

## YNH PROPERTY BHD (“YNH” OR “COMPANY”)

### TURNKEY CONSTRUCTION AGREEMENT (“TCA”)

#### 1. INTRODUCTION

This announcement serves as the purpose of rectification of oversight pertaining to the TCA.

#### **TCA**

On 20 June 2016, the wholly-owned subsidiary of the Company, namely Kar Sin Bhd (“**KSB**”) (as contractor) entered into a Turnkey Construction Agreement with Great Wall Park Sdn Bhd (“**GWP**”) (as developer) for the purpose of developing the freehold land held under individual title H.S.(D) 47941 P.T. 48632 in the Mukim of Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (“**Development Land**”) into a mixed residential and commercial development (hereinafter referred to as “**Development**”) in accordance with the terms and conditions of the TCA. In order to provide security to GWP as developer, KSB as contractor shall pay to GWP a sum of RM41,500,000.00 only as the security deposit for the Development Land (“**Security Deposit**”) upon execution of the TCA.

#### **Supplemental Agreement (“SA”)**

On 18 July 2019, KSB and GWP entered into a SA to vary the following terms in the TCA:-

- a) The Completion Date of the Development shall be extended from sixty (60) months to ninety (90) months from the date of the Advertising Permit subject to mutual extension(s) in writing.
- b) KSB and GWP mutually agree that KSB shall increase/ pay an additional sum of RM148,500,000.00 only to GWP as Security Deposit.
- c) The profit sharing / entitlement for the development be amended based on the following proportions:-

a) GWP (as developer)	24% of the gross development value
b) KSB (as contractor)	76% of the gross development value

The SA is made supplemental to the TCA. Save and except for the above varied terms, all the conditions and covenants provision powers and terms contained in or subsisting in relation to the TCA shall continue to be applicable and binding.

#### **Supplemental Agreement-2 (“SA-2”)**

On 26 March 2020, KSB and GWP entered into a SA-2 to vary the following terms in the TCA & SA:-

- a) KSB and GWP mutually agree that KSB shall increase/ pay an additional sum of RM49,500,000.00 only to GWP, making the total Security Deposit for the Development Land as RM239,500,000.00
- b) The profit sharing / entitlement for the development be amended based on the following proportions:-

a) GWP (as developer)	28% of the gross development value
b) KSB (as contractor)	72% of the gross development value

The SA-2 is made supplemental to the TCA and SA. Save and except for the above varied terms, all the conditions and covenants provision powers and terms contained in or subsisting in relation to the TCA and SA shall continue to be applicable and binding.

## 2. DETAILS OF THE DEVELOPER AND CONTRACTOR

### 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.

### 2.2 Information on GWP

GWP is a private limited company incorporated on 8 May 2003 in Malaysia under the Act with its registered office at 13A Persiaran Greentown 5, Pusat Perdagangan Greentown, 30450 Ipoh, Perak. Its business office is located at 91, Jalan PPMP 8, Pusat Perniagaan Manjung Point 1, 32040 Seri Manjung, Perak.

The principal activity of GWP is building construction & general contractors.

As at the date of this announcement, GWP has a total paid up share capital of RM500,000.00 consisting of 500,000 ordinary shares.

The Directors and Shareholders of GWP are as follows:

Name	Director/Shareholder	Number of Shareholdings
Lau Sheng Ming	Director & Shareholder	499,999
Yu Teong Wei	Shareholder	1
	<b>Total</b>	<b>500,000</b>

## 3. SALIENT TERMS OF THE TCA

The salient terms of the TCA are set out in Appendix 1 of this announcement, whereas the salient terms of the SA and SA-2 are already set out in Item 1.

#### 4. RISK FACTORS

The entry of TCA is not expected to pose any risk factors which could materially and/or adversely affect the business operations and financial performance of the Group.

Whereas the risks associated with the Development are mainly operational risk such as completion risk, and credit risk. Notwithstanding that, YNH shall ensure strict compliance with the safety and operational procedures in the execution of the Development to minimise any operational risk exposure. In addition, the exposure to credit risk is monitored on an on-going basis and action will be taken for any long outstanding debts.

#### 5. APPROVAL REQUIRED

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

#### 6. 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 TCA.

#### 7. DIRECTORS' STATEMENT

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

#### 8. FURTHER INFORMATION

On 1 April 2022, KSB served a notice of termination ("**Notice**") to GWP to terminate the TCA, SA and SA-2 ("**Agreements**") and GWP accepted and agreed to terminate all the Agreements subject to the refund of the Security Deposit by GWP to KSB within six (6) months from the date of the Notice ("**Termination**").

Subsequent on 18 April 2022, GWP and KSB entered into a Supplemental Agreement to the Sales and Purchase Agreement for the acquisition of Development Land, wherein both parties agreed that part of the Security Deposit of RM150.0 million shall be deemed full payment for the purchase consideration of the Development Land. For further details of the acquisition, please refer to the announcement dated 17 January 2024.

Following the Termination, no penalties are incurred by both parties and the impact on the YNH group is as follow:-

- **Operational impact:** Loss of Development Project

- **Business impact:** By terminating the TCA and selling the Property to third party at RM170.0 million, the Company is expected to earn profit of RM20.0 million and potential profit of RM70.0 million provided that the approval is obtained for increasing the development plot ratio of the Property from 5 to 7.
- **Financial impacts:** No financial impacts. Pursuant to terms of the Supplemental Agreement to the Sales and Purchase Agreement dated 18 April 2022, the purchase price of the Property of RM150.0 million is to be offset from the Security Deposit due from GWP to KSB amounted to RM239.5 million and the remaining balance of Security Deposit which is RM89.5 million (“**Balance Security Deposit**”) shall be due from GWP to KSB in six months from Termination of the TCA (i.e. 1 April 2022). On 1 September 2022, GWP and KSB had extended the due date of the refund of the Balance Security Deposit to 30 June 2024.

This announcement is dated 19 January 2024.

**SALIENT TERMS OF THE TCA**

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

**1. OBLIGATIONS OF THE PARTIES**

- (a) the Developer shall make available the Development Land for the Construction of the Buildings and Infrastructure thereon; and
- (b) the Contractor shall for the consideration hereinunder stated, undertake, carry out and complete the Development including the Infrastructure at the cost of the Contractor (inclusive of payment of the Conversion Premium, Development Order Charge and all other premiums, levies, charges. Fees, penalties, etc) in the manner and upon the terms and conditions hereinunder stated.

**2. COMMENCEMENT OF WORKS**

The Contractor shall commence construction works on the Development on or before the date of expiry (hereinafter referred to as “**the Commencement Date**”) of Twelve (12) months from the date of receipt of the Advertising Permit.

**3. COMPLETION**

- (a) The Contractor shall ensure the completion of the construction of the Development on or before the date of expiry (hereinafter referred to as “**the Completion Date**”) of sixty (60) months from the date of receipt of the Advertising Permit subject to mutual extension(s) in writing PROVIDED ALWAYS that this shall not in any way affect the Contractor’s liabilities to indemnify the Developer for all losses, costs, claims, expenses, damages, legal fees whatsoever and howsoever sustained and incurred by the Developer arising from any claims, action and/or demand made against the Developer by the end purchaser(s) of the Buildings for late delivery of the Buildings.

In the event that an extension shall be granted by the Ministry of Housing for the completion of the Development, the Completion Date shall be extended accordingly.

- (b) For the purpose of this Agreement, Completion means the completion of the building works of the Buildings and the Infrastructure relating to or in support of the Buildings and the delivery of vacant possession of such Buildings together with the relevant certificates from the Architects and/or Consultants certifying the completion of the Building and the submission and acceptance by the Appropriate Authorities of the Form E application for the Certificate of Fitness for Occupation.

#### 4. PROFIT SHARING AND SECURITY

(a) Profit Entitlement

The Developer and Contractor hereto hereby agree that they shall share the **Gross Development Value** in the following proportions:-

- |    |                   |  |
|----|-------------------|--|
| a) | <b>Developer</b>  | <b>10 % of the Gross Development Value</b> |
| b) | <b>Contractor</b> | <b>90 % of the Gross Development Value</b> |

(b) Security Deposit

In order to provide security to the Developer, the Contractor shall pay to the Developer a sum of **Ringgit Malaysia Forty-One Million and Five Hundred Thousand (RM41,500,000-00) only** (hereinafter referred to as "**the Security Deposit**") upon the execution of this Agreement.

(c) Transfer in Escrow

As guarantee and security for the due performance of the provision of this Agreement on the part of the Developer it is hereby expressly agreed between the parties that upon execution of this Agreement the Developer shall cause its shares to be deposited with the Contractor's Solicitors as Stakeholders together with the share transfer form in respect thereof duly executed by the shareholders in escrow.

(d) Lodgment and withdrawal of Private Caveat

The Developer hereby irrevocably and consents that upon receipt of all Security Deposit referred in item 4.2, the Contractor is at liberty to present as security, any private caveat against the Development Land PROVIDED ALWAYS that the Contractor shall immediately withdraw such caveat at his own cost and expenses to facilitate transfer, amalgamation and subdivision by the Developer or upon termination of this Agreement.

#### 5. CONTRACTOR'S COVENANTS

The Contractor shall:-

- (a) Costs, fees, etc  
Be responsible for and bear all costs of the design, development, construction and completion of the Development including the cost and construction of the Infrastructures and the Consultants and payment of all fees and dues to the Appropriate Authorities which the Contractor is obligated to pay pursuant to the terms of this Agreement.
- (b) Payment of Conversion Premium, Development Charges, etc.  
Be responsible for the payment of the Conversion Premium, the Development Order Charge and all other fees, charges, premiums, levies, duties, penalties, dues payable to the relevant authorities; (if any).
- (c) Consultants/Sub-Contractors  
Be responsible for all fees and costs and expenses incurred from the date of their appointment by the Contractor payable to the Consultants/Sub-Contractors and

shall direct the Consultants/Sub-Contractors to respond to such questions and observation that the Developer may ask of or make to the Consultants/Sub-Contractors from time to time;

- (d) Building Plans and Submission  
Ensure that the obligations of the Contractor in Clause 3.4 are duly observed;
- (e) Construction Works on Buildings  
Ensure that the Buildings are constructed in a good and workmanlike manner in accordance with the Layout and Building Plans approved by the Appropriate Authorities and the Specifications;
- (f) Construction Works on Infrastructure  
Ensure that the Infrastructure is constructed in a good and workmanlike manner in accordance with the Infrastructure Plans approved by the Appropriate Authorities and the Specifications;
- (g) Costs and Expenses in Connection with Facilities and Amenities  
Bear all costs and expenses charged by the Appropriate Authorities in connection with the provision of the facilities and amenities comprising the infrastructure and on completion of the infrastructure do everything possible within its power to have the same taken over and maintained by the Appropriate Authorities;
- (h) Compliance with relevant Acts  
Comply with the provisions of all relevant Acts, Ordinances or Enactment and with all regulations or by-laws for the time being in force and affecting the Development and the giving of all notices to and issue of all requisite sanctions by the Appropriate Authorities in respect of the Development and generally comply with all building and other regulations of such Appropriate Authorities;
- (i) Certificate of Fitness for Occupation  
Carry out and complete the Development in accordance with all regulations and requirements of the Appropriate Authorities and ensure the submission and acceptance by the Appropriate Authorities of the Form E application for the Certificate of Fitness for Occupation to the Buildings by the Completion Date, subject to the Developer signing the application/as and when requested to do so by the Architects;
- (j) Inspection of Works  
Grant and/or cause to be granted free and unfettered access to the Developer or its agent to the site office at all times to inspect all plans, drawings, report, documents and records relating to the Buildings and the Development and access to the building sites of the Development and all structures of the Development to inspect the works in progress and to report thereon to the Developer;
- (k) Defects Liability Period  
Ensure that any defects, shrinkage or other faults in the Building which shall become apparent within a period of Eighteen (18) months (or such other period prescribed by law) from the Completion Date relating to the Building and which are due to defective workmanship or materials or such of the Building not having been constructed in accordance with the Building Plans or the Specifications, shall be repaired and made good by the Contractor at its own costs and expenses within twenty one (21) days of receipt of written notice thereof from the Developer and/or Architect, whichever is the earlier, and if such defects, shrinkage or other faults in such of the Building have not been made good by the Contractor, the Developer

shall be entitled to carry out such repairs and to recover from the Contractor the cost of repairing and making good the same.

- (l) Redelivery of Possession  
In the event of the termination of this Agreement by the Developer as herein provided, at its own cost vacate from the Development Land and redeliver possession of the Development Land to which the Developer has granted a licence to the Contractor to occupy as provided in item 6.1(a), to the Developer.

## **6. DEVELOPER'S COVENANTS**

The Developer shall:-

- (a) Deliver Vacant Possession of the Development Land Free from Encumbrances  
Upon receipt of all Security Deposits referred to in item 4.2 and not later than Three (3) months from the date of this Agreement or such extended time as may be agreed to in writing by the Contractor, deliver vacant possession of the Development Land to the Contractor free from encumbrances subject always to the termination of the aforesaid licence upon the termination of this Agreement;
- (b) Advertisement and Sale Permit  
Assist the Contractor to apply for and obtain the advertisement and sale permit in respect of the Development from the relevant authority including doing such acts and executing such documents as may be required upon request by the Contractor.
- (c) Apply for Issue of Individual Strata Title  
Assist the Contractor to apply for the issue of individual document of strata title within Six (6) months from the date of issuance of the Certificate of Fitness for Occupation and upon issuance thereof, to deliver the same to the Purchaser.
- (d) Legal Charge  
Consent to charge the Development Land to the Contractor's Financier for the purposes of raising bridging loan facilities.
- (e) Sign Applications for Certificates of Fitness for Occupation  
Sign all applications for the issue of Certificates of Fitness for Occupation in respect of the Buildings when requested to do so by the Architects and such other applications relating to the Development, to the Appropriate Authorities, without undue delay.
- (f) Developer's Licence  
Obtain and maintain a valid Developer's Licence in accordance with the provisions of the Act throughout the course of the Development.
- (g) Developer's License  
Obtain and maintain a valid Developer's License in accordance with the provisions of the Act throughout the course of the Development.
- (h) Developer's Housing Development Account (HDA)  
Obtain, open and maintain a valid Developer's Housing Developer's Account (HDA) in accordance with the provisions of the Act throughout the course of the Development AND of which the HDA shall be operated by the Contractor.



- (i) Developer's Bank Current Account  
Obtain, open and maintain a valid Bank Current Account in accordance with the provisions of the BAFIA throughout the course of the Development AND of which the Current Account shall be operated by the Contractor.
  
- (j) Specific Performance  
The Developer shall fulfill the Developer's obligation under the terms of this Agreement and shall not in any way terminate this Agreement. In the event of the termination of this Agreement by the Developer, the Contractor shall proceed with the remedy at law for specific performance against the Developer and all costs and expenses incurred by the Contractor in connection therewith shall be borne and paid by the Developer **AND** it is hereby mutually agreed that an alternative remedy of monetary compensation shall not be regarded as compensation or sufficient compensation for the Developer's default of the performance of the terms and conditions of this Agreement.