

# YHI INTERNATIONAL LIMITED

Company Registration Number 200007455H



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## PROPOSED ACQUISITION OF LAND BY YHI (MALAYSIA) SDN BHD

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### 1. INTRODUCTION

The Board of Directors of YHI International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary, YHI Logistics (Malaysia) Sdn Bhd (“**YHI Logistics Malaysia**”) had, on 4 May 2018, signed the following two (2) sale and purchase agreements (collectively, the “**SPAs**”):

- (a) a sale and purchase agreement with Cekal Unggul Sdn. Bhd. (the “**Vendor**”) to purchase vacant industrial land located at Taman Perindustrian Worldwide Kapar Bestari (Z 4.1), Lot 3A (the “**SPA for Lot 3A**”); and
- (b) a sale and purchase agreement with the Vendor to purchase vacant industrial land located at Taman Perindustrian Worldwide Kapar Bestari (Z 4.1), Lot 4A (the “**SPA for Lot 4A**”).

### 2. INFORMATION ON THE LANDS AND THE VENDOR

#### The lands

- (a) The industrial land located at Taman Perindustrian Worldwide Kapar Bestari (Z 4.1), Lot 3A covers a land area of approximately 150,683.84 square feet (“**Lot 3A**”). Its land use is industrial and it is for light / medium industries.
- (b) The industrial land located at Taman Perindustrian Worldwide Kapar Bestari (Z 4.1), Lot 4A covers a land area of approximately 150,577.60 square feet (“**Lot 4A**”). Its land use is industrial and it is for light / medium industries.

#### The Vendor

Cekal Unggul Sdn. Bhd. (Company No. 725295.W) is a company incorporated in Malaysia under the Companies Act 1965 and having its registered address at No.1, Worldwide@7, Lot 24, Jalan Lazuardi 7/29, Seksyen 7, 40000, Shah Alam, Selangor.

The Vendor and its shareholders are independent third parties who are not related to any Director or controlling shareholder of the Company, or an associate of any such Director or controlling shareholder.

### 3. SALIENT TERMS OF THE SPAS

#### SPA for Lot 3A

The total purchase price of Lot 3A is agreed at RM 11,021,016.06 (the “**Purchase Price for Lot 3A**”). The Purchase Price for Lot 3A was arrived at on a willing-buyer-willing-seller basis, after taking into account, among others, the following factors:

- (a) the location of Lot 3A; and
- (b) recent comparable transactions in the proximity.

The Purchase Price for Lot 3A shall be funded through internal resources.

A deposit equivalent to 10% of the Purchase Price for Lot 3A shall be payable upon execution of the sale and purchase agreement for Lot 3A (the "**Deposit for Lot 3A**") and the balance 90% of the Purchase Price for Lot 3A shall be payable within three (3) months from the date of the sale and purchase agreement for Lot 3A. As at the date of this announcement, YHI Logistics Malaysia has paid the Deposit for Lot 3A.

The proposed purchase of Lot 3A is conditional upon YHI Logistics Malaysia obtaining the consent to transfer in favour of the Company pursuant to Section 433B of the National Land Code 1965 from the relevant authorities within 3 months from the date of the SPA for Lot 3A, which shall be automatically extended by 1 month from the expiry of the aforementioned 3 month period.

In the event the above condition precedent is not fulfilled, the Vendor shall issue a notice to YHI Logistics Malaysia to terminate the SPA for Lot 3A and upon such notice being served, the Deposit shall be refunded to YHI Logistics Malaysia within 14 days from the aforementioned notice.

All legal fees of the Vendor's solicitors, disbursement and stamp duty on the sale and purchase agreement for Lot 3A shall be borne by the Vendor. The stamp duty on the transfer of Lot 3A (upon issuance of document of title to Lot 3A) and any registration fee thereof shall be borne by YHI Logistics Malaysia.

#### SPA for Lot 4A

The total purchase price of Lot 4A is agreed at RM 11,013,142.54 (the "**Purchase Price for Lot 4A**"). The Purchase Price for Lot 4A was arrived at on a willing-buyer-willing-seller basis, after taking into account, among others, the following factors:

- (a) the location of Lot 4A; and
- (b) recent comparable transactions in the proximity.

The Purchase Price for Lot 4A shall be funded through internal resources.

A deposit equivalent to 10% of the Purchase Price for Lot 4A shall be payable upon execution of the sale and purchase agreement for Lot 4A (the "**Deposit for Lot 4A**") and the balance 90% of the Purchase Price for Lot 4A shall be payable within three (3) months from the date of the sale and purchase agreement for Lot 4A. As at the date of this announcement, YHI Logistics Malaysia has paid the Deposit for Lot 4A.

The proposed purchase of Lot 4A is conditional upon YHI Logistics Malaysia obtaining the consent to transfer in favour of the Company pursuant to Section 433B of the National Land Code 1965 from the relevant authorities within 3 months from the date of the SPA for Lot 4A, which shall be automatically extended by 1 month from the expiry of the aforementioned 3 month period.

In the event the above condition precedent is not fulfilled, the Vendor shall issue a notice to YHI Logistics Malaysia to terminate the SPA for Lot 4A and upon such notice being served, the Deposit shall be refunded to YHI Logistics Malaysia.

All legal fees of the Vendor's solicitors, disbursement and stamp duty on the sale and purchase agreement for Lot 4A shall be borne by the Vendor. The stamp duty on the transfer of Lot 4A (upon issuance of document of title to Lot 4A) and any registration fee thereof shall be borne by YHI Logistics Malaysia.

#### 4. VALUATION

No valuation was commissioned by the Company in respect of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia.

#### 5. RATIONALE

The Directors are of the view that the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia is in the best interests of the Group for the following reasons:

- (a) the Group will be able to consolidate its warehousing and logistics services of its distribution entities in one location;
- (b) the Group will be able to reduce warehouse rental costs and related overhead costs of the Group's distribution entities in Malaysia;
- (c) the Group will be able to enhance customer service by providing just-in-time delivery services managed by logistics professionals; and
- (d) the Group's distribution entities will be able to fully focus on sales and business development.

#### 6. PRO FORMA FINANCIAL EFFECTS OF THE LETTERS OF OFFER

The *pro forma* financial effects of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia on the net tangible asset ("**NTA**") per share and the earnings per share of the Group have been prepared based on the audited consolidated financial statements of the Company for FY2017.

For the purpose of illustrating the financial effects of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia, the *pro forma* financial effects have been prepared based on, among others, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia was completed on 31 December 2017;
- (b) the financial effects on the earnings per share of the Group are computed assuming that the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia was completed on 1 January 2017;
- (c) the cost and expenses in connection with the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia are disregarded for the purposes of calculating the *pro forma* financial effects.

Effects on NTA per share

	<b>Before completion of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia</b>	<b>After completion of the proposed acquisition of Lot 3A by YHI Logistics Malaysia</b>	<b>After completion of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia</b>
NTA (S\$'000)	243,186	243,186	243,186
Number of issued shares ('000)	292,296	292,296	292,296
NTA per share (cents)	83.20	83.20	83.20

Effects on earnings per share

	<b>Before completion of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia</b>	<b>After completion of the proposed acquisition of Lot 3A by YHI Logistics Malaysia</b>	<b>After completion of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia</b>
Profit from continuing operations attributable to owners of the Company (S\$'000)	8,751	8,751	8,751
Weighted average number of issued shares ('000)	292,296	292,296	292,296
Earnings per share (cents)	2.99	2.99	2.99

The *pro forma* financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Group upon completion of the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia. No representation is made as to the actual future results and/or financial position of the Group.

**7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING RULES**

<b>Rule 1006 of the Listing Rules</b>	<b>Description</b>	<b>Relative figures</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable <sup>(1)</sup>

(b)	The net profits attributable to the assets acquired or disposed of, compared to with the Group's net profits.	Not applicable <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	5.5% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) The proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia relates to an acquisition of assets and not a disposal of assets.
- (2) There is no net profit attributable to Lot 3A and Lot 4A.
- (3) The Purchase Price for Lot 3A of RM 11,021,016.06 and the Purchase Price for Lot 4A of RM 11,013,142.54 totalling an aggregate consideration of RM 22,034,158.6 (equivalent to S\$7,458,563 based on an exchange rate of RM 1 : S\$0.3385 as at 3 May 2018) represents approximately 5.5% of the Company's market capitalisation of approximately S\$135,917,552 on 3 May 2018, being the market day preceding the date of the SPA for Lot 3A and the SPA for Lot 4A.
- (4) There are no equity securities issued by the Company as consideration for the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia.
- (5) The proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia relates to an acquisition of assets and not a disposal of assets. The Company is also not a mineral, oil and gas company.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Rules exceeds 5% but does not exceed 20%, the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia is a "disclosable transaction" as defined in Chapter 10 of the Listing Rules. Accordingly, the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia will not be subject to approval by shareholders in a general meeting.

**8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this announcement, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia, other than through their respective shareholdings (if any) in the Company.

**9. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company in connection with the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia and no service contracts in relation thereto is proposed to be entered into by the Company.

**10. DOCUMENTS FOR INSPECTION**

Copies of the SPA for Lot 3A and the SPA for Lot 4A are available for inspection at the registered office of the Company at No. 2 Pandan Road Singapore 609254, during normal business hours for three (3) months from the date of this announcement.

**11. FURTHER ANNOUNCEMENTS**

The Company will make subsequent announcements to update its shareholders when there are material updates as may be necessary or appropriate.

**12. CAUTION IN TRADING**

Shareholders and potential investors of the Company are advised to exercise caution when dealing or trading in the shares of the Company. In particular, shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the proposed acquisition of Lot 3A and Lot 4A by YHI Logistics Malaysia will be completed. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Tay Tian Hoe Richard  
Executive Chairman and Group Managing Director

4 May 2018