

YNH PROPERTY BHD (“YNH” OR “COMPANY”)

SALES AND PURCHASE AGREEMENT ENTERED BETWEEN KAR SIN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY WITH FRAZEL GROUP SDN BHD AND DEED OF REVOCATION SUBSEQUENT THERETO

1. INTRODUCTION

This announcement serves as the purpose of ensuring open and transparent disclosure of the Sales and Purchase Agreement and the Deed of Revocation subsequent thereto.

Kar Sin Bhd (“**KSB**” or “**Vendor**”), the wholly-owned subsidiary of the Company, had on 6 September 2023, entered into a Sale and Purchase Agreement (“**SPA**” or “**Agreement**”) with Frazel Group Sdn Bhd (“**Frazel**” or “**Purchaser**”) for the proposed disposal 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 meters (“**Land**”) subject to the terms and conditions of the SPA for a total disposal consideration of RM59,577,250.00 only (“**Disposal Consideration**”) (“**Proposed Disposal**”).

*(KSB and Frazel individually referred to as “**Party**”, collectively referred to as “**Parties**”).*

Subsequent thereto, KSB had on 24 April 2024 entered into a Deed of Revocation with Frazel to rescind and revoke the SPA subject to the terms and conditions contained therein. Further details on the Deed of Revocation are set out in item 16 of this announcement.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on 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 date of this announcement, KSB has a total paid up share capital of RM102,600,000.00 consisting of 102,600,000 ordinary shares. The Directors of KSB are Dato’ Yu Kuan Huat and Dato’ Yu Kuan Chon.

2.2 Information on Frazel

Frazel is a private limited company incorporated on 20 June 2016 in Malaysia under the Act with its registered office at 1885-A, Ground Floor, Jalan Stadium, 05100 Alor Setar, Kedah.

The principal activity of Frazel include the following:

1. To acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking or any syndicate or persons constituted of carrying on business in Malaysia or elsewhere.
2. Property Investment Holding and the Provision of Management Services.
3. General Trading.

As at the date of this announcement, Frazel has a total paid up share capital of RM50,000,000 consisting of 50,000,000 ordinary shares.

The Directors and Shareholders of Frazel are as follows:

Name	Director/Shareholder	Number of Shareholdings
Cheong Kai Meng	Director & Shareholder	20,000,000
Dato' Keh Chuan Seng	Director & Shareholder	30,000,000
	Total	50,000,000

2.3 Information on the Land

Registered proprietor	New York Empire Sdn Bhd (“ 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”.
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 Chargee ”)

Compulsory Acquisition	<p>There were three (3) acquisitions which have been finalised via issuance of Pengambilan Sebahagian Tanah - Borang K vide:-</p> <p>(i) Perserahan No. PTN316/2009 registered on 22 October 2009 wherein an area approximately 661.042 square metre of the Land has been acquired;</p> <p>(ii) Perserahan No. PDN529/1993 registered on 08 March 1993 wherein an area approximately 1,341.084 square metre of the Land has been acquired; and</p> <p>(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.</p>
Net Book Value	RM23,115,308

3. BASIS AND JUSTIFICATION FOR ARRIVING AT THE DISPOSAL CONSIDERATION

The Disposal Consideration was arrived on a willing-seller and willing-buyer basis, based on the net book value and the plot ratio obtained upon the fulfilment of the Condition Precedent defined in the SPA.

4. MODE OF PAYMENT OF THE DISPOSAL CONSIDERATION

Upon the execution of the SPA, a sum of RM25 million only, being the initial payment and as part payment of the Disposal Consideration shall be paid by the Purchaser to the Vendor and simultaneously the Vendor shall provide a letter of confirmation and acknowledgement receipt of the same.

The balance of the Disposal Consideration ("**Balance Disposal Consideration**") amounted to RM34,577,250.00 only shall be paid within four (4) months from the date of the Conditions Precedent fulfil, to the Purchaser's Solicitors as a stakeholder who shall release the same to the Vendor in accordance with the terms and conditions stated in the SPA.

5. 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 Land.

6. SALIENT TERMS OF THE SPA

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

7. ASSUMPTION OF LIABILITIES

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

8. RISK OF THE TRANSACTION

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.

9. 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.

10. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

10.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Disposal is not expected to have any material effect on the issued share capital and the substantial shareholders' shareholdings of YNH.

10.2 Earnings and earnings per share ("EPS"), Net Assets, Net Assets Per Share and Gearing of the Group

The Proposed Disposal does not have any material impact on the EPS, net assets, net assets per share and gearing ratio of the Group as the SPA was rescinded and revoked, details of which are set out under item 16 of this announcement.

10.3 Expected gains or losses

Based on the Company's audited consolidated financial statements for the financial year ended 30 June 2023, the Group is expected to realise a pro forma net gain of approximately RM36,461,942 pursuant to the Proposed Disposal as follows:

	RM
Disposal Consideration	59,577,250
Less: Net Book Value of Land	(23,115,308)
Pro forma net gain	<u>36,461,942</u>

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Listing Requirements of Bursa Malaysia Securities Berhad is 4.99%.

12. APPROVAL REQUIRED

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

13. 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 Proposed Disposal.

14. DIRECTORS' STATEMENT

The Board of Directors of YNH, 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 YNH and the Group.

15. DOCUMENTS FOR INSPECTION

The SPA and Deed of Revocation 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.

16. FURTHER INFORMATION

Notwithstanding the above, at the request of the Vendor and in consideration of the Vendor executing a Development Agreement in respect of the land with NYESB and Chin Hin Property (Segambut) Sdn Bhd, KSB had on 24 April 2024 entered into a deed of revocation with Frazel to rescind and revoke the SPA ("**Deed of Revocation**").

Upon execution of this Deed of Revocation by the parties, the SPA is hereby absolutely revoked in relation to the said Land and the parties irrevocably agree, consent and undertake as follows:-

- (a) To release each other from all obligations observance and performance of all stipulations, covenants and terms in the SPA on the part of each party in relation to the said Land;

- (b) That the Purchaser shall have no right whatsoever legal, equitable or otherwise in respect of the said Land and in the SPA; and
- (c) That neither party shall have any claim whatsoever against the other or any other person in respect of and under the SPA and/or in respect of and/or pertaining to the said Land save and except for any antecedent breach.

This announcement is dated 29 April 2024.

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

The Parties agree that the sale and purchase of the Land under this Agreement shall be conditional upon the conditions precedent being fulfilled or obtained by the Parties at each party own cost and expenses within 12 months from the date of this Agreement ("**Conditional Period**") or such other period of time thereafter as the Parties may mutually agree:-

- 1.1 the Vendor to obtain the issuance and extraction of the document of title duly updated with the Nett Land size of the Land after deduction of the Compulsory Acquisition and/or Public Road and/or River (if applicable) together with the Title Pelan which carries the same tenure, conditions and restriction in interest as the Title ("**Updated Title**");
- 1.2 the Vendor to obtain and/or cause to obtain a letter of confirmation from the Registered Proprietor confirming the completion of principal sale agreement between the Vendor and Registered Proprietor as well as the Registered Proprietor's consent for the direct transfer of the Land in favour of the Purchaser at Vendor's own cost and expenses within one month from the date of this Agreement;
- 1.3 the Vendor to procure the Registered Proprietor to execute a valid, registrable and duly executed Memorandum of Transfer in favour of the Purchaser ("**Direct Transfer**") and thereafter deposit the said Transfer with the Purchaser's Solicitors as stakeholder who are hereby authorised to submit the said Transfer for the sole purpose of adjudication of stamp duty and to deal with the same in the manner provided herein and if Direct Transfer is not viable, the Vendor shall procure the Registered Proprietor to execute a valid and registrable Memorandum of Transfer in favour of the Vendor ("**Double Transfer**") and to present the same to the relevant state authority for registration in favour of the Vendor and to forward to the Purchaser's Solicitors a certified true copy of the issued document of title of the Land with the Vendor's name duly registered therein within three (3) months from the date of this Agreement;
- 1.4 the obtaining of the approval of the directors and shareholders of the Vendor and Purchaser, including the convening of an Extraordinary General Meeting ("**EGM**") (if necessary);
- 1.5 the satisfactory due diligence findings on the Land and Compulsory Acquisition by the Purchaser;
- 1.6 the Vendor having successfully converted the express condition and/or the zoning of the Land from "Residential" to "Commercial" solely at Vendor's own cost and expenses;
- 1.7 the Vendor to obtain and procure the plot ratio of not less than 1:5.2 for the Development at its own costs together with the appropriate confirmation from the relevant regulatory bodies of the same;
- 1.8 to remove any squatters from Land at Vendor's own cost and expenses; and
- 1.9 the Vendor to terminate of all existing agreements in respect of the Land together

with the requisite Deeds of Revocation and serve a copy of the same to the Purchaser's Solicitors within three (3) months from the date of this Agreement.

(Subclauses 1.1 – 1.9 shall be collectively referred to as the "Conditions Precedent")

2. NON-FULFILLMENT OF CONDITION PRECEDENT

In the event the Conditions Precedent cannot be fulfilled within the Conditional Period:-

- 2.1 the Purchaser shall be entitled to terminate this Agreement by a written notice of termination to the Vendor whereupon the Vendor shall refund to the Purchaser within **Seven (7) days** from the date of the aforesaid notice of termination, the Deposit and all moneys paid towards the Purchase Price with an interest of **one point five per centum (1.5%) per calendar month** on the Deposit commencing immediately the date of this Agreement till the date the Deposit together with all interest accrued is re-paid in full as agreed liquidated damages for non-fulfilment of Condition Precedent ("**CP LAD**"), failing which, the Vendor shall pay an additional interest to the Purchaser of eight per centum (8%) per annum on any part thereof outstanding or remain unpaid calculated on daily basis from the expiry of the said **Seven (7) days** until the date of full refund to the Purchaser, thereafter this Agreement shall terminate immediately and be of no further effect whatsoever and neither party shall have any claim whatsoever against the other save for any antecedent breach of any of the provisions herein; alternatively

- 2.2 the Parties may negotiate, discuss and/or render all necessary co-operation and assistance to the other party for the purpose of completion of the sale and purchase of the Land in alternative lawful manner as the parties may mutually agree.