-	-	-	(66,990)
(-) Capitalisation pursuant to the Proposed Bonus Issue	(37,095)	(44,116)	(37,095)	(51,194)
(-) Estimated expenses for the Proposals	-	(80)	-	(80)
<b>After the Proposed Bonus Issue</b>	<b>-</b>	<b>112,796</b>	<b>-</b>	<b>38,728</b>

Company level	Minimum Scenario		Maximum Scenario	
	Share premium RM'000	Retained earnings RM'000	Share premium RM'000	Retained earnings RM'000
<b>Unaudited as at 31 December 2015</b>	<b>44,698</b>	<b>156,992</b>	<b>44,698</b>	<b>156,992</b>
(-) Share dividend distributed on 29 February 2016 <sup>(2)</sup>	(7,603)	-	(7,603)	-
<b>Adjusted balance</b>	<b>37,095</b>	<b>156,992</b>	<b>37,095</b>	<b>156,992</b>
(-) Assuming distribution of the entire treasury shares held by the Company as at LPD as share dividends prior to the Entitlement Date <sup>(3)</sup>	-	-	-	(66,990)
(-) Capitalisation pursuant to the Proposed Bonus Issue	(37,095)	(44,116)	(37,095)	(51,194)
(-) Estimated expenses for the Proposals	-	(80)	-	(80)
<b>After the Proposed Bonus Issue</b>	<b>-</b>	<b>112,796</b>	<b>-</b>	<b>38,728</b>

**Notes:-**

- (1) Reduction in share premium pursuant to the distribution of 3,977,116 treasury shares worth RM7,528,561 on 29 September 2015 as final share dividend for FYE 2014 on the basis of one (1) treasury share for every 100 existing YNH Shares held by entitled shareholders.
- (2) Reduction in share premium pursuant to the distribution of 4,016,637 treasury shares worth RM7,603,368 on 29 February 2016 as interim share dividend for FYE 2015 on the basis of one (1) treasury share for every 100 existing YNH shares held by entitled shareholders.
- (3) Assuming that a total of 35,388,978 treasury shares will be fully distributed to shareholders by capitalising the Company's retained earnings. The Company had on 29 February 2016 recommended a distribution on the basis of one (1) treasury share for every 25 YNH Shares equivalent to 16,242,286 treasury shares worth approximately RM30.75 million (representing RM1.893 per treasury share) as final share dividend for the FYE 2015 which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The Board confirms that based on the latest audited financial statements for the FYE 2014 and the latest unaudited financial statements for the FYE 2015, YNH's reserves required for the capitalisation of the Proposed Bonus Issue are unimpaired by losses on a consolidated basis in accordance with the requirements of paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

### 2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing YNH Shares in issue at that time except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or the distributions in respect of which the Entitlement Date is prior to the date of allotment of the Bonus Shares.

#### **2.1.4 Listing of and quotation for the Bonus Shares**

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities. The Bonus Shares shall be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

#### **2.2 Proposed Increase in Authorised Share Capital**

As at the LPD, the authorised share capital of YNH is RM500,000,000 comprising 500,000,000 YNH Shares, of which RM441,446,129 comprising 441,446,129 YNH Shares have been issued and fully paid up.

In order to accommodate the issuance of new YNH Shares pursuant to the Proposed Bonus Issue as well as to facilitate the issuance of new YNH Shares which may be undertaken by YNH in the future, YNH proposes to increase the authorised share capital of YNH from RM500,000,000 comprising 500,000,000 YNH Shares to RM1,000,000,000 comprising 1,000,000,000 YNH Shares, by the creation of an additional 500,000,000 YNH Shares.

#### **2.3 Proposed M&A Amendments**

The Proposed M&A Amendments involve amendments to the relevant clauses and articles of the M&A of YNH to facilitate the implementation of the Proposed Increase in Authorised Share Capital.

### **3. RATIONALE FOR THE PROPOSALS**

#### **3.1 Proposed Bonus Issue**

The Proposed Bonus Issue is undertaken to:

- (i) reward the existing YNH shareholders for their loyalty and continuing support, by enabling them to have greater participation in the equity of the Company in terms of number of YNH Shares held, whilst maintaining their percentage of equity interest in YNH; and
- (ii) enhance the trading liquidity and marketability of YNH Shares on Bursa Securities.

#### **3.2 Proposed Increase in Authorised Share Capital**

The Proposed Increase in Authorised Share Capital is required to facilitate the issuance of new YNH Shares pursuant to the Proposed Bonus Issue as well as to facilitate the issuance of new YNH Shares which may be undertaken by YNH in the future.

#### **3.3 Proposed M&A Amendments**

The Proposed M&A Amendments is required to facilitate the implementation of the Proposed Increase in Authorised Share Capital.

#### 4. EFFECTS OF THE PROPOSALS

For illustrative purposes, the proforma effects of the Proposals on the Group and/or the Company are based on the following scenarios:

(i) **Minimum Scenario**

- Assuming that the existing 35,388,978 treasury shares held by the Company as at LPD were retained by the Company and no further treasury shares are accumulated prior to the Entitlement Date;

(ii) **Maximum Scenario**

- Assuming the existing 35,388,978 treasury shares held by the Company as at LPD were fully distributed to the shareholders and no further treasury shares are accumulated as share dividends prior to the Entitlement Date.

For information purposes, the Company had recommended on 29 February 2016, the distribution of a final share dividend for FYE 2015 to the entitled shareholders on the basis of one (1) treasury share for every 25 YNH Shares (equivalent to 16,242,286 treasury shares), to be approved by shareholders in the Company's forthcoming annual general meeting.

The assumption above is made solely for the purpose of this illustration only and is not to be construed or regarded as the Company's commitment or indication of the Company's intention towards its treasury shares.

#### 4.1 Issued and paid-up share capital

The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have an immediate effect on the existing issued and paid-up capital of YNH.

The proforma effects of the Proposed Bonus Issue on the issued and paid-up share capital of YNH is set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares ('000)	Amount RM('000)	No. of Shares ('000)	Amount RM('000)
As at the LPD	441,446	441,446	441,446	441,446
To be issued pursuant to the Proposed Bonus Issue	81,211	81,211	88,289	88,289
<b>The enlarged issued and paid-up share capital after the Proposed Bonus Issue</b>	<b>522,657</b>	<b>522,657</b>	<b>529,735</b>	<b>529,735</b>

#### 4.2 Substantial shareholders' shareholdings

##### 4.2.1 Proposed Bonus Issue

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholders of YNH save for the proportionate increase in the total number of YNH Shares held by each substantial shareholder of YNH as the result of the issuance of the Bonus Shares to the Entitled Shareholders on a pro-rata basis.

##### 4.2.2 Proposed Increase in Authorised Share Capital and Proposed M&A Amendments

The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have any effect on the shareholdings of the substantial shareholders of YNH.

### 4.3 Net assets (“NA”) per Share and gearing

#### 4.3.1 Proposed Bonus Issue

Based on YNH’s latest audited consolidated statement of financial position as at 31 December 2014, the proforma effects of the Proposed Bonus Issue on YNH Group’s consolidated NA per Share and gearing are as follows:

	Audited as at 31 Dec 2014 RM’000	Subsequent events RM’000	Upon completion of the Proposed Bonus Issue	
			Minimum Scenario RM’000	Maximum Scenario RM’000
Share capital	441,446	441,446	522,657	529,735
Share premium	52,227	<sup>(1)</sup> 37,095	<sup>(3a)</sup> -	<sup>(3b)</sup> -
Treasury shares	(57,565)	<sup>(2)</sup> (66,990)	(66,990)	<sup>(5)</sup> -
Other reserves	27,485	27,485	27,485	27,485
Retained earnings	411,207	411,207	<sup>(4)</sup> 367,011	<sup>(6)</sup> 292,943
<b>NA</b>	<b>874,800</b>	<b>850,243</b>	<b>850,163</b>	<b>850,163</b>
No. of Shares issued (excluding treasury shares)	410,747	406,057	487,268	529,735
<b>NA per Share</b>	<b>2.13</b>	<b>2.09</b>	<b>1.74</b>	<b>1.60</b>
Borrowings	674,284	674,284	674,284	674,284
<b>Gearing (times)</b>	<b>0.77</b>	<b>0.79</b>	<b>0.79</b>	<b>0.79</b>

**Notes:**

- (1) After taking into consideration the following subsequent events up to the LPD:
  - distribution of 3,977,116 treasury shares worth RM7,528,561 on 29 September 2015 as final share dividend for FYE 2014 on the basis of one (1) treasury share for every 100 existing YNH Shares held by entitled shareholders; and
  - distribution of 4,016,637 treasury shares worth RM7,603,368 on 29 February 2016 as interim share dividend for FYE 2015 on the basis of one (1) treasury share for every 100 existing YNH shares held by entitled shareholders.
- (2) After taking into consideration the following subsequent events up to the LPD:
  - acquisition of a total of 12,683,100 treasury shares at RM24,557,089 from 1 January 2015 up to the LPD; and
  - distribution of share dividend per Note 1 above.
- (3) After capitalisation of YNH’s share premium account and retained earnings for the Proposed Bonus Issue of:
  - (a) Minimum Scenario: RM37.1 million from share premium account and RM44.1 million from retained earnings.
  - (b) Maximum Scenario: RM37.1 million from share premium account and RM51.2 million from retained earnings.
- (4) After taking into consideration Note 3(a) and the estimated expenses for the Proposals of RM80,000.
- (5) Assuming distribution of all 35,388,978 treasury shares held by the Company as the LPD worth approximately RM66.99 million as share dividends prior to the Entitlement Date by capitalising the Company’s retained earnings.
- (6) After taking into consideration Note 3(b), Note 5 and the estimated expenses for the Proposals of RM80,000.

#### **4.3.2 Proposed Increase in Authorised Share Capital and Proposed M&A Amendments**

The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have any effect on the NA per Share and gearing of YNH Group.

#### **4.4 Earnings per Share (“EPS”)**

##### **4.4.1 Proposed Bonus Issue**

The Proposed Bonus Issue will not have any material impact on the earnings of the Group for the FYE 2016 except for the corresponding reduction in the consolidated EPS of YNH as a result of increase in the number of YNH Shares in issue pursuant to the Proposed Bonus Issue.

##### **4.4.2 Proposed Increase in Authorised Share Capital and Proposed M&A Amendments**

The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have any effect on the consolidated earnings and EPS of YNH.

#### **4.5 Convertible Securities**

As at the LPD, the Company does not have any existing convertible securities.

### **5. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the new YNH Shares to be issued pursuant to the Proposed Bonus Issue;
- (ii) shareholders of the Company at an extraordinary general meeting (“**EGM**”) to be convened; and
- (iii) any other relevant parties and/or authorities, if required.

The Proposed Bonus Issue is conditional upon the Proposed Increase in Authorised Share Capital and Proposed M&A Amendments. The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments are inter-conditional upon each other.

Other than the above, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

### **6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

None of the directors and/or major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposals, save for their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, which are also available to all other shareholders of the Company on a pro-rata basis.

**7. DIRECTORS' STATEMENT**

Having considered all aspects of the Proposals, the Board is of the opinion that the Proposals are in the best interest of the Company.

**8. ESTIMATED TIMEFRAME FOR SUBMISSION TO THE AUTHORITIES**

The application to Bursa Securities for the Proposals is expected to be submitted within two (2) months from the date of this announcement.

**9. ESTIMATED TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposals are expected to be completed by the third quarter of the calendar year 2016.

**10. ADVISER**

AmInvestment Bank has been appointed as the Principal Adviser for the Proposals.

This announcement is dated 13 April 2016.