

YNH PROPERTY BHD (“YNH” OR “COMPANY”)

DEVELOPMENT AGREEMENT ENTERED BETWEEN KAR SIN BHD (A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY), NEW YORK EMPIRE SDN BHD AND CHIN HIN PROPERTY (SEGAMBUT) SDN BHD

1. INTRODUCTION

This announcement serves as the purpose of ensuring open and transparent disclosure of the Development Agreement.

The Board of Directors of YNH (“YNH”) wishes to announce that Kar Sin Bhd (“**KSB**” or “**Beneficiary Owner**”), a wholly-owned subsidiary of the Company had on 24 April 2024 (“**LPD**”) entered into a Development Agreement (“**DA**” or “**Agreement**”) with New York Empire Sdn Bhd (“**NYESB**” or “**Proprietor**”) and Chin Hin Property (Segambut) Sdn Bhd (“**CHPS**” or “**Developer**”), for granting the Development Rights to the Developer to implement and complete the development of all that parcel of freehold land held under Geran Mukim 54, Lot 448, Kepong Rly Line 8th Mile, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 26,253.121 square metres (6.49 acres) (“**Land**”) into a residential development.

(KSB, NYESB and CHPS individually referred to as “Party”, collectively referred to as “Parties”).

2. DETAILS OF THE PARTIES

2.1 Information of KSB

KSB is a public company incorporated on 24 May 1982 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 188, Jalan PPMP 3/3, Pusat Perniagaan Manjung Point 3, 32040 Seri Manjung, Perak. KSB is a wholly-owned subsidiary of YNH. The principal activity of KSB is property development and cultivation and sale of oil palm produce.

As at the LPD, KSB has a total paid up share capital of RM102,600,000.00 consisting of 102,600,000 ordinary shares and the Directors are Dato’ Dr. Yu Kuan Chon and Dato’ Yu Kuan Huat.

2.2 Information of NYESB

NYESB is a private company incorporated on 21 August 2002 in Malaysia under the Companies Act, 1965 (“**Act**”). Its principal activity is investment holding.

As at LPD, the total issued share capital of NYESB is RM10 comprising 10 ordinary shares.

As at LPD, the Directors and shareholders of NYESB are Lim Leong Wouh and Ding Chee Ling and their respective shareholdings are as follows:

| Shareholders | Number of ordinary shares | Percentage (%) |
|----------------|---------------------------|----------------|
| Lim Leong Wouh | 2 | 20 |
| Ding Chee Ling | 8 | 80 |
| TOTAL | 10 | 100 |

2.3 Information of CHPS

CHPS is a private company incorporated on 3 April 2024 in Malaysia under the Companies Act 2016. CHPS is principally involved in investment holding, property development and property construction.

CHPS is a wholly-owned subsidiary of BKG Development Sdn Bhd (“**BKGD**”). As at LPD, the total issued share capital of CHPS is RM2 comprising 2 ordinary shares and the Directors of CHPS are Datuk Seri Chiau Beng Teik and Mr. Chiau Haw Choon.

BKGD is a private company incorporated on 14 November 2013 in Malaysia under the then Companies Act 1965. Its principal activities are investment holding and property development and property construction. BKGD in turn, is a wholly-owned subsidiary of Chin Hin Group Property Berhad.

As at LPD, the total issued share capital of BKGD is RM29,400,000 comprising 29,400,000 ordinary shares and the Directors of BKGD are Datuk Seri Chiau Beng Teik, Mr. Chiau Haw Choon and Mr. Khor Kai Fu.

3. DETAILS OF THE LAND

| | |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered proprietor | NYESB |
| Beneficial owner | KSB |
| Title details | Geran Mukim 54, Lot 448, Kepong Rly Line 8 th Mile, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur |
| Tenure | The Land is a freehold land. |
| Express condition | The Land is subject to the express condition as follows:- (i) Category of Land Use: “Bangunan”. (ii) Express Condition: “Tanah ini hendaklah digunakan hanya untuk kawasan rancangan perumahan sahaja. Pembangunan di atas tanah ini hendaklah mematuhi Perintah Pembangunan yang dikeluarkan oleh Datuk Bandar Kuala Lumpur”. |

3. DETAILS OF THE LAND (cont'd)

| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land area | approximately 26,253.121 square metres (6.49 acres) |
| Encumbrances | The Land is currently charged to RHB Bank Berhad of No. 25C, Jalan Datuk Ahmad Yunus, Sitiawan, 32000 Perak ("Existing Charge") |
| Compulsory Acquisition | There were three (3) acquisitions which have been finalised via issuance of Pengambilan Sebahagian Tanah -Borang K vide:- (i) Perserahan No. 316/2009 registered on 22 October 2009 wherein an area approximately 661.042 square metre of the Land has been acquired; (ii) Perserahan No. 529/1993 registered on 08 March 1993 wherein an area approximately 1,341.084 square metre of the Land has been acquired; and (iii) Perserahan No. 82/1976 registered on 17 April 1976 wherein an area approximately 1,456.765 square metre of the Land has been acquired. |
| Net Book Value | RM23,115,308 |

4. INFORMATION OF THE RESIDENTIAL DEVELOPMENT

In consideration of CHPS's undertaking to comply with its covenants and obligations stated in the DA, KSB agrees to appoint CHPS to implement and complete the development of a multi-storey residential building comprising of approximately 2,434 units of serviced apartments together carpark and other amenities (**"Project"**). KSB shall grant and confer CHPS with the following absolute rights in respect of the Project:-

- a) the right to design, develop, build and complete the Project on the Land;
- b) the right to manage and implement the Project including the appointment of all consultants, advisers, contractors and suppliers in relation thereto;
- c) the right to market, promote and to dispose of the components and parcel unit comprised within the Project (**"Parcels"**); and
- d) the right to receive, collect, demand and utilise all proceeds and/or profits derived from the sale of the Parcels comprised in the Project and to any other form of revenue derived from the Project.

(collectively, **"Development Rights"**)

The Project is estimated to have gross development value (**"GDV"**) of RM685.1 million and gross development cost of approximately RM575 million. The Project is expected to commence in July 2025 and is expected to complete in June 2030.

5. SALIENT TERMS OF THE DA

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

6. RATIONALE OF THE DA

The entry of the DA which involves the granting of Development Rights with Guaranteed Beneficiary Owner's Entitlement of RM52.0 million and Additional Beneficiary Owner's Entitlement (if applicable) ("**Total Entitlement**"), allows the Company to quickly generate cash or capital from the Land without engaging in the development process.

The Total Entitlement is expected to contribute positively to the future cash flow of the Group when it materialises. It will enable the Company to utilise it for the purpose as set out in Section 8 of this announcement.

It also serves as a risk mitigation strategy for the Company as developing land can be a complex and capital-intensive process with various risks such as construction delays, cost overruns, and market uncertainties. By granting the Development Rights, the Company transfers some of these risks by reducing its own exposure.

7. DATE AND ORIGINAL COST OF INVESTMENT

The Company acquired the Land from NYESB on 30 September 2007 for a total cash consideration of RM23.0 million.

8. UTILISATION OF PROCEEDS

The Company intends to utilise the Total Entitlement in the following manner:-

| | (RM) | Estimated utilisation timeframe from receipt of Total Entitlement |
|---------------------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------|
| Redemption of the Property | 27,500,000-00 | Immediate |
| Repayment of deposit for cancellation of Second SPA (hereinafter defined) | 24,000,000-00 | Immediate |
| Repayment of loan | 500,000-00 | Immediate |
| Total | 52,000,000-00 | |

9. RISK FACTORS OF DA

The entry of DA which involves the granting of Development Rights with Total Entitlement, 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.

10. FINANCIAL EFFECTS

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

The DA is not expected to have any material impact on the Company's earnings per share, net assets and gearing for the financial year ended 30 June 2023. However, it is expected to contribute positively to the future earnings of the Company.

11. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the DA pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.36% only, calculated based on the Total Entitlement and the latest audited consolidated NA of YNH Group for the financial year ended 30 June 2023.

12. LIABILITIES TO BE ASSUMED

There are no other liabilities, including contingent liabilities and guarantees to be assumed by the Company pursuant to the DA.

13. APPROVAL REQUIRED

The entry of DA is not subject to the approval of shareholders of the Company and/or any other relevant authorities.

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

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

15. DIRECTORS' STATEMENT

The Board of Directors of YNH, after having considered all relevant aspects of the entry of DA, is of the opinion that they are in the best interest of YNH and the Group.

16. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Company expects the DA to be completed by third quarter of 2030.

17. DOCUMENTS FOR INSPECTION

The DA 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 3 months from the date of this announcement.

18. FURTHER INFORMATION

By a Sale and Purchase Agreement dated 30 September 2007, NYESB sold, and KSB purchased the Land from NYESB ("**First SPA**"). The First SPA was completed on 6 June 2008.

Subsequently on 6 September 2023, KSB entered into a Sale and Purchase Agreement to dispose the Land to Frazel Group Sdn Bhd ("**FGSB**") ("**Second SPA**"). However, KSB had on 24 April 2024 entered into a deed of revocation with FGSB to revoke the Second SPA ("**Deed of Revocation**"). Further details of the Second SPA and Deed of Revocation have been announced on 29 April 2024.

This announcement is dated 29 April 2024.

SALIENT TERMS OF THE DA

The salient terms of the DA are set out below:-

1. SECURITY DEPOSIT

In consideration of the Beneficiary Owner granting the Developer the Development Rights and performing its obligations under the Agreement, the Developer shall pay to the Beneficiary Owner a sum of **Ringgit Malaysia Fifty Two Million (RM52,000,000-00) only** (“**Security Deposit**”), within 3 months from the Unconditional Date (as hereinafter defined) with an automatic extension of 2 months provided that the Developer shall pay a late payment interest to the Beneficiary Owner on the outstanding sum at the rate of 8% per annum calculated on daily rest basis, which is payable as follows:-

- (a) to pay **RM24,000,000-00** to FGSB on behalf of the Beneficiary Owner;
- (b) to pay redemption sum to the Existing Chargee towards the redemption of the financing provided by the Existing Chargee in favour of the Beneficiary Owner; and
- (c) balance of the Security Deposit to be paid to the Beneficiary Owner or such third party authorised by the Beneficiary Owner.

Any sum paid pursuant to the terms herein shall be deemed to be paid to the Beneficiary Owner as payment towards the Security Deposit and any receipt and/or acknowledgement by such person shall be sufficiently discharged to the Developer of its obligations to pay the same.

The Developer and the Beneficiary Owner mutually agree that upon the delivery of vacant possession of the completed units of the Project in accordance with the relevant laws (“**Completion Date**”), the Security Deposit shall be refunded free of interest by the Beneficiary Owner to the Developer.

2. ENTITLEMENT AND GUARANTEED BENEFICIARY OWNER’S ENTITLEMENT**Beneficiary Owner’s Entitlement**

In consideration of the Beneficiary Owner granting the Developer the Development Rights and performing its obligations under the Agreement, the Developer irrevocably acknowledges, agrees and covenants that the Beneficiary Owner shall be entitled to the Guaranteed Beneficiary Owner’s Entitlement (as hereinafter defined) and the Additional Beneficiary Owner’s Entitlement (if applicable) (as hereinafter defined).

Basis of Guaranteed Beneficiary Owner’s Entitlement

The Guaranteed Beneficiary Owner’s Entitlement is arrived at and agreed by the Parties based on willing buyer willing seller basis and the Developer’s estimated potential GDV of the Project.

Additional Beneficiary Owner’s Entitlement:

The Developer shall pay the Additional Beneficiary Owner’s Entitlement that equivalent to 15.5% of the GDV which exceeds or is above RM685 million to the Beneficiary Owner within 54 months from:-

- (i) the Unconditional Date (as hereinafter defined);

- (ii) 30 June 2025; or
- (iii) the date of termination of the Tenancy Agreement and re-yielding of vacant possession of the Land,

whichever is later, failing which the Developer shall pay the late payment interest to the Beneficiary Owner on the outstanding sum on the rate of **eight percent (8%)** per annum on daily basis.

Total Entitlement

The Developer and the Beneficiary Owner mutually agree that the Beneficiary Owner's Entitlement is equivalent to the sum of RM52,000,000.00 (in the event the GDV is less than RM685,000,000.00) ("**Guaranteed Beneficiary Owner's Entitlement**") plus the Additional Beneficiary Owner's Entitlement (if applicable).

Developer's Entitlement:

The Developer's Entitlement shall be the sum of Ringgit Malaysia Six Hundred Thirty Three Million (RM633,000,000-00) only plus eighty four point five percent (84.5%) of the GDV which exceeds Ringgit Malaysia Six Hundred Eighty Five Million (RM685,000,000-00).

Developer's First Right:

The Beneficiary Owner acknowledges and undertakes to the Developer that:-

- (a) subject to the Financier's rights (Financier means the bank or financial institution from whom the Developer is taking or will be taking a loan to part finance the payment of the Guaranteed Beneficiary Owner Entitlement and/or to provide bridging finance in respect of the construction and completion of the Project), the Developer shall have first right and/or priority on the GDV and all monies in the Project account and/or the housing development account for the payment of the Developer's entitlement over the Beneficiary Owner Entitlement and/or sums payable to other creditors of the Beneficiary Owner, if applicable;
- (b) the Proprietor shall have no claim, rights and/or entitlement to the Project accounts or any assets owned or controlled by the Developer; and
- (c) the Proprietor shall not hold any priority over any secured or preferential creditors of the Developer.

3. CONDITION PRECEDENT

3.1 The Agreement shall be subject to the following condition being fulfilled within the period of twelve (12) months from the date of the Agreement or such further period to be mutually agreed by the Parties ("**Conditional Period**"):-

- (a) the Beneficiary Owner producing the redemption statement issued by the Existing Chargee to the effect that the redemption sum payable by the Beneficiary Owner to the Existing Chargee of not more than RM28,000,000.00.

3.2 The Agreement shall be deemed unconditional upon the receipt of all the approvals, waivers or consents and/or fulfilment or waiver or the deemed acceptance of the same and the compliance and fulfilment of other conditions as set out in item 3.1 above.

(referred to as "**Unconditional Date**").

All costs in relation to the fulfilment of item 3.1 above shall be borne by the Beneficiary Owner.

4. LOAN AND CHARGING OF LAND

4.1 Loan:

The Parties acknowledge that the Developer shall be entitled to obtain a loan from the Financier.

4.2 Third Party Legal Charge over the Land:

In contemplation of item 4.1 above and in compliance with item 4.3 below, the Proprietor agrees to charge the Land in favour of the Financier as security for repayment of the loan obtained by the Developer subject to the Developer shall have notified the Proprietor and the Beneficiary Owner in writing of its intention and the particulars of the Financier.

4.3 Guarantee:

For the purpose of guaranteeing the loan repayment by the Developer by creating the Third Party Legal Charge over the Land, the Developer shall cause and procure the guarantees in favour of the Beneficiary Owner and the Proprietor, and furnish the duly executed Developer's Directors' Personal Guarantee and the Developer's Company Guarantee (defined below herewith) and deposit the same with the Beneficiary Owner's solicitors upon the acceptance of the Financier's letter of offer by the Developer:-

- (a) The personal guarantees by the directors of the Developer namely, Datuk Seri Chiau Beng Teik and Mr Chiau Haw Choon ("**Developer's Directors' Personal Guarantee**"); and
- (b) The Developer's holding company, namely BKGD ("**Developer's Company Guarantee**").

5. DELIVERY OF VACANT POSSESSION

Subject to the Developer's observance of all the terms and conditions thereof, vacant possession of the Land shall be delivered to the Developer on an as-is-where- is basis within five (5) business days from the Unconditional Date.

6. TRANSFER OF LAND

Transfer of Land:-

The Parties agree and in accordance with the relevant laws and regulations that: -

- (a) The Proprietor shall transfer the Land to the joint management body or management corporation (as the case may be) in accordance with the relevant laws; or
- (b) failing of (a) above, the Proprietor shall transfer the Land to the Developer within five (5) years from the date of the certificate of completion and compliance of the Project or such further period requested by the Developer;

whereupon the Proprietor shall execute the necessary documents and/or instruments and obtain the relevant approvals from the appropriate authorities which are required by law to effect the transfer of the Land in favour of the aforementioned parties with no consideration payable.

Transfer of Strata Title:

The Proprietor agrees within seven (7) business days from the date of receipt of the Developer's written request, to execute, without charging any administration fees, all such documents or instruments as may be necessary to apply for sub-division of the Land, strata titles or subsidiary titles, as the case maybe and in relation to or for the transfer of the separate/ strata titles of the Parcels to end-purchasers or their assignees of the same and the charge over the separate/strata titles of the Parcels to end-purchasers' financiers.

7. DEFAULT

7.1 Event of Default

An Event of Default has occurred if :-

- (a) the party fails to remedy breach of any material obligations, covenant or undertaking within thirty (30) days from the date of the other party's notice;
- (b) the party goes into liquidation or makes an assignment for the benefit or enters into an arrangement or composition with its creditors or has a receiver appointed;
- (c) the party is unable to pay its debts within the meaning of the Companies Act 2016;
- (d) any distress, legal or execution proceedings are levied or commenced against the party or judgment is entered against the party which may materially and adversely affect the party performance of its obligations under the Agreement or affect the Land; or
- (e) the party shall have a receiver or manager or receiver and manager appointed over the whole or any material part of its assets.

7.2 If the Proprietor or the Beneficiary Owner shall be the defaulting party, the Developer shall have the right to either (i) claim for specific performance at the cost and expense of the Beneficiary Owner or ii) terminate the Agreement whereupon the following shall apply:-

- (a) the Beneficiary Owner shall procure the Proprietor and the Proprietor shall execute the memorandum of transfer directly in favour of the Developer for the purpose of transferring the Land to the Developer at the Developer's costs (including solicitors' fees, all stamp duties and registration fees payable for the registration of the Land in favour of the Developer) PROVIDED THAT the Developer shall first pay to the Beneficiary Owner a sum equivalent to RM68,500,000.00 ("**Land Value**"). For the avoidance of doubt:-
 - (i) the payment of the Guaranteed Beneficiary Owner's Entitlement and the Additional Beneficiary Owner's Entitlement (if any) shall form part payment of the Land Value; and
 - (ii) in the event the Guaranteed Beneficiary Owner's Entitlement and the Additional Beneficiary Owner's Entitlement (if any) paid by the Developer to the Beneficiary Owner is more than the Land Value, the Beneficiary Owner shall forthwith refund or cause to be refunded to the Developer the surplus to the Developer, failing which, the Beneficiary

Owner shall pay a late payment interest to the Developer on the outstanding sum at the rate of 8% per annum calculated on daily rest basis.

- (b) without prejudice to any other rights and remedies to which the Developer may be entitled to at law and/or under equity; and
- (c) the Beneficiary Owner shall not be entitled to any further payment under this Agreement.

7.3 If the Developer shall be the defaulting party, the Beneficiary Owner shall have the right to terminate the Agreement whereupon:-

- (a) the Developer shall immediately return all documents in relation to the Project to the Beneficiary Owner;
- (b) the Beneficiary Owner shall refund or cause to be refunded to the Developer all monies paid towards the account of the Guaranteed Beneficiary Owner Entitlement and Additional Beneficiary Owner's Entitlement received by the Beneficiary Owner pursuant to this Agreement, free of interest; and
- (c) the Developer shall re-deliver possession of the Land to the Beneficiary Owner on an "as-is-where-is basis" free from encumbrances.