

PRICING SUPPLEMENT dated 27 July 2020

Tranche: 2



YNH PROPERTY BHD

(Registration No. 200101026228 (561986-V))

PROPOSED ISSUE OF, OFFER FOR SUBSCRIPTION OR PURCHASE OF OR INVITATION TO SUBSCRIBE FOR OR PURCHASE OF UNRATED SECURED PERPETUAL SECURITIES OF RINGGIT EIGHTY-SEVEN MILLION (RM87,000,000.00) IN NOMINAL VALUE PURSUANT TO THE PERPETUAL SECURITIES ISSUANCE PROGRAMME OF RINGGIT SEVEN HUNDRED AND FIFTY MILLION (RM750,000,000.00) IN NOMINAL VALUE

Sole Lead Arranger/Sole Lead Manager



CIMB INVESTMENT BANK BERHAD
(Registration No. 197401001266 (18417-M))

This pricing supplement ("**Pricing Supplement**") is intended to give final details of the proposed second issuance of unrated secured perpetual securities of Ringgit Malaysia Eighty-Seven million (RM87,000,000.00) only in nominal value ("**Subject Perpetual Securities**") from a perpetual securities issuance programme of Ringgit Seven Hundred and Fifty Million (RM750,000,000.00) in nominal value ("**Perpetual Securities Programme**") by YNH Property Bhd (Registration No. 200101026228 (561986-V)) ("**Issuer**").

Full information on the Issuer and the offer of the Subject Perpetual Securities is only available on the basis of a combination of this Pricing Supplement, the lodgement kit of the Perpetual Securities Programme which was lodged with the Securities Commission Malaysia on 13 May 2019 ("**Lodgement Kit**") and the trust deed dated 19 July 2019 between the Issuer and Malaysian Trustees Berhad (Registration No. 197501000080 (21666-V)) ("**Trustee**") ("**Trust Deed**").

Unless otherwise defined in this Pricing Supplement, capitalised terms used herein have the same meaning as in the Trust Deed. The issuance of the Subject Perpetual Securities has been duly authorised by a resolution of the Board of Directors' of the Issuer dated 3 May 2019.

The Issuer has authorised the Lead Arranger/Lead Manager and/or its affiliates to circulate or distribute this Pricing Supplement on their behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of the Subject Perpetual Securities to prospective investors who fall within the ambit of the Selling Restrictions for the purpose of the sale of the Subject Perpetual Securities and that no further evidence of authorisation is required.

This Pricing Supplement is for information purposes only and does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction.

This Pricing Supplement and its contents are strictly confidential and are made strictly on the basis that the recipient shall ensure that they will remain confidential. Accordingly, this Pricing Supplement and its contents, or any information, which is made available in connection with any further enquiries, must be held in complete confidence.

This Pricing Supplement is sent to selected persons who fall within the ambit of the Selling Restrictions. Any person who receives this Pricing Supplement who does not fall within the ambit of the Selling Restrictions must immediately notify the Lead Arranger/Lead Manager and return this Pricing Supplement to the Lead Arranger/Lead Manager or the Issuer.

This Pricing Supplement or any document delivered under or in relation to the issue, offer and sale of the Subject Perpetual Securities is not, and should not be construed as, a recommendation by the Issuer, the Lead Arranger/Lead Manager or any other party to the recipient to subscribe for or purchase the Subject Perpetual Securities. This Pricing Supplement is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all inclusive. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Subject Perpetual Securities and all other relevant matters, and each recipient should consult its own professional advisers.

The recipient must return this Pricing Supplement and any other information in connection therewith to the Lead Arranger/Lead Manager promptly upon the Lead Arranger/Lead Manager's request.

THE DISTRIBUTION OF THIS PRICING SUPPLEMENT AND THE OFFERING OR SALE OF THE SUBJECT PERPETUAL SECURITIES IS SUBJECT TO THE SELLING RESTRICTIONS. PERSONS INTO WHOSE POSSESSION THIS PRICING SUPPLEMENT COMES INTO ARE REQUIRED BY THE ISSUER AND THE LEAD ARRANGER/LEAD MANAGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE SUCH RESTRICTION. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF THE SUBJECT PERPETUAL SECURITIES AND ON DISTRIBUTION OF THIS PRICING SUPPLEMENT, PLEASE REFER TO THE "SELLING RESTRICTIONS" IN THE TRUST DEED.

Final Terms of the Subject Perpetual Securities

- 1. Issuer** : **YNH PROPERTY BHD**
- 2. Tranche** : **2**
- 3. Nominal Amount** : **RM87,000,000.00**
- 4. Issue Date** : **30 July 2020**
- 5. Tenure** : **Perpetual Non-Callable 5 years**
- 6. First Call Date** : **5 years from the Issue Date**
- 7. Coupon Payment Frequency** : **Semi Annual**
- 8. Coupon Rate** : **6.85% per annum**
- 9. Coupon Stepped-Up Date and Stepped-Up Coupon Rate** :
 - (i)Year 6 (from Issue Date) – 2.0% per annum above the prevailing coupon rate
 - (ii)Year 7 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (iii)Year 8 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (iv)Year 9 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (v)Year 10 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (vi)Year 11 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (vii)Year 12 (from Issue Date) – 1.0% per annum above the prevailing coupon rate
 - (viii)Year 13 (from Issue Date) onwards – 15.00% per annum
- 10. Benchmark Rate and reset date (if applicable)** : **Not applicable.**
- 11. Maximum Rate** : **15.0% per annum.**
- 12. Make Whole Margin** : **3.534%**
- 13. Utilisation of Proceeds** : **The net proceeds arising from the issuance of the Perpetual Securities (after deduction of**

expenses incidental to the Perpetual Securities) will be utilised by the Issuer and/or its subsidiaries, associated companies and/or jointly controlled entities ("**YNH Property Group**") for the following:

- (1) the YNH Property Group's investments (including amongst others, purchase of lands, buildings, property and/or shares; and/or payment into joint ventures); and/or
- (2) the YNH Property Group's capital expenditure and working capital; and/or
- (3) repayment of borrowings, financing facilities and/or banking facilities of the Issuer and/or any members of the YNH Property Group.

14. **Credit Rating** : Unrated
15. **Operation of Designated Accounts** : The Issuer shall open an escrow account in relation to the Subject Perpetual Securities, named "Escrow Account – Tranche 2". The terms and operations of the Escrow Account–Tranche 2 shall be similar to the Escrow Account – First Issuance as set out in the Lodgement Kit.
16. **Secured** : Yes
17. **Details of Issue Security** : The Subject Perpetual Securities shall be secured by the following:
- (a) First legal charge and assignment over the Escrow Account - Tranche 2; and
 - (b) Second legal charge under National Land Code over a parcel of commercial development land having a land area of 10,564 square metres (113,710 square feet) located along Jalan Sultan Ismail, Kuala Lumpur ("**Land**") with a market value of RM560,000,000.00* of which the registered proprietor is YNH Land Sdn. Bhd ("**Registered Proprietor**"),

provided that the Security Cover (as set out in item 19 below) is met.

***Note:** The market value of the land described in item 17(b) is based on the valuation report dated 26 February 2020 issued by Jones Lang Wootton.

The first legal charge under the National Land Code over the Land has been created in favour of the Security Agent for the benefit of the holders of Tranche 1 perpetual securities of Ringgit Two Hundred and Sixty Three Million (RM263,000,000.00) in nominal value issued by the Issuer on 7 August 2019 under the Perpetual Securities Programme ("**Tranche 1**").

18. **Release and replacement of Security, Revaluation of Secured Properties and Eligible Replacement Security** : Similar to the First Issuance (as defined in paragraph 20 below) and as set out in the Lodgement Kit.
19. **Security Cover** : A minimum security cover of 1.60 times calculated in accordance with the following formula (the "**Security Cover Formula**"):-

$$\frac{MV + (EA \times \text{Cash Factor})}{NV}$$

where:

MV = Market Value of the Secured Properties and Eligible Replacement Security as the case may be

EA = Cash amounts in the Escrow Account - Tranche 2

NV = Outstanding aggregate nominal value of the Perpetual Securities under Tranche 1 and the Subject Perpetual Securities

Cash Factor = 2

20. **Risk factors relating to the Subject Perpetual Securities**

Please refer to Schedule A.

In addition, the Subject Perpetual Securities will be secured by, amongst others, a second legal charge under the National Land Code over the Land ("**Second Charge**"). A first charge under the National Land Code over the Land ("**First**

Charge”) has been created in favour of CIMB Investment Bank Berhad (as security agent for the Perpetual Securities Programme) for the benefit of the holders of Tranche 1 (**“First Issuance”**). The Second Charge will rank after the First Charge in point of payment and priority.

The Subject Perpetual Securities shall at all times constitute direct, secured, unconditional and unsubordinated obligations of the Issuer under the laws of Malaysia and shall at all times rank *pari passu*, without discrimination, preference or priority among themselves and shall rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer and with any Parity Obligations; and

Upon declaration of the relevant Enforcement Event, the payment obligations of the Issuer under the Subject Perpetual Securities shall:

- (a) rank ahead of the holders of Junior Obligations of the Issuer;
- (b) rank after the holders of Tranche 1; and
- (c) upon the security provided for the Secured Perpetual Securities being exhausted and the Secured Perpetual Securities and Unsecured Perpetual Securities are still outstanding, rank *pari passu*, without discrimination, preference or priority among themselves and rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Issuer and with any Parity Obligations.

The proceeds from the realisation of the said Land shall be applied towards payments of the secured amounts under the First Issuance before any payment to the holders of the Subject Perpetual Securities can be made. There can be no assurance the realisation value of the Land would be sufficient to pay the Perpetual Securities of the First Issuance and the Subject Perpetual Securities.

The realisation value of the Land may be affected by a number of factors, including:

- (a) the developments on the Land;
- (b) the quality of its tenants;
- (b) the physical attributes of the Land;
- (c) the desirability of the area as a location for business, leisure etc.; and
- (d) changes in statutory laws, regulations or government policies which may affect the value of the Land.

The Issuer will procure the Registered Proprietor to continue to upkeep and maintain the buildings erected on the Land, if any, which may improve the value of the Land. The Issuer and/or the Registered Proprietor will also continuously undertake necessary actions to rectify and/or repair the defects or damages on the buildings erected on the Land. However, there can be no assurance that any changes to be above may not affect the value of the Land.

Schedule A

The purchase or subscription of the Subject Perpetual Securities may involve substantial risk and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Subject Perpetual Securities. The following is a summary of certain risk factors associated with an investment in the Subject Perpetual Securities. This section does not purport to be comprehensive, exhaustive or complete and is not intended to substitute or replace an independent assessment of the risk factors that may be associated with an investment in the Subject Perpetual Securities. Each investor should carefully conduct his or her independent evaluation of the risks of an investment in the Subject Perpetual Securities. Investors should also note that each issuance under the Perpetual Securities Programme will carry different risks and all potential investors are strongly encouraged to evaluate each issuance of the Perpetual Securities under the Perpetual Securities Programme on its own merit.

Risks relating to the Perpetual Securities

(a) Unrated Perpetual Securities

The Subject Perpetual Securities are unrated. The Subject Perpetual Securities will not be listed on Bursa Malaysia Securities Berhad and there are selling restrictions governing the Subject Perpetual Securities as described under the Selling Restrictions in the Trust Deed.

The Subject Perpetual Securities are tradable and transferable but there is no assurance that a secondary market for the Subject Perpetual Securities will develop or, if it does develop that it will provide the investors with liquidity of investment or that it will continue for the tenure of the Subject Perpetual Securities.

(b) Limited remedies for non-payment under the Subject Perpetual Securities

The Subject Perpetual Securities do not provide for any events which would ordinarily under other bonds issues, entitle the Trustee or the Perpetual Securities Holders to declare that any or all amounts under the Subject Perpetual Securities to be immediately due and payable. There are only two (2) Enforcement Events prescribed under the terms of the Subject Perpetual Securities as follows:-

- (1) The Issuer fails to pay (a) the Coupon Payment on the Subject Perpetual Securities when due (for this purpose, such payment will not be due if the Issuer has elected to request deferment by giving the Deferral Notice to the Facility Agent and the Trustee (for and on behalf of the Perpetual Securities Holders); or (b) the relevant Redemption Price on the Subject Perpetual Securities when due (following a Redemption Event), and such failure under items (a) and/or (b) continues for a period of seven (7) business days consecutively; or
- (2) A court order is made or an effective resolution is passed for the liquidation, winding-up or dissolution of the Issuer provided that such liquidation, winding up or dissolution is not set aside within sixty (60) days upon same being served on the Issuer.

For the avoidance of doubt, a breach of covenant by the Issuer (apart from failure to pay the amounts stated under item (1) above) will not constitute an Enforcement Event.

Upon the occurrence of item (1) of the Enforcement Event above, the Trustee may at its discretion or shall, if directed to do so by a special resolution of the Perpetual Securities Holders, declare that an Enforcement Event has occurred and without further notice institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment, if applicable, provided that the Perpetual Securities Holders shall have no right to accelerate payment of the Subject Perpetual Securities in the case of item (1) of the Enforcement Events.

Upon the occurrence of item (2) of the Enforcement Events above, the Trustee may at its discretion or shall, if directed to do so by a special resolution of the Perpetual Securities Holders, declare that an Enforcement Event has occurred and that all the outstanding Perpetual Securities together with outstanding Coupon Payment are immediately due and payable by the Issuer and in respect of any Secured Perpetual Securities, the security shall immediately become enforceable.

Without prejudice to the above, the Trustee may at its discretion or shall, if directed to do so by a special resolution of the Perpetual Securities Holders, without further notice, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities Programme and the Trust Deed (other than any payment obligation of the Issuer under or arising from the relevant Transaction Documents, including, without limitation, payment of the nominal value or satisfaction of any Coupon Payment in respect of the Perpetual Securities including any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by them.

For the avoidance of doubt, it is not allowed under the terms and conditions of the Perpetual Securities Programme for acceleration of payments of the Subject Perpetual Securities, save for an Enforcement Event under item (2) above.

(c) Optional Deferral of Coupons

Under the terms of the Perpetual Securities Programme, the Issuer may elect to make payment of part or all of the Coupon Payment provided that within the period of six (6) months prior to the relevant Coupon Payment Date:

- (a) no dividend, distribution or other payment has been paid or declared by the Issuer in respect of any of the Issuer's Junior Obligations; and
- (b) none of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought-back or acquired by the Issuer

Accordingly, there is a risk that the Perpetual Securities Holders may not receive any Coupon Payment on the Subject Perpetual Securities on the relevant Coupon Payment Dates or at all, as the Issuer has the discretion to decide whether or not to defer the Coupon Payment to the Perpetual Securities Holders. Further, any deferral of the Coupon Payment will likely have an adverse effect on the market value of the Subject Perpetual Securities.

(d) Subject Perpetual Securities may be subject to optional redemption by the Issuer

The Issuer may at its option redeem the Subject Perpetual Securities (i) at the Optional Redemption Date(s) (which will be determined prior to each issuance) and (ii) upon the occurrence of certain Redemption Events in accordance with the terms and conditions of the Perpetual Securities Programme.

The Subject Perpetual Securities are perpetual in tenure of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase the Subject Perpetual Securities pursuant to the Redemption Events.

(e) The Issuer's ability to meet its obligations under the Subject Perpetual Securities

The ability of the Issuer to meet its obligations under the Subject Perpetual Securities will depend upon the Issuer's operating cashflows. The Subject Perpetual Securities will not be the obligations or responsibilities of any other person than the Issuer and shall not be the obligations or responsibilities of the LA/LM, the Trustee, the Facility Agent or any subsidiary or affiliate thereof.

(f) Suitability of investments

The Subject Perpetual Securities may not be a suitable investment for all investors. Each potential investor in the Subject Perpetual Securities must determine the suitability of that investment in light of its own circumstances. Each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Subject Perpetual Securities and the merits and risks of investing in the Subject Perpetual Securities;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Subject Perpetual Securities and the impact the Subject Perpetual Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Subject Perpetual Securities, including where the currency of payment is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Subject Perpetual Securities and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

(g) There are no terms in the Subject Perpetual Securities that limit the Issuer's ability to incur additional indebtedness

There are no restrictions on the amount or number of other form of indebtedness that the Issuer may incur. The creation and issue of further securities or any other form of indebtedness which rank senior to or *pari passu* with the Subject Perpetual Securities does not require the consent of the Perpetual Securities Holders. The incurrence of such indebtedness may reduce the amount recoverable by the Perpetual Securities Holders in the event of dissolution or winding-up of the Issuer.

(h) No prior market for the Subject Perpetual Securities

The Subject Perpetual Securities comprise a new issue of securities for which there currently is no secondary market. There can be no assurance that such secondary market will develop or, if it does develop, that it will provide the Perpetual Securities Holders with the liquidity of investments or will continue for as long as the Subject Perpetual Securities fully redeemed. If a market develops, the market value of the Subject Perpetual Securities may fluctuate. Any sale of the Subject Perpetual Securities by the Perpetual Securities Holders in any secondary market which may develop, may be at a discount from the original issue price of the Subject Perpetual Securities, depending on many factors, including the prevailing coupon rates and the market for similar securities.

(i) Market value of the Subject Perpetual Securities may be subject to fluctuation

Trading prices of the Subject Perpetual Securities may also be influenced by numerous factors, including the prevailing interest rates, the market for similar securities, the operating results and/or financial condition of the YNH Property Group, political, economic, financial conditions and any other factors that can affect the capital markets and/or the industry in which the YNH Property Group is operating in. Consequently, any sale of the Subject Perpetual Securities may be at prices that may be higher or lower than the initial offering price. Adverse economic developments could have a material adverse effect on the market value of the Subject Perpetual Securities.

(j) Interest rate risk

The Perpetual Securities Holders may suffer unforeseen losses due to fluctuations in interest rates. The Subject Perpetual Securities are fixed-income securities and may therefore see their prices fluctuate due to fluctuations in interest rates. Generally, the expected yield may rise in tandem to a rise in interest rates and accordingly the price of the Subject Perpetual Securities may fall. The Subject Perpetual Securities may be similarly affected resulting in a capital loss for the Perpetual Securities Holders. Conversely, when interest rates fall, the expected yield may fall and the price of the Subject Perpetual Securities may rise. The Perpetual Securities Holders may enjoy capital gains but the profits received may be reinvested for lower returns.

(k) Inflation risk

Perpetual Securities Holders may suffer erosion on the return of their investments due to inflation. Perpetual Securities Holder would have an anticipated rate of return based on expected inflation rates on the purchase of the Subject Perpetual Securities. An unexpected increase in inflation could reduce the actual return.

(l) Change of law

The Perpetual Securities Programme is based on Malaysian laws and regulations in effect as at the date of this Preliminary Pricing Supplement. No assurance can be given as to the impact of any possible judicial decision or change to Malaysian laws and regulations, or administrative practice, after the date of this Preliminary Pricing Supplement.

(m) Enforcement and realisation of the Secured Properties

Following the enforcement of the security upon the declaration of the occurrence of item (2) of the Enforcement Event set out in item (b) above, the Perpetual Securities Holders of the Subject Perpetual Securities will have recourse to the Secured Properties.

In the occasion of the Subject Perpetual Securities whereby individual titles over the relevant Secured Properties have been issued, an instrument of a registered charge governed under the National Land Code will be created. In the event a declaration of the occurrence of item (2) of the Enforcement Event set out in item (b) above occurs, the Security Agent has the power to enforce the registered charge by making an application to realise the Secured Properties in accordance with the provisions of the National Land Code.

Typically, where a winding-up order is obtained, the process from obtaining such order to realising such Secured Properties may take up to approximately nine (9) months. However, since the realisation is dependent on how soon such Secured Properties may be sold at a public auction, the timeframe of realising such Secured Properties may be longer.

The realisation value of the Secured Properties or any part thereof may be different from the market value of such Secured Properties as indicated in the valuation report to be provided by the Issuer prior to each issuance of Secured Perpetual Securities, as such value may be adversely affected by numerous factors, including without limitation, general changes in political and economic conditions, specific changes of the property market segment, changes in governmental rules and regulations, war or acts of violence and other factors which are beyond the control of the Issuer and any person or party involved or interested in the transactions contemplated under the Perpetual Securities Programme.

Risks relating to YNH Property Group

(a) Delays in The Completion of the Construction Projects

Timely completion of construction projects is dependent on a number of factors, including, inter alia, obtaining the necessary approvals from the authorities and local councils as scheduled, securing construction materials in adequate amounts, sufficient manpower and satisfactory performance by appointed sub-contractors. Any prolonged delays in the completion of a project could adversely affect the business and financial performance of the construction division, and in turn, the profitability of the YNH Property Group.

It has always been the YNH Property Group's commitment to closely monitor the progress of its construction projects and endeavour to promptly rectify any setback. Notwithstanding this, there can be no assurance that the abovementioned factors will not lead to delays in the completion of any of the construction projects.

(b) Competition risks

YNH Property Group's existing projects (which are currently focused in key locations in Perak and the Klang Valley) face competition from various property developers, both local and foreign, including on the availability of strategically located and reasonably priced land banks. The property development market is highly competitive and any oversupply of properties due to a mismatch in supply and demand will intensify the level of competition which may, among others, affect pricing. There can be no assurance that buyers will purchase properties from YNH Property Group's developments instead of YNH Property Group's competitors.

YNH Property Group has strong branding and an established track record and will continue to take measures to address the competition risk such as conducting market intelligence study to understand buyers' needs, monitoring and adjusting development products and marketing strategies in response to changing economic conditions and market demand.

(c) Political, economic and regulatory considerations

All of YNH Property Group's existing property development projects are located in Malaysia. The success of YNH Property's existing projects therefore heavily depends on the continued growth of the property market in Malaysia, particularly in Perak and the Klang Valley.

The property industry in general is affected by the political, economic and regulatory conditions in Malaysia including further slowdown of the economy in Malaysia and there is no assurance that any such developments may not have an adverse effect on the financial prospects of property developers in Malaysia including YNH Property Group. Political and economic uncertainties include but are not limited to, changes in credit conditions, changes in labour laws, availability of labour, a switch in political leadership and/or changes in the regulations and government's policies on interest

rates, lending policies imposed on banks, methods of taxation and licensing regulations. Furthermore, changes in exchange rates resulting in a weakening currency may have an adverse effect on the demand for properties. The local property market is expected to remain challenging as the key issues of price affordability, the overhang of high-rise homes, rising cost of living and tight financing will continue to have a dampening effect.

In addition, YNH Property Group and third parties upon whom YNH Property Group depend on expect to be or continue to be subject to extensive safety, health and environmental laws and regulations and various immigration, labour and workplace related laws and regulations. The scope and extent of any new safety, health and environmental laws and regulations, including their effect on YNH Property Group's operations, cannot be predicted.

The above factors affect all players in the property industry and are generally beyond YNH Property Group's control.

However, YNH Property Group is confident that YNH Property Group's experienced management team and proven ability to respond and adapt to the ever-changing economic and regulatory environment, will put YNH Property Group in good stead to alleviate any difficulties arising from the changes in the political, economic and regulatory circumstances should they arise in the future. Whilst the Board believes that it is possible to address any fluctuations in the demand for properties arising from changes in the economic and regulatory environment by versatile planning in terms of innovative design, timing of launch, right type of products/segments and pricing points relative to competitors, there can be no assurance that YNH Property Group will be shielded from any adverse changes to the political, economic, regulatory or lending environment which may have a material adverse effect on YNH Property Group. The Issuer will leverage on its strength and experience as a property developer to manage these risks closely.

(d) Dependency on licensing/approval from authorities

Property developers including YNH Property Group are subject to various regulatory approvals particularly in respect of approvals for development plans and conversion of land usage. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on YNH Property Group's property development projects and/or timing of launching YNH Property Group's property development projects and thereby affecting YNH Property Group's future profitability. To ensure smooth implementation of YNH Property Group's development projects, YNH Property Group conducts thorough studies on the nature and background of land to be acquired to ensure that YNH Property Group complies with procedural and documentation requirements in relation to the applications for necessary approvals. In addition, YNH Property Group monitors the progress of such applications by continuously liaising with the relevant authorities.

Property developers including YNH Property Group are also subject to the terms and conditions of the property development licenses granted to them by the relevant regulatory authorities. There can be no assurance that there will not be any adverse impact on YNH Property Group's property development projects and/or there will not

be any delays in the completion of any property development projects or the commencement of any new property development projects if such development licenses have expired, are not renewed and/or revoked by the relevant regulatory authorities and thereby affecting YNH Property Group's future operations and profitability.

(e) Dependency on contractors and consultants

Generally, the property development industry is dependent on the performance of the main/sub-contractors and consultants to ensure timely completion of the respective building and infrastructure works as per their contractual timeline. There is no assurance that any unanticipated delay due to unforeseen circumstances, unsatisfactory performance of the appointed main/sub-contractors and/or consultants may not have an adverse effect on the operations and profitability of YNH Property Group.

YNH Property Group implements stringent selection criteria to ensure that only contractors and consultants with proven track record and adequate financial resources are engaged to undertake construction works and/or provide consultancy services in respect of YNH Property Group's development projects. It is also YNH Property Group's current practice to award its contracts to contractors on fixed terms where any increase in cost or delays by such contractors will be absorbed and/or compensated by them. Furthermore, YNH Property Group is not dependent on any single main contractor or consultant as YNH Property Group engages the services of an array of contractors and consultants for the development of YNH Property Group's projects and to provide consultancy services in respect of YNH Property Group projects, respectively. In addition, YNH Property Group will also seek to mitigate such risks by close monitoring of the contractor's and the consultant's work progress in order to ensure the timely completion of its property development projects.

(f) Dependency on key personnel

YNH Property Group's success is significantly dependent on the efforts, abilities and continuous performance of the Issuer's directors and senior management team. Should any key personnel leave, there is no certainty that a suitable replacement with the same skill sets and experience can be found. Taking this into consideration, YNH Property Group continues to strive in attracting and retaining skilled personnel who have and will continue to contribute to the growth and success of YNH Property Group.

As part of YNH Property Group's effort in attracting and retaining employees with the right skills and expertise, YNH Property Group has in place human resource initiatives which include competitive remuneration packages and a human resource training and development programme for YNH Property Group's employees in all key functions of YNH Property Group's operations.

(g) Risk of compulsory acquisition

Pursuant to the Land Acquisition Act 1960, the Government has the power to compulsorily acquire any land in Malaysia in accordance with the aforesaid Act. In

the event of any compulsory acquisition of land, the amount of compensation to be awarded shall be computed on the basis prescribed in the First Schedule of the Land Acquisition Act 1960.

If all or any portion of the lands owned by YNH Property Group is compulsorily acquired by the Government at any point in time, the amount of such compensation may be less than the market price of the lands and/or may be less than the purchase consideration paid by the YNH Property Group.

In the event of any compulsory acquisition, YNH Property Group will seek to minimise any potential losses from such transactions by invoking the relevant provisions in the Land Acquisition Act 1960 in relation to YNH Property Group's rights to submit an objection in respect of the compensation, where necessary.

(h) Availability and cost of materials

The materials used in YNH Property Group's development projects represent a significant portion of its total development costs. These materials are global commodities and their availability and prices depend on local and global market conditions. Higher cost of construction materials will affect YNH Property Group's profit margin if it is not able to fully pass the costs on to its customers. If there is a shortage of these materials, particularly cement, steel and diesel, YNH Property Group may find it difficult to obtain the amount of materials it requires at prices it believes are commercially acceptable in a timely fashion. If YNH Property Group is not able to obtain a sufficient amount of such materials at acceptable prices, YNH Property Group's businesses, financial condition, results of operations and prospects may be adversely affected.

(i) Environmental considerations

YNH Property Group's operations are required to comply with the various environmental laws relating to, amongst others, water, air, noise, pollution and the disposal of waste materials. Although environmental protection procedures and mitigation measures are implemented, there can be no assurance that material costs and liabilities will not be incurred in the future to comply with future requirements.

(j) Insurance coverage

YNH Property Group's projects are covered by property takaful/insurance which are typical for similar business operations, with policy limit specifications which YNH Property Group believes are adequate. Nonetheless, such projects may suffer losses due to risks which may be uninsurable or are not covered by the required takaful/insurance policies or for which insurance coverage is inadequate (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination, landslide, heave and coastal erosion. If an uninsured or uninsurable loss were to occur, YNH Property Group may be required to pay compensation and/or lose capital invested in such projects as well as any future revenue from such projects. Further, YNH Property Group may not have sufficient funds to effect the reconstruction or major repairs of such projects, in order to maintain the condition of such projects.

(k) Ability to secure land bank

The success of property developers such as YNH Property Group is very much dependent on the quantity, quality and location of its land bank. There is a need to ensure that property developers such as YNH Property Group have sufficient quality land bank to sustain its future operations as well as to contribute positively to its future earnings.

(l) Exposure to inventory build-up

YNH Property Group is exposed to an inherent risk of inventory build-up (i.e. property overhang) and low take-up of property due to various external factors such as inflation, rising interest rates, negative consumer sentiment, unattractive location of properties or oversupply of properties in the market. All these factors may have a direct impact on the operational and financial performance of YNH Property Group.

To mitigate this risk, YNH Property Group seeks to appropriately-time launches of quality property developments in strategic locations and to adopt active marketing efforts to encourage a higher take-up rate of the properties.

(m) YNH Property Group is subject to revenue, profit and operating cash flow volatility

The revenue, profit and operating cash flow of YNH Property Group in any financial year may fluctuate as each is predominantly project-based and dependent on the sales performance, number, value and completion of the projects YNH Property Group undertakes. There is no assurance that the amount of revenue from the sale of the projects by YNH Property Group will remain comparable each year. YNH Property Group aims to manage some of this volatility by phasing the development of its projects.

However, in the event that YNH Property Group undertakes fewer or no new projects in certain periods, or there are delays in the completion of its projects or sales of its projects are poor, the revenue recognized or cash flow generated in such periods may be adversely affected which will consequently have a material adverse effect on YNH Property Group's financial position.

(n) YNH Property Group may be involved in legal and other proceedings from time to time

YNH Property Group may be involved, from time to time, in disputes with various parties including contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in its business initiatives and in the development and operation of its properties.

YNH Property Group may also be exposed to disputes with other third parties in relation to the subject of YNH Property Group's development or proposed development including land acquisitions and tortious claims. These disputes may lead to legal and other proceedings and may cause YNH Property Group to suffer additional costs and delays or lead to an inability for YNH Property Group to realise

its expected rate of return. Such disputes, if they arise, may also occupy a significant amount of management's time and attention.

In addition, YNH Property Group may, from time to time, be required to deal with issues or disputes in connection with regulatory bodies in the course of its operations which may result in YNH Property Group being subject to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of the projects.

(o) Termination of contracts

YNH Property Group may be exposed to the risk of termination of its existing contracts with any third parties due to various factors such as unlawful or illegal activities undertaken by the third parties and/or the insolvency, dissolution or winding up of the third parties. The occurrence of such events may impact the supply of the goods and services to YNH Property Group and affect the performance of YNH Property Group's business, financial condition, results of operations and prospects.

(p) Holding Company Structure

The Issuer is an investment holding company and relies mainly on its investment income, including interest and dividends from its subsidiaries, jointly controlled entities and associate companies (if any) to meet its obligations, including obligations under the Perpetual Securities Programme. Its subsidiaries, jointly controlled entities and associate companies (if any) are separate legal entities and have no obligations with respect to the Perpetual Securities Programme.

The ability of the Issuer's subsidiaries, jointly controlled entities and associate companies (if any) to pay dividends and interest on shareholders' advances (if any) and, to the extent that the Issuer relies on such dividends and interests to meet its obligations under the Perpetual Securities Programme are subject to all applicable laws and restrictions on the payment of dividends and interests contained in the articles of association of the relevant companies and in certain cases, financing or other agreements.

(q) Risks of Dependency on Foreign Labour

The Issuer from time to time may be dependent on foreign workers. Foreign workers are usually employed by the Issuer's main contractors and/or third-party subcontractors. Nevertheless, the Issuer's business operations are indirectly dependent on foreign workers due to the shortage of local workers in the construction industry.

The conditions imposed by the relevant authorities in relation to the employment of foreign workers may change from time to time. Generally, applications to employ foreign workers will only be considered when efforts to find qualified local workers have failed. In the event that there is a shortage of supply of foreign workers or a restriction is imposed on the number of foreign workers allowed to be employed by the Issuer's contractors for the Issuer's development projects, the completion of the construction of the Issuer's property development projects may be delayed due to such shortage of workers in carrying out the works at the Issuer's development,

resulting in an increase in overheads which may adversely affect the Issuer's business operations and financial performance.

(r) Financing risk

In addition to the proceeds raised under the Perpetual Securities Programme, the Issuer may be required to seek additional external financing to fund the working capital requirements or land acquisition to support the growth of YNH Property Group's business. The Issuer's ability to arrange for such external financing and the cost of such financing are dependent on numerous factors, including the general economic and capital market conditions, interest rates, credit availability from banks, the success and track record of YNH Property Group's businesses, provisions of tax and securities laws that may be applicable to the Issuer's efforts to raise capital, any restrictions imposed by the Malaysian Government and political, social and economic conditions in Malaysia.

(s) Inherent risks in the hospitality industry

YNH Property Group's hospitality business segment comprises operation and management of hotels in Malaysia. YNH Property Group is subject to the risks inherent to the hospitality industry such as, fluctuations in demand for hospitality services, competition from industry peers who offer similar products, changes in business conditions, decline in tourism activity and changes in consumer trends.

(t) Risks in Trading of Construction Materials

The construction materials which YNH Property Group trades in are global commodities and their availability and prices depend on local and global market conditions. Higher cost of construction materials will affect the YNH Property Group's profit margin if it is not able to fully pass the costs on to its customers. If there is a shortage of these materials, particularly cement, steel and diesel, the YNH Property Group may find it difficult to obtain the amount of materials it requires at prices it believes are commercially acceptable in a timely fashion. If YNH Property Group is not able to obtain a sufficient amount of such materials at acceptable prices, YNH Property Group's businesses, financial condition, results of operations and prospects may be adversely affected.

(u) Occurrence of Health Epidemic

Furthermore, YNH Property Group's results of operation, financial condition and cash flow could be adversely affected by the effects of Severe Acute Respiratory Syndrome (SARS), avian influenza, Influenza A virus subtype H7N9 ("A(H7N9)"), the coronavirus named COVID-19 by the World Health Organisation or other epidemic or outbreaks which may affect the economic and business climate. Any recurrence of SARS, avian influenza, A(H7N9) or other adverse public health developments in Malaysia could have a material adverse effect on YNH Property Group's business operations. Those effects could impact the abilities of YNH Property Group's workers to travel to and from the locations of the construction projects or development projects and may cause the delays in the completion of their construction projects or development projects. Such travel restrictions would severely

disrupt YNH Property Group's business operations and adversely affect their results of operations. The YNH Property Group's business operations could be disrupted if one of their employees is suspected of having SARS, avian influenza, A(H7N9) or COVID-19, since it could require YNH Property Group to quarantine some or all of their employees and disinfect the offices and the locations of the construction projects or development projects. In addition, their results of operations could be adversely affected to the extent that SARS, avian influenza, A(H7N9), COVID-19 or any other outbreak harms the global economy in general. The Government of Malaysia has taken several measures including imposing the Movement Control Order under Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 to curb the outbreak of the COVID-19. However, there can be no assurance that any precautionary measures taken against infectious diseases or pandemic would be effective.

RESPONSIBILITY

The Issuer, having made all enquiries as were reasonable, confirms that the information contained in this Pricing Supplement is in accordance with the facts and is not false and is not misleading in any material respect.

Signed on behalf of YNH Property Bhd:



By:

Name: DATO' DR. YU KUAN CHON
Director