

YNH PROPERTY BHD (“YNH” OR “COMPANY”)

PROPOSED DISPOSAL OF A SEVEN-STOREY RETAIL SHOPPING CENTRE KNOWN AS “163 RETAIL PARK” BY D’KIARA PLACE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

Asia Equity Research Sdn Bhd, on behalf of the Company, made this announcement in accordance with Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

D’Kiara Place Sdn Bhd, a wholly-owned subsidiary of the Company (“**D’Kiara Place**” or “**the Vendor**”) had on 26 January 2024 entered into a Sale and Purchase Agreement (“**SPA**” or “**this Agreement**”) with RHB Trustees Berhad [As Trustee of Sunway Real Estate Investment Trust, (hereinafter referred to as “**Sunway REIT**”)] (“**RHBT**” or “**the Purchaser**”) for the disposal of a seven-storey retail shopping centre known as “163 Retail Park” (“**163 Retail Park**” or “**the Property**”) for a total cash consideration of RM215.0 million (“**Disposal Consideration**”) (“**Proposed Disposal**”).

(D’Kiara Place and RHBT are collectively referred to as “the Parties”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on D’Kiara Place

D’Kiara Place is a private limited company incorporated on 28 February 1995 in Malaysia under the Companies Act, 1965 (“**Act**”) with its registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur. Its business office is located at No. 188, Jalan PPMP 3/3, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak. D’Kiara Place is a wholly-owned subsidiary of the Company. The principal activity of D’Kiara Place is property development and provision of consultancy services.

As at the date of this announcement, D’Kiara Place has a total paid up share capital of RM14,100,000.00 consisting of 14,100,000 ordinary shares. The Directors of D’Kiara Place are Dato’ Dr. Yu Kuan Chon and Dato’ Yu Kuan Huat.

2.2 Information on RHBT

RHBT is a company incorporated in Malaysia with its registered address at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur and its business address at Level 11, Tower Three, RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur.

RHBT is the trustee of Sunway REIT, a real estate investment trust constituted by a trust deed dated 20 May 2010, a supplementary deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 between the Purchaser and Sunway REIT Management Sdn. Bhd. [Registration No. 200801005046 (806330-X)], being the management company of Sunway REIT (“**the Purchaser’s Manager**”). Sunway REIT is the beneficial owner of this SPA, and RHBT enters into this SPA solely in its capacity as trustee of Sunway REIT and not in its personal capacity.

2.3 Information on the Property

163 Retail Park is a stratified 7-storey retail shopping centre located on 226,860 square feet (“**sq ft**”) freehold land at Mont Kiara, Kuala Lumpur. 163 Retail Park is part of a mixed

integrated freehold development (namely Kiara 163) comprising an office tower, a serviced apartment tower and hotel suite tower which is developed by YNH.

163 Retail Park was completed in December 2018 and has a tenant mix of businesses comprising grocers, food & beverage outlets, speciality outlets, health & beauty and kids edutainment. Jaya Grocer is the main anchor tenant of 163 Retail Park.

A summary of the details and specifications of 163 Retail Park are as follows:

Lot and title number	:	A portion of Geran Mukim 8842, Lot 67384, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur
Postal address	:	163 Retail Park, Jalan Kiara, Mont Kiara, 50480 Wilayah Persekutuan Kuala Lumpur
Description	:	A stratified seven (7) storey shopping centre, comprising three (3) levels of retail space which contains one (1) level of basic amenities at podium level, three (3) levels of retail space containing five (5) levels of car parking space, one (1) semi-underground level shopping centre, two (2) levels of semi-underground parking spaces containing one (1) storey of retail space and two (2) levels of basement car parks
Tenure	:	Freehold
Category of land use	:	Building (' <i>Bangunan</i> ')
Express conditions	:	<i>Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja</i>
Restriction-in interest	:	Nil
Land area	:	226,860 sq ft
Existing use	:	Retail shopping centre
Gross property revenue for the financial year ended ("FYE") 30 June 2023	:	RM46,050,872 (18 months results)
Approximate age of the building as at the announcement date	:	5 years
Gross built-up area	:	76,146 sqm
Net lettable space	:	255,535 sq ft
Approximate occupancy rate as at the announcement date	:	93.99%
Audited carrying amount as at 30 June 2023	:	RM234,693,931(163 Retail Park is held as inventory by D'Kiara Place)
Encumbrances	:	The Property is currently charged to PUBLIC BANK BERHAD [Registration No. 196501000672 (6463-H)] of 393, 393A & 395, Jalan Samudera 2, Taman Samudera, 32040 Seri Manjung, Perak vide charge presentation number 6712/2023 duly registered on 16th August 2013

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal represents an opportunity for the Group to unlock the value of and monetise its investments in the Property. The Group is expected to record a pro forma net loss of approximately RM12,040,431 after accounting for the reversal of deferred tax, which is no longer required as there is no capital gain tax applicable for disposal of Property, from the Proposed Disposal.

The Proposed Disposal will also enable the Group to raise proceeds of RM215.0 million to be utilised for the purpose as set out in Section 7 of this announcement which includes for the redemption of the Property, working capital of YNH and repayment of borrowings for its group of companies. The utilisation of the said proceeds is expected to contribute positively to the future cash flow of the Group when it materialises.

4. BASIS AND JUSTIFICATION FOR ARRIVING AT THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived on a willing-buyer and willing-seller basis.

5. DATE AND ORIGINAL COST OF INVESTMENT

The Group acquired D'Kiara Place, the owner of the land on which 163 Retail Park is erected on, in 2008 for a total cash consideration of RM101.8 million. D'Kiara Place completed the development of 163 Retail Park in December 2018. The total development cost incurred by D'Kiara Place in relation to 163 Retail Park, including land cost, building cost and renovation cost was RM234.7 million.

6. EXPECTED LOSS FROM THE PROPOSED DISPOSAL

Based on the Company's audited consolidated financial statements for the FYE 30 June 2023, the Group is expected to realise a pro forma net loss of approximately RM12,040,431 pursuant to the Proposed Disposal as follows:

	RM'000
Disposal consideration	215,000
Less: Audited carrying amount of 163 Retail Park as at 30 June 2023	(234,693)
Less: reversal of deferred tax	7,653
Pro forma net (Loss)	(12,040)

7. UTILISATION OF PROCEEDS

Based on the total disposal consideration of RM215.0 million pursuant to the Proposed Disposal, the Company intends to utilise the proceeds received in the following manner:

	(RM)	Estimated utilisation timeframe from receipt of proceeds
Redemption of the Property ^(Note 1)	110,943,796	Immediate
Repayment of Borrowings	30,000,000	Immediate
Working Capital	74,056,204	Immediate
Total	215,000,000	

Note 1

As at the date of this announcement, the Property was charged to Public Bank Berhad and the estimated amount owing was approximately RM 110,943,796.

8. MODE OF PAYMENT OF THE DISPOSAL CONSIDERATION

RHBT shall pay to the stakeholder ("**Stakeholder**") a total of RM21.5 million as deposit and part payment of the Disposal Consideration upon execution of the SPA.

The balance of the Disposal Consideration amounting to the sum of RM193.5 million ("**Balance Consideration**") shall be paid by RHBT to Stakeholders within three (3) months from the fulfillment of the conditions precedent of the SPA ("**the Completion Period**").

In the event the Balance Consideration or any part thereof is not fully paid by the Completion Date, D'Kiara Place hereby irrevocably agrees to grant to RHBT an automatic extension of ONE (1) month (the last day of the aforesaid period shall hereinafter be referred to as "**the Extended Completion Period**") subject to RHBT paying to D'Kiara Place an interest on the Balance Consideration or any part thereof outstanding calculated at the rate of eight per centum (8%) per annum at daily from the expiry of the Completion Period until the Balance Consideration is paid in full.

9. SALIENT TERMS OF THE SPA

The salient terms of the SPA are set out in Appendix 1 of this announcement.

10. ASSUMPTION OF LIABILITIES

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Group, arising from the Proposed Disposal.

11. RISK OF THE PROPOSED DISPOSAL

The Proposed Disposal is not expected to pose any risk factors which could materially and/or adversely affect the business operations and financial performance of the Group. Notwithstanding the above, the Company shall use its best endeavor to ensure that all the terms and conditions set out in the SPA are met and that the Proposed Disposal is completed in a timely manner.

12. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

Share Capital and Substantial Shareholders Shareholdings

The Proposed Disposal is not expected to have any effect on the issued share capital and substantial shareholders' shareholdings as the Proposed Disposal does not involve the issuance of any new shares in the Company.

12.1 Issued Share Capital

The Proposed Disposal will not have any effect on the number of issued shares.

12.2 Net asset per share and gearing

- a. The NA per share shall reduce from RM 2.26 to RM 2.23 immediately before and upon completion of the Proposed Disposal based on the proforma basis as at 30 June 2023.
- b. The gearing shall decrease from 76% to 65% immediately before and upon completion of the Proposed Disposal based on the proforma basis as at 30 June 2023.

	Audited as at 30.06.2023	Proforma After the Proposed Disposal
	RM'000	RM'000
Share capital	529,000	529,000
Reserves	318,273	306,233 ⁽¹⁾
Shareholders' equity	847,273	835,233
Perpetual securities	345,916	345,916
Equity attributable to owns of Company	1,193,189	1,181,149
Total borrowings	909,126	768,182 ⁽²⁾
Number of ordinary shares in the Company in issue, 000	528,999	528,999
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Net Asset ("NA") per share (RM)	2.26	2.23
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Gearing (times) ⁽³⁾	76%	65%

(1) After taking into consideration the estimated loss on disposal of RM 12,040,432.

(2) After taking into consideration the redemption of the Property and repayment of bank borrowings of an aggregate amount of RM 140,044,000.

(3) Gearing is computed by dividing total borrowings with total equity multiplied by 100.

12.3 Earnings and earnings per share ("EPS")

	Audited as at 30.06.2023	Proforma After the Proposed Disposal
	RM'000	RM'000
Profit / (loss) for the financial year attributable to owners of the Company	3,682	(8,358) ⁽¹⁾
Less distribution to holders of perpetual securities	(35,929)	(35,929)
Loss attributable to ordinary equity holders of the Company	(32,247)	(44,287)
Weighted average number of ordinary shares for the computation of basic earnings per share ('000)	528,487	528,487
Basic loss per ordinary share in sen	6.10	8.38

Loss per share shall increase from 6.10 sen to 8.38 sen immediately before and upon completion of the Proposed Disposal based on the proforma basis as at 30 June 2023.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approval being obtained at the forthcoming Extraordinary General Meeting (“**EGM**”), the Proposed Disposal is estimated to be completed by Quarter 2 of 2024.

14. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 18.02%.

The highest aggregated percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which entered by the Group with Sunway Group of Companies within the past 12 months is 36.46%.

15. APPROVAL REQUIRED

The Proposed Disposal is subject to the fulfillment of the conditions precedent stated in the SPA and approval of shareholders of the Company at an Extraordinary General Meeting (“**EGM**”) and/or any other relevant authorities.

16. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

The Directors and Major Shareholders of the Company and persons connected to the Directors and Major Shareholders do not have any interest, whether direct or indirect in the Proposed Disposal.

17. DIRECTORS’ STATEMENT

The Board of Directors of the Company, after having considered all relevant aspects of the Proposed Disposal, including but not limited to the rationale, justification and the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Group.

18. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia from Monday to Friday (except public holidays) during normal business hours for the date of this announcement up to the date of the forthcoming EGM.

This announcement is dated 29 January 2024.

SALIENT TERMS OF THE SPA**1. CONDITIONS PRECEDENT**

(a) This Agreement shall be conditional upon the fulfillment of the following conditions precedent (hereinafter collectively referred to as “**the Conditions Precedent**” or each “**a Condition Precedent**”):

- (i) **Vendor’s Holding Company’s Board’s Resolution and Members’ Resolution:** The Vendor having obtained and delivered to the Purchaser’s Solicitors, at the Vendor’s own cost and expenses, Four (4) certified true copies each (duly certified by the Vendor’s Holding Company’s company secretary) of the Vendor’s Holding Company’s board of directors’ resolution and shareholders’ resolution in general meeting authorizing the sale of the Property from the Vendor to the Purchaser upon the terms and conditions in this Agreement with full powers to assent to any condition, modification, variation and/or amendment and to do all such acts and things as may be required or imposed by the relevant authority and/or as the Vendor may consider necessary and expedient (including the execution of this Agreement and all other documents relating thereto or to be executed by the Vendor pursuant to this Agreement (hereinafter referred to as “**the Vendor’s Holding Company’s Board’s Resolution and Members’ Resolution**”));
- (ii) **Purchaser’s Board’s Resolution:** The Purchaser having obtained and delivered to the Vendor’s Solicitors, at the Purchaser’s own cost and expenses, Four (4) certified true copies (duly certified by the Purchaser’s company secretary) of the Purchaser’s board of directors’ resolution authorizing the purchase of the Property from the Vendor to the Purchaser upon the terms and conditions in this Agreement with full powers to assent to any condition, modification, variation and/or amendment and to do all such acts and things as may be required or imposed by the relevant authority and/or as the authorised person may consider necessary and expedient (including the execution of this Agreement and all other documents relating thereto or to be executed by the Purchaser pursuant to this Agreement (hereinafter referred to as “**the Purchaser’s Board’s Resolution**”));
- (iii) **Satisfactory Due Diligence by the Purchaser:** The Purchaser having conducted a comprehensive satisfactory due diligence exercise as stated in Clause 1B of this Agreement;
- (iv) **Regulatory Approvals:** If applicable, any regulatory approval(s) for the purpose of acquiring the Property by the Purchaser or the disposal of the Property by the Vendor, all of which to be obtained by the Vendor at the Vendor’s own cost and expense and delivered to the Purchaser’s Solicitors unless the same is to be applied and obtained by the Purchaser; and
- (v) **Mutual Termination Of The Existing Sale & Purchase Agreement Dated 4 April 2023 Between The Vendor And ALX Asset Berhad:** The Vendor shall, at its own cost and expenses, procure and furnish to the Purchaser’s Solicitors, one (1) certified true copy of the mutual termination agreement executed between the Vendor and ALX Asset Berhad for the disposal of the Property by the Vendor to ALX Asset Berhad vide the sale and purchase agreement dated 4 April 2023 (hereinafter referred to as “**the SPA dated 4 April 2023**”). The certification shall be carried out by a Commissioner for Oaths. This mutual termination agreement shall serve as conclusive evidence of the termination of the SPA dated 4 April 2023.

within three (3) months from the date of this Agreement or such further extended period(s) as the Vendor and the Purchaser may mutually agree (hereinafter referred to as “**the Conditional Period**”). In the event the Conditions Precedent are not fulfilled by the expiry of the Conditional Period, Purchaser shall be entitled to terminate this Agreement by

-serving a written notice to the other Party, whereupon, the Stakeholder shall no later than Five (5) working days refund the Deposit and the interest earned thereon up to the termination date to the Purchaser and this Agreement shall determine and be of no further effect and neither Party hereto shall have any further claim against the other.

- (b) This Agreement shall become unconditional on the date the Conditions Precedent are fulfilled (hereinafter referred to as the “**Unconditional Date**”).
- (c) The Parties hereby affirm and mutually covenant that each Party shall diligently undertake all necessary actions to satisfy the Conditions Precedent assigned to them within the prescribed Conditional Period. Failure to do so within the stipulated timeframe shall be deemed a material breach, granting the aggrieved party the right to either terminate this Agreement or pursue the equitable remedy of specific performance, in which case the relevant provisions of Clauses 2 or 3 stated below shall come into effect.

2. **DEFAULT BY THE PURCHASER**

PROVIDED ALWAYS THAT the Vendor is not in breach of this Agreement, it is hereby agreed between the parties herein that if the Purchaser fails to pay the Balance Purchase Price to the Vendor in accordance with the terms and conditions of this Agreement or commits other breach of the provisions of this Agreement, and the Purchaser fails to rectify the said breach within Fourteen (14) days after the Purchaser’s Solicitors are in receipt of a written notification for the Purchaser to remedy the said breach, then the Vendor shall be entitled by giving notice in writing to the Purchaser EITHER (i) to the equitable remedy of specific performance (including all other lawful relief) against the Purchaser and at the cost of the Purchaser OR (ii) terminate this Agreement (hereinafter referred to as “**the Vendor’s Termination Notice**”) whereupon:

- (a) the Deposit shall be absolutely forfeited to the Vendor as agreed liquidated damages; and
- (b) the Vendor shall, subject to redelivery to the Vendor of the Vendor’s Documents (if the same had earlier been delivered to the Purchaser or the Purchaser’s Solicitors, as the case may be) with the Vendor’s interest in the Property intact and removal by the Purchaser and the Purchaser’s Financier at its own cost and expenses of any caveat lodged by them against the Property and redeliver legal possession of the Property (if delivered), in exchange for the same return to the Purchaser any other sums paid by the Purchaser to the Vendor free of interest on or before the expiry of Fourteen (14) days from the Purchaser’s or the Purchaser’s Solicitors’ receipt of the Vendor’s Termination Notice. In the event the Vendor does not refund all moneys due and owing to the Purchaser pursuant to this clause within the aforesaid time limit, the Vendor shall pay interest thereon at the rate of Eight per centum (8%) per annum at daily rests commencing from the day next after expiry of the aforesaid time limit to the date of receipt by the Purchaser or the Purchaser’s Solicitors of such moneys,

and thereafter this Agreement shall be deemed null and void and neither party hereto shall have any claim against the other and the Vendor shall be at liberty to resell the Property either by public auctions or by private contract and at such time and place and subject to such conditions and in such manner as the Vendor shall think fit without the necessity of previously tendering or offering to make any sale to the Purchaser.

3. **DEFAULT BY THE VENDOR**

PROVIDED ALWAYS THAT the Purchaser is not in breach of this Agreement, it is hereby agreed between the parties herein that if the Vendor fails, refuses or neglects to complete the sale and transfer of the Property to the Purchaser free from all encumbrances in accordance with the provisions of this Agreement or fail to carry out its obligations under this Agreement, and the Vendor fails to rectify the said breach within Fourteen (14) days after the party and/or their solicitors’ receipt of a written notification from the Purchaser or the Purchaser’s Solicitors to remedy the said breach, the Purchaser shall be entitled by giving notice in writing to the Vendor EITHER (i) to the equitable remedy of specific performance (including all other lawful relief)

against the Vendor and at the cost of the Vendor OR (ii) elect to terminate this Agreement (hereinafter referred to as "**the Purchaser's Termination Notice**") whereupon:

- (a) the Vendor shall refund to the Purchaser within Fourteen (14) days from the Vendor's or the Vendor's Solicitors' receipt of the Purchaser's Termination Notice, all moneys paid by the Purchaser hereunder free of interest, and further pay to the Purchaser a sum equivalent to the sum of the Deposit as agreed liquidated damages; and
- (b) the Purchaser shall simultaneously upon the Vendor's refund and payment in accordance with Clause 6(a) of this Agreement, return to the Vendor the Vendor's Documents which have been forwarded to Purchaser or to the Purchaser's Solicitors with the Vendor's interest in the Property intact, remove at the Purchaser's own costs and expenses any caveat lodged by the Purchaser and the Purchaser's Financier against the Property and redeliver legal possession of the Property (if delivered).

In the event the Vendor does not refund and/or pay all moneys due and owing to the Purchaser pursuant to this clause within Fourteen (14) days, the Vendor shall pay interest thereon at the rate of Eight per centum (8%) per annum at daily rests commencing from the day next after the expiry of the aforesaid time limit to the date of receipt by the Purchaser or the Purchaser's Solicitors of such moneys.

4. **NON-REGISTRATION OF MEMORANDUM OF TRANSFER**

If for any reason whatsoever due to no fault of any of the parties hereto the Memorandum of Transfer of the Property in favour of the Purchaser are rejected for registration by the registering authority and where all necessary remedial actions have been exhausted then notwithstanding any of the provisions herein contained, the Vendor shall in exchange of:-

- (a) the Purchaser having withdrawn any private caveat lodged by them against the Property; and
- (b) the return of the Vendor's Documents to the Vendor (if the same or any have been delivered to the Purchaser or the Purchaser's Financier),

refund free of interest to the Purchaser all moneys paid to the Vendor towards account of the Purchase Price, whereupon neither party hereto shall have any further claim against the other and this Agreement shall terminate and be of no further effect. In the event the Vendor does not refund all moneys due and owing to the Purchaser pursuant to this clause, the Vendor shall pay interest thereon at the rate of Eight per centum (8%) per annum at daily rests commencing from the day next after the expiry of the time when the Vendor ought to have refunded the said monies to the date of receipt by the Purchaser or the Purchaser's Solicitors of such moneys.