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A JCORP Company

KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

PROPOSED DISPOSAL OF 2 PARCELS OF FREEHOLD LAND IN BETHANIA QUEENSLAND AUSTRALIA BY JETA GARDENS (QLD) PTY LTD, AN INDIRECT SUBSIDIARY OF KPJ HEALTHCARE BERHAD, TO JLAND AUSTRALIA PTY LTD FOR A TOTAL CASH CONSIDERATION OF AUSTRALIAN DOLLARS 6,500,000 (EQUIVALENT TO RM19,611,800) ("PROPOSED DISPOSAL")

PART B

INDEPENDENT ADVICE LETTER FOR THE PROPOSED DISPOSAL

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Registration No. 197501002220 (23742-V))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



BDO Capital Consultants Sdn Bhd

(Registration No. 199601032957 (405309-T))

The Extraordinary General Meeting ("**EGM**") of KPJ Healthcare Berhad ("**KPJ**" or "**the Company**") which will be conducted virtually using the remote participation and voting ("**RPV**") facilities to be provided by the poll administrator via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: DIA282781) will be held on Wednesday, 12 April 2023 at 11:00 a.m. or any adjournment thereof. The Notice of the EGM together with the Proxy Form are enclosed in this Circular and are available for download from the Company's website at <https://kpj.listedcompany.com/egm.html>

As a shareholder, you are encouraged to go online, participate, and vote at the EGM using the RPV facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, you may lodge your Proxy Form by electronic means via TIIH Online website at <https://tiih.online>, not less than 48 hours before the time set for holding the EGM as indicated below or any adjournment thereof.

Last date and time for lodging the Form of Proxy : Monday, 10 April 2023 at 11.00 a.m.

Date and time of EGM : Wednesday, 12 April 2023 at 11.00 a.m.

This document is dated 22 March 2023

DEFINITIONS

For the purpose of this document, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	: The Companies Act, 2016, as amended from time to time and any re-enactment thereof
AmInvestment Bank or Principal Adviser	: AmInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
BDOCC or Independent Adviser	: BDO Capital Consultants Sdn Bhd (Company Registration No. 199601032957 (405309-T)), being the independent adviser for the Proposed Disposal
Board	: The Board of Directors of KPJ
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CCLB	: Contract for Commercial Land and Buildings dated 12 September 2022, executed into between Jeta Gardens and JLand Australia for the sale and purchase of the Land
Cheston or Independent Valuer	: Cheston International (KL) Sdn Bhd (Company Registration No. 200401008741 (647245-W)), being the independent valuer for the Proposed Disposal
Circular	: This circular to shareholders of KPJ dated 22 March 2023 in relation to the Proposed Disposal
Director	: Directors of KPJ
Disposal Consideration	: The total cash consideration of AUD6,500,000 (equivalent to RM19,611,800) in relation to the Proposed Disposal
EGM	: Extraordinary General Meeting
EPS	: Earnings per Share
FP	: Financial period ended/ ending, as the case may be
FYE(s)	: Financial year(s) ended / ending, as the case may be
Interested Directors	: The directors of KPJ who are deemed interested in the Proposed Disposal as disclosed in Section 9 of Part A of this Circular
Interested Major Shareholders	: The major shareholder(s) of KPJ who are deemed interested in the Proposed Disposal as disclosed in Section 9 of Part A of this Circular
JCorp	: Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995)
Jeta Gardens or Vendor	: Jeta Gardens (Qld) Pty Ltd (A.C.N. 102 975 182), a 57%-owned subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of the Company
Jeta Gardens Aged Care and Retirement Village	: An integrated aged care and retirement village located in the suburb of Bethania and situated at the western end of Clarendon Avenue, about 27 kilometres south of the Brisbane Central Business District
JLand	: Johor Land Berhad (Company Registration No. 197201000788 (12379-K)), a wholly-owned subsidiary of JCorp

DEFINITIONS (CONT'D)

JLand Australia or Purchaser	:	JLand Australia Pty Ltd (A.C.N. 657 536 779), a wholly-owned subsidiary of JLand
KPJ or the Company	:	KPJ Healthcare Berhad (Company Registration No. 199201015575 (247079-M))
KPJ Group	:	KPJ and its subsidiary companies
KPJ Share(s) or Share(s)	:	Ordinary share(s) in KPJ
Lands	:	2 parcels of freehold land measuring a total area of approximately 10.94 hectares held under Lot 5 on RP890048 and Lot 1 on SP240417, Albert Street, Bethania, Queensland, Australia
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	28 February 2023, being the latest practicable date prior to the printing of the Circular
NA	:	Net assets
Proposed Disposal	:	Proposed disposal of the Lands by Jeta Gardens to JLand Australia for the Disposal Consideration
Supplemental Letter	:	Supplemental letter dated 17 January 2023, issued by Jeta Gardens to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB which has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023
Valuation Report	:	Valuation report of the Lands by Independent Valuer
Currencies		
AUD	:	Australian Dollar
RM and sen	:	Ringgit Malaysia and sen respectively

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Unless otherwise stated, the exchange rate of AUD1.00 to RM3.0172 (based on the middle rate prevailing as at 5.00 p.m. on LPD, as published by Bank Negara Malaysia), is used throughout this Circular.

Any exchange rate translations in this Circular are provided solely for convenience of readers and should not be constituted as representative that the translated amounts stated in this Circular could have been or would have been converted into such other amounts or vice versa.

Any reference in this Circular to any provision of a statute, rule, regulation, enactment, or rule of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, rule, regulation, enactment or rule of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment of re-enactment to the statute, rule, regulation, enactment or rule of a stock exchange for the time being in force. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

All references to “**you**” in this Circular are to the shareholders of KPJ.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION RELATING TO THE PROPOSED DISPOSAL. THE INFORMATION IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS CIRCULAR. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR (INCLUDING THE INDEPENDENT ADVICE LETTER SET OUT IN PART B AND APPENDICES OF THIS CIRCULAR) IN ITS ENTIRETY AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED DISPOSAL BEFORE VOTING AT THE COMPANY'S FORTHCOMING EGM TO BE CONVENED.

Proposed Disposal

The Board had on 13 September 2022, announced that Jeta Gardens, had entered into the CCLB with JLand Australia on 12 September 2022, for the proposed disposal of the Lands for a total cash consideration of AUD6,500,000 (equivalent to RM19,611,800).

On 17 January 2023, Jeta Gardens had issued the Supplemental Letter to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the shareholders' approval of KPJ on the Proposed Disposal being obtained by 15 April 2023 or such other date as may be agreed in writing by the parties or fixed pursuant to the conditions of the CCLB ("**Settlement Date**") ("**Shareholders' Approval Condition**"). The Supplemental Letter has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023.

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholders as detailed in Section 9 of Part A of this Circular.

In this respect, the Board has appointed BDOCC as the Independent Adviser for the Proposed Disposal. BDOCC was appointed on 20 October 2022.

Please refer to Section 2.1 of Part A of this Circular for detailed information on the Proposed Disposal.

Utilisation of proceeds

The Disposal Consideration of AUD6,500,000 or approximately RM19,611,800 is proposed to be utilised in the following manner:-

Details of utilisation	Expected timeframe for utilisation from completion of Proposed Disposal	Amount		%
		(AUD'000)	(RM'000)	
Repayment of Jeta Gardens' banking facilities	Within 1 month	2,423	7,311	37.3
Estimated expenses for the Proposed Disposal	Within 1 month	113	341	1.7
General working capital	Within 12 months	3,964	11,960	61.0
Total		6,500	19,612	100.0

Please refer to Section 2.5 of Part A of this Circular for detailed information on the utilisation of proceeds.

EXECUTIVE SUMMARY (CONT'D)

Rationale for the Proposed Disposal The Proposed Disposal enables Jeta Gardens to raise AUD6,500,000 (equivalent to RM19,611,800). The proceeds from the Proposed Disposal would be used to retire the loan taken from Malayan Banking Berhad for which the Lands has been charged as collateral (“**Jeta Gardens’ Banking Facilities**”). The balance cash of AUD3,964,000 (equivalent to RM11,960,181) would be used to fund its working capital.

Please refer to Section 3 of Part A of this Circular for detailed information on the rationale for the Proposed Disposal.

Risk in relation to the Proposed Disposal The completion of the Proposed Disposal is dependent on the satisfaction of the condition precedent to the Proposed Disposal, i.e. the Shareholders’ Approval Condition. There is no assurance that such condition precedent can be completed by the Settlement Date, and in the event of non-fulfilment of the said condition precedent by the Settlement Date, the CCLB will be terminated.

Save for the above completion risk, the Board does not foresee any other material risk factors which could materially affect the Proposed Disposal.

Approvals required The Proposed Disposal is subject to the approval of the shareholders of KPJ at an EGM to be convened for the Proposed Disposal.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by KPJ.

Director’s statement and recommendation The Board, save for the Interested Directors, after having considered all aspects of the Proposed Disposal, including the rationale and financial effects of the Proposed Disposal, valuation of the Lands as ascribed by the Independent Valuer as well as the independent advice by the Independent Adviser for the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of the Company.

Accordingly, the Board (save for Interested Directors) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the Company’s forthcoming EGM.

PART A

LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL



A JCORP Company

KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

Registered Office:

Level 13
Menara KPJ
238, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia

22 March 2023

Board of Directors:

Datuk Md Arif Bin Mahmood	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Mohd Redza Shah Bin Abdul Wahid	<i>(Senior Independent Non-Executive Director)</i>
Mohamed Ridza Bin Mohamed Abdulla	<i>(Independent Non-Executive Director)</i>
Khairuddin Bin Jaflus	<i>(Independent Non-Executive Director)</i>
Hisham Bin Zainal Mokhtar	<i>(Independent Non-Executive Director)</i>
Lee Lai Fan	<i>(Independent Non-Executive Director)</i>
Rozaini Bin Mohd Sani	<i>(Non-Independent Non-Executive Director)</i>
Shamsul Anuar Bin Abdul Majid	<i>(Non-Independent Non-Executive Director)</i>
Prof Dato' Dr Azizi Bin Haji Omar	<i>(Non-Independent Non-Executive Director)</i>
Annie Binti Rosle	<i>(Non-Independent Non-Executive Director)</i>

To: The Shareholders of KPJ

Dear Sir/Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

The Board had on 13 September 2022, announced that Jeta Gardens, had entered into the CCLB with JLand Australia on 12 September 2022, for the proposed disposal of the Land for a total cash consideration of AUD6,500,000 (equivalent to RM19,611,800).

On 17 January 2023, Jeta Gardens had issued the Supplemental Letter to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the Shareholders' Approval Condition. The Supplemental Letter has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023.

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholders as detailed in Section 9 of Part A of this Circular.

In this respect, the Board has appointed BDOCC as the Independent Adviser for the Proposed Disposal. BDOCC was appointed on 20 October 2022.

The purpose of this Circular is to provide you with details of the Proposed Disposal and to seek your approval for the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

You are advised to read and carefully consider the contents of this Circular including the independent advice letter (as set out in Part B of this Circular) together with the appendices contained herein before voting on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

Pursuant to the CCLB and Supplemental Letter, Jeta Gardens shall agree to sell and JLand Australia shall agree to purchase the Lands subject to the following encumbrances:-

Easement in gross no. 714007690 (burdening Lot 1 on SP240417);

Easement no. 714023228 (benefiting Lot 1 on SP240417);

Easement no. 714023231 (benefiting Lot 1 on SP240417);

Easement no. 714023232 (benefiting Lot 1 on SP240417);

Easement no. 714023233 (benefiting Lot 1 on SP240417);

Easement no. 714023248 (benefiting Lot 1 on SP240417);

Easement no. 714023251 (benefiting Lot 1 on SP240417);

Easement no. 714023254 (benefiting Lot 1 on SP240417);

Easement no. 714023258 (benefiting Lot 1 on SP240417);

Easement no. 714023274 (benefiting Lot 1 on SP240417);

Easement no. 714023276 (benefiting Lot 1 on SP240417);

Easement no. 714023280 (benefiting Lot 1 on SP240416); and

Easement no. 714023282 (benefiting Lot 1 on SP240416),

for the Disposal Consideration based on the terms and subject to the conditions contained in the CCLB and Supplemental Letter. For information, an easement is a right granted by one landholder (the "**grantor**") to another landholder (the "**grantee**") which enables the grantee to exercise rights of a restricted nature over part of the grantor's land. Various types of rights may be granted by way of easement. An easement does not give the grantee a licence to occupy the grantor's land and does not confer ownership of the land on the grantee. An easement "in gross" may also be granted over the grantor's land in favour of a government authority or a public utility provider.

An initial deposit amounting to AUD650,000 (equivalent to RM1,961,180) have been paid by JLand Australia to Jeta Gardens on 8 April 2022 and 20 September 2022 and the balance of the Disposal Consideration amounting to AUD5,850,000 (equivalent to RM17,650,620) ("**Balance Consideration**") shall be satisfied by the Settlement Date. For information, the aforementioned "business day" means a day other than a Saturday, Sunday, a public holiday in Brisbane, Australia or a day in the period 27 to 31 December (inclusive).

The salient terms of the CCLB and Supplemental Letter are set out in Appendix I of this Circular.

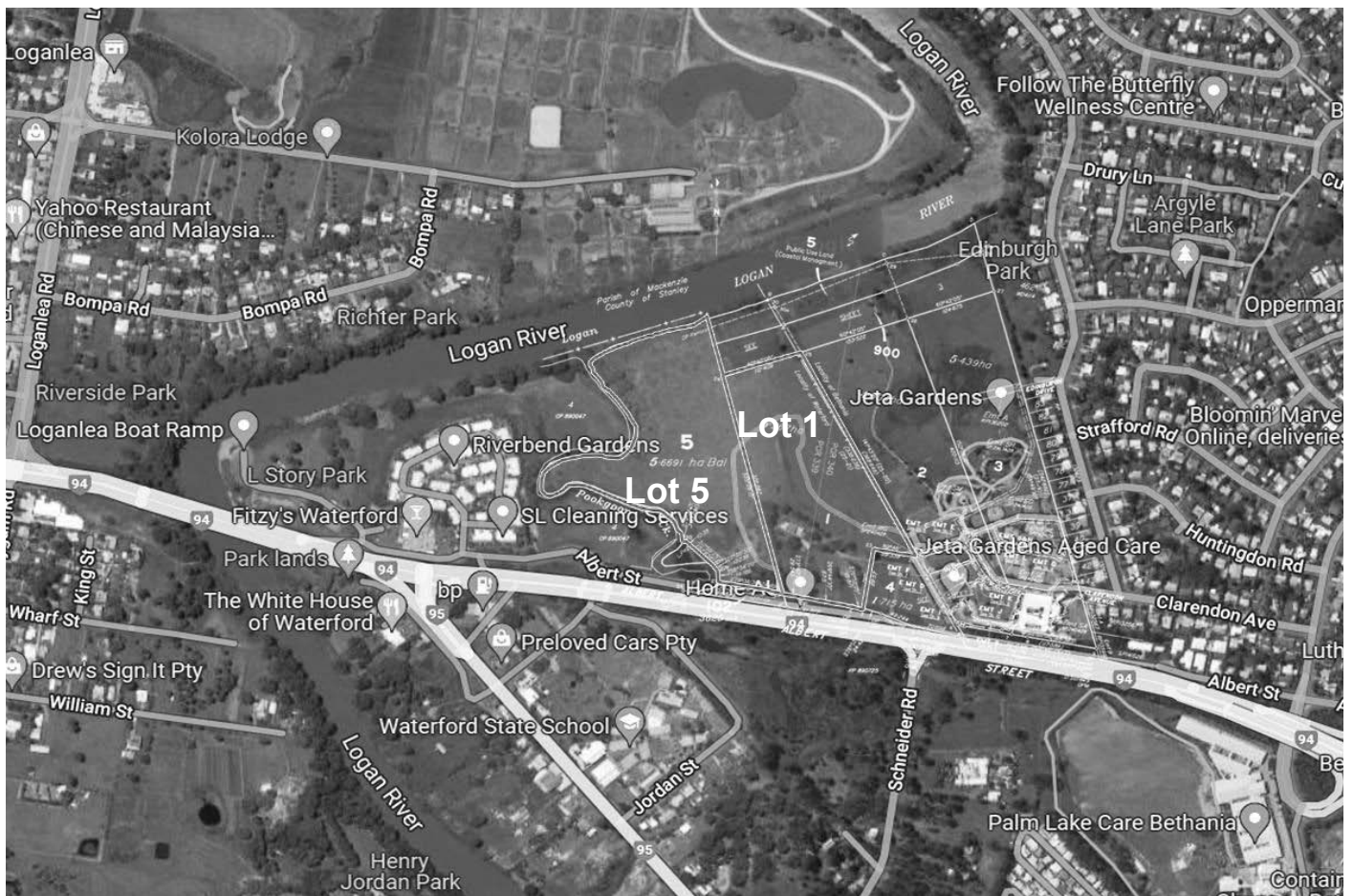
2.1 Information on the Lands

The Lands are located along the northern side of the Albert Street and abuts onto the Logan River to the north and Pookgoor Creek to the west. It is located within the sub-urban of Bethania, about 31 kilometres to the south of the Brisbane Central Business, 32.7 kilometres to the south of Brisbane city centre and 50 kilometres to the north-west of Gold Coast city centre.

The Lands are surrounded with developments/landmarks comprising the Jeta Gardens Aged Care and Retirement Village to the east, with predominantly of low-density residential further afield, the Logan River to the north and River Bend Gardens (tourist accommodation) to the west. The Palm Lake Resort Bethania and Palm Lake Resort Waterford (land lease communities), as well as Palm Lake Care (aged care facility) are located to the south of Albert Street.

The Lands front onto Albert Street and is accessible from Brisbane city centre and Gold Coast city centre via the Pacific Motorway (M1), exiting the Exit 24 onto Loganlea Road and thence via Albert Street.

The locations of the Lands are highlighted in the map below.



(Source: Valuation Report)

The details of the Lands are as follows:-

Lot no.	Title reference no.	
	50082560	50855907
	Lot 5 on RP890048	Lot 1 on SP240417
Description	5.6691 hectares parcel of land designated for low density residential and recreation and open space	<ul style="list-style-type: none"> • 5.2670 hectares parcel of land designated for low density residential and recreation and open space • A part single and part double storey brick and tile dwelling as well as a detached metal-deck three-car lock-up garage erected on the land⁽ⁱ⁾
Address	76-84 Albert Street, Bethania, Queensland 4205, Australia	86-96 Albert Street, Bethania, Queensland 4205, Australia
Existing use	Vacant	Vacant
Category of land use		Not applicable ⁽ⁱⁱ⁾
Express condition(s)		Not applicable ⁽ⁱⁱ⁾
Tenure	Freehold	Freehold
Land area	5.6691 hectares	5.2670 hectares
Net book value @ 31 December 2022		AUD6,281,862 (RM18,953,634)
Market value		AUD6,500,000 (RM19,611,800)
Date of investment		Note (iii)
Original cost of investment		Note (iii)
Encumbrances	Mortgage loan with Malayan Banking Berhad	

(Source: KPJ management and Valuation Report)

Notes:-

- (i) As stated in the Valuation Report, the existing structures within the Lands are old, dilapidated and unoccupied. These structures are not considered in the valuation as there is no functional utility and the Lands is valued at the highest and best use as a development site.
- (ii) According to the Valuer, the category of land use and express condition are only applicable in Malaysian land system but not applicable in Australian land system. However, the land use is controlled by zoning and the permitted uses governed by the planning controls.
- (iii) On 30 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, had acquired 51% equity interest in Jeta Gardens Waterford Trust (the Lands were part of the assets of the trust) for a total cash consideration of RM19.0 million. As at 30 June 2010, the Lands were valued in the books at AUD5.6 million (equivalent to RM16.9 million). On 1 January 2013, all of the Jeta Gardens Waterford Trust's operations, assets, liabilities and equity were transferred to Jeta Gardens at recorded book values to facilitate the termination of the trust. As at LPD, Kumpulan Perubatan (Johor) Sdn Bhd has 57% equity interest in Jeta Gardens.

Please refer to the valuation certificate as attached in Appendix I for further details on the Lands.

2.2 Information on the Purchaser

JLand Australia was incorporated in Australia on 22 February 2022 as a private limited company. JLand Australia is principally involved in the activities of property development business in Australia.

As at LPD, the issued share capital of JLand Australia is AUD3.00 (equivalent to RM9.05) comprising 3 ordinary shares.

As at LPD, the directors of JLand Australia are Datuk Akmal bin Ahmad, Yan Chuang Ng and Mohd Yusof bin Ahmad and the sole shareholder of JLand Australia is JLand, a wholly-owned subsidiary of JCorp, which is a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended under Enactment No. 5, 1995).

2.3 Basis of and justification for the Disposal Consideration for the Lands

Jeta Gardens has engaged property and real estate agents, Ray White Commercial (Queensland) and Ray White Special Projects on 9 January 2021 to undertake the sale and marketing of the Land. There were final offers received from 3 entities.

After considering the offers received from prospective buyers, JLand Australia's offer was shortlisted for negotiation and accepted by Jeta Gardens on the basis that it was the highest offer. For information, the lowest offer received was AUD1.5 million (equivalent to RM4.5 million). After the offer for JLand was received, there were no further negotiations with JLand on the price of the Lands.

The Disposal Consideration was arrived at on a "willing buyer-willing seller" basis, after taking into consideration the market value of the Lands of AUD6.50 million (equivalent to RM19.6 million) based on the valuation done for purposes of the FYE 2020 financial statements (i.e. the latest available valuation report).

Cheston International (KL) Sdn Bhd in collaboration with Colliers International Valuation And Advisory Services (NSW) Pty Limited, has conducted a new valuation dated 23 November 2022. The valuation of the Lands have been carried out by using the following methods:-

The Lands (Title reference no.)	Market Value		Valuation method
	(AUD)	(RM) ⁽ⁱ⁾	
50082560 50855907	6,500,000	19,611,800	Market/Comparison Approach

(Source: Independent Valuer's valuation report dated 23 November 2022)

Note:-

(i) For the purpose of this Circular, the exchange rate used is AUD1.00 to RM3.0172 (based on the middle rate prevailing as at 5.00 p.m. as at LPD, as published by Bank Negara Malaysia).

The Lands comprise two (2) contiguous parcels of development land designated for low density residential (developable portion) and recreation and open space (remaining land). The valuer has indicated that the developable area on an as is basis, is approximately 15,000 sq.m. and the remaining 94,361 sq.m. is zoned as recreation and open space and is also flood prone.

The market/comparison approach is the commonly adopted sole valuation methodology in the industry for valuation of development land without any valid development order or planning approval as at the date of valuation. The use of income approach by residual / discounted cash flow methods of valuation, as alternative methods of valuation which can be adopted to value development land are deemed unsuitable. The Independent Valuer noted that the available sale evidences are recent, of similar type of development land of the developable portion in the neighbourhood of the Lands which can be relied upon to arrive at the accurate market value of the Lands using the market/comparison approach. The details of the sale evidences are available from the Rich Property Data, a property data provider in Australia and New Zealand.

Hence, in arriving at their opinion of the market value of the Lands, the Independent Valuer has adopted the market/comparison approach as the reliable sole valuation methodology.

Please refer to the valuation certificate as attached in Appendix I for further details.

2.4 Liabilities or guarantees to be assumed by Jeta Gardens

There are no liabilities, including contingent liabilities and/or guarantees, to be assumed by Jeta Gardens arising from the Proposed Disposal.

2.5 Utilisation of proceeds

The Disposal Consideration of AUD6,500,000 (equivalent to approximately RM19,611,800) is proposed to be utilised in the following manner:-

Details of utilisation	Notes	Expected timeframe for utilisation from completion of Proposed Disposal	Amount		
			(AUD'000)	(RM'000)	%
Repayment of Jeta Gardens' Banking Facilities	(i)	Within 1 month	2,423	7,311	37.3
Estimated expenses for the Proposed Disposal	(ii)	Within 1 month	113	341	1.7
General working capital	(iii)	Within 12 months	3,964	11,960	61.0
Total			6,500	19,612	100.0

Notes:-

- (i) *The proceeds for repayment of Jeta Gardens' Banking Facilities are for the settlement of term loan and short-term revolving credit given by Malayan Banking Berhad. Assuming the repayment is to be made at end April 2023, the outstanding Jeta Gardens' Banking Facilities to be settled is estimated to be AUD2.42 million (equivalent to RM7.30 million). The interest savings is estimated to be AUD0.10 million (equivalent to RM0.3 million). The weighted average interest rate for the outstanding Jeta Gardens' Banking Facilities is 4.86% per annum. Any excess or shortfall from the proceeds allocated will be adjusted to/from proceeds allocated for working capital purposes.*
- (ii) *The estimated expenses for the Proposed Disposal which include, amongst others, professional fees (i.e. adviser, solicitors, valuer, etc), regulatory fees and other incidental expenses in relation to the Proposed Disposal. The breakdown of the estimated expenses is as follows:-*

	RM'000	%
Professional Fees (principal adviser, independent adviser, valuer and solicitor fees) ^(a)	350	29
Incidental cost for sale of Lands (agent and legal costs) ^(a)	772	63
EGM and other expenses ^(a)	100	8
Total	1,222	100

Note:-

- (a) *Only AUD0.113 million (equivalent to RM0.341 million) of the proceeds from the Proposed Disposal will be used for payment of estimated expenses. The balance will be funded via Jeta Gardens/ KPJ Group's' internally generated funds.*
- (iii) *The proceeds earmarked for the general working capital are intended to be utilised as follows:-*

	Note	AUD'000	RM'000	%
Retirement Village buy-back costs	a	793	2,393	20
Operating expenses	b	3,171	9,567	80
Total		3,964	11,960	100

Notes:-

- (a) To be utilised by Jeta Gardens to buy back the villa or apartment which has been vacated if Jeta Gardens is unable to get new resident to replace within 18 months
- (b) The operating expenses are expenses for operating the Jeta Gardens Aged Care and Retirement Village which would include but not limited to employee benefits expenses, rental, repair & maintenance, purchases of food and beverage, insurance, facility cost, administrative expenses and professional consultancy costs

Pending utilisation, the cash proceeds from the Proposed Disposal will be deposited with licensed financial institutions and/or invested in money market instruments as the Board may deem fit.

3. RATIONALE

Jeta Gardens is principally involved in the development of retirement and aged care facilities as well as the operation of retirement village and aged care business.

Jeta Gardens currently is the operator of the Jeta Gardens Aged Care and Retirement Village located at 27 Clarendon Avenue, Bethania, Queensland 4205, Australia. The details of the Jeta Gardens Aged Care and Retirement Village, which has been developed are as shown below. The following are also operated by Jeta Gardens :-

No.	Item	Years in Operation	Occupancy
1.	Retirement Village ⁽ⁱ⁾ - 23 villas - 32 apartments	Started in 2007 (approximately 15 years)	41 units (27 villas and 14 apartments) occupied (63%)
2.	Retirement Village ⁽ⁱⁱ⁾ - 10 villas	Started in 2012 (approximately 10 years)	
3.	Opal Aged Care Facility ⁽ⁱ⁾ - 106 beds	Started in 2007 (approximately 15 years)	150 beds occupied (84.2%)
4.	Jade Aged Care Facility ⁽ⁱⁱ⁾ - 72 beds	Started in 2015 (approximately 7 years)	

Notes:-

- (i) Owned by Al'-Aqar Healthcare Real Estate Investment Trust ("Al'-Aqar REIT"); and
- (ii) Building(s) owned by Jeta Gardens, land owned by Al'-Aqar REIT

For the past 3 financial years from 2019 to 2021, Jeta Group had recorded loss before taxation ranging from AUD3.98 million to AUD6.14 million (equivalent to RM12.0 million to RM18.5 million) per annum. As at 31 December 2021, Jeta Group has a deficit in working capital, with the current liabilities exceeding current assets by AUD15.25 million (equivalent to RM46.0 million), and net liabilities of AUD24.99 million (equivalent to RM75.4 million).

The Proposed Disposal enables Jeta Gardens to raise AUD6,500,000 (equivalent to RM19,611,800). The proceeds from the Proposed Disposal would be used to retire the loan taken from Malayan Banking Berhad for which the Lands have been charged as collateral. The balance cash of AUD3,964,000 (equivalent to RM11,960,181) would be used to fund its working capital.

4. RISK IN RELATION TO THE PROPOSED DISPOSAL

The completion of the Proposed Disposal is dependent on the satisfaction of the condition precedent to the Proposed Disposal, i.e. the Shareholders' Approval Condition. There is no assurance that such condition precedent can be completed by the Settlement Date, and in the event of non-fulfilment of the said condition precedent by the Settlement Date, the CCLB will be terminated. KPJ will use its best endeavours to take all the reasonable steps to ensure satisfaction of the condition precedent to ensure completion of the Proposed Disposal.

The Disposal Consideration of AUD6.5 million (equivalent to RM19.6 million) will be in AUD and the proceeds will largely be used for Jeta Gardens working capital and repayment of bank borrowings which will also be in AUD. As such, Jeta Gardens has not taken any actions to mitigate its foreign exchange risks.

Save for the above completion risk, the Board does not foresee any other material risk factors which could materially affect the Proposed Disposal.

5. EFFECTS OF THE PROPOSED DISPOSAL

5.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of KPJ as it does not involve any issuance of new Shares in KPJ.

5.2 NA, NA per share and gearing

For illustration purposes, based on the audited consolidated financial statements of KPJ for the FYE 31 December 2022, assuming that the Proposed Disposal had been effected on the last day of the financial year, the financial impact to KPJ Group's NA, NA per share and gearing for FYE 31 December 2022 are as follows:-

	Audited	
	FYE 31 December	After the Proposed
	2022	Disposal
	(RM'000)	(RM'000)
Share capital	976,329	976,329
Treasury shares	(155,310)	(155,310)
Merger reserve	(3,367)	(3,367)
Exchange reserve	1,764	1,764
Fair value through other comprehensive income	(217)	(217)
Revaluation reserve	237,733	237,733
Share options reserve	40,276	40,276
Retained earnings	1,130,052	(i) 1,129,537
Equity attributable to owners of the Company/ NA	<u>2,227,260</u>	<u>2,226,745</u>
Non-controlling interests	126,958	126,909
Total equity	<u>2,354,218</u>	<u>2,353,654</u>
No. of shares in issue (excluding treasury shares) ('000)	4,343,221	4,343,221
NA per share (RM)	0.51	0.51

	Audited	
	FYE 31 December 2022	After the Proposed Disposal
	(RM'000)	(RM'000)
Total borrowings ⁽ⁱⁱ⁾	1,887,178	1,879,867
Gearing (<i>times</i>)	0.85	0.84

Notes:-

- (i) After taking into consideration the loss on sale of the Lands of RM0.065 million and after deducting the estimated expenses for the Proposed Disposal of RM450,000.
- (ii) Assuming the repayment of Jeta Gardens' Banking Facilities amounting to AUD2.423 million (equivalent to RM7.311 million from the proceeds of the Proposed Disposal).

5.3 Earnings and EPS

For illustration purposes, based on the audited consolidated financial statements of KPJ for FYE 31 December 2022, assuming the Proposed Disposal was completed at the beginning of the financial year, the financial effects on the KPJ Group's earnings and EPS are as follows:-

	Amount
	(RM'000)
Profit attributable to owners of the Company (continuing operations)	171,992
Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities	310
Less: Loss on sale of the Lands ⁽ⁱ⁾	(65)
Less: Other estimated expenses for the Proposed Disposal ⁽ⁱⁱ⁾	(450)
Proforma profit attributable to owner of the Company (continuing operations)	171,787
Weighted average number of Shares in issue ('000)	4,341,403
Basic EPS before the Proposed Disposal (sen)	3.96
Basic EPS after the Proposed Disposal (sen)	3.96

Notes:-

- (i) Expected proforma loss arising from the Proposed Disposal.

Although the Disposal Consideration of AUD6.5 million (equivalent to RM19.61 million) is above the net book value of the Lands, the Proposed Disposal is expected to give rise to approximately RM0.065 million loss on disposal to the KPJ Group due to the cost incurred for the sale of Lands, details of which are set out below:-

	Amount
Disposal Consideration (in AUD'000)	6,500
Less: Net book value of the Lands as at 31 December 2022 (in AUD'000)	(6,282)
Proforma gross gain arising from the Proposed Disposal in AUD	218
	In RM'000
Proforma gross gain arising from the Proposed Disposal in RM	658
Less: Incidental cost for sale of Lands (agent and legal costs) based on the exchange rate as at LPD	(772)
Expected proforma loss from the Proposed Disposal	(114)
KPJ's portion of the loss @ 57% shareholdings in Jeta Gardens	(65)

(ii) *These estimated expenses are in addition to the incidental costs for sale of the Lands of RM0.77 million as stated above.*

Approximately AUD3.96 million (equivalent to approximately RM11.96 million of disposal proceeds are earmarked for Jeta Gardens' working capital for the next 12 months. This would give rise to annual interest savings cost of AUD0.19 million (equivalent to RM0.57 million) assuming Jeta Gardens finances its working capital through bank borrowings at 4.75% per annum.

6. PERCENTAGE RATIO

The highest percentage ratio applicable for the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 11.35% (including the percentage ratio of the sale and leaseback proposal with Al-Aqar REIT announced on 2 September 2022 ("**Sale and Leaseback**") of 8.99% and the rental revision of a property located in Australia with Al-Aqar Australia Pty Ltd announced on 15 October 2021 ("**Rental Revision**") of 1.42%).

KPJ, through its subsidiaries namely Pasir Gudang Specialist Hospital Sdn Bhd, Penang Specialist Hospital Sdn Bhd and Maharani Specialist Hospital Sdn Bhd, had on 2 September 2022 entered into sale purchase agreements for the properties disposed (i.e., KPJ Pasir Gudang Specialist Hospital land and building, TMC Health Care building and a new building forming part of KPJ Seremban Specialist Hospital) for a sale consideration of RM192.0 million, which was satisfied via a combination of cash of RM167.0 million and allotment and issuance of RM20.5 million new units in Al-Aqar REIT ("**Consideration Units**") at an issue price of RM1.22 per Consideration Unit amounting to RM25.0 million. AmanahRaya Trustee Berhad (representing Al-Aqar REIT), shall grant the lease of the said properties to the said subsidiaries subject to the terms and conditions of the lease agreements. KPJ shareholders had approved the Sale and Leaseback on 12 December 2022 and the Sale and Leaseback was completed on 23 December 2022.

On 15 October 2021, KPJ, through its wholly owned subsidiary, Jeta Gardens (Qld) Pty Ltd, entered into an amendment to lease with Al Aqar Australia Pty Ltd ("**AAA**") to vary the existing lease agreement dated 25 October 2011 (including any amendment, supplemental or variation to the existing lease agreement) for the properties owned by AAA ("**Amendment to Lease**"). The Amendment to Lease is to, amongst others, reflect the terms of the rental rate revision in respect of the lease of the Jeta Gardens Aged Care Facility and Retirement Village ("**Rental Revision**"). The Rental Revision was completed on 15 October 2021.

The details of the Sale and Leaseback as well as the Rental Revision has been included in the circular to shareholders dated 22 November 2022.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the approval of the shareholders of KPJ at an EGM to be convened for the Proposed Disposal.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by KPJ.

8. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

As at LPD, saved as disclosed below, the Board is not aware of any outstanding corporate exercise which has been announced by the Company but pending completion prior to the printing of this Circular.

KPJ had on 1 March 2023 announced that KPJ's subsidiaries, Kumpulan Perubatan (Johor) Sdn Bhd, Crossborder Aim (M) Sdn Bhd and Crossborder Hall (M) Sdn Bhd had on 1 March 2023 entered into a share sale agreement with PT Nusautama Medicalindo for the proposed disposal of its Indonesian hospital operations and facilities relating to KPJ Medica at a provisional purchase price of Indonesian Rupiah equivalent of RM13,663,488, subject to adjustment based on closing cash, closing debt and closing working capital.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

As at LPD, the interest of the Interested Directors and Interested Major Shareholders are as follows.

9.1 Interested Directors' Interest

The directors who are deemed interested in the Proposed Disposal are as follows:-

- (i) Datuk Md Arif bin Mahmood, the Non-Independent Non-Executive Chairman of KPJ, is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ;
- (ii) Rozaini bin Mohd Sani is a Non-Independent Non-Executive Director of KPJ and also a senior management of JCorp; and
- (iii) Shamsul Anuar bin Abdul Majid is a Non-Independent Non-Executive Director of KPJ and also a senior management of JCorp.

Khairuddin bin Jaflus, who is an Independent Non-Executive Director of KPJ and also an independent non-executive director of JLand Group Sdn Bhd, a wholly-owned subsidiary of JCorp, on a voluntary basis, had informed that he will abstain from all deliberations at the relevant Board meetings for the Proposed Disposal.

(collectively referred to as “Interested Directors”).

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of the Proposed Disposal at the relevant Board meetings of the Company. The Interested Directors will also abstain from the voting and have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of KPJ.

As at LPD, save for Datuk Md Arif bin Mahmood who holds 60,000 ordinary shares in KPJ, the other Interested Directors do not have any shareholdings in KPJ.

9.2 Interested Major Shareholder's Interest

JLand Australia is a wholly-owned subsidiary of JLand, which in turn is a wholly-owned subsidiary of JCorp. As such, JCorp is deemed interested in the Proposed Disposal (“Interested Major Shareholder”).

The direct and indirect shareholdings of the Interested Major Shareholder in KPJ as at LPD are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
	'000		'000	
JCorp	1,545,916	35.55 ⁽ⁱⁱ⁾	417,760	(i)9.61 ⁽ⁱⁱ⁾

Notes:-

- (i) Deemed interested by virtue of its shareholdings in Kulim (Malaysia) Berhad, Johor Ventures Sdn. Bhd., RHB Nominees (Tempatan) Sdn. Bhd. for JCorp Capital Solutions Sdn. Bhd., JLand and Waqaf An-Nur Corporation Berhad pursuant to Section 8(4) of the Act.
- (ii) Based on the number of shares as at LPD (less treasury shares)

Accordingly, JCorp will abstain from voting in respect of its direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. In addition, JCorp will ensure that persons connected to it, if any, will abstain from voting in respect of their direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

10. TRANSACTIONS WITH JCORP FOR THE PRECEDING 12 MONTHS

Save for the Sale and Leaseback proposal with Al-'Aqar REIT announced on 2 September 2022 and completed on 23 December 2022, there were no transactions (excluding transactions in the ordinary course of business) entered into between KPJ and JCorp for the preceding 12 months from the LPD.

11. AUDIT COMMITTEE'S STATEMENT

The audit committee of KPJ (save for Rozaini bin Mohd Sani and Khairuddin bin Jaflus), after having considered all aspects of the Proposed Disposal, including the rationale and financial effects of the Proposed Disposal, valuation of the Lands ascribed by the Independent Valuer as well as the independent advice by the Independent Adviser, is of the opinion that the Proposed Disposal is fair, reasonable and on normal commercial terms and are in the best interests of the Company and not detrimental to the interest of the minority shareholders.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, save for the Interested Directors, after having considered all aspects of the Proposed Disposal, including the rationale and financial effects of the Proposed Disposal, valuation of the Lands as ascribed by the Independent Valuer as well as the independent advice by the Independent Adviser for the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interests of the Company.

Accordingly, the Board (save for Interested Directors) recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.

13. ADVISERS

AmInvestment Bank has been appointed as the Principal Adviser for the Proposed Disposal.

The Proposed Disposal is deemed a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. In this relation, the Board had appointed BDOCC as the Independent Adviser on 20 October 2022 to undertake the following:-

- (i) to comment as to whether the Proposed Disposal is:-
 - (a) fair and reasonable so far as the non-interested shareholders of KPJ are concerned; and
 - (b) to the detriment of the non-interested shareholders of KPJ, and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) to advise the non-interested Directors of the Company and the non-interested shareholders of KPJ on the Proposed Disposal, and whether the non-interested shareholders of KPJ should vote in favour of the Proposed Disposal; and
- (iii) to take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

14. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances and subject to the fulfilment of the condition precedent as set out in the Supplemental Letter, the Proposed Disposal is expected to be completed in the 2nd quarter of the year 2023.

The estimated timeframe for the Proposed Disposal is as follows:-

<u>Date</u>	<u>Event</u>
Mid April 2023	<ul style="list-style-type: none">- EGM to approve the Proposed Disposal- Settlement of the Disposal Consideration- Completion of the Proposed Disposal

15. EGM

The EGM of the Company in relation to the Proposed Disposal will be conducted virtually using the remote participation and voting (“**RPV**”) facilities to be provided by the poll administrator via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Wednesday, 12 April 2023 at 11.00 a.m. for the purpose of considering, and if thought fit, passing the ordinary resolution to give to the Proposed Disposal as set out in the Notice of EGM and the Proxy Form which is enclosed in this Circular and are also available to be downloaded from the Company’s website at <https://kpj.listedcompany.com/egm.html>.

As a shareholder, you are encouraged to go online, participate and vote at the aforesaid EGM using the RPV facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the office of the poll administrator or alternatively, you may lodge your Proxy Form at the office of the poll administrator or alternatively, you may lodge your Proxy Form by electronic means via TIIH Online website at <https://tiih.online>. The completed Proxy Form must be deposited/lodged not less than 48 hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from participating and voting in person at the said EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of Directors
KPJ HEALTHCARE BERHAD

HISHAM BIN ZAINAL MOKHTAR
Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER BY BDOCC TO THE NON-INTERESTED
SHAREHOLDERS OF KPJ IN RELATION TO THE PROPOSED DISPOSAL**



EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary shall have the same meanings as defined in the "Definitions" section of the Circular except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Executive Summary are ascribed to BDOCC, being the Independent Adviser for the Proposed Disposal.

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED DISPOSAL. THE SHAREHOLDERS OF KPJ ARE ADVISED TO READ AND UNDERSTAND THIS INDEPENDENT ADVICE LETTER ("IAL") IN ITS ENTIRETY, TOGETHER WITH PART A OF THE CIRCULAR AND THE APPENDICES THERETO FOR ANY OTHER RELEVANT INFORMATION, AND ARE NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE PROPOSED DISPOSAL. YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION RELATING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

1. INTRODUCTION

On 13 September 2022, the Board announced that Jeta Gardens, had entered into a CCLB with JLand Australia on 12 September 2022, for the proposed disposal of the Lands for a total cash consideration of AUD6,500,000 (equivalent to RM19,611,800).

On 17 January 2023, Jeta Gardens had issued the Supplemental Letter to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the Shareholders' Approval Condition. The Supplemental Letter has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023.

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholders of KPJ as set out in **Section 9, Part A** of the Circular.

Pursuant to the above, BDOCC was appointed by KPJ on 20 October 2022 as the Independent Adviser to advise the non-interested shareholders of KPJ in relation to the fairness and reasonableness of the Proposed Disposal and whether the Proposed Disposal is detrimental to the non-interested shareholders of KPJ.

The purpose of this IAL is to provide the non-interested shareholders of KPJ with an independent evaluation on the fairness and reasonableness of the Proposed Disposal, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

EXECUTIVE SUMMARY

2. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following:

Section in this IAL	Area of Evaluation	Our Evaluation
Section 7	Rationale of the Proposal Disposal	<p>Jeta Gardens is principally involved in the development of retirement and aged care facilities as well as the operation of retirement village and aged care business.</p> <p>We noted that for the past 3 financial years from 2019 to 2021, Jeta Group had recorded loss before taxation ranging from AUD3.98 million – AUD6.14 million (equivalent to RM12.0 million to RM18.5 million) per annum. As at 31 December 2021, Jeta Group has a deficit in working capital, with the current liabilities exceeding current assets by AUD15.25 million (equivalent to RM46.0 million), and net liabilities of AUD24.99 million (equivalent to RM75.4 million).</p> <p>We noted that the Proposed Disposal would enables Jeta Gardens to raise AUD6.5 million (equivalent to RM19.61 million).</p> <p>Jeta Gardens intends to utilise AUD2.42 million (equivalent to RM7.31 million) of the cash proceeds for settlement of term loan and the short-term revolving credit given by Malayan Banking Berhad for which the Lands had been charged as collateral. We also noted that AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for general working capital which are intended to be utilised for Jeta Gardens' day to day operational expenses which include, amongst others, payment to suppliers, statutory and administrative payments, staff cost and office related expenses.</p> <p>We also noted that the early repayment of Jeta Gardens' Banking Facilities of AUD2.42 million (equivalent to RM7.31 million) is expected to result in interest savings of approximately AUD0.10 million (equivalent to RM0.30 million).</p> <p>We also noted that approximately AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for Jeta Gardens' working capital for the next 12 months which would give rise to an additional annual interest savings cost of approximately AUD0.19 million (equivalent to RM0.57 million) on the assumption that Jeta Gardens finances its working capital through bank borrowings at 4.75% per annum.</p> <p>Based on the above, we are of the view that the rationale of the Proposed Disposal is reasonable and not detrimental to the non-interested shareholders of KPJ.</p>
Section 8	Basis and justification of the Disposal Consideration	<p>We are of the view that the market/comparison approach adopted by the Independent Valuer as the only method in arriving at the market value of the Lands are reasonable as there is no valid development order or planning approval for the Lands as at the date of valuation.</p>

Section in this IAL	Area of Evaluation	Our Evaluation
		<p>We are of the view that the adopted market value for the valuation of the Lands of AUD6,500,000 which were derived based on the adjusted land value of Comparable 1 (as detailed in Section 8.1 of this IAL), is fair due to the following:</p> <ul style="list-style-type: none"> (i) The bases and assumptions used by the Independent Valuer in deriving the respective adjusted land values of the comparables are reasonable; (ii) The selection of Comparable 1 as the best comparable is reasonable as it has the least dissimilarities (i.e. -20% adjustment) against the Lands. The adjustments for Comparable 2 and Comparable 3 are 50% and 65%, respectively. <p>The Disposal Consideration of AUD6,500,000 (approximately RM19,611,800) is equivalent to the market value of the Lands of AUD6,500,000 (approximately RM19,611,800).</p> <p>As such, we are of the view that the Disposal Consideration is <u>fair</u>.</p>
Section 9	Evaluation of the salient terms of the CCLB and Supplemental Letter	<p>We are of the view that the salient terms of the CCLB and Supplemental Letter are <u>reasonable</u> and <u>not detrimental</u> to the interest of the non-interested shareholders of KPJ.</p>
Section 10	Effects of the Proposed Disposal	<p>The effects of the Proposed Disposal are as follows:</p> <ul style="list-style-type: none"> (i) <u>Issued share capital and substantial shareholders' shareholdings</u> <p>The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of KPJ as the Proposed Disposal does not involve any issuance of new Shares by KPJ.</p> (ii) <u>NA, NA per share and gearing</u> <p>The Proposed Disposal is not expected to have a material effect on the proforma NA per KPJ Share as it is projected to remain at RM0.51 after taking into consideration the loss on sale of the Lands attributable to the owners of KPJ of RM65,000 and after deducting the other estimated expenses for the Proposed Disposal of RM450,000 which has minimal impact to KPJ's audited NA as at 31 December 2022.</p> <p>The Proposed Disposal will decrease the proforma gearing of KPJ from 0.85 times to 0.84 times upon completion of the Proposed Disposal due to the repayment of Jeta Gardens' Banking Facilities amounting to AUD2.423 million (equivalent to RM7.31 million).</p>

Section in this IAL	Area of Evaluation	Our Evaluation										
		<p>(iii) <u>Earnings and EPS</u></p> <p>The Proposed Disposal is expected to result in a one-off proforma loss attributable to owners of KPJ of RM205,000, mainly arising from:</p> <table border="1" data-bbox="722 539 1377 842"> <thead> <tr> <th></th> <th style="text-align: right;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Loss on sale of the Lands attributable to owners of KPJ</td> <td style="text-align: right;">(65)</td> </tr> <tr> <td>Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities</td> <td style="text-align: right;">310</td> </tr> <tr> <td>Less: Other estimated expenses for the Proposed Disposal</td> <td style="text-align: right;">(450)</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>(205)</u></td> </tr> </tbody> </table> <p>Accordingly, the Proposed Disposal is not expected to have a material effect on the proforma EPS of KPJ as it is projected to remain at RM3.96 following the one-off proforma loss attributable to owners of KPJ arising from the Proposed Disposal of RM205,000 which has minimal impact to KPJ's audited profit for the FYE 31 December 2022.</p> <p>Based on the above, the overall effects of the Proposed Disposal are <u>reasonable</u> and <u>not detrimental</u> to the interests of the non-interested shareholders of KPJ.</p>		RM'000	Loss on sale of the Lands attributable to owners of KPJ	(65)	Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities	310	Less: Other estimated expenses for the Proposed Disposal	(450)	Total	<u>(205)</u>
	RM'000											
Loss on sale of the Lands attributable to owners of KPJ	(65)											
Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities	310											
Less: Other estimated expenses for the Proposed Disposal	(450)											
Total	<u>(205)</u>											
Section 11	Economic and market overview	We are of the view that the economic and market conditions appear to be favourable to the operations of KPJ Group. Nonetheless, we wish to highlight that the Proposed Disposal is subject to the risk factor as disclosed in Section 12 of this IAL .										
Section 12	Risk in relation to the Proposed Disposal	<p>In considering the Proposed Disposal, the non-interested shareholders of KPJ are advised to give careful consideration to the risk factor as set out in Section 4, Part A of the Circular.</p> <p>We wish to highlight that although measures will be taken by KPJ to limit or mitigate the risk highlighted herein, no assurance can be given that the abovementioned risk factor will not crystallise and give rise to material and adverse impact on the operations and financial performance, position or prospects of KPJ.</p>										

3. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposed Disposal is **fair** and **reasonable** and is **not detrimental** to the non-interested shareholders of KPJ.

Accordingly, we advise and recommend that the non-interested shareholders **vote in favour** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.



22 March 2023

To: The non-interested shareholders of KPJ Healthcare Berhad

Dear Sir / Madam,

KPJ HEALTHCARE BERHAD (“KPJ” OR THE “COMPANY”)

INDEPENDENT ADVICE LETTER (“IAL”) TO THE NON-INTERESTED SHAREHOLDERS OF KPJ IN RELATION TO THE PROPOSED DISPOSAL

This IAL has been prepared to accompany the Circular in relation to the Proposed Disposal. Definitions or defined terms used in this IAL shall have the same meanings as defined in the “Definitions” section of the Circular, except where the context requires otherwise or as otherwise defined.

All references to “we”, “us” and “our” in this IAL are ascribed to BDOCC, being the Independent Adviser for the Proposed Disposal.

1. INTRODUCTION

On 13 September 2022, the Board announced that Jeta Gardens, had entered into a CCLB with JLand Australia on 12 September 2022, for the proposed disposal of the Lands for a total cash consideration of AUD6,500,000 (equivalent to RM19,611,800).

On 17 January 2023, Jeta Gardens had issued the Supplemental Letter to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter alia that the CCLB is conditional upon the Shareholders’ Approval Condition. The Supplemental Letter has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023.

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholders of KPJ as set out in **Section 9, Part A** of the Circular.

Pursuant to the above, BDOCC was appointed by KPJ on 20 October 2022 as the Independent Adviser to advise the non-interested shareholders of KPJ in relation to the fairness and reasonableness of the Proposed Disposal and whether the Proposed Disposal is detrimental to the non-interested shareholders of KPJ.

The purpose of this IAL is to provide the non-interested shareholders of KPJ with an independent evaluation on the fairness and reasonableness of the Proposed Disposal, together with our recommendation thereon, subject to the limitations of our role and evaluation as specified in this IAL.

NON-INTERESTED SHAREHOLDERS OF KPJ ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR, TOGETHER WITH THE ACCOMPANYING APPENDICES, AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.



2. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The Proposed Disposal is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors and Interested Major Shareholders of KPJ as set out in **Section 9, Part A** of the Circular.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED DISPOSAL

BDOCC was not involved in the formulation of the Proposed Disposal and/or any deliberations and negotiations pertaining to the terms and conditions of the Proposed Disposal. BDOCC's terms of reference as an Independent Adviser is limited to expressing an independent evaluation of the Proposed Disposal which is based on the information provided to us or which are available to us, including but not limited to the following:

- (i) The information contained in Part A of the Circular and the appendices attached thereto;
- (ii) CCLB dated 12 September 2022 entered between Jeta Gardens and JLand Australia in relation to the Proposed Disposal;
- (iii) Supplemental Letter dated 17 January 2023 issued by Jeta Gardens to JLand Australia to vary the CCLB and to include additional terms and conditions into the CCLB which has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023;
- (iv) Valuation report dated 23 November 2022 prepared by Cheston in relation to the valuation of the Lands;
- (v) Discussions with and representations by the Board and management of KPJ on 14 December 2022 and 21 February 2023;
- (vi) Other relevant information, documents, confirmations and representations furnished to us by the Board and management of KPJ; and
- (vii) Other publicly available information which we deemed to be relevant.

We have made such reasonable enquiries to the Board and management of KPJ and have relied upon the information and/or documents as mentioned above as well as the relevant facts and information and/or representations necessary for our evaluation of the Proposed Disposal that have been disclosed to us, and that such information is accurate, valid and there is no omission of material facts which would make any information provided to us to be incomplete, misleading or inaccurate. We express no opinion on any such information and have not undertaken any independent investigation into the business and affairs of KPJ and all relevant parties involved in the Proposed Disposal. Based on the above, we are satisfied with the information and documents provided by KPJ and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL.

In rendering our advice, we had taken note of pertinent issues, which we believe are necessary and important to assess the implications of the Proposed Disposal and therefore of general concern to the shareholders of KPJ. As such:

- (i) The scope of BDOCC's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the terms and conditions of the Proposed Disposal. Comments or points of consideration which may be commercially oriented such as the rationale and effects of the Proposed Disposal are included in our overall evaluation as we deem it necessary for disclosure



purposes to enable the shareholders of KPJ to consider and form their views thereon. We do not express an opinion on legal, accounting and taxation issues relating to the Proposed Disposal;

- (ii) BDOCC's views and advice as contained in this IAL only cater to the shareholders of KPJ at large and not to any shareholder individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual shareholder or any specific group of shareholders; and
- (iii) We recommend that any individual shareholder or group of shareholders of KPJ who are in doubt as to the action to be taken or require advice in relation to the Proposed Disposal in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, should consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us as at the LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account the information, events and conditions arising after the LPD.

The Board has seen and approved the contents of this IAL. They collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this IAL (save for the assessment, evaluation and opinion of BDOCC) and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any information in this IAL false or misleading.

The responsibility of the Board in respect of the independent advice and expression of opinion by BDOCC in relation to the Proposed Disposal as set out in **Section 1, Appendix III** of the Circular, is to ensure that accurate information in relation to KPJ was provided to BDOCC for its evaluation of the Proposed Disposal and to ensure that all information in relation to KPJ that is relevant to BDOCC's evaluation of the Proposed Disposal has been completely disclosed to BDOCC and that there is no omission of material facts which would make any information provided to BDOCC false or misleading.

We shall notify the shareholders of KPJ if, after the despatch of this IAL, we become aware of the following:

- (i) significant change affecting the information contained in this IAL;
- (ii) there is a reasonable ground to believe that the statements in this IAL are misleading/deceptive; and
- (iii) there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the shareholders of KPJ.



4. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that it is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of BDOCC's appointment as the Independent Adviser in respect of the Proposed Disposal.

Save as disclosed below and current appointment as the Independent Adviser of the Proposed Disposal, BDOCC did not have any other professional relationship with KPJ at any time during the past 2 years prior to the date of this IAL:

- (i) Appointment as the independent adviser on 25 November 2021 in relation to the proposed sale and leaseback of 3 real property assets involving subsidiaries of KPJ, namely Pasir Gudang Specialist Hospital Sdn Bhd, Penang Specialist Hospital Sdn Bhd and Maharani Specialist Hospital Sdn Bhd with Al-'Aqar Healthcare REIT, in view of the interests of:
 - (a) the interested major shareholder of KPJ, namely JCorp, where Damansara REIT Managers Sdn Berhad (Company Registration No. 200501035558 (717704-V)), being the manager of Al-'Aqar Healthcare REIT ("**DRMSB**") is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp; and
 - (b) the interested directors of KPJ, namely Datuk Md Arif Bin Mahmood (being persons connected to JCorp by virtue of him being a Board representative of JCorp in KPJ), Dato' Mohd Redza Shah Bin Abdul Wahid (being an Independent Non-Executive Chairman of DRMSB), Rozaini Bin Mohd Sani (being a senior management of JCorp) and Shamsul Anuar Bin Abdul Majid (being a Non-Independent Non-Executive Director of DRMSB and also a senior management of JCorp).

The service provided is not related to the Proposed Disposal.

5. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions, due diligence works and mergers and acquisitions.

The credentials and experience of BDOCC as an independent adviser, where we have been appointed in the past 2 years prior to the date of this IAL, include the following proposals:

- (i) Appointment by Eastern & Oriental Berhad as the independent adviser for the conditional mandatory take-over offer by Amazing Parade Sdn Bhd to acquire all the remaining ordinary shares in Eastern & Oriental Berhad not already owned by Amazing Parade Sdn Bhd, Datuk Tee Eng Ho, Datin Toh Siew Chuon and Tee Eng Seng and persons acting in concert with them for a cash consideration of RM0.60 per offer share. Our independent advice circular was issued on 26 April 2021;
- (ii) Appointment by MAG Holdings Berhad as the independent adviser in relation to the proposed acquisition of 100% equity interest of North Cube Sdn Bhd for a purchase consideration of RM200.00 million. Our independent advice letter was issued on 10 June 2021;



- (iii) Appointment by Damansara Realty Berhad as the independent adviser in relation to the proposed disposal of a real property asset to a related party for a total cash consideration of approximately RM38.42 million. Our independent advice letter was issued on 8 July 2021;
- (iv) Appointment by OCR Group Berhad as the independent adviser in relation to the proposed acquisition of 50% equity interest in Stack Builder Sdn Bhd, proposed acquisition of 100% equity interest in Wonderland Projects Sdn Bhd and proposed settlement by OCR Group Berhad of shareholders' advances owing by Wonderland Projects Sdn Bhd to the Wonderland Projects Sdn Bhd's vendors. Our independent advice letter was issued on 2 November 2021;
- (v) Appointment by MPH Capital Berhad as the independent adviser in relation to the proposed disposal of 51% equity interest in MPI Generali Insurans Berhad to Generali Asia N.V. for a total cash consideration of RM485.00 million, subject to adjustments. Our Independent advice letter was issued on 28 June 2022;
- (vi) Appointment by Citaglobal Berhad as the independent adviser in relation to the proposed acquisition of 100% equity interest in Citaglobal Engineering Services Sdn Bhd from the vendor for a purchase consideration of RM140.00 million, to be satisfied via issuance of consideration shares. Our Independent advice letter was issued on 21 September 2022;
- (vii) Appointment by Heng Huat Resources Group Berhad as the independent adviser for the conditional mandatory take-over offer by GH Consortium Sdn Bhd to acquire all the offer securities for a cash consideration of RM0.3771 per offer share and RM0.2971 per offer warrant. The independent advice circular was issued on 30 October 2022;
- (viii) Appointment by Iskandar Waterfront City Berhad as the independent adviser in relation to the proposed disposal of a piece of freehold vacant land for a cash consideration of RM53.24 million and settlement of debt owing by the company and its subsidiary amounting to RM50.76 million by way of set-off against the disposal consideration. Our independent advice letter was issued on 31 October 2022;
- (ix) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed sale and leaseback of 3 real property assets involving the interest of related parties. Our independent advice letter was issued 22 November 2022; and
- (x) Appointment by Comintel Corporation Bhd as the independent adviser for the unconditional mandatory take-over offer by JT Conglomerate Sdn Bhd to acquire the offer shares for a cash consideration of RM0.15 per offer share. The independent advice circular was issued on 27 December 2022.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested shareholders of KPJ in relation to the Proposed Disposal.

6. EVALUATION OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken into consideration the following factors in forming our opinion:

	Section in this IAL
1. Rationale of the Proposal Disposal	7
2. Basis and justification of the Disposal Consideration	8
3. Evaluation of the salient terms of the CCLB and Supplemental Letter	9
4. Effects of the Proposed Disposal	10
5. Economic and market overview	11
6. Risk in relation to the Proposed Disposal	12

7. RATIONALE OF THE PROPOSED DISPOSAL

We take cognisance of the rationale of the Proposed Disposal as outlined in **Section 3, Part A** of the Circular.

We further noted that as detailed in **Section 2.5, Part A** of the Circular, the Disposal Consideration of AUD6,500,000 (equivalent to approximately RM19,611,800) is proposed to be utilised in the following manner:

Details of utilisation	Expected timeframe for utilisation from completion of the Proposed Disposal	Amount	
		(AUD'000)	(RM'000) ⁽ⁱ⁾
Repayment of Jeta Gardens' Banking Facilities	Within 1 month	2,423	7,311
Estimated expenses for the Proposed Disposal	Within 1 month	113	341
General working capital	Within 12 months	3,964	11,960
Total		6,500	19,612

Note:

(i) For the purpose of this IAL, the exchange rate used is AUD1.00 to RM3.0172 (based on the middle rate prevailing as at 5.00 p.m. as at the LPD, as published by Bank Negara Malaysia)

Our comments:

Jeta Gardens is principally involved in the development of retirement and aged care facilities as well as the operation of retirement village and aged care business.

We noted that for the past 3 financial years from 2019 to 2021, Jeta Group had recorded loss before taxation ranging from AUD3.98 million – AUD6.14 million (equivalent to RM12.0 million to RM18.5 million) per annum. As at 31 December 2021, Jeta Group has a deficit in working capital, with the current liabilities exceeding current assets by AUD15.25 million (equivalent to RM46.0 million), and net liabilities of AUD24.99 million (equivalent to RM75.4 million).

We noted that the Proposed Disposal would enables Jeta Gardens to raise AUD6.5 million (equivalent to RM19.61 million).

Jeta Gardens intends to utilise AUD2.42 million (equivalent to RM7.31 million) of the cash proceeds for settlement of term loan and the short-term revolving credit given by Malayan Banking Berhad for which the Lands had been charged as collateral. We also noted that AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for general working capital which are intended to be utilised for Jeta Gardens' day to day operational expenses which include, amongst others, payment to suppliers, statutory and administrative payments, staff cost and office related expenses.

We also noted that the early repayment of Jeta Gardens' Banking Facilities of AUD2.42 million (equivalent to RM7.31 million) is expected to result in interest savings of approximately AUD0.10 million (equivalent to RM0.30 million).

We also noted that approximately AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for Jeta Gardens' working capital for the next 12 months which would give rise to an additional annual interest savings cost of approximately AUD0.19 million (equivalent to RM0.57 million) on the assumption that Jeta Gardens finances its working capital through bank borrowings at 4.75% per annum.

Based on the above, we are of the view that the rationale of the Proposed Disposal is reasonable and not detrimental to the non-interested shareholders of KPJ. Nevertheless, non-interested shareholders of KPJ should note that the potential benefits arising from the Proposed Disposal are subject to the risk factor as disclosed in Section 4, Part A of the Circular.

8. BASIS AND JUSTIFICATION OF THE DISPOSAL CONSIDERATION

As stated in **Section 2.3, Part A** of the Circular, the Disposal Consideration for the Proposed Disposal was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the Lands of AUD6.5 million as appraised by the Independent Valuer in its Valuation Report dated 23 November 2022.

The valuation of the Lands have been carried out by using the following method:-

The Lands (Title Reference No.)	Market Value		Valuation Method
	(AUD'000)	(RM'000) ⁽ⁱ⁾	
50082560	6,500	19,612	Market/Comparison Approach
50855907			
Total	6,500	19,612	

Note:

(i) For the purpose of this IAL, the exchange rate used is AUD1.00 to RM3.0172 (based on the middle rate prevailing as at 5.00 p.m. as at the LPD, as published by Bank Negara Malaysia)

We have reviewed the contents of the Valuation Report which was prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents and Property Managers, Malaysia. Accordingly, we are satisfied with the bases and assumptions adopted by the Independent Valuer in arriving at the market value of the Lands.

Based on the Valuation Report, the Independent Valuer highlighted that the Lands comprise the freehold interests in 2 contiguous parcels development land designated for low density residential (developable portion), recreation and open space (remaining land).

As disclosed in **Section 2.1, Part A** of the Circular, the details of the Lands are as follows:

Title Reference No.	50082560	50855907
Lot No.	Lot 5 on RP890048	Lot 1 on SP240417
Description	5.6691 hectares parcel of land designated for low density residential and recreation and open space	<ul style="list-style-type: none"> 5.2670 hectares parcel of land designated for low density residential and recreation and open space A part single and part double storey brick and tile dwelling as well as a detached metal-deck three-car lock-up garage erected on the land⁽ⁱ⁾
Address	76-84 Albert Street, Bethania, Queensland 4205, Australia	86-96 Albert Street, Bethania, Queensland 4205, Australia
Existing Use	Vacant	Vacant
Category of land use	Not applicable ⁽ⁱⁱ⁾	
Express condition(s)	Not applicable ⁽ⁱⁱ⁾	
Tenure	Freehold	Freehold
Land area	5.6691 hectares	5.2670 hectares
Net Book Value @ 31 December 2022	AUD6,281,862 (RM18,953,634)	
Market Value	AUD6,500,000 (RM19,611,800)	
Date of Investment	Note ⁽ⁱⁱⁱ⁾	
Original Cost of Investment	Note ⁽ⁱⁱⁱ⁾	
Encumbrances	Mortgage Loan with Malayan Banking Berhad	

Notes:

- (i) As stated in the Valuation Report, the existing structures within the Lands are old, dilapidated and unoccupied. These structures are not considered in the valuation as there is no functional utility and the Lands are valued at the highest and best use as a development site.
- (ii) According to the Independent Valuer, the category of land use and express condition are only applicable in Malaysian land system but not applicable in Australian land system. However, the land use is controlled by zoning and the permitted uses governed by the planning controls.
- (iii) On 30 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, had acquired 51% equity interest in Jeta Gardens Waterford Trust (the Lands were part of the assets of the trust) for a total cash consideration of RM19.0 million. As at 30 June 2010, the lands were valued in the books at AUD5.6 million (equivalent to RM16.9 million). On 1 January 2013, all of Jeta Gardens Waterford Trust's operations, assets, liabilities and equity were transferred to Jeta Gardens at recorded book values to facilitate the termination of the trust. As at LPD, Kumpulan Perubatan (Johor) Sdn Bhd has 57% equity interest in Jeta Gardens.



Based on the table above, we noted that the Independent Valuer had adopted a sole valuation method in the valuation of the Lands which is the market/comparison approach. The market/comparison approach is the market approach of comparing the property with similar properties that were transacted recently within either the same location or other comparable localities. In comparing properties, due consideration is given to factors such as time, location and accessibility, corner/end premium, tenure, size and other relevant factors to arrive at the opinion of value.

The Independent Valuer had adopted the market/comparison approach instead of the income approach by residual/discounted cash flow methods for valuation of the Lands as there was no development approval obtained as at the date of valuation of 9 November 2022. In view of the above, we are of the view that the market/comparison approach adopted by the Independent Valuer as the only method in arriving at the market value of the Lands are reasonable.

For further information in relation to our analysis on the market/comparison approach carried out by the Independent Valuer, please refer to **Section 8.1** of this IAL.

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8.1. Valuation of the Lands

In arriving at the market value of the Lands, the Independent Valuer has compared the Lands with recent and similar comparable transactions and has made adjustments accordingly as summarised below:

	Lands	Comparable 1	Comparable 2	Comparable 3
Lot No.	Lot 5 RP890048 & Lot 1 SP240417	Lot 1 RP109012	Lot 12 RP141318	Lot 12 & Lot 13 RP103534
Town District State	Bethania Logan City Council QLD	Holmview Logan City Council QLD	Holmview Logan City Council QLD	Browns Plains Logan City Council QLD
Address	76-84 & 86-96 Albert Street	242 Wuraga Road	316 Wuraga Road	765-775 Wembley Road
Property Type	2 contiguous parcels of development land designated for low density residential (developable portion) and recreation and open space (remaining land) (Intermediate)	A parcel of development land designated for low density residential development (Corner Plot)	A parcel of development land designated for low density residential development (Intermediate Plot)	A parcel of development land designated for low density residential development (Intermediate Plot)
Location	Lands are located on the northern side of Albert Street in Bethania. Our inspection found that the Lands are improved with a single storey residential dwelling.	Comparable 1 has frontages to Wuraga, Teys and Tallanganda Roads. It has no improvements.	Comparable 2 is located on the northern side of Wuraga Road in Holmview. It has been improved by a single residential dwelling and the majority of the site is weavy/undulating in terrain and covered in fairly dense bushland/timber.	Comparable 3 is located on the northern side of Wembley Road within Browns Plains. Comparable 3 consists of 2 adjacent lots, 1 improved with a residential dwelling and the other with a large shed. The site is weavy/undulating in terrain and covered in dense bushland/timber.
Town Planning	Logan Planning Scheme 2015 (V8.1)	Logan Planning Scheme 2015 (V8.1)	Logan Planning Scheme 2015 (V8.1)	Logan Planning Scheme 2015 (V8.1)
Zoning	Low Density Residential (Small Lot) & Recreation and Open Space	Low Density Residential – Small Lot	Low Density Residential – Small Lot	Low Density Residential

	Lands	Comparable 1	Comparable 2	Comparable 3
Approval of Proposal	N/A (Currently there are no development approval application for the site)	Application for development was lodged in March 2018 for an 88 residential lot subdivision. Subsequent revisions proceeded with the final approved given in December 2018 for 52 lots. In December 2020, the construction certificate was issued for stage one of the project.	At the date of transaction there was not any development approval. Application for the development was lodged in August 2020 for the configuration of the 2 lots into 83 residential lots. The application is currently unapproved pending more information from the approval.	At the date of transaction there was not any development approval. Application for the development was lodged in August 2020 for the configuration of the 2 lots into 83 residential lots. The application is currently unapproved pending more information from the approval.
Tenure	Freehold in respect of both titles	Freehold	Freehold	Freehold
Date of Transaction	-	27 May 2022	21 June 2022	21 Jan 2022
Land Area (square meter "sqm")	109,631	56,700	41,800	62,500
Consideration (AUD)	-	10,509,070	3,000,000	5,912,500
Base Value (AUD per square metre "psm")	-	185.35	71.77	94.60
Adjustments:				
(i) Market Condition	-	Similar market condition	Similar market condition	Transacted on 21.1.2022 (during 3 rd wave of Covid-19 pandemic) where there was uncertainty on the property market.
		0%	0%	10%

	Lands	Comparable 1	Comparable 2	Comparable 3
(ii) Location, Accessibility & Surroundings	Located at the main road with commercial surroundings	Comparable is less superior	Comparable is less superior and within the sub-urban of Holmview	Comparable is less superior and within the sub-urban of Browns Plains
(iii) Physical Characteristics / Condition / Terrain	Flat in terrain	Comparable has flat in terrain	Comparable has undulating and weavy terrain	Comparable has undulating and weavy terrain
(iv) Corner / End Premium, Site Constraint	Intermediate plot	Corner plot	Intermediate plot	Intermediate plot
(v) Size	109,631 sqm	Comparable is 1.93 times smaller in size	Comparable is 2.62 times smaller in size	Comparable is 1.75 times smaller in size
(vi) Tenure	Freehold	Freehold	Freehold	Freehold
(vii) Development Approval	Part of the Master Plan Development 2010 of Jeta Garden Age Care & Retirement Village	With development approval and construction certificate	No development approval	No development approval
Total Adjustment (AUD psm)		-37.07	35.89	61.49
Adjusted Land Value (AUD psm)		148.28	107.66	156.09

Notes:

- (i) The Independent Valuer has made upward adjustments of 10%, 25% and 30% for Comparable 1, Comparable 2 and Comparable 3, respectively, to reflect that the Lands are located at the main road with commercial activities in the immediate surroundings which are superior locations compared to Comparable 1, Comparable 2 and Comparable 3.
- (ii) The Independent Valuer has made upward adjustments of 20% for Comparable 2 and Comparable 3, respectively, to reflect that the Lands are generally flat in terrain and with light undergrowth as compared to Comparable 2 and Comparable 3 which are undulating and weavy in terrain and with heavy growth of timber/unknown planting material and thick undergrowth.

- (iii) *The Independent Valuer has made downward adjustment of -5% for Comparable 1 as the Comparable 1 is a corner plot whilst the Lands are an intermediate plot. The Corner plot can have dual accesses and the development can have better exposure and accesses.*
- (iv) *The Independent Valuer has made downward adjustments of -5% for Comparable 1, Comparable 2 and Comparable 3, respectively, to reflect that Comparable 1, Comparable 2 and Comparable 3 are smaller than the Lands and would be easier to sell as they would have larger and more affordable market than the Lands.*
- (v) *The Independent Valuer has made downward adjustment of -20% for Comparable 1 to reflect that as at the date of transaction, Comparable 1 was with benefit of development approval and construction certificate as compared to the Lands which only have the benefit of being part of the Jeta Garden Age Care and Retirement Village master plan 2010.*
- (vi) *The Independent Valuer has made upward adjustments of 10% for Comparable 2 and Comparable 3, respectively, to reflect that as at the date of transaction, that there is no development approval for Comparable 2 and Comparable 3 as compared to the Lands that have the benefit being part of the Jeta Garden Age Care and Retirement Village master plan 2010.*

Our comments:

Based on the above, we noted the following:

- (i) The Independent Valuer has made adjustments to the land value of the comparables for differences in market condition, location/ accessibility/ surroundings, physical characteristics/ condition/ terrain, corner/ end premium, site constraint, size, tenure and development approval;
- (ii) The Lands area comprise 15,000 sqm developable portion (i.e. low density residential which is not flood prone land) and 94,361 sqm remaining land (i.e. recreation and open space which is flood prone land, but benefit from open space amenity, river and creek frontage). The Independent Valuer has selected Comparable 1 as the best comparable on the basis that it has the least dissimilarities against the Lands (i.e. lowest adjustments as compared to other comparable); and
- (iii) The Independent Valuer has adopted AUD148.28 psm from the adjusted value of land of Comparable 1 as fair representation for the valuation of the Lands' developable portion, which translates to AUD2,224,141.80;
- (iv) For the valuation of the remaining land (i.e. recreation and open space), the Independent Valuer has adopted 30% (AUD44.48 psm) of the value of the developable portion which translates to AUD4,197,444.89; and
- (v) Thus, the total market value of the Lands are AUD6,500,000 (after rounding up from AUD6,421,586.68).

We are of the view that the adopted market value for the valuation of the Lands of AUD6,500,000 which was derived based on the adjusted land value of Comparable 1, is fair due to the following:

- (i) The bases and assumptions used by the Independent Valuer in deriving the respective adjusted land values of the comparables are reasonable;
- (ii) The selection of Comparable 1 as the best comparable is reasonable as it has the least dissimilarities (i.e. -20% adjustment) against the Lands. The adjustments for Comparable 2 and Comparable 3 are 50% and 65%, respectively.

8.2 Summary

In arriving at the fairness evaluation of the Proposed Disposal, we have compared the Disposal Consideration against the market value of the Lands as appraised by the Independent Valuer as follows:

Details	AUD	RM ⁽ⁱ⁾
Disposal Consideration	6,500,000	19,611,800
Market value of the Lands as ascribed by the Independent Valuer	6,500,000	19,611,800

Note:

(i) For the purpose of this IAL, the exchange rate used is AUD1.00 to RM3.0172 (based on the middle rate prevailing as at 5.00 p.m. as at the LPD, as published by Bank Negara Malaysia)

Based on the table above, the Disposal Consideration of AUD6,500,000 (approximately RM19,611,800) is equivalent to the market value of the Lands of AUD6,500,000 (approximately RM19,611,800).


As such, we are of the view that the Disposal Consideration is fair.




Nevertheless, non-interested shareholders should also consider the qualitative factors of the Proposed Disposal as set out in the ensuing sections of this IAL to arrive at a holistic view.

9. EVALUATION OF THE SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER


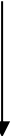
The salient terms of the CCLB and Supplemental Letter are disclosed in **Appendix I** of the Circular. The following sets out only a summary of the salient terms of the CCLB and Supplemental Letter that were considered by us and non-interested shareholders of KPJ are advised to read **Appendix I** of the Circular in its entirety.


	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
1.	<p><u>Disposal Consideration</u></p> <p>The Disposal Consideration is AUD6,500,000.00. The deposit which is 10% of the Disposal Consideration amounting to AUD650,000.00 ("Deposit") shall be paid within 5 business days after the date of the CCLB and the balance of the Disposal Consideration amounting to AUD5,850,000.00 ("Balance Consideration") shall be satisfied by 15 April 2023 or such other date as may be agreed in writing by the parties or fixed pursuant to the conditions of the CCLB ("Settlement Date").</p> <p>For your information, the "business day" referred to in Section 9 of this IAL means a day other than a Saturday or Sunday, a public holiday in Brisbane, Australia or a day in the period 27 to 31 December (inclusive).</p> <p>Note:-</p> <p>* The Balance Consideration is subject to a number of adjustments, where outgoings on the Lands (such as local council rates and charges, water usage, and other taxes on the Lands) are apportioned between the Vendor and the Purchaser and these adjustments are calculated closer to the Settlement Date. No maximum amount or</p>	<p>We noted that the Disposal Consideration is reasonable as it was arrived on a "willing-buyer willing-seller" basis and the Disposal Consideration which is equivalent to the market value of the Lands as appraised by the Independent Valuer.</p> <p>An initial deposit amounting to AUD650,000 have been paid by JLand Australia to the Vendor.</p> <p>We noted that the Balance Consideration payable at the Settlement Date will be subject to adjustments for outgoings on the Lands (such as local council rates and charges, water usage, and other taxes on the Lands) up to and including the date of possession. This term is reasonable and not detrimental to the interest of the non-interested shareholders of KPJ as the outgoing expenses will be apportioned based on</p>

	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
	<p>percentage of the said outgoings that are subject to said adjustment was agreed between the parties.</p> <p>The estimated Balance Consideration as at 15 April 2023 being the Settlement Date is AUD5,852,823.31 (excluding Goods and Services Tax). Goods and Services Tax, calculated at the rate of 10% of the final adjusted Balance Consideration is payable by the Purchaser.</p> <p>* The Deposit has been paid by the Purchaser and shall be refundable to the Purchaser where applicable.</p>	<p>the expenses incurred up to and including the date of possession and is borne by the Vendor and expenses incurred from the date of possession is borne by the Purchaser.</p> <p>We noted the estimated Balance Consideration as at 15 April 2023 being the Settlement Date is AUD5,852,823.31 (excluding Goods and Services Tax).</p>
2.	<p><u>Deposit</u></p> <p>1) If the Purchaser:</p> <ul style="list-style-type: none"> (i) fails to pay the Deposit; (ii) pays the Deposit by cheque which is post-dated; or (iii) pays the Deposit by cheque which is not honoured on presentation; <p>then, the Purchaser shall be in substantial breach of the CCLB and the Vendor may:</p> <ul style="list-style-type: none"> (i) affirm the CCLB and exercise the rights to; <ul style="list-style-type: none"> a) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and b) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay; or (ii) terminate the CCLB and exercise the rights to: <ul style="list-style-type: none"> a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Lands and if the resale is completed within 2 years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages; <p>and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.</p>	<p>We noted that the Deposit amounting to 10% of the Disposal Consideration upon the execution of the CCLB is reasonable as it serves to protect the interest of the Vendor.</p> 

	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
	<p>2) If the CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.</p>	
<p>3.</p>	<p><u>Settlement of Balance Consideration</u></p> <p>1) The Balance Consideration shall be paid on the Settlement Date as the Vendor or the Vendor's solicitor directs in exchange for:</p> <ul style="list-style-type: none"> (i) possession of the Lands (such possession to be vacant except for any lease); (ii) a properly executed transfer for the Lands in favour of the Purchaser capable of immediate registration (after stamping) in the appropriate office free from encumbrances (other than those set out in Section 2, Part A of the Circular) and title to the Lands free from encumbrances (other than those set out in Section 2, Part A of the Circular) but subject to the conditions of the CCLB; (iii) any declaration required, by the Duties Act 2001 to be furnished to procure the stamping of the transfer; (iv) such other instruments or declarations as are required by law to be signed by the Vendor to procure the stamping and/or registration of the transfer; (v) except as otherwise provided in the CCLB, any instrument of title for the Lands required to register the transfer; (vi) notices of assignment issued pursuant to the CCLB; and (vii) all other instruments (which shall be duly stamped) in the possession or control of the Vendor evidencing estates and interests affecting the Lands and which are exclusive to the Lands. 	<p>We noted that the balance 90% of the Disposal Consideration shall be satisfied on the Settlement Date is reasonable to ensure the timely completion of the Proposed Disposal and this serve to protect the interest of KPJ.</p> <div style="text-align: center;">  </div>
<p>4.</p>	<p><u>Conditions Precedent</u></p> <p>1) The CCLB shall be conditional upon KPJ's shareholders' approval on the Proposed Disposal being obtained by the Settlement Date ("Shareholders' Approval Condition").</p> <p>2) For the purpose of satisfying the Shareholders' Approval Condition:</p> <ul style="list-style-type: none"> a. the Vendor shall procure KPJ to hold a shareholders' meeting in relation to the Proposed Disposal ("Meeting"); 	<p>The conditions precedent of the CCLB is reasonable as it requires KPJ to procure its shareholders' approval on the Proposed Disposal.</p> <div style="text-align: center;">  </div>

	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
	<p>b. the Vendor shall forthwith notify the Purchaser of the outcome of the Meeting upon the conclusion of the said Meeting ("Notice"); and</p> <p>c. if the Vendor fails to give such Notice within 24 hours of the conclusion of the Meeting, then the Shareholder Approval Condition shall be deemed satisfied.</p> <p>3) In the event that the Shareholders' Approval Condition is not satisfied and the CCLB is terminated as a result thereto:-</p> <p>a. Vendor shall within 14 business days refund the Purchaser or its nominee the Deposit and other monies paid by the Purchaser under the CCLB; and</p> <p>b. Vendor and Purchaser shall discuss and negotiate in good faith and on best effort basis on the sharing of the costs and expenses incurred by the parties up until 9 December 2022, being the cut-off date agreed by the parties^(a), and incurred by KPJ up to the date of obtaining KPJ's shareholders' approval.</p> <p><i>Note: (a) Which is the date KPJ formally informed JLand of the Shareholders' Approval Condition</i></p> <p>The costs and expenses that are subject to the aforesaid discussion and negotiations may include:</p> <ul style="list-style-type: none"> (i) legal fees and charges; (ii) Australian Foreign Investment Review Board (FIRB) cost; (iii) Stamp duty; (iv) All cost and expenses incurred by the Purchaser for preparing the development application for the subject Lands; (v) All cost and expenses incurred by the Vendor for preparing the Lands for sale including legal fee, agent fee and advertising costs; (vi) All costs and expenses incurred by the Vendor or KPJ, as the case may be, for convening the Meeting. 	<p style="text-align: center;">↓</p> <p>We noted in the event that the Shareholders' Approval Condition is not satisfied and the CCLB is terminated, the Vendor shall refund the Deposit paid to the Purchaser.</p> <p>These terms are reasonable as they allow the Vendor and Purchaser to discuss and negotiate in good faith and on best effort basis on the sharing of the costs and expenses incurred by the parties up until 9 December 2022, being the cut-off date agreed by the parties, and incurred by KPJ up to the date of obtaining KPJ's shareholders' approval.</p> <p>We are of the view that the agreed cut-off date of 9 December 2022 is reasonable and not detrimental to the non-interested shareholders of KPJ as the cut-off date of 9 December 2022 was the date that KPJ formally informed JLand of the Shareholders' Approval Condition.</p> <p style="text-align: center;">↓</p>
5.	<p><u>Events of Default</u></p> <p>1) Events of default by the Purchaser and consequences under the CCLB:-</p> <p>In the event that, the Purchaser fails to:</p>	<p>These terms are reasonable , where in the event the Purchaser default its payment obligation pursuant to the CCLB, the Vendor can affirm the CCLB or terminate the CCLB. These terms</p>

	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
	<p>(i) pay the Balance Consideration before the Settlement Date; or</p> <p>(ii) comply with any of the terms or conditions of the CCLB;</p> <p>then the Vendor may affirm or terminate the CCLB. In the event that, the Vendor:</p> <p>(i) affirms the CCLB, the Vendor may:</p> <p>a) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and</p> <p>b) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay and shall pay the Deposit or any part of the Deposit which is recovered to the stakeholder of the Deposit.</p> <p>(ii) terminates the CCLB, the Vendor may:</p> <p>a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or</p> <p>b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Lands and if the resale is completed within two (2) years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages;</p> <p>and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.</p> <p>2) There is no event of default set out for the Vendor but if the CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.</p>	<p>will safeguard the Vendor and KPJ's interest and are not detrimental to the interest of the non-interested shareholders of KPJ.</p> <p>We noted that there are no events of default set out for the Vendor but if the CCLB is terminated other than due to the Purchaser's default, the Deposit will be refunded to the Purchaser and this term is reasonable.</p> 
6.	<p><u>Development Application</u></p> <p>1) The Vendor acknowledges that the Purchaser may, at its sole cost and expense, lodge a Development Application*.</p> <p>2) Within 20 business days of the Vendor receiving a written request from the Purchaser, the Vendor must, subject to the remainder of this condition, execute and return to the Purchaser all consents and other documents necessary to allow the Purchaser to make a Development Application.</p>	<p>These terms are reasonable where the Vendor allows the Purchaser to make a Development Application at its sole cost and expense.</p> 

	Salient Terms of the CCLB and Supplemental Letter	BDOCC's Comments
	<p>3) The Vendor may refuse to execute any such consents or other documents if it is (acting reasonably) of the opinion that the proposed change of use or reconfiguration envisaged by the Purchaser's Development Application or any party thereof may be materially detrimental to the Vendor or its use or occupation of the Vendor's adjoining land.</p> <p>4) The Purchaser is liable for and indemnifies the Vendor against all liability, loss, penalties, payments, costs, charges and expenses in connection with the making and progressing of the Development Application.</p> <p>5) Without limiting paragraph 2 above, the Vendor is not obliged to lodge an appeal (where an appeal is possible), initiate any review, incur any cost or expense or otherwise take any action in relation to the Development Application.</p> <p>6) Paragraph 2 above ceases to apply upon settlement of the sale and purchase of the Lands in accordance with the terms of the CCLB.</p> <p>Note:- * <i>'Development Application' means an application for a Development Approval and includes any preliminary approvals or steps required to be taken to obtain a Development Approval. 'Development Approval' means an approval under the Planning Act 2016 (Qld) that permits a material change of use for the Lands and/or for the Lands to be lawfully reconfigured in a form and for a use acceptable to the Purchaser in its discretion.</i></p>	<p>This term is reasonable to safeguard the Vendor's interest in relation to the Purchaser's Development Application.</p> <p>This term is reasonable to safeguard the Vendor against all liability, loss, penalties, payments, costs, charges and expenses in connection with the making and progressing of the Development Application.</p> 

Premised on the above, we are of the view that the salient terms of the CCLB and Supplemental Letter are reasonable and not detrimental to the interest of the non-interested shareholders of KPJ.

10. EFFECTS OF THE PROPOSED DISPOSAL

In evaluating the Proposed Disposal, we have taken note of the effects of the Proposed Disposal as set out in **Section 5, Part A** of the Circular. Our comments for the effects of the Proposed Disposal are as follows:

(i) Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of KPJ as the Proposed Disposal does not involve any issuance of new Shares by KPJ.

(ii) NA, NA per share and gearing

As set out in **Section 5.2, Part A** of the Circular, for illustration purposes, the proforma effects of the Proposed Disposal based on the latest audited consolidated financial statements of KPJ for the FYE 31 December 2022, assuming that the Proposed Disposal



had been effected on the last day of the financial year, on KPJ's NA, NA per share and gearing are as follows:

	Audited FYE 31 December 2022 (RM'000)	After the Proposed Disposal (RM'000)
Share capital	976,329	976,329
Treasury shares	(155,310)	(155,310)
Merger reserve	(3,367)	(3,367)
Exchange reserve	1,764	1,764
Fair value through other comprehensive income	(217)	(217)
Revaluation reserve	237,733	237,733
Share options reserve	40,276	40,276
Retained earnings	1,130,052	1,129,537 ⁽ⁱ⁾
Equity attributable to owners of the Company / NA	2,227,260	2,226,745
Non-controlling interests	126,958	126,909
Total equity	2,354,218	2,353,654
No. of shares in issue (excluding treasury shares) (‘000)	4,343,221	4,343,221
NA per share (RM)	0.51	0.51
Total borrowings (RM'000)	1,887,178	1,879,867 ⁽ⁱⁱ⁾
Gearing (times)	0.85	0.84

Notes:

(i) After taking into consideration the loss on sale of the Lands attributable to the owners of KPJ of RM65,000 and after deducting other estimated expenses for the Proposed Disposal of RM450,000.

(ii) Assuming the repayment of Jeta Gardens' Banking Facilities amounting to AUD2.423 million (equivalent to RM7.311 million) from the proceeds of the Proposed Disposal.

(iii) Earnings and EPS

As set out in **Section 5.3, Part A** of the Circular, the proforma effects of the Proposed Disposal based on the latest audited consolidated statement of comprehensive income of KPJ for the FYE 31 December 2022 are as follows:

	Amount (RM'000)
Profit attributable to owners of KPJ (continuing operations)	171,992
Add : Interest saving on early repayment of Jeta Gardens' Banking Facilities	310
Less: Loss on sale of the Lands attributable to owners of KPJ	(65)
Less: Other estimated expenses for the Proposed Disposal	(450)
Proforma profit attributable to owner of KPJ (continuing operations)	171,787
Weighted average number of Shares in issue (‘000)	4,341,403
Basic EPS before the Proposed Disposal (sen)	3.96
Basic EPS after the Proposed Disposal (sen)	3.96

BDOCC's comments:

Based on the proforma effects, we noted the Proposed Disposal will not significantly impact the proforma NA per KPJ Share as the NA per KPJ Share is projected to remain at RM0.51 upon completion of the Proposed Disposal due to minimal loss on sale of the Lands attributable to the owners of KPJ of RM65,000 and other estimated expenses for the Proposed Disposal of RM450,000 representing less than 0.1% of the FYE 31 December 2022 audited NA attributable to shareholders of RM2,227.26 million.

We also noted that the Proposed Disposal will decrease the proforma gearing of KPJ from 0.85 times to 0.84 times upon completion of the Proposed Disposal due to the repayment of Jeta Gardens' Banking Facilities amounting to AUD2.423 million (equivalent to RM7.31 million).

The Proposed Disposal is expected to result in a one-off proforma loss attributable to owners of KPJ of RM205,000, mainly arising from loss on sale of the Lands attributable to the owners of KPJ amounting to RM65,000, other estimated expenses in respect of the Proposed Disposal amounting to RM450,000 and mitigated by interest saving on early repayment of Jeta Gardens' Banking Facilities amounting to RM310,000.

Accordingly, the Proposed Disposal is not expected to have a material effect on the proforma EPS of KPJ as it is projected to remain at RM3.96 following the one-off proforma loss attributable to owners of KPJ arising from the Proposed Disposal of RM205,000 which has minimal impact to KPJ's audited profit for the FYE 31 December 2022.

Based on the above, the overall effects of the Proposed Disposal are reasonable and not detrimental to the interests of the non-interested shareholders of KPJ.

11. ECONOMIC AND MARKET OVERVIEW

We are of the view that the long-term prospect of KPJ Group to be encouraging underpinned by the following key factors:

- (i) Malaysia's economy was expanded by 7.0% in the fourth quarter of 2022 due to support from the stimulus measures and was still above the long-term average of 5.1%. The growth in fourth quarter 2022 was supported by steady household spending, continued investment activity from private investment and resilient demand for electrical and electronics sector and recovery in tourism activities;
- (ii) For the full year of year 2022, the economy was expanded by 8.7% (2021:3.1%);
- (iii) The other services subsectors are projected to rise by 8.5%, driven by private health and education segments. The continuous commitment and active participation of Malaysia Healthcare Travel Council ("**MHTC**") in international conferences and exhibitions to promote Malaysian healthcare services, are expected to boost the private health segment;
- (iv) MHTC estimates healthcare tourism revenue to increase by 30% to RM1.3 billion in year 2023;

*(Source: Economic Outlook 2023, Ministry of Finance ("**MOF**"))*

- (v) Private consumption grew at a pace of 7.4% in fourth quarter of 2022 (third quarter of year 2022: 15.1%), supported by improving labour market conditions and policy measures. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture;
- (vi) Public consumption expanded at a moderate pace of 2.5% (third quarter of year 2022: 4.5%), reflecting continued support from government spending on emolument and supplies and services; and

(Source: Quarterly Bulletin fourth quarter 2022, Bank Negara Malaysia)

- (vii) KPJ Group is optimistic on the outlook of the healthcare industry as it moves beyond the pandemic phase in 2023. The global economic recession and inflationary pressures may pose some downside risks to demand and costs. However, the KPJ Group remains focused in improving its operational efficiency and expanding its existing capacities as it strives to deliver excellent patient care, contributing to a better customer experience. The turnaround in health tourism sector presents an upside which the KPJ Group is well-positioned to leverage on as Malaysia remains a top medical tourism destination in Asia.

(Source: Quarterly Report for the period ended 31 December 2022, KPJ)

Premised on the above, we are of the view that the economic and market conditions appear to be favourable to the operations of KPJ Group. Nonetheless, we wish to highlight that the Proposed Disposal is subject to the risk factor as disclosed in Section 12 of this IAL.

12. RISK IN RELATION TO THE PROPOSED DISPOSAL

In considering the Proposed Disposal, the non-interested shareholders of KPJ are advised to give careful consideration to the risk factor as set out in **Section 4, Part A** of the Circular.

We noted that the completion of the Proposed Disposal is dependent on the satisfaction of the condition precedent to the Proposed Disposal, i.e. the Shareholders' Approval Condition. There is no assurance that such condition precedent can be completed by the Settlement Date, and in the event of non-fulfilment of the said condition precedent by the Settlement Date, the CCLB will be terminated.

We are of the view that the completion risk for the Proposed Disposal is common aspect of similar proposals or arrangements. In the event that the condition precedent is not fulfilled within the stipulated time period i.e. Settlement Date, the CCLB will be terminated and the Proposed Disposal will not proceed.

Notwithstanding that Jeta Gardens has not taken any actions to mitigate its foreign exchange risk, we noted that the balance consideration to be received of approximately AUD5.85 million (equivalent to RM17.65 million) will be in AUD and the proceeds will largely be used for Jeta Gardens working capital and repayment of bank borrowings which will be in AUD as well. As such, we are of the view that the foreign exchange risk is minimal.

We wish to highlight that although measures will be taken by KPJ to limit or mitigate the risk highlighted herein, no assurance can be given that the abovementioned risk factor will not crystallise and give rise to material and adverse impact on the operations and financial performance, position or prospects of KPJ.

13. CONCLUSION AND RECOMMENDATION

You should carefully consider the terms of the Proposed Disposal based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAL, the Circular and any other publicly available information.

In arriving at our conclusion and recommendation, we have taken into account the various consideration factors which are summarised as follows:

Section in this IAL	Area of Evaluation	Our Evaluation
Section 7	Rationale of the Proposal Disposal	<p>Jeta Gardens is principally involved in the development of retirement and aged care facilities as well as the operation of retirement village and aged care business.</p> <p>We noted that for the past 3 financial years from 2019 to 2021, Jeta Group had recorded loss before taxation ranging from AUD3.98 million – AUD6.14 million (equivalent to RM12.0 million to RM18.5 million) per annum. As at 31 December 2021, Jeta Group has a deficit in working capital, with the current liabilities exceeding current assets by AUD15.25 million (equivalent to RM46.0 million), and net liabilities of AUD24.99 million (equivalent to RM75.4 million).</p> <p>We noted that the Proposed Disposal would enables Jeta Gardens to raise AUD6.5 million (equivalent to RM19.61 million).</p> <p>Jeta Gardens intends to utilise AUD2.42 million (equivalent to RM7.31 million) of the cash proceeds for settlement of term loan and the short-term revolving credit given by Malayan Banking Berhad for which the Lands had been charged as collateral. We also noted that AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for general working capital which are intended to be utilised for Jeta Gardens' day to day operational expenses which include, amongst others, payment to suppliers, statutory and administrative payments, staff cost and office related expenses.</p> <p>We also noted that the early repayment of Jeta Gardens' Banking Facilities of AUD2.42 million (equivalent to RM7.31 million) is expected to result in interest savings of approximately AUD0.10 million (equivalent to RM0.30 million).</p> <p>We also noted that approximately AUD3.96 million (equivalent to RM11.96 million) of the Disposal Consideration is earmarked for Jeta Gardens' working capital for the next 12 months which would give rise to an additional annual interest savings cost of approximately AUD0.19 million (equivalent to RM0.57 million) on the assumption that Jeta Gardens finances its working capital through bank borrowings at 4.75% per annum.</p> <p>Based on the above, we are of the view that the rationale of the Proposed Disposal is reasonable and not detrimental to the non-interested shareholders of KPJ.</p>

Section in this IAL	Area of Evaluation	Our Evaluation
Section 8	Basis and justification of the Disposal Consideration	<p>We are of the view that the market/comparison approach adopted by the Independent Valuer as the only method in arriving at the market value of the Lands are reasonable as there is no valid development order or planning approval for the Lands as at the date of valuation.</p> <p>We are of the view that the adopted market value for the valuation of the Lands of AUD6,500,000 which were derived based on the adjusted land value of Comparable 1 (as detailed in Section 8.1 of this IAL), is fair due to the following:</p> <ul style="list-style-type: none"> (i) The bases and assumptions used by the Independent Valuer in deriving the respective adjusted land values of the comparables are reasonable; and (ii) The selection of Comparable 1 as the best comparable is reasonable as it has the least dissimilarities (i.e. -20% adjustment) against the Lands. The adjustments for Comparable 2 and Comparable 3 are 50% and 65%, respectively. <p>The Disposal Consideration of AUD6,500,000 (approximately RM19,611,800) is equivalent to the market value of the Lands of AUD6,500,000 (approximately RM19,611,800).</p> <p>As such, we are of the view that the Disposal Consideration is <u>fair</u>.</p>
Section 9	Evaluation of the salient terms of the CCLB and Supplemental Letter	<p>We are of the view that the salient terms of the CCLB and Supplemental Letter are <u>reasonable</u> and <u>not detrimental</u> to the interest of the non-interested shareholders of KPJ.</p>
Section 10	Effects of the Proposed Disposal	<p>The effects of the Proposed Disposal are as follows:</p> <ul style="list-style-type: none"> (i) <u>Issued share capital and substantial shareholders' shareholdings</u> <p>The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of KPJ as the Proposed Disposal does not involve any issuance of new Shares by KPJ.</p> (ii) <u>NA, NA per share and gearing</u> <p>The Proposed Disposal is not expected to have a material effect on the proforma NA per KPJ Share as it is projected to remain at RM0.51 after taking into consideration the loss on sale of the Lands attributable to the owners of KPJ of RM65,000 and after deducting other estimated expenses for the Proposed Disposal of RM450,000 which has minimal impact to KPJ's audited NA as at 31 December 2022.</p>

Section in this IAL	Area of Evaluation	Our Evaluation										
		<p>The Proposed Disposal will decrease the proforma gearing of KPJ from 0.85 times to 0.84 times upon completion of the Proposed Disposal due to the repayment of Jeta Gardens' Banking Facilities amounting to AUD2.423 million (equivalent to RM7.31 million).</p> <p>(iii) Earnings and EPS</p> <p>The Proposed Disposal is expected to result in a one-off proforma loss attributable to owners of KPJ of RM205,000, mainly arising from:</p> <table border="1" data-bbox="705 698 1361 1032"> <thead> <tr> <th></th> <th style="text-align: right;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Loss on sale of the Lands attributable to owners of KPJ</td> <td style="text-align: right;">(65)</td> </tr> <tr> <td>Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities</td> <td style="text-align: right;">310</td> </tr> <tr> <td>Less: Other estimated expenses for the Proposed Disposal</td> <td style="text-align: right;">(450)</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u><u>(205)</u></u></td> </tr> </tbody> </table> <p>Accordingly, the Proposed Disposal is not expected to have a material effect on the proforma EPS of KPJ as it is projected to remain at RM3.96 following the one-off proforma loss attributable to owners of KPJ arising from the Proposed Disposal of RM205,000 which has minimal impact to KPJ's audited profit for the FYE 31 December 2022.</p> <p>Based on the above, the overall effects of the Proposed Disposal are reasonable and not detrimental to the interests of the non-interested shareholders of KPJ.</p>		RM'000	Loss on sale of the Lands attributable to owners of KPJ	(65)	Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities	310	Less: Other estimated expenses for the Proposed Disposal	(450)	Total	<u><u>(205)</u></u>
	RM'000											
Loss on sale of the Lands attributable to owners of KPJ	(65)											
Add: Interest saving on early repayment of Jeta Gardens' Banking Facilities	310											
Less: Other estimated expenses for the Proposed Disposal	(450)											
Total	<u><u>(205)</u></u>											
Section 11	Economic and market overview	We are of the view that the economic and market conditions appear to be favourable to the operations of KPJ Group. Nonetheless, we wish to highlight that the Proposed Disposal is subject to the risk factor as disclosed in Section 12 of this IAL .										
Section 12	Risk in relation to the Proposed Disposal	<p>We are of the view that the completion risk for the Proposed Disposal is common aspect of similar proposals or arrangements. In the event that the condition precedent is not fulfilled within the stipulated time period, the CCLB will be terminated and the Proposed Disposal will not proceed.</p> <p>We wish to highlight that although measures will be taken by KPJ to limit or mitigate the risk highlighted herein, no assurance can be given that the abovementioned risk factor will not crystallise and give rise to material and adverse impact on the operations and financial performance, position or prospects of KPJ.</p>										



In arriving at our conclusion and recommendation, we have taken into account the various consideration factors as set out in this IAL. Based on this, BDOCC views that the Proposed Disposal is **fair** and **reasonable** and is **not detrimental** to the non-interested shareholders of KPJ.

Accordingly, we advise and recommend that the non-interested shareholders **vote in favour** of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

Yours faithfully

For and on behalf of

BDO CAPITAL CONSULTANTS SDN BHD

Eng Cha Lun

Executive Director - Advisory

Hasanuddin Bin Amiruddin

Director – Advisory

APPENDIX I – SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER

The salient terms of the CCLB as supplemented by the Supplemental Letter are as follows:-

Consideration

The Disposal Consideration is AUD6,500,000.00. The deposit which is 10% of the Disposal Consideration amounting to AUD650,000.00 ("**Deposit**") shall be paid within 5 business days after the date of the CCLB and the balance of the Disposal Consideration amounting to AUD5,850,000.00 ("**Balance Consideration**") shall be satisfied by 15 April 2023 or such other date as may be agreed in writing by the parties or fixed pursuant to the conditions of the CCLB ("**Settlement Date**").

For your information, the "business day" referred to in this Appendix I means a day other than a Saturday or Sunday, a public holiday in Brisbane, Australia or a day in the period 27 to 31 December (inclusive).

Note:-

* *The Balance Consideration is subject to a number of adjustments, where outgoings on the Lands (such as local council rates and charges, water usage, and other taxes on the Lands) are apportioned between the Vendor and the Purchaser and these adjustments are calculated closer to the Settlement Date. No maximum amount or percentage of the said outgoings that are subject to said adjustment was agreed between the parties.*

The estimated Balance Consideration as at 15 April 2023 being the Settlement Date is AUD5,852,823.31 (excluding Goods and Services Tax). Goods and Services Tax, calculated at the rate of 10% of the final adjusted Balance Consideration is payable by the Purchaser.

* *The Deposit has been paid by the Purchaser and shall be refundable to the Purchaser where applicable.*

Deposit

1) If the Purchaser:

- (i) fails to pay the Deposit;
- (ii) pays the Deposit by cheque which is post-dated; or
- (iii) pays the Deposit by cheque which is not honoured on presentation;

then, the Purchaser shall be in substantial breach of the CCLB and the Vendor may:

- (i) affirm the CCLB and exercise the rights to:
 - (a) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and
 - (b) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay; or
- (ii) terminate the CCLB and exercise the rights to:
 - (a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or
 - (b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Lands and if the resale is completed within 2 years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages;

and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.

2) If the CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.

Settlement of Balance Consideration

- 1) The Balance Consideration shall be paid on the Settlement Date as the Vendor or the Vendor's solicitor directs in exchange for:
 - (i) possession of the Lands (such possession to be vacant except for any lease);
 - (ii) a properly executed transfer for the Lands in favour of the Purchaser capable of immediate registration (after stamping) in the appropriate office free from encumbrances (other than those set out in Section 2 of this Circular) and title to the Lands free from encumbrances (other than those set out in Section 2 of this Circular) but subject to the conditions of the CCLB;
 - (iii) any declaration required, by the Duties Act 2001 to be furnished to procure the stamping of the transfer;
 - (iv) such other instruments or declarations as are required by law to be signed by the Vendor to procure the stamping and/or registration of the transfer;
 - (v) except as otherwise provided in the CCLB, any instrument of title for the Lands required to register the transfer;
 - (vi) notices of assignment issued pursuant to the CCLB; and
 - (vii) all other instruments (which shall be duly stamped) in the possession or control of the Vendor evidencing estates and interests affecting the Lands and which are exclusive to the Lands.

Conditions Precedent

- 1) The CCLB shall be conditional upon KPJ's shareholders' approval on the Proposed Disposal being obtained by the Settlement Date ("**Shareholders' Approval Condition**").
- 2) For the purpose of satisfying the Shareholders' Approval Condition:
 - (i) the Vendor shall procure KPJ to hold a shareholders' meeting in relation to the Proposed Disposal ("**Meeting**");
 - (ii) the Vendor shall forthwith notify the Purchaser of the outcome of the Meeting upon the conclusion of the said Meeting ("**Notice**"); and
 - (iii) if the Vendor fails to give such Notice within 24 hours of the conclusion of the Meeting, then the Shareholder Approval Condition shall be deemed satisfied.
- 3) In the event that the Shareholders' Approval Condition is not satisfied and the CCLB is terminated as a result thereto:-
 - (i) Vendor shall within 14 business days refund the Purchaser or its nominee the Deposit and other monies paid by the Purchaser under the CCLB; and
 - (ii) Vendor and Purchaser shall discuss and negotiate in good faith and on best effort basis on the sharing of the costs and expenses incurred by the parties up until 9 December 2022, being the cut-off date agreed by the parties^(a), and incurred by KPJ up to the date of obtaining KPJ's shareholders' approval.

Note: (a) The date KPJ formally informed JLand of the Shareholders' Approval Condition

APPENDIX I – SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER (CONT'D)

The costs and expenses that are subject to the aforesaid discussion and negotiations may include:

- (a) legal fees and charges;
- (b) Australian Foreign Investment Review Board (FIRB) cost;
- (c) Stamp duty;
- (d) All cost and expenses incurred by the Purchaser for preparing the development application for the subject Lands;
- (e) All cost and expenses incurred by the Vendor for preparing the Lands for sale including legal fee, agent fee and advertising costs;
- (f) All costs and expenses incurred by the Vendor or KPJ, as the case may be, for convening the Meeting.

Events of Default

- 1) Events of default by the Purchaser and consequences under the CCLB:-

In the event that, the Purchaser fails to:

- (i) pay the Balance Consideration before the Settlement Date; or
- (ii) comply with any of the terms or conditions of the CCLB;

then the Vendor may affirm or terminate the CCLB.

In the event that, the Vendor:

- (i) affirms the CCLB, the Vendor may:
 - (a) sue the Purchaser for damages for breach or for specific performance and damages in addition to or instead of damages for breach; and
 - (b) recover from the Purchaser as a liquidated debt the Deposit or any part of it which the Purchaser has failed to pay and shall pay the Deposit or any part of the Deposit which is recovered to the stakeholder of the Deposit.
- (ii) terminates the CCLB, the Vendor may:
 - (a) declare the Deposit (or so much of it as shall have been paid) forfeited and/or sue the Purchaser for breach; or
 - (b) declare the Deposit (or so much of it as shall have been paid) forfeited and/or resell the Lands and if the resale is completed within two (2) years from the date of termination any deficiency and any expense arising from such resale shall be recoverable by the Vendor from the Purchaser as liquidated damages;

and in either case the Vendor may recover from the Purchaser as a liquidated debt the Deposit or any part of it which has not been paid by the Purchaser.

- 2) There is no event of default set out for the Vendor but if the CCLB is terminated other than due to the Purchaser's default, the Deposit will be paid to the Purchaser.

Development Application

- 1) The Vendor acknowledges that the Purchaser may, at its sole cost and expense, lodge a Development Application*.
- 2) Within 20 business days of the Vendor receiving a written request from the Purchaser, the Vendor must, subject to the remainder of this condition, execute and return to the Purchaser all consents and other documents necessary to allow the Purchaser to make a Development Application.

APPENDIX I – SALIENT TERMS OF THE CCLB AND SUPPLEMENTAL LETTER (CONT'D)

- 3) The Vendor may refuse to execute any such consents or other documents if it is (acting reasonably) of the opinion that the proposed change of use or reconfiguration envisaged by the Purchaser's Development Application or any party thereof may be materially detrimental to the Vendor or its use or occupation of the Vendor's adjoining land.
- 4) The Purchaser is liable for and indemnifies the Vendor against all liability, loss, penalties, payments, costs, charges and expenses in connection with the making and progressing of the Development Application.
- 5) Without limiting paragraph 2 above, the Vendor is not obliged to lodge an appeal (where an appeal is possible), initiate any review, incur any cost or expense or otherwise take any action in relation to the Development Application.
- 6) Paragraph 2 above ceases to apply upon settlement of the sale and purchase of the Lands in accordance with the terms of the CCLB.

Note:-

- * *'Development Application' means an application for a Development Approval and includes any preliminary approvals or steps required to be taken to obtain a Development Approval. 'Development Approval' means an approval under the Planning Act 2016 (Qld) that permits a material change of use for the Lands and/or for the Lands to be lawfully reconfigured in a form and for a use acceptable to the Purchaser in its discretion.*



Chartered Surveyors
International Property Consultants
Registered Valuers, Real Estate Agents
Property Managers, Plant & Machinery Valuers

23 November 2022

**THE BOARD OF DIRECTORS
KPJ HEALTHCARE BERHAD**
Level 15, Menara KPJ,
Jalan Tun Razak,
50400 KUALA LUMPUR

CHESTON INTERNATIONAL (KL) SDN. BHD.
Company Reg. No.: 200401008741 (647245 W) VEPM(1) 0199
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Website: www.chestonint.com

Dear Sirs,

VALUATION OF TWO (2) CONTIGUOUS PARCELS OF DEVELOPMENT LAND DESIGNATED FOR LOW DENSITY RESIDENTIAL (DEVELOPABLE PORTION), RECREATION AND OPEN SPACE (REMAINING LAND) IDENTIFIED AS LOTS 5 AND 1, PARISH OF MOFFATT, COUNTY OF WARD, LOCAL GOVERNMENT OF LOGAN BEARING POSTAL ADDRESSES 76-84 AND 86-96, ALBERT STREET, BETHANIA, QUEENSLAND, 4205 AUSTRALIA ("SUBJECT PROPERTY").

We were instructed by KPJ Healthcare Berhad ("KPJHB") to conduct valuation of the abovementioned property for the purposes of submission to Bursa Malaysia Securities Berhad in relation to the proposed disposal of the Subject Property to JLand Australia Pty. Ltd. and the details of the valuation are contained in our Valuation Report bearing reference no. V/KPJ2DLJG/SCBMRPT/1022 dated 23 November 2022.

This Valuation Certificate has been prepared for the inclusion in the circular to the shareholders of KPJHB in conjunction with the proposed sale.

This valuation has been carried out in collaboration with Colliers International Valuation And Advisory Services (CIVAS) (NSW) Pty Limited ABN 32 168 282 728 ("Colliers"), Level 30, Grosvenor Place, 225 George Street, Sydney, New South Wales (NSW) 2000, Australia.

The relevant date of valuation of the above legal interest is 09 November 2022.

The Report and Valuation and this Valuation Certificate have been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia with the necessary professional responsibility and due diligence.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

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1.0 SALIENT DETAILS OF THE SUBJECT PROPERTY

1.1 Interest Valued/ Type of Property

The subject of this valuation comprises the freehold interests in two (2) contiguous parcels of development land designated for low density residential (developable portion), recreation and open space (remaining land) identified as Lots 5 and 1, Parish of Moffatt, County of Ward, Local Government of Logan, held under Title Reference Nos. 50082560 and 50855907, respectively, bearing postal addresses 76-84 and 86-96 Albert Street, Bethania, Queensland, 4205 Australia.

1.2 Location

The Subject Property is located along the northern side of Albert Street and abuts onto the Logan River to the north and Pookgoor Creek to the west. It is located within the sub-urban of Bethania, about 31 kilometres (19.37 miles) to the south of the Brisbane Central Business District (CBD), 32.7 kilometres (20.44 miles) to the south of Brisbane city centre and 50 kilometres (31.25 miles) to the north-west of Gold Coast city centre. Brisbane Airport is located about 41 kilometres (25.63 miles) due north-west whilst Coolangata Airport is located about 73.7 kilometres (46.06 miles) due south-east.

The Subject Property is surrounded with developments/landmarks comprising the Jeta Gardens Aged Care and Retirement Village to the east. To the immediate west and on the other side of Pookgoor Creek are the commercial premises of Fitzy's Waterford (Pub & Cocktails), Edens Landing Liquor King Store, Pokies Bar Bistro, Roadhouse Grill, Charlie's Club Hotel and Riverbend Gardens low-rise residential development. To the immediate south and on the other side of Albert Street is BP petrol filling and service station. The Palm Lake Resort Bethania and Palm Lake Resort Waterford (Land Lease Communities), as well as Palm Lake Care (Aged Care Facility) are located to the south of Albert Street. There are a number of modern residential subdivision further to the south.

The Subject Property fronts onto Albert Street and is accessible from Brisbane city centre and Gold Coast city centre via the Pacific Motorway (M1), exiting at Exit 24 onto Loganlea Road and thence via Albert Street.

1.3 Particulars of the Titles

Legal Description	Lot 5 and Lot 1	
On	Registered Plan 890048 and Survey Plan 240417	
Title Reference	50082560 and 50855907	
Tenure	Estate in Fee Simple / Freehold	
Registered Proprietor	Jeta Gardens (Qld) Pty. Ltd. A.C.N. 102 975 182	
Encumbrances, Easements & Interests	The Second Schedule of the registered Title indicates the Subject Property is subject to the following notifications:	
	Title Reference & Notification	Description
	Lot 5	
	1.	Rights and Interests reserved to the Crown by Deed of Grant No. 10061203 (POR 339)
	2.	Mortgage No 715860694 27/06/2014 at 11:36 Malayan Banking Berhad
	Title Reference & Notification	Description
	Lot 1	
	1.	Rights and Interests reserved to the Crown by Deed of Grant No. 10061203 (POR 339) Deed of Grant No. 10362098 (POR 340)
	2.	Easement in gross no 714007690 12/08/2011 at 10:44 burdening the land to Southern SEQ Distributor-Retailer Authority over easement WK on SP240428
	3.	Easement Nos. 714023228 23/08/2011 at 14:34 benefiting the land over easement B on SP240417
4.	Easement No 714023231 23/08/2011 at 14:34 benefiting the land over easement C on SP240417	
5.	Easement No 714023232 23/08/2011 at 14:35 benefiting the land over easement D on SP240417	



Title Reference & Notification	Description
6.	Easement No 714023233 23/08/2011 at 14:35 benefiting the land over easement Q on SP240417
7.	Easement No 714023248 23/08/2011 at 14:35 benefiting the land over easement L on SP240417
	Easement No 714023251 23/08/2011 at 14:35 benefiting the land over easement K on SP240417
	Easement No 714023254 23/08/2011 at 14:36 benefiting the land over easement J on SP240417
	Easement No 714023258 23/08/2011 at 14:36 benefiting the land over easement G on SP240417
	Easement No 714023274 23/08/2011 at 14:37 benefiting the land over easement F on SP240417
	Easement No 714023276 23/08/2011 at 14:37 benefiting the land over easement E on SP240417
	Easement No 714023280 23/08/2011 at 14:38 benefiting the land over easement N on SP240416
	Easement No 714023282 23/08/2011 at 14:38 benefiting the land over easement O on SP240416
	Mortgage No 715860694 27/06/2014 at 11:36 Malayan Banking Berhad

1.4 Property Description

The Subject Property (Lots 5 and 1) comprises two (2) contiguous parcels of plots, irregular in shape, encompassing a combined title land area of about 109,361 square metres ("sq. m.") (1,177,151.96 square feet / "sq. ft.") (10.9361 hectares).

Lot 1 is the easternmost property and is partially improved with an older style, single level weatherboard dwelling with tiled roof towards the southern boundary. There is also a part single and a part double storey brick and tile dwelling, with weatherboard second floor extension, as well as detached metal-deck three-car lock-up garage. Our observations indicated that there was limited functional utility of the existing structures.

The improvements within the site belong to Jeta Gardens (Qld) Pty. Ltd. A.C.N.102 975 182 acquired together with the land and are old, dilapidated and unoccupied.

The improvements are not considered in the valuation as there is no functional utility and the subject property is valued at the highest and best use as a development site.

The site exhibits an initial rise up from the street frontage / south-western corner to Pookgoor Creek towards the portion of the land where the existing structures are located. There is also a marginal west to east cross fall in the area where the structures are located. The balance of the site is generally flat in terrain and gently slopes down towards Logan River, and is undulating in parts. The surrounding uses from our inspection would not appear to represent an environmental threat/risk.

Part of the Subject Property is flood prone. Based on an aerial mapping and town planning data obtained from the Logan City Council, our adopted rate with regards to the developable site area is in the order of about 15,000 sq. m.

1.5 Planning Details

Our enquiries with the Logan City Council and in accordance with Logan Planning Scheme 2015 (V8.1) revealed that the Subject Property is designated for low density residential (developable portion), recreation and open space (remaining land).

Under the low density residential zone, there are a number of permitted uses, including: animal husbandry; animal keeping; caretaker's accommodation; childcare centre; community use; dual occupancy; dwelling house; food and drink outlet; health care service; home-based business; major electricity infrastructure; multiple dwelling; park; permanent plantation; relocatable home park; residential care facility; retirement facility; sales office; and shop.

Under the recreation and open space zone, there are a number of permitted uses, including: animal husbandry; caretaker's accommodation; club; community use; environmental facility; food and drink outlet; function facility; indoor sport and recreation; landing; major electricity infrastructure; major sport, recreation and entertainment facility; outdoor sport and recreation; park; permanent plantation; shop; and short-term accommodation.



Our computation of the developable area of 15,000 square metres (“sq. m.”) is based on the unaffected developable area from flooding and inundated area stated in Property Report, Logan Planning Scheme 2015 V8.1. The computation of the unaffected developable area is as follows:-

Lot	Overlays	Title Land Area (sq. m.)	Area Affected / Recreation and Open Space (sq. m.)	Unaffected / Developable Area (sq. m.)
5 (RP890048) (76-84)	OM - 05.00 - Flooding and inundation area	56,691	54,787	1,904
1 (SP240417) (86-96)		52,670	39,574	13,096
Total		109,361	94,361	15,000

Property Report Logan Planning Scheme 2015 V8.1 - Zoning Plan



Note: P: Light Pink / G: Light Green

In accordance with Property Report Logan Planning Scheme 2015 V8.1, the residential area is highlighted in light pink whilst the recreational and open space (remaining land) in light green. The light pink area is the residential area which is developable area whereas the light green area is recreational and open space areas which are undevelopable. However, within the light pink shaded area, there is a partial flooding overlay.

Property Report Logan Planning Scheme 2015 V8.1 - Flooding Plan



Note: W: White (Developable Area) / B: Blue (Flooding Area)

Our calculation of the residential development area of about 15,000 square metres is taking into consideration of the impact of the flooding overlay on the entire property, particularly the residential zoning area.



We note from the Decision Notice of Development Application No. RL/5/2010 dated 01 October 2010 that there was a preliminary Master Plan Approval of Jeta Gardens Aged Care & Retirement Village and the Subject Property to be developed in phases with the Subject Property being the final phase of the development.

We also note that there was a Master Plan proposal, dated October 2013, for a 180-bed private hospital and over 350 serviced apartments across the Subject Property as well as adjoining Lots 2, 3 and 4 (Jeta Gardens Aged Care & Retirement Village) to the south which does not form part of (to be in) this valuation. Our search of the Logan City Council indicates that no formal development approval was obtained for the Master Plan. Additional searches did not reveal any development approvals or applications over the Subject Property over the past 10 years.

Nevertheless, our further enquiries with the Logan City Council revealed that the subject property has the benefit of the preliminary Master Plan Approval granted in year 2010, therefore, any fresh application for redevelopment will be given favourable consideration.

2.0 THE IMPACT OF THE CORONAVIRUS DISEASE 2019 (“Covid-19”) PANDEMIC ON THE VALUATION OF THE SUBJECT PROPERTY

The outbreak of the Covid-19, declared by the World Health Organisation (WHO) as a “Global Pandemic” on 11 March 2020, impacted global financial markets, with travel restrictions implemented by many countries. Travel restrictions have now eased across the majority of markets, as the world economy transitions to a new ‘Covid normal’ status. However, given that the course of the pandemic remains uncertain, the situation is still considered somewhat volatile.

The onset of Covid-19 initially resulted in an impact on real estate market activity in Australia in many sectors resulting in limited transaction evidence from which to draw reliable valuation conclusions at the time, however investment activity for development sites have remained relatively strong throughout years 2020, 2021 and into 2022.

More pressing than direct Covid-19 impacts at the current time, are the inflationary pressures being witnessed across both domestic and global markets. Supply side issues resulting from Covid-19 lockdowns have had a direct inflationary impact on both raw materials and finished goods, including the cost, availability and duration of freight. Tight labour markets with record low unemployment, combined with cost-of-living pressures, are expected to have a direct inflationary impact on wage prices in year 2022. As a result, Central Banks in major markets have begun to increase interest rates to what are considered more ‘normalised’ pre-Covid levels, in an effort to control these inflationary pressures.

In turn, 10-yr Australian Government bond rates, long considered the benchmark for the ‘risk free rate’ for property investments, have been on an upward trajectory from their historic lows over years 2020-2021, trading at ~4% in late 2022, a considerable shift from their ~1% return at the beginning of 2022. Should these rates stay elevated, total return expectations may begin to follow a similar course as investors’ expectations adjust to market changes.

Cheston and Colliers recognise that both the local and global risk outlook, is extremely fluid. For that reason, we recommend the situation be closely monitored.

3.0 VALUATION METHODOLOGY

In arriving at our opinion of the Market Value of the Subject Property, we have adopted the Market/Comparison Approach as the sole valuation methodology.

3.1 MARKET/COMPARISON APPROACH




In determination of value by this approach, a survey was made of property sales that have occurred in this or similar areas within the recent past. These comparable sale prices are then adjusted for comparability to reflect differences in time, location and accessibility, corner/end premium, tenure and size to render the sold properties as similar as possible with the Subject Property.

APPENDIX II – VALUATION CERTIFICATE (CONT'D)



We have compiled and analysed sale evidences of similar types of commercial land in the vicinity and neighbourhood of the Subject Property. In arriving at our opinion of the market value of Subject Property using the Market/Comparison Approach, the following sale evidences, amongst others, are considered suitable comparables and adopted.

We provide the following summary of site sales we consider to be the most helpful in deriving at our opinion of the 'As Is' Freehold Market Value of the Subject Property. These sales represent a mix of approved/unapproved Residential zoned properties located within reasonable proximity to the subject as well as the broader Logan Local Government Area.

Description	Comparable 1	Comparable 2	Comparable 3
			
Address	242 Wuraga Road, Holmview	316 Wuraga Road, Holmview	765-775 Wembley Road, Browns Plains
Property Type	A parcel of development land designated for low density residential development (Corner Plot)	A parcel of development land designated for low density residential development (Intermediate Plot)	A parcel of development land designated for low density residential development (Intermediate Plot)
	Comparable 1 has frontages to Wuraga, Teys and Tallanganda Roads. It has no improvements.	Comparable 2 is located on the northern side of Wuraga Road in Holmview. It has been improved by a single residential dwelling and the majority of the site is covered in fairly dense bushland/timber.	Comparable 3 is located on the northern side of Wembley Road within Browns Plains. It consists of 2 adjacent lots, one improved with a residential dwelling and the other with a large shed. The site is weavy/undulating in terrain and covered with dense bushland/timber.
Location	Comparable 1 is located about 4.5 kilometres to the south-east of the Subject Property within the sub-urban of Holmview and about 2 kilometres off the main thoroughfare of the locality of Logan River Road.	Comparable 2 is located about 4 kilometres to the south-east of the Subject Property within the sub-urban of Holmview and about 2.5 kilometres off the main thoroughfare of the locality of Logan River Street.	Comparable 3 is located about 9 kilometres to the north-west of the Subject Property within the sub-urban of Browns Plains and about 1.2 kilometres off the main thoroughfare of the locality of Brown Plains Road.
Local Government Area	Logan	Logan	Logan
Zoning	Low density residential – small lot	Low density residential – small lot	Low density residential
Development Status at Transaction / Development Approval or Proposal	Application for development was lodged in March 2018 for an 88 residential lot subdivision. Subsequent revisions proceeded, with the final approval given in December 2018 for 52 lots. In December 2020, the construction certificate was issued for stage one of the project.	At the date of transaction there wasn't any development approval. Application for the development was lodged in May 2022 for the subdivision of the property into 65 lots with associated drainage. The application is currently yet to be approved.	At the date of transaction there wasn't any development approval. Application for the development was lodged in August 2020 for the configuration of the 2 lots into 83 residential lots. The application is currently unapproved pending more information from the applicant.
Land Area (sq. m.)	56,700	41,800	62,500
Tenure	Freehold Interest	Freehold Interest	Freehold Interest
Transaction Price (AUD)	\$10,509,070	\$3,000,000	\$5,912,500
Transacted Date	27 May 2022	21 June 2022	21 January 2022
Vendor	Bumstead Road Developments Pty Ltd	Alwyn Vincent Tucker	C H Sims Enterprises Pty Ltd
Purchaser	The State Of Queensland (Represented by Department Of Education)	SEQ Land Opportunities No. 3 Pty Ltd	Pau Holdings No. 3 Pty Ltd
Analysis AUD per sq. m. ("psm")	\$185.35	\$71.77	\$94.60
Adjustment Factors considered	Market condition; location, accessibility and surroundings; physical characteristics/condition/terrain; corner/end premium; size, tenure and development approval.		
Adjusted Value of Land (AUD psm)	\$148.28	\$107.66	\$156.09

Source: Rich Property Data ("RP Data") / Colliers Research



We wish to highlight that there was a dearth of comparable sale evidence in the locality fronting onto major thoroughfare of Albert Street on which the Subject Property is located. The available limited sale comparables are also located about 1 to 5 kilometres off the respective nearest main thoroughfares. The Subject Property has direct frontage onto Albert Street and thus enjoys high exposure. We also have noted commercial activities within 2 kilometres radius from the Subject Property along Albert Street/Logan Street i.e. Fitzzy's Waterford (Pub & Cocktails), Pokies Bar Bistro, Charlie's Club Hotel, Yuen's Farmers Market and BP petrol filling & service station.

Thus, major adjustments were made for location and accessibility in favour of the Subject Property.

This valuation exercise was carried out as at 9th November 2022, just aftermath of the worldwide Covid-19 pandemic which affected the World's economy, Australian Economy as well as the property market. With the limited sale comparables available, we had to use sale comparables transacted during the pandemic where Comparable 3 was transacted on 21st January 2022 still within the height of the pandemic as the international borders of many countries were yet to be opened. This gives rise to substantial variances when comparing the date of valuation of the Subject Property to date of transaction of Comparable No. 3.

The nature of the development sites, physical characteristics, terrain and other comparability attributes varies between site to site. The Subject Property is unique, benefits from a good terrain and cleared whereas Comparables 2 and 3 are undulating in terrain and under thick vegetation, heavy growth of timber and unknown trees which requires major site clearing, cut and fill and environmental hazards which are subject to compliance approval from many authorities including the department of environment.

The sales adopted in our Valuation are the available limited evidences, current and within the locality of the Subject Property. We have analysed and made diligent adjustments for differences of the comparable sale transactions against the Subject Property. We note that the sale evidences range from AUD\$71.77 per square metre to AUD\$185.35 per square metre. After making the necessary adjustments the adjusted values range from AUD\$107.66 per square metre to AUD\$156.09 per square metre.

In arriving at the market value of the Subject Property using the Market/Comparison Approach, we have emphasized upon Comparable 1 which has the least dissimilarities against the Subject Property.

We have adopted the adjusted value of AUD\$148.28 per square metre from the adjustments of Comparable 1 as fair representation of developable land which translates into a market value of AUD\$2,224,141.80. We wish to highlight that our adopted rate with regard to the developable site area is in the order of about 15,000 sq. m., based on an aerial mapping and town planning data obtained from the Logan City Council. The developable area is considered to be zoned Low Density Residential, which is also not flood prone land. The remaining land of about 94,361 sq. m. is zoned Recreation and Open Space and is also flood prone, which restricts the development potential. This portion of the site does however benefit from open space amenity as well as river and creek frontage. In light of the above, we have adopted 30% (AUD\$44.48 per square metre) of the value of the developable land for the remaining land as per the practice in the industry for similar underutilised uses and open space, which translates into a market value of AUD\$4,197,444.89. Thus, the total market value is AUD\$6,421,586.68 and we have rounded up to AUD\$6,500,000.00.



4.0 VALUATION RATIONALE

The Subject Property comprises two (2) contiguous parcels of development land designated for low density residential (developable portion), recreation and open space (remaining land).

The Market/Comparison Approach is the commonly adopted sole valuation methodology in the industry for valuation of development land without any valid development order or planning approval as at the date of valuation. The use of Income Approach by Residual / Discounted Cash Flow Methods of valuation, as alternative methods of valuation which can be adopted to value development land are deemed unsuitable. We also note that the available sale evidences are recent, of similar type of development land of the developable portion in the neighbourhood of the Subject Property which can be relied upon to arrive at the accurate market value of the Subject Property using the Market/Comparison Approach. The details of the sale evidences are also easily available from the RP Data.

Hence, in arriving at our opinion of the Market Value of the Subject Property, we have adopted the Market/Comparison Approach as the reliable sole valuation methodology.

5.0 OPINION OF VALUE

Having regard to the foregoing, taking into consideration of all pertinent factors and based upon our analysis of relevant market data, we are of the opinion that the market value of the freehold interests in two (2) contiguous parcels of development land designated for low density residential (developable portion), recreation and open space (remaining), identified as Lots 5 and 1, Parish of Moffatt, County of Ward, Local Government of Logan, held under Title Reference Nos. 50082560 and 50855907, respectively, bearing postal addresses 76-84 and 86-96 Albert Street, Bethania, Queensland, 4205 Australia, with vacant possession and subject to the titles being free of all encumbrances, good, marketable and registrable is AUD\$6,500,000 (Australian Dollar : Six Million and Five Hundred Thousand Only) / RM19,737,900 (Ringgit Malaysia : Nineteen Million Seven Hundred Thirty Seven Thousand and Nine Hundred Only).

(Conversion rate as at the date of valuation at AUD\$1/RM3.0366. Source: Reserve Bank of Australia)

**For And On Behalf Of
CHESTON INTERNATIONAL (KL) SDN. BHD.**

A handwritten signature in black ink, appearing to read "G PAREMES SIVAM", written over a horizontal line.

**G PAREMES SIVAM, FRISM, MRICS, MIACVS, MPEPS
CHARTERED SURVEYOR
REGISTERED VALUER, V-480**



Valuer's Professional Experience

Colliers International Valuation And Advisory Services (CIVAS) (NSW) Pty Limited

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 63 countries, our 18,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 27 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of approximately 20% for shareholders. With annual revenues of \$4.6 billion and \$92 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people.

Colliers provides valuations and real estate advice across Australia with the most experienced and senior team in Australia. Colliers' experts provide the highest quality advice, empowering owners, investors, financiers and all levels of Government to make intelligent investment and lending decisions. Colliers gives clients the ability to reduce risk and navigate every market, reflecting real time market conditions. Colliers high-performing team maintain a culture of collaboration and service excellence. Colliers' experts are industry leaders across the commercial property industry. Colliers' mission is to be the number one trusted advisor by providing owners, financiers, investors and developers with the highest quality valuations and advice across all real estate markets and asset classes in Australia. Colliers involves in commercial, residential, engineering and healthcare & retirement living portfolio valuation and advisory services including leasing, sale, rent, land and project marketing as well as property management for the purposes of capital markets, debt advisory, industrial/retail investment services, investment services and project management for multinationals and corporations.

Mr. Leon Hadchiti is a Certified Practising Valuer (CPV). Leon is also Associate Australian Property Institute (AAPI) and Member of the Royal Institution of Chartered Surveyors, UK (MRICS). Leon is National Director of Valuation, Healthcare & Retirement Living. Leon has in excess of 15 years' experience in the valuation of Retirement Villages, Residential Aged Care Facilities, Hospitals, Medical Centres, Manufactured Home Estates and Greenfield/Brownfield Development sites. Leon's experience in the Healthcare and Retirement Living industry consists of going concern valuations, Freehold/Leasehold valuations, discounted cash flow modelling, analysis, feasibility, sales analysis and market research. Leon's experience in the property industry commenced in mid-2005, where he successfully applied for a Scholarship Program with Colliers International. Upon completion of university studies in late 2006, Leon commenced a full time position within the Healthcare & Retirement Living in February 2007, where he presently holds the title of National Director. Leon is responsible for the management of an experienced team of Valuers and although based in Sydney, Australia, possesses the qualifications, knowledge base and experience in Healthcare valuations across Australia.

Cheston International (KL) Sdn Bhd

Cheston International (formerly known as Chesterton International) was established in 1991, has offices in 5 cities in Malaysia and with overseas associates and affiliates. The Group is supported by about 100 qualified industry experts with understanding and knowledge of respective local and overseas markets and necessary competencies, expertise and experience in the valuation and various aspects of real estate services.

Cheston International Group provides a range of property consultancy services involving portfolio valuation for corporations and multinationals seeking listing on the Kuala Lumpur, Singapore and Hong Kong Stock Exchanges. Other areas of expertise include valuation of commercial properties for sale and purchase purposes, statutory valuations for compulsory land acquisition and appeal on annual assessment purposes, valuation of plant, machinery and equipment of power plants and manufacturing facilities, valuation for arbitration and litigation purposes, timber concessions and mineral resource valuations, infrastructure and utilities valuations, independent development and research consultation, property market analysis, feasibility studies and investment evaluation, management of properties, and sales and lettings of all types of real estates. The Group also specialises in providing real estate solutions to all group of clients from individuals to corporations, institutions, state owned enterprises, joint ventures and multinationals.

Sr. G. Paremes Sivam is a Registered Valuer, Registered Estate Agent and Registered Property Manager with the Board of Valuers, Appraisers, Estate Agents & Property Managers Malaysia. He is also a Fellow of the Royal Institution of Surveyors Malaysia (FRISM), Member of the Royal Institution of Chartered Surveyors, UK (MRICS), Member of International Association of Certified Valuation Specialists, Canada (MIACVS), Member of Business Valuers Association Malaysia (MBVAM), Member of the International Real Estate Federation (MFIABC), Member of Malaysian Institute of Professional Property and Facility Managers (MMIPFM) and Member of Association Of Valuers, Property Managers, Estate Agents And Property Consultants in Private Sector, Malaysia (MPEPS). He has over 29 years of working experience in the real estate professional services and has experience in the property market in Malaysia. He specialises in cash flow projections of major commercial properties, townships, oil palm plantations and has been involved in several due diligence exercises involving real estate investments. He also provides advisory services to major corporations, public and private companies, multinationals, developers and industrialists.

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENT

2.1 AmInvestment Bank Berhad

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is a wholly-owned subsidiary of AMMB Holdings Berhad. AMMB Holdings Berhad and its group of companies (collectively, “**AmBank Group**”) forms a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group’s securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other client, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of KPJ Group.

As at the LPD, AmBank Group has extended credit facilities of which amount outstanding is approximately RM51.0 million to KPJ Group.

Notwithstanding the above, AmInvestment Bank is of the opinion that its role as the Principal Adviser for the Proposed Disposal is not likely to result in a conflict of interest or potential conflict of interest situation in view that:

- (i) AmBank Group form a diversified financial group and are engaged in a wide range of transactions as highlighted above. AmInvestment Bank is a licensed investment bank and its appointment as Principal Adviser in respect of the Proposed Disposal is in the ordinary course of business; and
- (ii) Each of the entities and departments of the AmBank Group are also subject to internal control and checks, which regulate the sharing of information between entities and departments. Additionally, each department and entity within AmBank Group have separate and distinct operations and decisions are made independent of each other. In addition, the conduct of AmInvestment Bank is also regulated by Bank Negara Malaysia.

Premised on the above, AmInvestment Bank confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposed Disposal.

2.2 BDO Capital Consultant Sdn Bhd

BDOCC, being the independent adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular. BDOCC has given a written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the independent adviser in respect of the Proposed Disposal.

APPENDIX III – FURTHER INFORMATION (CONT'D)

2.3 Cheston International (KL) Sdn Bhd

Cheston, being the independent valuer for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the valuation certificate in respect of the Lands as set out in Appendix II of this Circular and all references thereto in the form and context in which they so appear in this Circular.

Cheston has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the independent valuer for the Proposed Disposal.

3. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, there are no other material commitments incurred or known to be incurred by KPJ Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of KPJ Group:-

	Amount (RM'000)
<u>Capital Expenditure</u>	
- Approved by the Directors and contracted	148,588
- Approved by the Directors but not contracted	249,382
Total	<u>397,970</u>
Analysed as follows:-	
- Building	46,871
- Medical equipment	148,849
- Other property, plant and equipment	202,250
Total	<u>397,970</u>

4. CONTINGENT LIABILITIES

There are no contingent liabilities incurred or known to be incurred by KPJ Group as at LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of KPJ Group.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims, or arbitration involving the Lands either as plaintiff or defendant, which may have a material effect on the financial position or business of our Group and there is no proceeding which is pending or threatened, or of any fact likely to give rise to any proceeding involving the Lands which may materially and adversely affect the financial position or business of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KPJ following the date of this Circular from Mondays to Fridays (except public holidays) during business hours up to the date of the EGM:-

- (i) the Constitution of KPJ;
- (ii) the CCLB and Supplemental Letter;
- (iii) the Valuation Certificate and Valuation Report of the Lands;

APPENDIX III – FURTHER INFORMATION (CONT'D)

- (iv) the audited consolidated financial statements of KPJ for FYE 2021 and FYE 2022; and
- (v) the letters of consent referred to in Section 2 of this Appendix III.



A JCORP Company

KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“**EGM**”) of KPJ Healthcare Berhad (“**KPJ**” or the “**Company**”) will be conducted virtually using the remote participation and voting (“**RPV**”) facilities of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Wednesday, 12 April 2023 at 11.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modification, the following ordinary resolutions:-

ORDINARY RESOLUTION 1

PROPOSED DISPOSAL OF 2 PARCELS OF FREEHOLD LAND IN BETHANIA QUEENSLAND AUSTRALIA BY JETA GARDENS (QLD) PTY LTD, AN INDIRECT SUBSIDIARY OF KPJ HEALTHCARE BERHAD, TO JLAND AUSTRALIA PTY LTD FOR A TOTAL CASH CONSIDERATION OF AUSTRALIAN DOLLARS (“AUD”) 6,500,000 (EQUIVALENT TO RM19,611,800) (“PROPOSED DISPOSAL”)

“**THAT** subject to the fulfilment of all conditions precedent under the Contract for Commercial Land and Buildings dated 12 September 2022, executed into between Jeta Gardens (QLD) Pty Ltd (“**Jeta Gardens**”) and JLand Australia Pty Ltd (“**JLand Australia**”) as supplemented by a supplemental letter dated 17 January 2023 issued by Jeta Gardens to JLand Australia which has been acknowledged and agreed by JLand Australia, and received by KPJ on 27 January 2023, approval be and is hereby given to Jeta Gardens to dispose 2 parcels of freehold land measuring a total area of approximately 10.94 hectares held under Lot 5 on RP890048 and Lot 1 on SP240417, Albert Street, Bethania, Queensland, Australia for a total cash consideration of AUD6,500,000 (equivalent to RM19,611,800) to JLand Australia.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and enter into any arrangements, guarantees, agreements and/or undertakings and, sign, execute and deliver all documents as they deem necessary or expedient in order to implement, finalise and/or give full effect to and complete the Proposed Disposal with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Directors of the Company may deem fit, necessary and/or expedient in the interest of KPJ or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments to implement, finalise and/or give full effect to and complete the Proposed Disposal.”

**By Order of the Board,
KPJ HEALTHCARE BERHAD**

HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)
(SSM Practising Certificate 202008003378)
Company Secretary

Kuala Lumpur
Dated: 22 March 2023

Notes:-

Remote participation and voting

1. The EGM of the Company will be conducted virtually using the RPV facilities of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the **Administrative Guide** in order to register, participate and vote remotely via the RPV facilities. No members/proxies/corporate representatives from the public will be allowed to be physically present at the premises of the Company, the poll administrator or the venue where the Chairman will be for the purpose of the EGM.

Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 5 April 2023 shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the EGM.

Appointment of Proxy

3. A member of the Company, who is entitled to attend, participate and vote at the EGM, is entitled to appoint a proxy or attorney or in the case of a corporation, a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company is entitled to appoint more than 1 proxy to attend, participate and vote at the EGM.
5. Where a member of the Company is an authorised nominee, as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint more than 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than 1 proxy the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the EGM must request his/her proxy to register himself/ herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures for the RPV in the Administrative Guide for the EGM.
9. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company not less than 48 hours before the time appointed for holding the EGM:-
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Poll Administrator of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) By electronic form
The Proxy Form can be electronically lodged with the poll administrator of the Company via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via TIIH Online.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is **Monday, 10 April 2023 at 11.00 a.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at <https://tiih.online> not less than 48 hours before the time appointed for holding the EGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at <https://tiih.online>. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member; or
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Proxy Form



A JCORP Company

KPJ HEALTHCARE BERHAD
(Registration No. 199201015575 (247079-M))

I/We

Full Name (in Block and as per NRIC/ Passport/ Certificate of Incorporation)	CDS account no.:	No. of shares held:
Address:	NRIC/ Passport/Registration no.:	Contact no.:

Being a member of KPJ Healthcare Berhad (Registration No. 199501015575 (247079-M)), do hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

and / or (please delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be conducted virtually using the remote participation and voting (“RPV”) facilities of TIH Online website at <https://tih.online> or <https://tih.com.my> (Domain registration number with MYNIC: D1A282781) on Wednesday, 12 April 2023 at 11.00 a.m. or any adjournment thereof.

No.	Description of Resolution	For	Against
1	Proposed Disposal		

(Please indicate with an “X” in the spaces provided how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signed this _____ day of _____ 2023

Signature and/or Seal



Notes:-

Remote participation and voting

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Record of Depositors

2. In respect of deposited securities, only a depositor whose name appears in the Record of Depositors as at 5 April 2023 shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote in his/her stead. Any changes in the entries in the Record of Depositors after the said date shall be disregarded in determining the rights of any person to attend and vote at the EGM.

Appointment of Proxy

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6. Where a member of the Company is an exempt authorised nominee, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than 1 proxy the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate and vote at the EGM must request his/her proxy to register himself/ herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures for the RPV in the Administrative Guide for the EGM.
9. The appointment of proxy may be made in hard copy form or by electronic means in the following manner, and must be deposited with and received by the Company not less than 48 hours before the time appointed for holding the EGM:-
 - (a) In hard copy form
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Poll Administrator of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
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13. For a corporate member who has appointed a representative, please deposit the certificate of appointment at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, by electronic means via TIIH Online website at <https://tiih.online>. The certificate of appointment should be executed in the following manner:
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 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (j) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

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AFFIX
STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE, AVENUE 3
BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
MALAYSIA

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