

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

PROPOSED DISPOSALS

This announcement is dated 17 November 2022. The latest practicable date prior to the date of this announcement (“**LPD**”) is 16 November 2022.

1. INTRODUCTION

On 22 September 2022, the board of directors of YNH Property (“**Board**”) announced that the Company proposes to undertake a debt financing exercise via a proposed asset-backed securitisation which will involve, among others, the disposal of the following properties to a special purpose vehicle acting as the purchaser:

- (i) a seven-storey retail shopping centre known as “**163 Retail Park**” by D’Kiara Place Sdn Bhd, a wholly-owned subsidiary of the Company (“**D’Kiara Place**”); and
- (ii) a two-storey retail shopping centre known as “**AEON Seri Manjung**” by YNH Hospitality Sdn Bhd, a wholly-owned subsidiary of the Company (“**YNH Hospitality**”).

The total consideration for the said disposal is intended to be satisfied by the purchaser from the proceeds received from the purchaser’s issuance of medium term notes (“**MTNs**”) under a proposed asset-backed MTNs programme of up to RM500.0 million in nominal value (“**ABS MTN Programme**”) (“**Proposed ABS Issue**”).

On behalf of the Board, AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) wishes to announce that:

- (i) D’Kiara Place intends to enter into a conditional sale and purchase agreement with ALX Asset Berhad (“**ALX Asset**”) (“**163 Retail Park SPA**”) for the disposal of 163 Retail Park shopping centre (“**163 Retail Park**”) to ALX Asset for a cash consideration of RM270,500,000 (“**Proposed 163 Retail Park Disposal**”); and
- (ii) YNH Hospitality and Kar Sin Berhad (“**Kar Sin**”), the registered proprietor of AEON Seri Manjung holding on trust for YNH Hospitality and a wholly-owned subsidiary of the Company, intends to enter into a conditional sale and purchase agreement with ALX Asset (“**AEON Seri Manjung SPA**”) for the disposal of AEON Seri Manjung shopping centre and the freehold land on which it is erected on (“**AEON Seri Manjung**”) to ALX Asset for a cash consideration of RM152,000,000 (“**Proposed AEON Seri Manjung Disposal**”),

(163 Retail Park and AEON Seri Manjung are collectively known as the “**Properties**”, 163 Retail Park SPA and AEON Seri Manjung SPA are collectively known as the “**SPAs**” and the Proposed 163 Retail Park Disposal and the Proposed AEON Seri Manjung Disposal are collectively known as the “**Proposed Disposals**”).

The agreed salient terms and conditions of the draft SPAs are set out in Appendices I and II of this announcement. For information, the SPAs of which the salient terms and conditions are currently in agreed form remain subject to updates and amendments and the SPAs will only be executed after the Company’s shareholders’ approval has been obtained for the Proposed Disposals and the execution of the SPAs.

The Proposed Disposals are deemed to be related party transactions (“**RPT**”) pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”) in view of the interests of a director and major shareholder of the Company and persons connected to him on the Proposed Disposals as set out in Section 10 of this announcement.

Further details of the Proposed Disposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED 163 RETAIL PARK DISPOSAL

D’Kiara Place shall agree to sell and ALX Asset shall agree to purchase 163 Retail Park free from encumbrances but subject to the leases, tenancies, licences, demises, concessions or occupational rights granted to the relevant third parties pursuant to the agreements entered into with such third parties (“**Tenancies**”), for a disposal consideration of RM270,500,000 (“**163 Retail Park Disposal Consideration**”) based on the terms and subject to the conditions of the 163 Retail Park SPA.

The 163 Retail Park Disposal Consideration will be satisfied by ALX Asset entirely in cash through the issuance of the MTNs pursuant to the ABS MTN Programme.

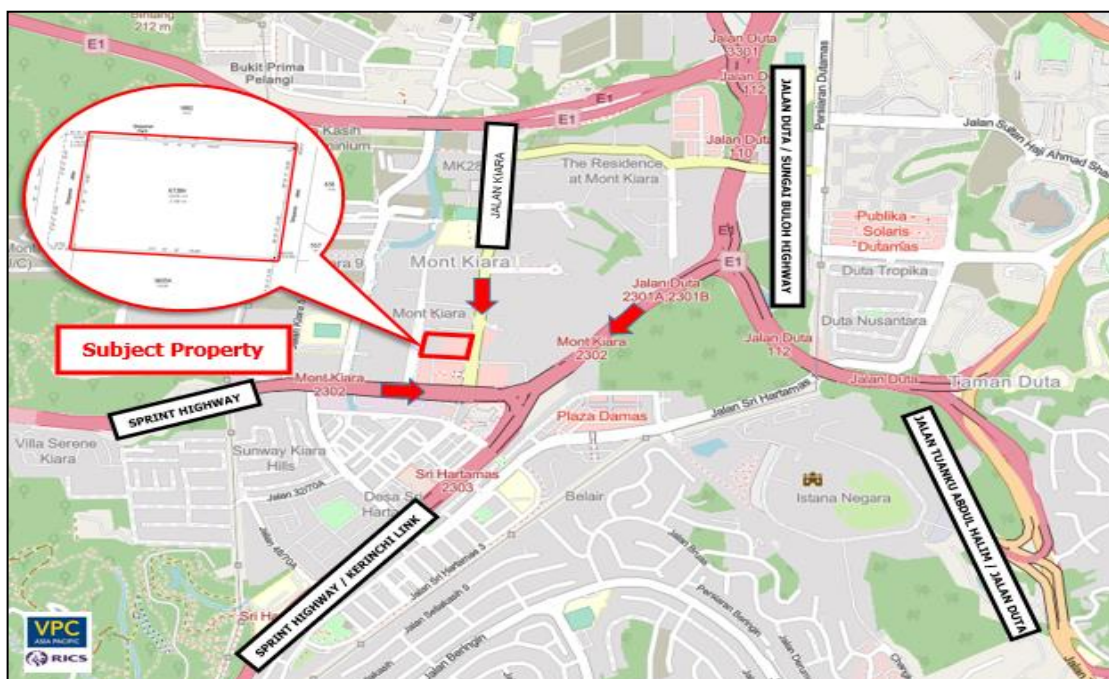
The 163 Retail Park Disposal Consideration shall be paid by ALX Asset in accordance with the terms of the 163 Retail Park SPA as set out in Appendix I of this announcement.

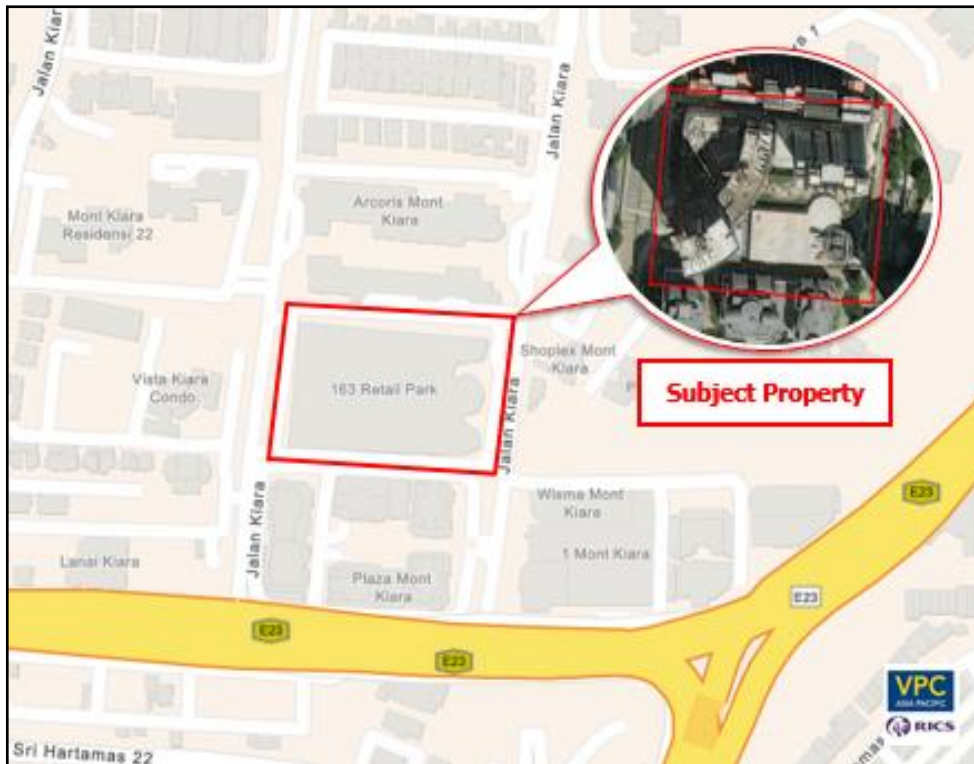
2.1 Information of 163 Retail Park

163 Retail Park is a stratified 7-storey retail shopping centre located on a 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 Property.

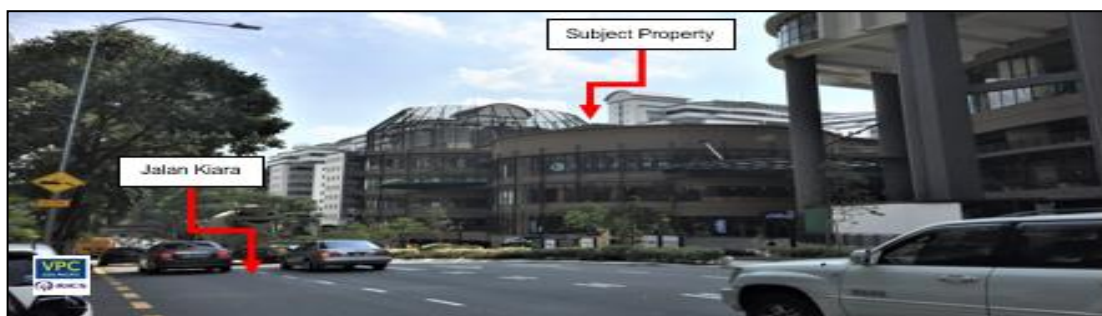
163 Retail Park was completed in December 2018 and has a tenant mix of businesses comprising grocers, food & beverage outlets, speciality outlets, health & beauty and kids edutainment. Jaya Grocer is the main anchor tenant of 163 Retail Park.

The location of 163 Retail Park is as follows:





The layout of 163 Retail Park is as follows:



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") 31 December 2021	:	RM20.7 million
Approximate age of the building as at the LPD	:	4 years
Gross built-up area	:	802,239 sq ft (comprising 348,019 sq ft of retail area and 454,220 sq ft of car park area)
Net lettable space	:	255,535 sq ft
Approximate occupancy rate as at the LPD	:	93.99%
Market value	:	RM270,500,000.00 as appraised by VPC Alliance (Kajang) Sdn Bhd (" VPC Alliance ") vide its valuation certificate dated 15 November 2022 (" 163 Retail Park Valuation Certificate ")
Audited carrying amount as at 31 December 2021	:	RM203,730,662 (163 Retail Park is held as inventory by D'Kiara Place (whose principal activity is property development))
Encumbrances	:	None

2.2 Information on ALX Asset

ALX Asset was incorporated in Malaysia on 14 September 2022 under the Companies Act, 2016 as a public company with a share capital of RM2 comprising two (2) ordinary shares, for the specific purpose of carrying on the functions of a special purpose vehicle in relation to the Proposed ABS Issue, which involves the securitisation of the Properties.

As at the LPD, ALX Asset is wholly-owned by Premier SPV Management Sdn Bhd and the directors of ALX Asset are Choong See Way and Beh Rui Khee, both of whom are Malaysians.

As ALX Asset was incorporated on 14 September 2022, there is no audited financial statements or interim results available as at the date of this announcement. For information, the directors and shareholder of ALX Asset are independent parties and not directors, major shareholders, chief executive officer of the Company or persons connected to them.

2.3 Basis and justification in arriving at the disposal consideration

The 163 Retail Park Disposal Consideration of RM270.5 million was arrived at on a 'willing-buyer willing-seller' basis and after taking into consideration the following:

- (i) market value of 163 Retail Park of RM270,500,000 as of the material date of valuation on 1 September 2022, as ascribed by VPC Alliance vide its 163 Retail Park Valuation Certificate;
- (ii) audited carrying amount of 163 Retail Park of RM203.7 million as at 31 December 2021; and
- (iii) rationale of the Proposed 163 Retail Park Disposal (as set out in Section 6 of this announcement).

VPC Alliance had arrived at the market value using the following valuation methodologies:

- (i) the traditional investment method under the income approach whereby the contractual rents of tenants are capitalised for the term of the tenancy and the reversionary rents are then determined based on market rents and the normalised rents are then capitalised and deferred to current period. The sum of the values provides the market value of the property. As malls are investment properties and owned and occupied for the rent income that is generated, the most suitable approach will be the income approach ("**Investment Method**"); and
- (ii) the comparison approach which entails comparing a property to those of similar properties and analysing them on comparable units. The analysed units are then compared with the subject property and adjustments for similarities and dissimilarities are then made for variances in land area, built up areas, use, location, tenure, planning, suitability for use and any other differences that the comparable properties may have compared to the property being valued. The adjusted price per unit is then applied to the property being valued to arrive at its market value ("**Comparison Method**").

VPC Alliance has adopted the Investment Method as its preferred method of valuation for 163 Retail Park and the Comparison Method as its secondary method.

2.4 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 RM203.7 million.

2.5 Liabilities to be remained

There are no liabilities, contingent liabilities and guarantees which will remain with YNH Property and its subsidiaries ("**Group**") pursuant to the Proposed 163 Retail Park Disposal. In addition, the Company will not provide any guarantees to ALX Asset in respect of the Proposed 163 Retail Park Disposal.

2.6 Expected gain from the Proposed 163 Retail Park Disposal

Based on the Company's audited consolidated financial statements for the FYE 31 December 2021, the Group is expected to realise a pro forma net gain of approximately RM50.9 million pursuant to the Proposed 163 Retail Park Disposal as follows:

	RM'000
Disposal consideration	270,500
Less: Audited carrying amount of 163 Retail Park as at 31 December 2021	(203,731)
Less: Tax expenses and reversal of deferred tax	(15,915)
Pro forma net gain	50,854

3. DETAILS OF THE PROPOSED AEON SERI MANJUNG DISPOSAL

AEON Seri Manjung is currently held on trust by Kar Sin (as the registered proprietor) for YNH Hospitality (beneficial owner of AEON Seri Manjung). YNH Hospitality shall agree to sell and ALX Asset shall agree to purchase AEON Seri Manjung free from encumbrances, but subject to the Tenancies for a disposal consideration of RM152,000,000 ("**AEON Seri Manjung Disposal Consideration**") based on the terms and subject to the conditions of the AEON Seri Manjung SPA.

The AEON Seri Manjung Disposal Consideration will be satisfied by ALX Asset entirely in cash through the issuance of the MTNs pursuant to the ABS MTN Programme.

The AEON Seri Manjung Disposal Consideration shall be paid by ALX Asset in accordance with the terms of the AEON Seri Manjung SPA as set out in Appendix II of this announcement.

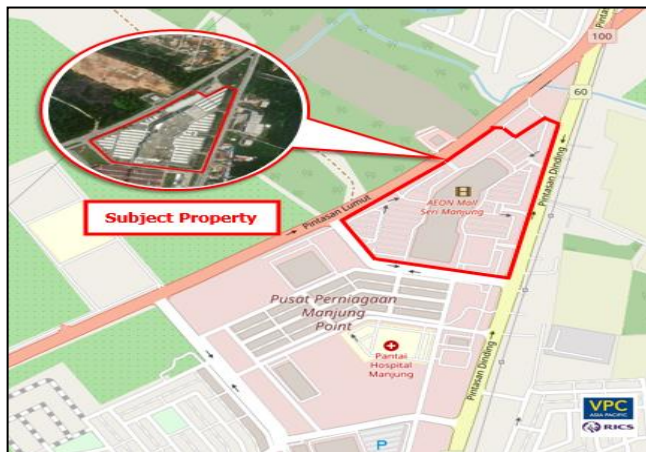
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3.1 Information of AEON Seri Manjung

AEON Seri Manjung is a parcel of commercial freehold land measuring 1,317,555 sq ft with a 2 storey shopping centre known as AEON Seri Manjung Shopping Centre together with car park bays. The shopping centre is located within the commercial vicinity of Pusat Perniagaan Manjung Point 3 in Seri Manjung, Perak Darul Ridzuan.

The whole shopping centre is leased to 1 tenant (i.e. AEON) and they manage all the retail units within the shopping centre. AEON occupies 2 major locations of the western end of the building, on both the ground and 1st floor. The remaining portions of the building comprise retail units (e.g. retail and food & beverage outlets), kiosks, promotion space and a cinema.

The location of AEON Seri Manjung is as follows:



The layout of AEON Seri Manjung is as follows:



A summary of the details and specifications of AEON Seri Manjung are as follows:

Lot and title number	:	H.S.(D) 34532, PT 15074, Mukim Lumut, Daerah Manjung, Negeri Perak Darul Ridzuan
Postal address	:	AEON Seri Manjung Shopping Centre, Pusat Perniagaan Manjung Point III, 32040 Seri Manjung, Perak Darul Ridzuan
Registered proprietor	:	Kar Sin
Description	:	A parcel of commercial land with a two (2) storey shopping centre together with car park bays located on the ground floor and rooftop level
Tenure	:	Freehold
Category of land use	:	Building (' <i>Bangunan</i> ')
Express conditions	:	<i>Perniagaan – Bangunan Perniagaan</i>
Restriction-in interest	:	Nil
Land area	:	122,405 square metres (1,317,555 sq ft)
Existing use	:	Shopping centre
Gross rental income for the FYE 31 December 2021	:	RM9.4 million
Approximate age of the building as at the LPD	:	9 years
Gross built-up area	:	681,570 sq ft
Net lettable space	:	427,919 sq ft
Approximate occupancy rate as at the LPD	:	100%
Market value	:	RM152,000,000 as appraised by VPC Alliance vide its valuation certificate dated 15 November 2022 (" AEON Seri Manjung Valuation Certificate ")
Audited net book value as at 31 December 2021	:	RM134,497,000
Encumbrances	:	Charged to: (i) United Overseas Bank (Malaysia) Bhd vide Presentation No. 21891/2012, registered on 21 May 2012; (ii) United Overseas Bank (Malaysia) Bhd vide Presentation No. 21892/2012, registered on 21 May 2012; and (iii) Public Bank Berhad vide Presentation No. 21893/2012, registered on 21 May 2012

3.2 Basis and justification in arriving at the disposal consideration

The AEON Seri Manjung Disposal Consideration of RM152.0 million was arrived at on a 'willing-buyer willing-seller' basis and after taking into consideration the following:

- (i) market value of AEON Seri Manjung of RM152,000,000 as of the material date of valuation on 27 October 2022, as ascribed by VPC Alliance vide its AEON Seri Manjung Valuation Certificate;
- (ii) audited net book value ("**NBV**") of AEON Seri Manjung of RM134.5 million as at 31 December 2021; and
- (iii) rationale of the Proposed AEON Seri Manjung Disposal (as set out in Section 6 of this announcement).

VPC Alliance had arrived at the market value of AEON Seri Manjung using the Investment Method as its preferred method of valuation and the Comparison Method as its secondary method. Further details on the Investment Method and Comparison Method are set out in Section 2.3 above.

3.3 Date and original cost of investment

YNH Hospitality acquired AEON Seri Manjung from Kar Sin on 31 March 2015. The total cost of investment by YNH Hospitality on AEON Seri Manjung was RM180 million.

3.4 Liabilities to be remained

There are no liabilities, contingent liabilities and guarantees which will remain with the Group pursuant to the Proposed AEON Seri Manjung Disposal. In addition, the Company will not provide any guarantees to ALX Asset in respect of the Proposed AEON Seri Manjung Disposal.

3.5 Expected gain from the Proposed AEON Seri Manjung Disposal

Based on the Company's audited consolidated financial statements for the FYE 31 December 2021, the Group is expected to realise a pro forma net gain of approximately RM10.2 million pursuant to the Proposed AEON Seri Manjung Disposal as follows:

	RM'000
Disposal consideration	152,000
Less: Audited NBV of AEON Seri Manjung as at 31 December 2021	(134,497)
Less: Tax expenses	(7,344)
Pro forma net gain	10,159

4. UTILISATION OF PROCEEDS

Based on the total disposal consideration of RM422.5 million pursuant to the Proposed Disposals, the Company intends to utilise the proceeds received in the following manner:

Details of utilisation	(RM'mil)	Estimated utilisation timeframe from receipt of proceeds
Repayment of bank borrowings ⁽¹⁾	335.0	Within 12 months
Working capital ⁽²⁾	81.9	Within 12 months
Estimated expenses for the Proposed Disposals and Proposed ABS Issue ⁽³⁾	5.6	Within 1 month
Total	422.5	

The disposal consideration will be satisfied by ALX Asset entirely in cash through the issuance of the MTNs pursuant to the ABS MTN Programme and may comprise up to one or more “tranches” with different issue dates (“**Tranche**”). In view of such and assuming more than one tranche are issued, the Company intends to utilise the proceeds in the following order of priority:

- (i) firstly, to defray the estimated expenses for the Proposed Disposals and Proposed ABS Issue;
- (ii) secondly, be used to repay bank borrowings; and
- (iii) lastly, be used for working capital of the Group.

Notes:

- (1) *As at the LPD, the total borrowings of the Group are approximately RM949.1 million. The Company intends to allocate RM335.0 million for the repayment of bank borrowings which is expected to result in annual interest savings of approximately RM18.8 million based on interest rates of 5.5% to 6.5% per annum. For illustration purposes, the repayment of the bank borrowings as mentioned above will result in the Group's gearing to decrease from 0.66 times (as at 31 December 2021) to 0.37 times.*

Any surplus to the amount allocated for the repayment of bank borrowings above, will be adjusted against the amount allocated for the Group's working capital requirements (in Note 2 below) with the exact breakdown to be determined later.

- (2) *The Group intends to allocate RM81.9 million for the following working capital:*

Purpose	RM'mil
<i>Development cost in relation to the on-going Solasta Dutamas project</i>	<i>47.4</i>
<i>Payment to suppliers, contractors, consultants and other creditors</i>	<i>29.5</i>
<i>Staff cost (e.g. staff salaries, statutory contributions and staff benefits)</i>	<i>5.0</i>
Total	81.9

The actual breakdown of the working capital component above cannot be determined at this juncture as it is subject to the operating requirements at the time of usage.

- (3) *Consisting of mainly professional fees, fees payable to authorities and other ancillary expenses in relation to the Proposed Disposals as well as fees in relation to the Proposed ABS Issue. Any surplus or shortfall to the amount allocated for the estimated expenses for the Proposed Disposals and Proposed ABS Issue, will be adjusted against the amount allocated for the Group's working capital.*

Pending usage of the proceeds, the money will be placed in deposits with financial institutions or short-term money market instruments as the Board may deem fit. The interests derived from the deposits with the financial institutions or any gain arising from the short-term money market instruments will be used for the Group's working capital requirements.

Pursuant to Paragraph 8.22 of the Listing Requirements, the Company will seek its shareholders' approval if the Company proposes to make a material change (i.e. 25% or more of the total proceeds received) to the use of proceeds raised from the Proposed Disposals.

5. PROPOSED ABS ISSUE

The Proposed ABS Issue will involve, among others, the Proposed Disposals and the issuance by ALX Asset of up to RM500.0 million nominal value MTNs under the ABS MTN Programme pursuant to the securitisation of the Properties. The ABS MTN Programme may comprise up to one or more Tranches and within each Tranche, the MTNs may be issued with different classes.

The first Tranche ("**First Tranche MTNs**") will comprise the following issuances by ALX Asset:

- (a) senior class MTNs ("**First Tranche Senior MTNs**") to investors; and
- (b) subordinated class MTNs ("**First Tranche Junior MTNs**") to investor(s). Dato Dr Yu Kuan Chon ("**DDYKC**"), the Chairman and Executive Director and a major shareholder of the Company, intends to subscribe for the entire First Tranche Junior MTNs.

6. RATIONALE AND JUSTIFICATION FOR THE PROPOSED DISPOSALS

The Proposed Disposals represent an opportunity for the Group to unlock the value of and monetise its investments in the Properties. The Group is expected to record a pro forma net gain of approximately RM61.0 million from the Proposed Disposals and is expected to improve the net assets and earnings of the Group.

The Proposed Disposals will also enable the Group to raise proceeds of RM422.5 million to be utilised for the purpose as set out in Section 4 of this announcement which includes repayment of bank borrowings and working capital requirements of the Group. The utilisation of the said proceeds is expected to contribute positively to the future earnings of the Group when it materialises.

7. RISK FACTORS OF THE PROPOSED DISPOSALS

7.1 Non-completion of the Proposed Disposals

The completion of the Proposed Disposals are conditional upon its respective conditions precedent of the SPAs being fulfilled or waived. In the event that any of the conditions precedent is not fulfilled, the Proposed Disposals may be delayed or terminated and all the potential benefits arising therefrom may not materialise. There can be no assurance that all of the conditions precedent are able to be fulfilled. Nevertheless, the Company anticipates that such risk can be mitigated by proactively engaging with the relevant authorities/parties to obtain all the necessary approvals and documents required for the completion of the SPAs.

7.2 Contractual risk

D'Kiara Place and YNH Hospitality will be giving warranties and/or undertakings, as set out in the SPAs, in favour of ALX Asset. In this respect, D'Kiara Place and YNH Hospitality may be subject to claim in accordance with the terms and conditions of the SPAs for the breach of any warranties and/or undertakings given. In this regard, the Board and the management of the Company, D'Kiara Place and YNH Hospitality will endeavour to ensure compliance with D'Kiara Place and YNH Hospitality's obligations under the respective SPAs in order to minimise the risk of any breach of the warranties and/or undertakings given.

8. EFFECTS OF THE PROPOSED DISPOSALS

8.1 Share capital

The Proposed Disposals will not have any effect on the issued share capital of the Company as the Proposed Disposals do not involve the issuance of any new shares in the Company.

8.2 Net assets ("NA") per share and gearing

The proforma effects of the Proposed Disposals on the NA and gearing of the Group based on the latest audited consolidated financial statements of the Group as at 31 December 2021 are as follows:

	Audited As at 31 December 2021 (RM)	(I) Upon completion of the Proposed Disposals (RM)
Share capital	528,999,579	528,999,579
Treasury shares	(970,157)	(970,157)
Other reserves	31,121,893	31,121,893
Retained earnings	324,993,475	380,401,475 ⁽³⁾
	<u>884,144,790</u>	<u>939,552,790</u>
Perpetual securities ⁽¹⁾	345,915,827	345,915,827
	<u>1,230,060,617</u>	<u>1,285,468,617</u>
No. of shares in issue (excluding treasury shares) ⁽²⁾	528,487,067	528,487,067
NA per Share	2.33	2.43
Borrowings	807,135,553	472,135,553 ⁽⁴⁾
Gearing (times)	0.66	0.37

Notes:

(1) Consists of RM263 million (issued on 7 August 2019) and RM87 million (issued on 30 July 2022) nominal value of senior ranking unrated perpetual securities with a coupon rate of 6.85% per annum payable semi-annually for the first 5 years.

(2) Excluding 512,512 treasury shares as at the LPD.

(3) After accounting the following:

(i) one-off pro forma gain after tax from the Proposed Disposals of approximately RM61.0 million; and

(ii) estimated expenses of approximately RM5.6 million in relation to the Proposed Disposals and Proposed ABS Issue.

(4) *After repayment of bank borrowings (as set out in Note 1, Section 4 of this announcement).*

8.3 Substantial shareholders' shareholdings

The Proposed Disposals are not expected to have any effect on the substantial shareholders' shareholdings in the Company as the Proposed Disposals do not involve any issuance of shares in the Company.

8.4 Earnings per share ("EPS")

For illustrative purposes, based on the Company's latest audited consolidated financial statements for the FYE 31 December 2021 and assuming that the Proposed Disposals have been effected on 1 January 2021, the pro forma effects of the Proposed Disposals on the earnings and EPS of the Group are as follows:

	RM'000
Audited profit after tax attributable to owners of the Company for the FYE 31 December 2021	21,251
Add: Pro forma net gain from the Proposed 163 Retail Park Disposal	50,854
Add: Pro forma net gain from the Proposed AEON Seri Manjung Disposal	10,159
Add: Interest and cost saving from 163 Retail Park and AEON Seri Manjung	18,784
Less: Profit after tax from 163 Retail Park and AEON Seri Manjung	(12,088)
Less: Estimated expenses in relation to the Proposed Disposals and Proposed ABS Issue	(5,605)
Pro forma profit after tax attributable to owners of the Company for the FYE 31 December 2021	83,355
Weighted average number of shares in issue as at 31 December 2021	528,487,067
EPS (sen)	15.8

Although the Group will not be recognising future earnings from the Properties pursuant to the Proposed Disposals, the Group will realise a proforma net gain of approximately RM61.0 million following the Proposed Disposals and the proceeds from the Proposed Disposals to be utilised as set out in Section 4 of this announcement is expected to contribute positively to the future earnings of the Group.

9. APPROVALS REQUIRED

The Proposed Disposals are subject to the following approvals being obtained:

- (a) the shareholders of the Company for the Proposed Disposals and for the entry by D'Kiara Place, YNH Hospitality and Kar Sin into the SPAs, at an extraordinary general meeting of the Company ("EGM") to be convened. The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 34.4% based on the total disposal consideration of RM422.5 million as compared to the audited consolidated NA of the Group as at 31 December 2021 of approximately RM1,230.1 million;
- (b) the relevant authorities and/or parties, which form part of the conditions precedent of the SPAs as set out in Section 2.0 of Appendices I and II of this announcement; and
- (c) any other relevant authority or party, if required.

The Proposed Disposals and Proposed ABS Issue are conditional upon each other.

Save as disclosed above, the Proposed Disposals are not conditional upon any other corporate exercise of the Company.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Company's Directors, major shareholders and/or persons connected with them has any direct or indirect interest in the Proposed Disposals:

- (i) DDYKC, the Chairman and Executive Director and a major shareholder of the Company, holding 24.41% directly and 8.17% via shares held through his spouse, sibling and spouse of his sibling as at the LPD, will be subscribing for the First Tranche Junior MTNs pursuant to the ABS MTN Programme; and
- (ii) Dato' Yu Kuan Huat ("**DYKH**"), the Managing Director and a major shareholder of the Company, holding 4.48% directly and 24.86% via shares held through his spouse, sibling and spouse of his sibling as at the LPD, is the brother of DDYKC.

Accordingly, DDYKC and DYKH are deemed interested in the Proposed Disposals.

(DDYKC and DYKH are collectively referred to as the "**Interested Directors**" and "**Interested Major Shareholders**").

In view of the above, the Interested Directors have abstained and will continue to abstain from all board deliberations and voting at the relevant board meetings and on the resolution pertaining to the Proposed Disposals.

The Interested Major Shareholders will abstain from voting (in respect of their direct and/or indirect shareholdings in the Company) and have also undertaken to ensure that any persons connected with them will abstain from voting (in respect of their direct and indirect shareholdings in the Company, if any) on the resolutions pertaining to the Proposed Disposals at the EGM to be convened.

11. TRANSACTIONS WITH THE INTERESTED DIRECTORS AND INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

Other than the Proposed Disposals and certain recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group, there were no other transactions entered into by the Company with the Interested Directors and the Interested Shareholders for the preceding 12 months from the date of this announcement.

12. AUDIT COMMITTEE'S STATEMENT

After taking into consideration the rationale and effects of the Proposed Disposals as well as the terms and conditions of the SPAs, the Audit Committee is of the opinion that the Proposed Disposals are in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders of the Company.

13. DIRECTORS' STATEMENT

After having considered all aspects of the Proposed Disposals, including the rationale for the Proposed Disposals, the salient terms of the SPAs, the basis and justification for arriving at the disposal considerations, utilisation of proceeds and effects of the Proposed Disposals, the Board (save for the Interested Directors), is of the opinion that the Proposed Disposals are in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders of the Company.

14. ADVISERS

AmInvestment Bank has been appointed to act as the Principal Adviser for the Proposed Disposals.

In view of the interest of DDYKC (please refer to Section 10 above for further details), the Proposed Disposals are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. Accordingly, Malacca Securities Sdn Bhd has been appointed to act as the Independent Adviser to:

- (i) advise whether the Proposed Disposals are fair and reasonable insofar as the non-interested shareholders are concerned;
- (ii) advise whether the Proposed Disposals are to the detriment of the minority shareholders; and
- (iii) advise the Company's non-interested shareholders on whether they should vote in favour of the Proposed Disposals.

15. APPLICATIONS TO THE AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposed Disposals are expected to be made within a period of 2 months from the date of this announcement.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposed Disposals are expected to be completed by the first half of 2023.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the draft SPAs, 163 Retail Park Valuation Certificate and AEON Seri Manjung Valuation Certificate will be made available for inspection at the registered office of YNH Property at 55A, Medan Ipoh 1A, Medan Ipoh Bistari, Ipoh, 31400 Perak during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

SALIENT TERMS OF THE 163 RETAIL PARK SPA

The agreed salient terms and conditions of the 163 Retail Park SPA are as follows:

1. Purchase Price

The total purchase price for the 163 Retail Park is RM270,500,000.

2. Conditions Precedent

The 163 Retail Park SPA is conditional upon the fulfilment of the following conditions precedent on or before the date falling 3 months from the date of the 163 Retail Park SPA or such other date mutually agreed upon between D'Kiara Place and ALX Asset in writing ("**163 Retail Park Cut-Off Date**"):

- (a) receipt by ALX Asset of the following:
 - (i) a valuation report dated no more than 6 months prior to the first issue of the MTNs, conducted on 163 Retail Park indicating that the open market value of the 163 Retail Park is no less than RM270,500,000;
 - (ii) a redemption statement cum letter of undertaking from D'Kiara Place's financier setting out the redemption sum and the undertaking by D'Kiara Place's financier to deliver to ALX Asset or ALX Asset's solicitors the executed documents necessary to discharge the charge over the 163 Retail Park ("**163 Retail Park Discharge Documents**"), within 10 business days upon ALX Asset's receipt of the redemption sum; and
 - (iii) a letter of undertaking from D'Kiara Place undertaking to refund the 163 Retail Park Disposal Consideration to ALX Asset in the event that the memorandum of transfer is not registrable for whatsoever reason within 21 days from the date of issuance of the strata titles, which results in the non-registration of the charge to be created by ALX Asset in favour of MTrustee Berhad ("**163 Retail Park Land Charge**") with the relevant land office;
- (b) the agreements for the assignment of any rights, benefits, interests and/or entitlements under all agreements, drawings, plans, documents or instruments in relation to or in connection with 163 Retail Park as at the completion date, executed by D'Kiara Place and ALX Asset;
- (c) the board of directors' resolution and the shareholders' resolutions of D'Kiara Place authorising the sale of 163 Retail Park having been obtained;
- (d) the board of directors' resolution and the shareholders' resolution of ALX Asset authorising the purchase of 163 Retail Park having been obtained;
- (e) all consents and approvals from all relevant authorities and any other third parties necessary for the completion of the transactions contemplated under the 163 Retail Park SPA (including the perfection of the transfer and the security required for the securitisation of the 163 Retail Park pursuant to the ABS MTN Programme) having been obtained;
- (f) all the conditions precedent set out in the programme agreement to be entered into between ALX Asset and Kenanga Investment Bank Berhad as the lead arranger in respect of the ABS MTN Programme having been fulfilled and/or waived save and except for the condition that the 163 Retail Park SPA has become unconditional;

- (g) the legal opinion from the solicitors of D’Kiara Place and ALX Asset confirming the validity, legality and enforceability of the 163 Retail Park SPA, the novation agreements and the assignments; and
- (h) the letter from the solicitors of D’Kiara Place and ALX Asset confirming that all the 163 Retail Park Conditions Precedent (as defined below) have been fulfilled,

(collectively referred to as the “**163 Retail Park Conditions Precedent**”).

3. Non-fulfilment of the 163 Retail Park Conditions Precedent

In the event the 163 Retail Park Conditions Precedent are not satisfied on or before the 163 Retail Park Cut-off Date, either D’Kiara Place or ALX Asset may terminate the 163 Retail Park SPA with immediate effect by written notice to the other. Upon such termination, the parties shall be discharged from their respective obligations under the 163 Retail Park SPA without any liability to each other save for any antecedent breach occurring prior to such termination.

4. Payment of the 163 Retail Park Disposal Consideration

On the completion date, the 163 Retail Park Disposal Consideration shall be payable by ALX Asset in the following manner:

- (a) the redemption sum for the 163 Retail Park, payable directly to D’Kiara Place’s financier, to redeem the 163 Retail Park;
- (b) an amount equivalent to the deposits given by third parties to D’Kiara Place under the relevant documents relating to the right of use, occupation and/or possession of the 163 Retail Park (“**163 Retail Park Letting Documents**”), shall be paid directly to an account to be opened by ALX Asset and notified to D’Kiara Place. Such payment shall be set-off against the obligation of D’Kiara Place to transfer the deposits given;
- (c) payment to defray all fees, costs and expenses in relation to the establishment of ABS MTN Programme and the first issuance, including where applicable, such amount required to pre-fund the relevant designated account(s) under the ABS MTN Programme and deposits required under the relevant trustee’s reimbursement account, where such amounts are to be mutually agreed upon; and
- (d) following the application of the 163 Retail Park Disposal Consideration in accordance with items (a), (b) and (c) above, the balance 163 Retail Park Disposal Consideration shall be paid to D’Kiara Place.

5. Subdivision of Building or Land

D’Kiara Place shall, at its own cost and expense and as soon as possible, apply for subdivision of the building and the land to procure the issuance of the original issue document of strata titles in respect of the building and accessory parcels.

6. Completion Date

Against full satisfaction of the 163 Retail Park Disposal Consideration, on the completion date, D'Kiara Place shall:

- (a) cause and procure that D'Kiara Place's financier deliver to ALX Asset's solicitors the 163 Retail Park Discharge Documents within 10 business days upon D'Kiara Place's receipt of the redemption sum of 163 Retail Park;
- (b) deliver to ALX Asset:
 - (i) legal possession of the 163 Retail Park in accordance with the 163 Retail Park SPA;
 - (ii) any key or keys to any door or any part of the 163 Retail Park building; and
 - (iii) the assets which are capable of passing by delivery at the places where they are located; and
- (c) deliver to the servicer (as an agent of ALX Asset) the documents necessary for completion of the 163 Retail Park SPA ("**163 Retail Park Completion Documents**").

Upon completion, the following shall be treated to have occurred without any further act or payment on the part of either D'Kiara Place and ALX Asset:

- (a) full beneficial interests in and to 163 Retail Park free of encumbrances and security interest shall be deemed to have conveyed to ALX Asset and pending registration of the memorandum of transfer required to transfer the strata titles to 163 Retail Park to ALX Asset ("**Transfer**"), D'Kiara Place shall hold 163 Retail Park together with all rights and interests on bare trust for and on behalf of ALX Asset;
- (b) legal possession of 163 Retail Park shall be deemed to have conveyed to ALX Asset and D'Kiara Place shall no longer have any rights or interest in or to 163 Retail Park or any part thereof (save as registered owner pending the issuance of the strata titles and the registration of the Transfer); and
- (c) with the delivery of legal possession, risks shall pass to ALX Asset; and ALX Asset shall be liable for all outgoings and any other costs, expenses and liabilities of 163 Retail Park, subject to the terms of the 163 Retail Park SPA.

7. Termination of the 163 Retail Park SPA

- (a) If ALX Asset or D'Kiara Place is in material breach of its obligations under the 163 Retail Park SPA or if any of D'Kiara Place's warranties or ALX Asset's warranties are unfulfilled, untrue or misleading in any material respect and if such breach is not remedied within 14 days from the date of receipt of a written notice by the defaulting party where such breach is capable of being remedied or such extended period as the parties may mutually agree, the non-defaulting party will be entitled (in addition to and without prejudice to all the other rights or remedies available to the parties, including the right to claim damages) to elect to rescind the 163 Retail Park SPA (unless otherwise agreed by the parties and subject to all relevant regulatory approvals being obtained) by giving notice in writing to the defaulting party and the parties shall, to the maximum extent possible, be restored to their respective original position prior to the making of the 163 Retail Park SPA.

- (b) In the event the Transfer cannot be registered in favour of ALX Asset for any reason whatsoever not attributable to the fault of either ALX Asset or D'Kiara Place, the parties will do all things as are within their reasonable control to procure the registration of the Transfer within a period of 30 days from the date of the parties being notified of such non-registration of the Transfer, failing which:
 - (i) ALX Asset may elect to appoint D'Kiara Place to hold the 163 Retail Park on trust for ALX Asset; or
 - (ii) the parties shall (unless otherwise agreed by the parties and subject to all relevant regulatory approvals being obtained), to the maximum extent possible, be restored to their respective original position prior to the making of the 163 Retail Park SPA. ALX Asset may terminate the 163 Retail Park SPA by giving notice in writing to D'Kiara Place.

8. Consequences of Termination

Upon receipt of such a termination notice from ALX Asset, D'Kiara Place shall refund to ALX Asset the 163 Retail Park Disposal Consideration, and where such termination is due or attributable to an act, omission, breach or default on the part of D'Kiara Place, together with such amounts equivalent to the coupon payments payable in respect of the MTNs falling due on the next coupon payment date. Immediately thereafter, ALX Asset shall:

- (a) return and deliver the 163 Retail Park Completion Documents to D'Kiara Place;
- (b) in the event ALX Asset has entered a private caveat against the titles to the 163 Retail Park, remove the private caveat at the costs and expense of ALX Asset;
- (c) discharge and remove all encumbrances created by ALX Asset over the 163 Retail Park by depositing with D'Kiara Place the executed valid and registrable and, if applicable stamped, discharge instruments;
- (d) redeliver the 163 Retail Park free from encumbrances (save for the Tenancies created pursuant to the 163 Retail Park Letting Documents and the 163 Retail Park Land Charge) and in its then current state and condition on an "as is where is" basis;
- (e) refund and/or return to D'Kiara Place all securities released and/or paid to ALX Asset pursuant to the 163 Retail Park SPA; and
- (f) return to D'Kiara Place intact all other documents (if any) released by D'Kiara Place pursuant to the 163 Retail Park SPA.

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SALIENT TERMS OF THE AEON SERI MANJUNG SPA

The agreed salient terms and conditions of AEON Seri Manjung SPA are as follows:

1. Purchase Price

The total purchase price for the AEON Seri Manjung is RM152,000,000.

2. Conditions Precedent

The AEON Seri Manjung SPA is conditional upon the fulfilment of the following conditions precedent on or before the date falling 3 months from the date of the AEON Seri Manjung SPA or such other date mutually agreed upon amongst YNH Hospitality, Kar Sin and ALX Asset in writing ("**AEON Seri Manjung Cut-Off Date**"):

- (a) receipt by ALX Asset of the following:
 - (i) written confirmation from YNH Hospitality and/or Kar Sin that all the novation agreements and/or assignments with the relevant third parties have been executed (and stamped where relevant, or endorsed as being exempted from stamp duty) by all relevant parties;
 - (ii) a valuation report dated no more than 6 months prior to the first issue of the MTNs, conducted on AEON Seri Manjung indicating that the open market value of the AEON Seri Manjung is no less than RM152,000,000;
 - (iii) a redemption statement cum letter of undertaking from Kar Sin's financier setting out the redemption sum and the undertaking by Kar Sin's financier to deliver to ALX Asset or ALX Asset's solicitors the executed documents necessary to discharge the charge over the AEON Seri Manjung ("**AEON Seri Manjung Discharge Documents**"), immediately upon ALX Asset's receipt of the redemption sum; and
 - (iv) a letter of undertaking from YNH Hospitality undertaking to refund the AEON Seri Manjung Disposal Consideration to ALX Asset in the event that the memorandum of transfer is not registrable for whatsoever reason, which results in the non-registration of the charge to be created by ALX Asset in favour of MTrustee Berhad ("**AEON Seri Manjung Land Charge**") with the relevant land office;
- (b) the board of directors' resolution and the shareholders' resolutions of each of YNH Hospitality and Kar Sin authorising the sale of the AEON Seri Manjung having been obtained;
- (c) the board of directors' resolution and the shareholders' resolution of ALX Asset authorising the purchase of the AEON Seri Manjung having been obtained;
- (d) all consents and approvals from all relevant authorities and other third parties necessary for the completion of the transactions contemplated under the AEON Seri Manjung SPA (including the perfection of the transfer and the security required for the securitisation of the AEON Seri Manjung pursuant to the ABS MTN Programme) having been obtained;

- (e) all the conditions precedent set out in the programme agreement to be entered into between ALX Asset and Kenanga Investment Bank Berhad as the lead arranger in respect of the ABS MTN Programme having been fulfilled and/or waived save and except for the condition that the AEON Seri Manjung SPA has become unconditional;
- (f) the legal opinion from ALX Asset's solicitors confirming the validity, legality and enforceability of the AEON Seri Manjung SPA, the novation agreements and the assignments;
- (g) the letter from ALX Asset's solicitors confirming that all the AEON Seri Manjung Conditions Precedent (as defined below) have been fulfilled;
- (h) receipt by ALX Asset's solicitors of the documents to be delivered upon signing of the AEON Seri Manjung SPA; and
- (i) receipt by ALX Asset's solicitors of a copy of written consent from the relevant third party that has entered into an existing AEON Seri Manjung Letting Document (as defined below) with YNH Hospitality to dispose AEON Seri Manjung to ALX Asset.

(collectively referred to as the "**AEON Seri Manjung Conditions Precedent**").

3. **Non-fulfilment of the AEON Seri Manjung Conditions Precedent**

In the event the AEON Seri Manjung Conditions Precedent are not satisfied on or before the AEON Seri Manjung Cut-off Date, either YNH Hospitality, Kar Sin or ALX Asset may terminate the AEON Seri Manjung SPA with immediate effect by written notice to the other. Upon such termination, the parties shall be discharged from their respective obligations under the AEON Seri Manjung SPA without any liability to each other save for any antecedent breach occurring prior to such termination.

4. **Payment of the AEON Seri Manjung Disposal Consideration**

On the completion date, subject to YNH Hospitality having delivered the documents necessary for the transfer of AEON Seri Manjung ("**Transfer Documents**"), the AEON Seri Manjung Disposal Consideration shall be payable by ALX Asset in the following manner:

- (a) the redemption sum for AEON Seri Manjung, payable directly to Kar Sin's financier, to redeem AEON Seri Manjung;
- (b) an amount equivalent to the deposits given by third parties to YNH Hospitality and/or Kar Sin under the relevant documents relating to the right of use, occupation and/or possession of AEON Seri Manjung ("**AEON Seri Manjung Letting Documents**") shall be paid by ALX Asset directly into an account to be opened by ALX Asset, the payment of which shall be notified to YNH Hospitality. Such payment shall be set-off against the obligation of YNH Hospitality to transfer the deposits given;
- (c) payment to defray all fees, costs and expenses in relation to the ABS MTN Programme and the second issuance thereunder, including where applicable, such amount required to pre-fund the relevant designated account(s) under the ABS MTN Programme and deposits required under the relevant trustee's reimbursement account, where such amounts are to be mutually agreed upon; and
- (d) following the application of the AEON Seri Manjung Disposal Consideration in accordance with items (a), (b) and (c) above, the balance AEON Seri Manjung Disposal Consideration shall be paid to YNH Hospitality.

5. Completion Date

Against full satisfaction of the AEON Seri Manjung Disposal Consideration, on the completion date, YNH Hospitality shall:

- (a) deliver to ALX Asset's solicitors the Transfer Documents, in particular, YNH Hospitality and/or Kar Sin shall cause and procure that Kar Sin's financier deliver to ALX Asset's solicitors the issue document of title for AEON Seri Manjung and the AEON Seri Manjung Discharge Documents immediately upon YNH Hospitality's receipt of the redemption sum of AEON Seri Manjung;
- (b) deliver to ALX Asset:
 - (i) legal possession of AEON Seri Manjung in accordance with the AEON Seri Manjung SPA;
 - (ii) any key or keys to any door or any part of the AEON Seri Manjung building; and
 - (iii) the assets which are capable of passing by delivery at the places where they are located; and
- (c) deliver to the servicer (as an agent of ALX Asset) the documents necessary for completion of the AEON Seri Manjung SPA ("**AEON Seri Manjung Completion Documents**").

6. Termination of the AEON Seri Manjung SPA

- (a) If ALX Asset or YNH Hospitality is in material breach of its obligations under the AEON Seri Manjung SPA or if any of YNH Hospitality's and Kar Sin's warranties or ALX Asset's warranties are unfulfilled, untrue or misleading in any material respect and if such breach is not remedied within 14 days from the date of receipt of a written notice by the defaulting party where such breach is capable of being remedied or such extended period as the parties may mutually agree, the non-defaulting party will be entitled (in addition to and without prejudice to all the other rights or remedies available to the parties, including the right to claim damages) to elect to rescind the AEON Seri Manjung SPA (unless otherwise agreed by the parties and subject to all relevant regulatory approvals being obtained) by giving notice in writing to the defaulting party and the parties shall, to the maximum extent possible, be restored to their respective original position prior to the making of the AEON Seri Manjung SPA.
- (b) In the event the memorandum of transfer cannot be registered in favour of ALX Asset for any reason whatsoever not attributable to the fault of either ALX Asset or YNH Hospitality and/or Kar Sin, the parties will do all things as are within their reasonable control to procure the registration of the memorandum of transfer within a period of 30 days from the date of the parties being notified of such non-registration of the memorandum of transfer, failing which:
 - (i) ALX Asset may elect to appoint Kar Sin to hold AEON Seri Manjung on trust for ALX Asset; or
 - (ii) the parties shall (unless otherwise agreed by the parties and subject to all relevant regulatory approvals being obtained), to the maximum extent possible, be restored to their respective original position prior to the making of AEON Seri Manjung SPA. ALX Asset may terminate the AEON Seri Manjung SPA by giving notice in writing to YNH Hospitality (with a copy to Kar Sin).

7. Consequences of Termination

Upon receipt of such a termination notice from ALX Asset, YNH Hospitality shall refund to ALX Asset the AEON Seri Manjung Disposal Consideration, and where such termination is due or attributable to an act, omission, breach or default on the part of YNH Hospitality, together with such amounts equivalent to the coupon payments payable in respect of the MTNs falling due on the next coupon payment date. Immediately thereafter, ALX Asset shall:

- (a) return and deliver the AEON Seri Manjung Completion Documents to YNH Hospitality;
- (b) in the event ALX Asset has entered a private caveat against the titles to AEON Seri Manjung, remove the private caveat at the costs and expense of ALX Asset;
- (c) discharge and remove all encumbrances created by ALX Asset over AEON Seri Manjung by depositing with YNH Hospitality the executed valid and registrable and, if applicable stamped, discharge instruments;
- (d) redeliver AEON Seri Manjung free from encumbrances (save for the Tenancies created pursuant to the AEON Seri Manjung Letting Documents and the AEON Seri Manjung Land Charge) and in its then current state and condition on an "as is where is" basis;
- (e) refund and/or return to YNH Hospitality all securities released and/or paid to ALX Asset pursuant to the AEON Seri Manjung SPA; and
- (f) return to YNH Hospitality intact all other documents (if any) released by YNH Hospitality pursuant to the AEON Seri Manjung SPA.

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