

THIS CIRCULAR TO SHAREHOLDERS OF CENGILD MEDICAL BERHAD (“CENGILD MEDICAL” OR “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. This Circular has been reviewed by Hong Leong Investment Bank Berhad, being the Principal Adviser to the Company for the Proposals (as defined below).

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CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD

Registration No.: 202101004143 (1404442-P)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED ACQUISITION OF A STRATIFIED PROPERTY WITH A COMBINED STRATA FLOOR AREA OF 100,442 SQUARE FEET TOGETHER WITH AT LEAST 182 CARPARK BAYS FORMING PART OF A PURPOSE-BUILT PRIVATE MEDICAL CENTRE TO BE ERECTED ON A PARCEL OF LEASEHOLD LAND HELD UNDER PAJAKAN NEGERI 46331, LOT 58194, MUKIM AND DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR FOR A CASH CONSIDERATION OF RM122,340,668 (“PROPOSED ACQUISITION”); AND**
- (II) PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING OF CENGILD MEDICAL PURSUANT TO RULE 8.24 OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED VARIATION”)**

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

 **HongLeong Investment Bank**

Hong Leong Investment Bank Berhad
(Registration No. 197001000928 (10209-W))

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Proposals will be tabled at the Extraordinary General Meeting (“**EGM**”) of Cengild Medical, which will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur on **Monday, 13 May 2024 at 3:00 p.m.** or any adjournment thereof. The Notice of EGM of the Company together with the Form of Proxy are enclosed in this Circular.

You are entitled to attend and vote at the EGM of our Company or to appoint a proxy or proxies to attend and vote on your behalf. The Proxy Form must be lodged at the office of our Share Registrar located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 or by electronic lodgement via TIIH Online at <https://tiih.online> on or before the time and date indicated below should you be unable to attend the meeting. The lodging of the Proxy Form will not preclude you from attending and voting remotely at the meeting if you subsequently wish to do so.

Date and time of the EGM : Monday, 13 May 2024 at 3:00 p.m.
Last date and time for lodging the Proxy Form : Saturday, 11 May 2024 at 3:00 p.m.

This Circular is dated 26 April 2024

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Board	:	Board of Directors of Cengild Medical
Bursa Securities	:	Bursa Malaysia Securities Berhad
CCC	:	Certificate of Completion and Compliance
Cengild Medical or Company	:	Cengild Medical Berhad
Cengild Medical Group or Group	:	Cengild Medical and its subsidiaries, collectively
Cengild Medical Share(s) or Share(s)	:	Ordinary shares in Cengild Medical
Cengild or Purchaser	:	Cengild Sdn Bhd, a wholly-owned subsidiary of Cengild Medical
Circular	:	This circular to our shareholders dated 26 April 2024 in relation to the Proposals
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending, as the case may be
HLIB or Principal Adviser	:	Hong Leong Investment Bank Berhad
IPO	:	Initial public offering of Cengild Medical
IPO Proceeds	:	Total gross proceeds of RM72.20 million raised from Cengild Medical's IPO
Land	:	A parcel of leasehold land held under Pajakan Negeri 46331, Lot 58194, Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Land Acquisition Act	:	Land Acquisition Act 1960
Listing Date	:	The listing date on 18 April 2022
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	15 April 2024, being the latest practicable date prior to the printing of this Circular
MOH	:	Ministry of Health of Malaysia
NA	:	Net assets
Property	:	A stratified property comprising part of each of the Lower Ground Floor 1, Ground Floor, Level 1, Level 6, Level 7, Level 8, Level 9 and Level 10 with a combined strata floor area of 100,442 sq ft together with at least 182 car park bays located within the medical centre building

DEFINITIONS (CONT'D)

Proposals	:	The Proposed Acquisition and the Proposed Variation, collectively
Proposed Acquisition	:	Proposed acquisition by Cengild, of the Property to be erected on the Land from the Vendor for a cash consideration of RM122,340,668
Proposed Variation	:	Proposed variation and extension of timeframe for the utilisation of proceeds raised from the IPO pursuant to Rule 8.24 of the Listing Requirements
Purchase Consideration	:	The total cash consideration for the Property for the amount of RM122,340,668
Sunny Uptown or Vendor	:	Sunny Uptown Sdn Bhd
SPA	:	Conditional sale and purchase agreement dated 29 December 2023 entered into between Cengild and the Vendor for the Proposed Acquisition
Sq ft	:	Square feet
Valuer	:	City Valuers & Consultants Sdn Bhd, being the Independent Property Valuer, appointed by our Company to conduct the valuation of the Property

CURRENCIES

RM and sen : Ringgit Malaysia and sen, respectively

References to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries. All references to “you” in this Circular are referred to Cengild Medical’s shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Circular shall be reference to Malaysian time, unless otherwise specified.

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CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD

Registration No.: 202101004143 (1404442-P)
(Incorporated in Malaysia)

Registered Office:
Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

26 April 2024

Board of Directors:

Dato' Dr. Tan Huck Joo (*Executive Chairman*)
Dr. Mohamed Akhtar bin Mohamed Ditali Qureshi (*Executive Director*)
Kua Choo Kai (*Independent Non-Executive Director*)
Dr. Chong Su Lin (*Independent Non-Executive Director*)
Dr. Azrina binti Abu Bakar (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

- (I) PROPOSED ACQUISITION; AND**
 - (II) PROPOSED VARIATION**
-

1. INTRODUCTION

On 29 December 2023, on behalf of our Board, HLIB announced that our Company is proposing to undertake the following:

- (i) proposed acquisition of a stratified property with a combined strata floor area of 100,442 sq ft together with at least 182 carpark bays forming part of a purpose-built private medical centre to be erected on a parcel of leasehold land held under Pajakan Negeri 46331, Lot 58194, Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur for a cash consideration of RM122,340,668; and
- (ii) proposed variation and extension of timeframe for the utilisation of proceeds raised from the IPO pursuant to Rule 8.24 of the Listing Requirements.

On 29 March 2024, on behalf our Company, HLIB announced further information in relation to the extension of the timeframe for the utilisation of proceeds raised from the IPO.

Further details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS AND APPENDICES TO THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

On 29 December 2023, Cengild, being a wholly-owned subsidiary of Cengild Medical, had entered into the SPA with Sunny Uptown for the acquisition of the Property for a cash consideration of RM122,340,668, subject to the terms and conditions contained in the SPA.

The salient terms of the SPA are set out in **Appendix I** of this Circular.

2.1.1 Background information on the Property

The Property is part of a proposed construction of a 17-storey medical centre building to be constructed by the Vendor with a floor area⁽¹⁾ of 187,507 sq ft based on plot ratio. Cengild is proposing to acquire building space with a combined strata floor area⁽²⁾ of 100,442 sq ft together with at least 182 car park bays⁽³⁾ located within the medical centre building.

Please refer to **Section 2.1.2** of this Circular for further information on the Property.

Notes:

- (1) *Gross floor area which excludes car parks and support / services areas.*
- (2) *The combined strata floor area comprises part of each of the Lower Ground Floor 1, Ground Floor, Level 1, Level 6, Level 7, Level 8, Level 9 and Level 10 in main parcels and accessory parcels which will be issued with individual strata titles. The main parcels will be used for healthcare business operations and retail space, while the accessory parcels comprise amongst others, the al-fresco area, private utility rooms and private mechanical and electrical rooms.*
- (3) *Based on the percentage of floor area to be acquired by Cengild, the minimum number of car park bays agreed is 182 bays. Since the building has not been constructed, the exact number of car park bays to be allocated cannot be determined as this juncture.*

2.1.2 Information on the Property

Other salient information on the Property is as follows:

Registered owner	: Sunny Uptown Sdn Bhd
Land title details	: Pajakan Negeri 46331, Lot 58194 Mukim and Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur
Tenure	: Leasehold for a period of 99 years expiring on 16 August 2106. As at 29 December 2023, being the valuation date, the unexpired term is about 82.6 years ⁽¹⁾
Land title area	: 43,120.22 sq ft ⁽²⁾
Restriction-in-Interest	: Nil
Category of land use	: Building ⁽²⁾
Express condition	: This land shall be used only for commercial building
Encumbrances	: Nil ⁽³⁾
Endorsements	: Nil
Existing use	: Under construction
Proposed use	: To operate medical business and retail space. The retail business operators have yet to be determined as this juncture.
Net book value	: Not available as at the LPD as the Property is under construction
Approximate age of the building	: Under construction ⁽⁴⁾
Floor area based on plot ratio	: 187,507 sq ft (based on the development order dated 28 December 2023)
Combined strata floor area of the Property to be acquired	: 100,442 sq ft
Market value of the Property appraised by the Valuer	: RM124,000,000 as at 29 December 2023, being the valuation date

Notes:

- (1) *The Vendor had on 26 September 2023 applied for the extension of the leasehold of the said Land for a term not less than 99 years. On 6 February 2024, the Kuala Lumpur Land Office approved the said application and the premium was paid on 11 March 2024. The renewed leasehold tenure for a term of 99 years last until 16 August 2123.*
- (2) *Based on the information set out in the title of the Land. As at the LPD, the strata title for the Property has not been issued.*
- (3) *Based on the land title search as at 9 April 2024, there is no encumbrances on the land.*
- (4) *The construction of the medical centre building is estimated to start in July 2024 and expected to complete by December 2026. All the units in the Property are intended to be utilised by our Group for our core existing business operations as a healthcare service provider. The development order with endorsed development plans were obtained on 28 December 2023. As at the LPD, the building plan approval by Kuala Lumpur City Hall is still pending.*

2.1.3 Mode of settlement of the Purchase Consideration

The total Purchase Consideration of RM122,340,668 shall be fully satisfied in cash based on the following manner:

Instalment payment	Timing of payment / settlement	Purchase Consideration	
		%	RM'000
1	Upon signing of the SPA but no later than seven (7) business days from the date of the SPA	10.0	12,234.07
On completion of the following works:			
2	Piling and pile cap	10.0	12,234.07
3	Structural framework of basement up to ground floor	10.0	12,234.07
4	Reinforced concrete framework and floor slab of the Property	15.0	18,351.10
5	Walls of the Property with doors	15.0	18,351.10
6	Electrical wiring, plumbing (without fittings) and internal telephone trunking and cabling to the Property	10.0	12,234.07
7	Drains serving the building	5.0	6,117.03
8	Sewerage serving the building	5.0	6,117.03
9	Roads serving the building	5.0	6,117.03
10	On issuance of the CCC	7.5	9,175.55
11	On the date Purchaser takes possession of parcel	5.0	6,117.03
12	On the expiry of 12 months after the date Purchaser takes vacant possession of the Property	2.5	3,058.52
Total		100.0	122,340.67

The first instalment payment for the amount of approximately RM12.23 million, being the deposit, was paid by Cengild on 8 January 2024.

2.1.4 Source of funding

The Purchase Consideration will be funded through a combination of internally generated funds, bank borrowings and re-allocated IPO Proceeds (defined in **Section 2.2** of this Circular) pursuant to the Proposed Variation. Save for the re-allocated IPO Proceeds of approximately RM36.26 million, the breakdown of the source of funds from internally generated funds and bank borrowings will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing level and interest cost. In the event the shareholders' approval is not obtained for the Proposed Variation, the Proposed Acquisition will be funded through a combination of internally generated funds and/or bank borrowings, the breakdown of which the Company is unable to ascertain at this juncture.

2.1.5 Basis and justification for the Purchase Consideration

The Purchase Consideration of RM122,340,668, which represents a discount of RM1.66 million or approximately 1.34% to the market value of RM124.00 million as appraised by the Valuer, was arrived at on a willing-buyer willing-seller basis, after taking in consideration the following:

- (i) the market value of the Property at RM124.00 million as appraised by the Valuer vide its valuation report dated 29 December 2023; and
- (ii) the rationale and benefits to be derived from the Proposed Acquisition, details of which are as set out in **Section 3** of this Circular.

Cengild Medical had appointed the Valuer to carry out a valuation on the Property and the Valuer had vide its valuation report dated 29 December 2023 appraised a market value of RM124.00 million. The Property was appraised using the Cost Approach.

The Valuer noted that the recent sales of private medical centre buildings in the Klang Valley were all transacted between related parties i.e. Sunway Medical Centre Towers A and B and/or by sale of equity shares of company i.e. Prince Court Medical Centre Sdn Bhd. There were no open market sales of strata parcels in custom-made medical centre buildings. Thus, the Valuer is of the opinion that the market approach of valuation would not be fully appropriate for the appraisal of the Property's market value.

Similarly, the Valuer's investigations indicated that there were no reliable open market data on the market rent, property outgoings and capitalisation yield of similar custom-made medical centre buildings for the use of the income approach of valuation, as the Property is neither income generating nor operational as at the date of valuation.

Please refer to the valuation certificate as set out in **Appendix II** of this Circular for further information.

2.1.6 Information on the Vendor

Sunny Uptown was incorporated in Malaysia on 25 September 2003 under the Companies Act 1965 (now known as Companies Act 2016) as a private limited company. Sunny Uptown is involved in property development.

As at the LPD, the issued share capital of Sunny Uptown is RM90,900,000 comprising 80,000,000 ordinary shares and 10,900,000 preference shares.

As at the LPD, Sunny Uptown is a wholly-owned subsidiary of UOA Development Bhd. UOA Development Bhd is a company listed on the Main Market of Bursa Securities.

As at the LPD, the substantial shareholders and their respective shareholdings of Sunny Uptown are as follows:

	Direct		Indirect	
	No of shares	%	No of shares	%
UOA Development Bhd	90,900,000	100.0	-	-
UOA Holdings Sdn Bhd	-	-	⁽¹⁾ 90,900,000	100.00
Kong Pak Lim	-	-	⁽²⁾ 90,900,000	100.00
Kong Chong Soon @ Chi Suim	-	-	⁽²⁾ 90,900,000	100.00

As at the LPD, the directors and their respective shareholdings in Sunny Uptown are as follows:

	Direct		Indirect	
	No of shares	%	No of shares	%
Kong Pak Lim	-	-	⁽²⁾ 90,900,000	100.00
Kong Chong Soon @ Chi Suim	-	-	⁽²⁾ 90,900,000	100.00
Kong Sze Choon	-	-	-	-
Stephanie Kong Pei Zen (alternate director to Kong Pak Lim)	-	-	-	-

Notes:

- (1) Deemed interested by virtue of its direct shareholdings in UOA Development Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of their indirect shareholdings in UOA Holdings Sdn Bhd pursuant to Section 8 of the Act. UOA Holdings Sdn Bhd is a controlling shareholder of UOA Development Bhd.

2.1.7 Liabilities to be assumed

Save for the obligations of Cengild in respect of the SPA for the Proposed Acquisition, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by our Group arising from the Proposed Acquisition.

2.1.8 Additional financial commitment required

Our Group expects to incur additional financial commitment of up to RM60.00 million on renovation, fit-out and medical equipment costs to put on-stream the operations of the Property. The Property will be equipped with, among others, endoscopy department, radiology department, intensive care units (ICU), high dependency units (HDU), operating theatres, inpatient ward and central sterile services department. The medical equipment to be purchased include amongst others, the diagnostic magnetic resonance imaging (MRI), x-ray, ultrasound, medical pendant for operation theater, beds, endoscopy equipment, etc; and the number of units to be purchased have yet to be determined at this juncture as it depends on our Group's operational requirements upon relocation to the Property. The timeframe to complete the renovation, fit-out and installation of medical equipment may take up to a year from December 2026, being the date Cengild expects to obtain the vacant possession of the Property and we estimate the date of commencement of operations at the new medical centre by December 2027.

The abovementioned additional financial commitment of up to RM60.00 million is a preliminary estimate, which was obtained from a project management company who has experience in construction, renovation and fittings of private hospital, and can only be finalised at a later date as the fit-out of the Property will only commence after the completion of the Proposed Acquisition and vacant possession being delivered to Cengild, which is expected by December 2026.

Cengild intends to fund the additional financial commitment through internally generated funds and/or bank borrowings, the breakdown of which will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing level and interest cost.

2.2 Proposed Variation

In respect of the Proposed Variation, reference is made to the utilisation of proceeds from the public issue as disclosed in our Company's IPO prospectus dated 30 March 2022. Our Company raised total gross proceeds of RM72.20 million from the IPO.

As at the LPD, our Group has utilised approximately RM11.74 million of the IPO proceeds while the remaining balance which is yet to be utilised is approximately RM60.46 million.

After due consideration of the rationale stated in **Section 3** of this Circular and due to commercial reasons, our Board proposes to vary the utilisation of IPO Proceeds amounting to approximately RM36.26 million to partially fund the Proposed Acquisition and extend the time for the utilisation of the IPO Proceeds, details of which are as follows:

	(A)	(B)	(C) = (A) - (B)	Revised utilisation after the Proposed Variation	Original timeframe for utilisation of proceeds	Revised timeframe for utilisation of proceeds
Details of utilisation	Proposed utilisation	Actual utilisation as at the LPD	Balance of proceeds as at the LPD	Proposed Variation		
	RM'000	RM'000	RM'000	RM'000		
Expansion of existing medical centre ⁽¹⁾	13,000	3,092	9,908	(9,908)	Within 36 months from the Listing Date	-
Establishing new medical centres ⁽¹⁾	37,100	-	37,100	(18,550)	Within 36 months from the Listing Date	-
Proposed Acquisition ⁽¹⁾	-	-	-	36,258	-	Within 36 months from the unconditional date of the SPA
Working capital ⁽¹⁾	17,404	4,153	13,251	(7,800)	Within 24 months from the Listing Date	Within 36 months from the Listing Date*
Defraying the listing expenses	4,700	4,497	^203	-	Within 1 month from the Listing Date	-
Total	72,204	11,742	60,462	-		60,462

Notes:

[^] The balance proceeds from the listing expenses of RM203,000 will be re-allocated for working capital purposes.

^{*} Our Company requires additional time to fully utilise the remaining amount for working capital which was allocated for the recruitment of 10 new employee consultants and surgeons, approximately 120 nursing staff, approximately 70 clinical support and administrative staff as well as general working capital for the purchase of medical supplies and consumables to support our operations. The breakdown of the funds allocated for each of these components shall be subjected to our Group's operational requirements at the time of utilisation.

Note:

(1) As summarised in our Company's IPO prospectus, the unutilised IPO proceeds of RM60.46 million were initially intended to be utilised for the:

- (i) expansion of our existing medical centre;
- (ii) establishing new medical centres; and
- (iii) working capital.

While our Company still intends to expand our existing medical centre, it will be carried out via the Proposed Acquisition as opposed to its earlier plans of leasing additional space of approximately 12,000 to 15,000 sq ft at Nexus @ Bangsar South as disclosed in the prospectus.

As such, the Proposed Variation of approximately RM36.26 million is intended to be utilised to part finance the Proposed Acquisition. In addition, our Company intends to vary the utilisation timeframe for the aforementioned RM36.26 million which is expected to be fully utilised within 36 months from the signing of the SPA based on the payment schedule stipulated in the SPA.

The variation of the IPO proceeds for the amount of approximately RM36.26 million represents 50.22% of our total IPO proceeds. As such, in accordance with Rule 8.24(2)(a) of the Listing Requirements, the Proposed Variation is deemed a material change to the utilisation of IPO proceeds. Accordingly, the shareholders' approval for the Proposed Variation is required to be obtained by our Company.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisition

The Proposed Acquisition presents our Company with an opportunity to expand our existing medical centre in Kuala Lumpur by relocating our current rented premises to the Property forming part of a purpose-built private medical centre which will be owned by our Group. This gives an opportunity for our Group to receive more patients and to cater to the increasing demand for our Group's medical services since our IPO.

Since the IPO, our Group has expanded our services by establishing strategic alliances via joint venture entities, namely Urohealth Sdn Bhd and Curie Oncology KL Sdn Bhd. Urohealth Sdn Bhd provides urology assessment and treatment while Curie Oncology KL Sdn Bhd provides oncology services. Our Group is now able to offer complementary medical services in urology, oncology, cardiology and gynaecology, which support our Group's core business specialising in the diagnosis and treatment of gastrointestinal and liver diseases, and obesity.

In this regard, the built-up area of the Property which is more than doubled of the existing medical centre's built-up area of 36,588 sq ft will enable our Group to expand our footprint in Kuala Lumpur and provides our Group with substantial space to scale up our operations as compared to our existing location which is limited by the availability of suitable space at Nexus @ Bangsar South, Kuala Lumpur. The larger built-up area of the Property will provide our Group with sufficient capacity to recruit more consultants and surgeons to expand the operations of our core specialities in gastroenterology and hepatology, and our complementary medical services to provide patients with more comprehensive medical care and treatment. The existing term of the tenancy agreement for our premises at Nexus @ Bangsar South commenced from 1 May 2022 to 30 April 2025. We intend to renew the tenancy for another term commencing from 1 May 2025 to 30 April 2028 after taking into consideration that the new Property is expected to operate as the new medical centre by December 2027 after the renovation is completed. We do not intend to continue the tenancy at Nexus @ Bangsar South after our relocation to the new Property.

In addition, the Proposed Acquisition will allow our Group to further strengthen our position as an independent healthcare provider specialising in gastrointestinal and liver diseases, and obesity and is in line with our Group's strategy in expanding our medical services in Malaysia.

3.2 Proposed Variation

The Proposed Variation is intended to part finance the Proposed Acquisition for an amount of approximately RM36.26 million and it is undertaken for business expansion purposes. Our Board is of the opinion that the Proposed Acquisition is consistent with the future plans of our Group, especially expanding our medical centre.

After considering various available options, the Proposals provide our Group with an opportunity to achieve our future plans and is expected to contribute positively to our Group after the completion of the Proposals.

4. OVERVIEW, INDUSTRY OUTLOOK AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

(i) Overview

The Malaysian economy continued to expand in 2023 despite external headwinds: The Malaysian economy grew by 3.7% despite facing challenges stemming from weak external demand, disruptions in commodity production and higher cost of living. Growth was mainly supported by resilient domestic demand and recovery in tourism activities. On the external front, exports declined due to subdued global demand, lower commodity prices and shifts towards services spending. Additionally, improving labour market conditions coupled with supportive policy measures helped household spending, especially among the vulnerable households affected by higher cost of living. Private sector capital spending drove overall investment activity, particularly in information technology and electrical and electronics. In tandem with external trade performance, export-oriented industries saw some moderation in growth. Nonetheless, all sectors continued to expand in 2023.

Headline inflation moderated in 2023 to an average of 2.5% (2022: 3.3%), largely on account of lower food, non-alcoholic beverages and fuel inflation. Some subsidy rationalisation measures were introduced, namely through the revision of electricity tariffs and removal of price ceilings for chicken. The impact on Consumer Price Index (CPI) inflation was rather muted given the relatively smaller weights of these items in the CPI basket. In addition, upward pressure on import prices from the sustained strength of the US dollar against the ringgit was offset by the moderating global cost environment. Existing price controls and subsidies on key expenditure items as well as the relatively stable firms' pricing behaviour also partially mitigated exchange rate pass-through effects. Meanwhile, core inflation averaged at 3% (2022: 3%). The more gradual disinflation pace was partly due to persistent demand pressure, particularly in the first half of 2023. Core inflation steadily converged to its long-term average in the second half. Overall, price pressures were generally less pervasive in 2023. The share of CPI items recording monthly price increases trended lower, approaching their respective long-term average levels.

(Source: Economic and Monetary Review 2023 issued by Bank Negara Malaysia on 20 March 2024)

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(ii) Outlook

The Malaysian economy is projected to grow between 4% - 5% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand: Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Tourism is expected to improve further, while the implementation of new and ongoing multi-year projects by both the private and public sectors would support investment activity. Nevertheless, domestic growth remains subject to downside risks from both external and domestic factors. External factors include a weaker-than-expected global growth and further escalation of geopolitical conflict. Domestically, more severe shocks on commodity production and the implementation of subsidy rationalisation could also weigh on the growth outlook, although this could be partially offset by targeted cash assistance from the Government. Greater spillover from the tech upcycle, stronger-than-expected tourism activity, and faster implementation of existing and new investment projects would provide upside risks to the domestic growth.

Headline inflation is expected to remain moderate amid contained cost pressures from easing global supply conditions. Price pressures from tax changes and utility tariffs are assessed to have a marginal impact on headline inflation. Additionally, the impact of exchange rate depreciation on inflation will be contained by administered prices and relatively stable from pricing behaviour. Core inflation is also expected to moderate, but remaining above its long-term average. Limited demand pressures, stable near-term sentiments on economic conditions and wage growth that is in line with productivity increases, will likely contain upward pressure to underlying inflation. Inflation outlook remains highly subject to upside risks due to potential price adjustments on food and energy items, as well as external pressures from exchange rate and global commodity price developments. Of note, the inflation forecast range has incorporated some potential upside from the implementation of fuel subsidy rationalisation. The direct impact on headline inflation will likely dissipate within a year, but there are upside risks from knock-on effects and wage-price dynamics. Nevertheless, the short-term impact will depend on the size, timing and scope of targeted assistance. On the other hand, downside risks to inflation outlook emanate from weaker global growth weighing on commodity prices and cost pressures.

(Source: Economic and Monetary Review 2023 issued by Bank Negara Malaysia on 20 March 2024)

4.2 Overview and outlook of the healthcare industry in Malaysia

There is concern regarding the sustainability of Malaysia's healthcare system and its ability to meet the needs of the population; given the demands on the healthcare services due to changing socio-demographic, economics as well as evolving disease burden. The country faces several issues and challenges in ensuring the financial sustainability of the healthcare system. Malaysia's total health expenditure ("**THE**") stood at 4.24% of gross domestic product ("**GDP**") in 2017, of which 2.2% came from the government's expenditure (Ministry of Health Malaysia, 2019). World average of THE is between 9.4% - 10.0% of GDP (2010 - 2016) (The World Bank, 2018). The public sector contributed to 51% of THE and private sector contribution was 49% of THE.

Out-of-pocket spending accounted for a significantly high proportion of 38% of THE. Even though 70% of THE were spent on curative services, the largest component compared to other functions of healthcare such as public health services, administration and research (Ministry of Health Malaysia, 2019b), the secondary and tertiary care services continue to face challenges to maintain its services to the people. Under-utilised or unutilised facilities due to lack of staff and equipment, hospital congestions, brain drain of medical specialist to the private sectors are hereditary issues that require sustainable strategies and investments.

Malaysia is moving towards an aging population by 2040, where 14.5% of total population would be more than 60 years old. This change in socio-demographic is expected to put greater demand on the healthcare resources to treat chronic diseases and often associated with multiple morbidities. Non-communicable diseases (“**NCD(s)**”) such as cardiovascular diseases, cancers, diabetes, mental health disorders, obesity, injuries and accidents, which are costly to treat have emerged as leading causes of morbidity and mortality.

As such, the Ministry of Health has given emphasis to various reform agendas in healthcare system including restructuring the system, creating a robust financing system, better public-private partnership, and seamless integration between primary and secondary care. The Ministry of Health has also given emphasis not only on evidence-based medicine but also on value-based medicine and opened for more innovative solutions including digital technology. The overall objective of the Strategic Framework of the Medical Programme (2021 - 2025) is to improve access to medical care, leaving no one behind, through strengthening, enhancement and consolidation of medical services.

(Source: Strategic Framework of the Medical Programme, Ministry of Health Malaysia, 2021 - 2025)

The Government remains committed to improving the Rakyat’s overall wellbeing by providing universal access to quality healthcare services. In this respect, a whole-of-society primary healthcare approach will be adopted to create a more sustainable, resilient, and quality healthcare system. The rakyat will be further inculcated to embrace a self-reliant transition from the treatment of diseases to the disease prevention concept, in order to improve, protect and maintain their health. In this regard, the Government will commit to 5% of healthcare expenditure to GDP as stipulated in the Health White Paper.

In providing accessible healthcare, the MADANI Medical Scheme was introduced in June 2023 with an allocation of RM100 million. This initiative facilitates acute primary care treatment for the B40 at private clinics and at the same time reduces congestion at the emergency department in public hospitals. Additionally, the Peduli Kesihatan Scheme (PEKA B40) allocates RM80 million to offer extensive healthcare support. The scheme encompasses health screenings and incentives for completing cancer treatments, and transportation support to the public health facilities. As at end-July 2023, more than RM50 million has been disbursed for these programmes. Furthermore, tax relief threshold on medical expenses has been increased from RM8,000 to RM10,000 for the 2023 assessment year. The relief was extended to cover the cost of rehabilitation treatment for children with learning disabilities such as Down Syndrome, Autism, and Specific Learning Disabilities.

Increasing healthcare quality continues to be a priority, focusing on rendering quality healthcare services. Hence, facilities and equipment will be upgraded as well as ensuring an adequate number of healthcare professionals, particularly those in the rural areas, to create a conducive healthcare environment. Meanwhile, care services will also be enhanced as Malaysia is moving towards an ageing nation. The healthcare programmes for the elderly will be strengthened and healthcare services will be digitalised. Additionally, early detection initiatives and efficient responses to infectious disease outbreaks will be continued with the establishment of the National Disease Control Centre. Mental and emotional wellbeing awareness programmes will be sustained, and the communitybased healthcare system will be empowered, ultimately improving the overall quality of life for Malaysians.

The services sector (*which include, amongst others, private health services*) is forecast to increase by 5.6% in 2024 driven by expansion in all subsectors. The Malaysia Healthcare Travel Council (MHTC) will engage in reinvigorating the Malaysian healthcare industry in an effort to establish a larger market base, especially in targeted markets such as China, India and Indonesia. In 2024, MHTC estimates that the healthcare tourism industry’s revenue trajectory will be restored to its pre-pandemic level at RM1.70 billion.

(Source: Economic Outlook 2024, Ministry of Finance Malaysia)

4.3 Prospects of the Proposed Acquisition

As a private healthcare provider specialising in gastrointestinal and liver diseases, and obesity in Malaysia, the demand for medical healthcare services is in turn reliant on, amongst others, economic developments, diseases caused by sedentary lifestyles arising from increasing wealth and affluence, higher patient expectations and purchasing power.

The increase in private consumption and the higher private healthcare expenditure in Malaysia as outlined in **Sections 4.1** and **4.2** of this Circular indicate that the Malaysian population is growing in affluence and has ability to spend for private healthcare services. This is also supplemented with the expected increase in the population aged 65 and above from 7.2% in 2022 to 7.4% in 2023 (*Source: Current Population Estimates Malaysia, Department of Statistics Malaysia, 2023*), leading to the demand for more diagnosis and hospital-based inpatient and outpatient treatment and longer duration for care.

Our Board believes that the Proposed Acquisition will enable our Group to operate and provide our medical services with a larger built-up area to cater to the increasing demand for our Group's medical services. Having considered the positive outlook of the healthcare industry in Malaysia, our Board believes that the Proposed Acquisition will benefit our Group and it is expected to contribute positively to our Group moving forward.

(Source: Management of Cengild Medical)

5. RISK FACTORS

The Proposed Variation does not pose any material risks to our Group.

The risks associated with the Proposed Acquisition, which are not exhaustive, are as follows:

5.1 Transaction risk

The completion of the Proposed Acquisition is subject to various terms and conditions under the SPA. In the event that either party breaches such terms and conditions, the other party is entitled to terminate the SPA. In addition, the SPA is conditional upon the fulfilment of all conditions precedent of the SPA.

The completion of the Proposed Acquisition is subject to the completion of the Property and issuance of CCC which is expected to be obtained by 2026 from the Vendor. In the event there is a delay in obtaining the CCC by the Vendor, the delivery of vacant possession of the Property to the Purchaser will be delayed.

In the event that the Proposed Acquisition does not materialise, we will continue to operate our medical centre at our existing rented premises, and we will not be able to enjoy the benefits of the substantial space to scale up our operations, and there can be no assurance that our landlord will not increase the rental rates or renew our tenancy. If the rental rates increase substantially, there can be no assurance that it will not adversely affect our financial performance.

Notwithstanding the above, our Company will take all reasonable steps to ensure the fulfilment of the conditions precedent, including obtaining the approvals required which are within our control such as the shareholders' approval for the Proposed Acquisition and to obtain no objection letter from MOH for the pre-establishment of medical centre (which was obtained on 22 January 2024), for the purpose of completing the Proposed Acquisition.

5.2 Financing risk

The Purchase Consideration will be funded via a combination of bank borrowings, internally-generated funds and the re-allocated IPO Proceeds.

The interest rate of bank borrowings is dependent on various factors, which include general economic and capital market conditions, credit availability from banks and political and social conditions in Malaysia. There can be no assurance that the bank borrowings will be available in the amount or on terms favourable to our Group.

Further, the Proposed Acquisition may expose our Group to interest rate and debt servicing risks, whilst any utilisation of internal funds is expected to result in reduction of funds available for working capital purposes which may have an effect on our Group's cash flow position.

Nevertheless, our Group is mindful of the financing risks and shall mitigate them by adopting prudent cash flow management and by monitoring and managing our Group's overall credit exposure on an on-going basis.

5.3 Risks associated with the valuation of the Property

The valuation of the Property by the Valuer is based on certain assumptions, which are subjective and uncertain, and may differ from actual measures of the market. Further, property valuations generally include subjective determination of certain factors, and they include location, relative market position and physical conditions. The market value of the Property as appraised by Valuer is not an indication of and does not guarantee an equivalent or greater sale price either at the present time or at any time in the future.

Accordingly, there can be no assurance that Cengild Medical would be able to sell the Property, or that the price realisable on such sale would not be lower than the present valuation or the price paid by our Company to purchase the Property at any time in the future.

Notwithstanding the above, it is our intention to continue carrying out our core existing business operations as a healthcare service provider by relocating to the Property, which is a purpose-built medical centre. As such, we have no intention to sell the Property at this juncture.

5.4 Compulsory acquisition by the Government of Malaysia

The Government of Malaysia has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the applicable legislation including the Land Acquisition Act for, among other things, public use or due to public interest.

In the event of any compulsory acquisition of property in Malaysia, the amount of compensation to be awarded is based on the fair market value of a property and is assessed on the basis prescribed in the Land Acquisition Act and other relevant laws. The market value of the Property, if so acquired, as determined by the Government of Malaysia may be lower than the market value as determined by any independent property valuer appointed by our Company.

Moreover, if the Property was compulsorily acquired by the Government of Malaysia after completion of the Proposals, and at a point in time when the market value of the Property has decreased, the level of compensation paid to Cengild may be less than the price which Cengild paid for the Property. This may have an adverse effect on our Group's financial position, results of operations and prospects.

Notwithstanding the above, it is unlikely that the Property will be subjected to a compulsory acquisition by the Government of Malaysia before the completion of the Proposals, as the Vendor has obtained the development order with endorsed development plans on 28 December 2023.

6. EFFECTS OF THE PROPOSALS

The Proposed Variation is not expected to have any effects on the issued share capital, substantial shareholders' shareholdings, NA per Share, gearing ratio, earnings and EPS of our Group.

The Proposed Acquisition is not expected to have any effects on the issued share capital and substantial shareholders' shareholdings of Cengild Medical in view that there is no new Shares will be issued pursuant the Proposed Acquisition. The effects of the Proposed Acquisition on the NA per Share, gearing ratio, earnings and EPS of our Group are as follows:

6.1 NA per Share and gearing ratio

For illustration purposes only, based on the latest audited consolidated statements of financial position of Cengild Medical as at 30 June 2023, the pro forma effects of the Proposed Acquisition on the NA per Share and gearing ratio based on the assumption that the Proposed Acquisition had been effected at the end of the FYE 30 June 2023 are as follows:

	Audited as at 30 June 2023	(1) After the Proposed Acquisition
	RM'000	RM'000
Share capital	87,472	87,472
Reserves	2,008	2,008
Retained profits	16,629	(2)16,580
Total equity / NA attributable to the owners of our Company	106,109	106,060
No. of Shares in issued ('000)	832,874	832,874
NA per Share (RM) (3)	0.13	0.13
Total borrowings	(4)14,933	(5)88,337
Gearing ratio (times) (6)	0.14	0.83

Notes:

(1) *The pro forma effects on the NA per Share and gearing ratio on the Proposed Acquisition have not taken into consideration the payment of interim dividend of approximately RM3.08 million on 25 September 2023 and the payment of interim dividend of approximately RM3.08 million on 29 March 2024.*

After taking into consideration the payment of the interim dividend as highlighted above and the Proposed Acquisition:

(i) *the NA attributable to the owners of our Company would be approximately RM99.90 million;*

(ii) *the NA per Share would be approximately RM0.12; and*

(iii) *the gearing ratio of our Group would be 0.88 times.*

(2) *The total estimated expenses are approximately RM5.345 million in relation to the Proposed Acquisition, of which the expenses directly attributable to the Proposed Acquisition of approximately RM5.296 million will be recognised as property, plant and equipment while the remaining balance of the estimated expenses of approximately RM0.049 million in relation to the Proposals such as the printing of the Circular, advertisement of notice of EGM and EGM related costs will be charged and expensed off. The total estimated expenses comprise the professional fees, authorities' fees, incidental expenses for the EGM and stamp duty for the Property.*

(3) *Calculated based on the total equity divided by total number of Shares in issued.*

(4) *The total borrowings as at 30 June 2023 comprise lease liabilities only.*

- (5) Assuming the Proposed Acquisition is partially funded through bank borrowings of approximately RM73.404 million while the remaining balance of RM48.936 million is funded by the re-allocated IPO Proceeds and internally generated funds. Our Company intends to secure bank financing for the Proposed Acquisition with a facility limit of at least 60% of the Purchase Consideration and has sufficient cash reserves to fund the balance 40% of the Purchase Consideration.
- (6) Calculated based on total borrowings divided by total equity.

Please refer to the pro forma consolidated statement of financial position of our Company as at 30 June 2023 together with the Reporting Accountants' letter as set out in **Appendix III** of this Circular for further information.

6.2 Earnings and EPS

The Proposed Variation will not have any immediate effect on the earnings and EPS of our Group for the FYE 30 June 2024.

In respect of the Proposed Acquisition, for illustration purposes, assuming the Proposed Acquisition had been effected on 1 July 2022, being the beginning of the FYE 30 June 2023, the pro forma effects of the Proposed Acquisition on the earnings and EPS of our Group are as follows:

	Audited as at 30 June 2023	After the Proposed Acquisition
	'000	'000
Profit after tax attributable to the owners of our Company	13,288	(a)12,720
Weighted average number of Shares in issue ('000)	819,266	819,266
EPS (sen)	1.62	1.55

Note:

- (a) After taking into consideration the estimated expenses in relation to the Proposals of approximately RM0.049 million and the estimated annual increase in expenses of RM0.568 million based on the following assumptions:

	RM'000
One-off gain on modification of lease for our existing rented premises at Nexus @ Bangsar South	4,119
Annual depreciation on right-of-use assets for our existing rented premises at Nexus @ Bangsar South	1,304
Annual reduction in interest expenses in relation to the lease liabilities for our existing rented premises at Nexus @ Bangsar South	688
Less:	
Annual financing cost, assuming interest rate of 4.18% per annum for the bank borrowings to fund part of the purchase consideration in relation to the Proposed Acquisition	(1,721)
Assuming an annual depreciation on the Property	(5,089)
Estimated expenses directly attributable to the Proposed Acquisition which will be charged and expensed off	(49)
Annual increase in expenses	(748)
Assuming corporate tax rate of 24%	180
Annual net increase in expenses	(568)

The Proposed Acquisition is not expected to have any material effect on the earnings and EPS of our Company for the FYE 30 June 2024 as the Proposed Acquisition is expected to complete in the year 2026. However, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of our Group.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:

- (i) the shareholders of Cengild Medical at an EGM to be convened; and
- (ii) any other relevant authorities and/or parties, if required.

The Proposed Acquisition is not conditional upon the Proposed Variation and the Proposed Variation is conditional upon the Proposed Acquisition.

The Proposals are not conditional or inter-conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is 115.30% calculated based on the aggregate value of the Purchase Consideration divided by the latest audited NA attributable to the owners of Cengild Medical as at 30 June 2023. Accordingly, the Proposed Acquisition is tantamount to a very substantial transaction under Rule 10.10 of the Listing Requirements.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to the definition of significant change in the business direction or policy of the Listing Requirements is 43.85% calculated based on the aggregate value of the consideration for the Property divided by the aggregate market value of all Shares. Further, the Proposed Acquisition does not result in a significant change in the business direction or policy of our Group under Rule 10.11(1) of the Listing Requirements in view of the following:

- (i) the Proposed Acquisition will not result in a significant change in the business direction or policy of our Group's existing core business as a healthcare service provider. The Property to be acquired is solely to relocate its existing medical centre for expansion purposes;
- (ii) the Proposed Acquisition will not result in a change in our controlling shareholder as the Purchase Consideration will be fully settled by cash and the Proposed Acquisition does not involve issuance of new Shares;
- (iii) the Proposed Acquisition will not result in a change in our Board composition as there is no intention to appoint any new directors;
- (iv) our Company is not classified as a Cash Company pursuant to Rule 8.03(1) of the Listing Requirements; and
- (v) the Proposed Acquisition is not a restructuring exercise involving the transfer of our Company's listing status and introduction of new assets to the other corporation.

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

None of our directors and/or major shareholders of Cengild Medical and/or persons connected with them have any interest, direct or indirect, in the Proposals.

10. DIRECTORS' RECOMMENDATION

Our Board, after having considered all aspects of the Proposals including the salient terms of the SPA, rationale and the effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

11. TIMEFRAME FOR COMPLETION / IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposals to be completed by 2026.

The tentative timetable for the implementation of the Proposals is as follows:

<u>Date</u>	<u>Events</u>
May 2024	<ul style="list-style-type: none">▪ EGM.▪ Completion of the Proposed Variation.
2026	<ul style="list-style-type: none">▪ Completion of the Proposed Acquisition.

12. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (which are the subject matter of this Circular), there are no other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

13. EGM

Our EGM will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("**Broadcast Venue**"), on **Monday, 13 May 2024 at 3:00 p.m.** or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions as set out in the Notice of EGM enclosed in this Circular, with or without modifications, to give effect to the Proposals.

If you are entitled but unable to attend and vote at our forthcoming EGM, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions printed therein as soon as possible, so as to arrive at the office of our Share Registrar at 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 or by electronic lodgment via TIH Online at <https://tiih.online> not later than 48 hours before the time appointed for holding our EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending, speaking and voting in person at our EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
CENGILD MEDICAL BERHAD

DATO' DR TAN HUCK JOO
Executive Chairman

SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:

1. SALE AND PURCHASE OF THE PROPERTY

The Vendor agrees to sell and the Purchaser agrees to purchase the Property to be constructed on the Land (including the accessory parcels) free from all encumbrances and with vacant possession to be delivered within 36 months from the Unconditional Date (as hereinafter defined) together with the certificate of completion and compliance but subject to all conditions of title upon the terms and subject to the conditions contained in the SPA.

2. CONDITIONS PRECEDENT

2.1 The sale and purchase of the Property is conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled within 9 months from the date of the SPA with an automatic extension of 6 months or such other period to be mutually agreed in writing between the Parties ("**Condition Period**"):

- (a) the Purchaser having obtained at its own cost and expense the no objection letter for pre-establishment from the MOH which is required pursuant to Private Healthcare Facilities and Services Act 1998 (Act 586) Regulations & Order ("**MOH No Objection Pre-Establishment Letter**"). The MOH No Objection Pre-Establishment Letter has been obtained on 22 January 2024;
- (b) the Purchaser having obtained the approval of its shareholders for the acquisition of the Property in accordance with the terms and conditions of the SPA and further authorizing the execution of the SPA and all other relevant related documents ("**Shareholders' Approval**");
- (c) the Purchaser shall procure from its financier to issue an irrevocable undertaking addressed directly to the Vendor to release the loan sum⁽¹⁾ to the Vendor in accordance with the Schedule of Payment of Purchase Price contained in the SPA the context of which shall be in the form and substance as annexed in **Appendix A** of the SPA ("**Financier's Letter of Undertaking**");
- (d) the Vendor having applied and obtained within 1 month from the date of the SPA at the Vendor's own cost and expense the official development order approval letter with endorsement development plans (which was issued by City Hall of Kuala Lumpur on 28 December 2023) in relation to the said Building from the appropriate authorities which the development order approval letter with endorsement development plans must be acceptable to the Vendor, the Purchaser and the purchasers of other parcels ("**Other Purchasers**") as confirmed by the Vendor ("**DO Approvals**"); and
- (e) the Vendor having applied and obtained at the Vendor's own cost and expense the building plans in relation to the said Building from the appropriate authorities which the building plans approvals must be acceptable to the Vendor, the Purchaser and the Other Purchasers as confirmed by the Vendor ("**BP Approval**").

Note:

- (1) *Our Company intends to secure bank financing for the Proposed Acquisition with a facility limit of at least 60% of the Purchase Consideration which equivalent to approximately RM73.4 million.*

2.2 The date where all the Conditions Precedent are fulfilled or deemed satisfied or waived by the parties in writing shall be referred to as "Unconditional Date" ("**Unconditional Date**").

SALIENT TERMS OF THE SPA (CONT'D)

2.3 The Parties expressly agree that in the event any of the Conditions Precedent is not fulfilled or waived within the Condition Period then either party shall be entitled to rescind the SPA by a notice in writing and upon such rescission the Vendor shall within 14 days from the date of its notice:

- (a) forfeit the sum equivalent to 10% of the Purchase Price payable by the Purchaser towards the account of the Purchase Price to the Vendor in accordance with the provisions of the SPA (“**Deposit**”) as agreed liquidated damages if the Purchaser is unable to obtain the MOH No Objection Pre-Establishment Letter due to the act, omission and/or negligence of the Purchaser; or
- (b) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon subject to the Purchaser providing supporting documents from MOH, if the Purchaser is unable to obtain the MOH No Objection Pre-Establishment Letter after all avenue of appeal has been subsequently exhausted and not due to the act, omission and/or negligence of the Purchaser OR if the MOH No Objection Pre-Establishment Letter obtained are subject to conditions which requires amendments or improvement of the building plans or plans which are beyond amendment or improvement to the building plans in the reasonable judgement of the Vendor, the Purchaser and the Other Purchaser;
- (c) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon, subject to the Purchaser providing supporting documents for the Financier’s refusal to issue the Financier’s Letter of Undertaking, if the Purchaser fails to procure the Financier’s Letter of Undertaking as confirmed by the Purchaser after all avenue of appeal has been subsequently exhausted and not due to the act, omission and/or negligence of the Purchaser; or
- (d) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon if the DO Approval and/or BP Approval obtained are not acceptable to the Vendor, the Purchaser and/or the Other Purchasers as confirmed by the Vendor; or
- (e) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon if the DO Approval is not obtained within 1 month from the date of the SPA after all avenue of appeal has been subsequently exhausted; or
- (f) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon if the BP Approval is not obtained after all avenue of appeal has been subsequently exhausted; or
- (g) refund the Deposit to the Purchaser with interest⁽¹⁾ accrued thereon if the Shareholders’ Approval is not obtained, as confirmed by the Purchaser’s Solicitors after all avenue of appeal has been subsequently exhausted and not due to the act, omission and/or negligence of the Purchaser;

thereafter the SPA shall be null and void and neither Party shall have any claim against the other under or in respect of the SPA or otherwise howsoever and the Vendor shall be entitled to deal with or dispose of the Property in such manner as the Vendor shall deem fit without any reference to the Purchaser.

Note:

- (1) *The Vendor has confirmed that the Deposit has been placed in a 6-month fixed deposit at the rate of 3.80% per annum.*

SALIENT TERMS OF THE SPA (CONT'D)

3. PURCHASE PRICE

- 3.1** The purchase price of RM122,340,668 ("**Purchase Price**") shall be paid in the manner set out in **Section 2.1.3** of this Circular.
- 3.2** If any of the payments required to be paid and in the manner prescribed in **Section 2.1.3** of this Circular above shall remain unpaid by the Purchaser at the expiry of 30 days from the date of receipt by the Purchaser of the Vendor's notice requesting for such payment, the Purchaser shall pay interest on such unpaid sums at 6% per annum ("**Agreed Interest Rate**") calculated from the expiry of the aforesaid 30 days' notice until the date of full settlement of aforesaid outstanding payments.

4. DEFAULT AND DETERMINATION OF THE SPA

- 4.1** The Vendor may give notice in writing to the Purchaser specifying the default and/or breach in accordance with the SPA and require the Purchaser to remedy the default and/or breach complained of within 30 days in the case of any default in payment(s) and within 30 days in the case of other default and/or breach from the date of the said notice. If the Purchaser fails to remedy the default and or breach, then at the expiration of the said notice, the Vendor shall be entitled to:
- (a) right to damages, to specific performance of the SPA by the Purchaser and it is hereby expressly agreed by the Purchaser that monetary compensation to and for the Vendor shall not be sufficient;
 - (b) annul or terminate the sale and forthwith terminate the SPA by way of a notice in writing and in such an event -
 - (i) the Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Vendor shall deem fit as if the SPA had not been entered into;
 - (ii) all monies under the SPA, shall be dealt with and disposed of as follows:
 - (1) all interest and penalty owing and unpaid shall be paid to the Vendor;
 - (2) an amount equivalent to twenty per centum (20%) of the Purchase Price if paid shall be forfeited absolutely by the Vendor or if not paid by the Purchaser shall be paid within fourteen (14) business days from the date of receipt of notice of termination, as agreed liquidated damages;
 - (3) all other monies, if any shall be refunded to the Purchaser free of interest,

whereupon thereafter neither party hereto shall have any further claim whatsoever against the other in respect of or anything arising from the SPA.

- 4.2** The Purchaser may give notice in writing to the Vendor specifying the default and/or breach in accordance with the SPA and require the Vendor to remedy the default and/or breach complained of within 30 days from the date of the said notice. If the Vendor fails to remedy the default and/or breach, then at the expiration of the said notice, the Purchaser shall be entitled to annul or terminate the sale and forthwith terminate the SPA by way of a notice in writing and in such an event -
- (a) subject always to the Vendor's strict compliance to paragraph (b) below, the Vendor shall be entitled to deal with or otherwise dispose of the Property in such manner as the Vendor shall deem fit as if the SPA had not been entered into;

SALIENT TERMS OF THE SPA (CONT'D)

- (b) within 14 business days from the date of receipt by the Vendor of the notice to terminate refund to the Purchaser free of interest the Deposit and all other sums paid by the Purchaser to the Vendor under the SPA towards the Purchase Price, together with an amount equivalent 20% of the Purchase Price as agreed liquidated damages to the Purchaser, failing which, the Vendor shall pay to the Purchaser interest at the Agreed Interest Rate on the outstanding payments calculated on a daily basis from the expiry of the aforesaid 14 business days from the date of said notice until the outstanding sum thereof including compensation thereto is fully paid; and
- (c) notwithstanding the provisions of the SPA, the Purchaser shall be entitled, but without prejudice to the Purchaser's right to damages under the aforesaid paragraph (b), to specific performance of the SPA by the Vendor and it is expressly agreed by the Vendor that monetary compensation to and for the Purchaser shall not be sufficient.

whereupon thereafter neither party hereto shall have any further claim whatsoever against the other in respect of or anything arising from the SPA.

5. DELIVERY OF VACANT POSSESSION AND CCC

5.1 The vacant possession of the Property shall be delivered to Cengild, together with the CCC no later than 36 months from the Unconditional Date upon:

- (i) Cengild having paid the purchase price and other monies due under the SPA in full; and
- (ii) Cengild having performed and observed all terms and covenants as stipulated in the SPA.

The Vendor shall be responsible for the issuance of the separate strata title by the appropriate authority to each storey of the building and Property, and bear all costs, expenses and Government premiums incurred or to be incurred by the Vendor for any subdivision and the issuance of such separate strata title.

5.2 In the event that the issuance of all the CCC in respect of the Property and/or any part of the said building is not obtained or otherwise withheld or delayed as a result of any renovation works carried out or caused to be carried out by the Purchaser without the written consent of the Vendor or contrary to the terms herein or as a result of any act default or omission on the part of the Purchaser, then the Vendor shall subject prior notice to the Purchaser be entitled to enter into the Property to make such alterations or additions to the Property as may be required by the appropriate authority and/or the Vendor's architect in which event, the Purchaser shall be liable to pay the costs and expenses incurred for the alterations or additions forthwith upon demand by the Vendor failing which the Purchaser shall be liable to pay the Vendor interest thereon at the agreed interest rate of 6% per annum on the Purchase Price calculated from day to day and such costs and expenses shall be recoverable by the Vendor by action as a debt due from the Purchaser to the Vendor provided always that the aforesaid shall not prejudice restrict limit or exclude any other remedies which the Vendor may have in law or equity against the Purchaser including the right to claim for damages, loss and expenses suffered by the Vendor.

5.3 The Purchaser hereby covenants with the Vendor that the Purchaser will not either directly or indirectly do or cause to be done any act or thing which may in any delay or prevent the issuance of the CCC for the Property or any property comprised in the said building, as the case may be. The Purchaser will and does hereby indemnify and hold harmless the Vendor from and against all actions, claims, demands, losses, damages, costs and expenses for which the Vendor shall or may be or become liable in respect of any claim for liquidated damages for late delivery of vacant possession of any of the other parcels by any of the other purchasers as a result of the Purchaser's failure to comply with this **Section 5.3**.

5.4 Vacant possession of the Property, with the CCC duly issued, shall be delivered to the Purchaser no later than the contractual completion date.

SALIENT TERMS OF THE SPA (CONT'D)

- 5.5** Subject to **Section 5.7** below, in the event the Vendor shall fail to complete and deliver vacant possession of the Property to the Purchaser with all the CCC duly issued on or before the contractual completion date, the Vendor shall pay to the Purchaser liquidated damages to be calculated from day to day at the agreed interest rate of 6% per annum on the Purchase Price and such sums shall be calculated from the contractual completion date until the date vacant possession of the Property are delivered with the CCC duly issued to the Purchaser.
- 5.6** Notwithstanding delivery or deemed delivery of vacant possession of the Property to the Purchaser, as long as the Purchase Price or any sums due under the SPA have not been fully paid up then and until such time as the same is fully paid up, the Purchaser shall occupy the Property as a mere licensee of the Vendor.
- 5.7** The Vendor shall complete and deliver vacant possession of the Property on or before the contractual completion date unless the completion or the delivery of vacant possession of the Property is delayed by reason of any event of Force Majeure (as defined in **Section 9** below) or by reason of the Purchaser requiring the execution of any additional, works or alterations to the Property or by reason of delay by the Purchaser in settling the Purchase Price and all other monies payable under the SPA, then in such event the contractual completion date shall be extended by such number of days of delay without the Vendor having to pay compensation whatsoever to the Purchaser for the extension of the contractual completion date.

6. DEFECT LIABILITY PERIOD

Any defects, shrinkage or other faults in the Property which shall become apparent within a period of 12 months from the possession date ("**Defects Liability Period**"). In the event the Purchaser shall carry out any deviations, alterations or extra work on or in the Property, the Purchaser shall be deemed to have waived its rights or entitlement to the Defect Liability Period in respect of the area where said deviations alterations or extra work on or in the Property had been carried out and the Vendor shall not be liable and/or responsible to make good such defects and defaults whatsoever thereon.

7. EXTENSION OF LEASEHOLD

The Vendor shall at its own costs and expense apply and obtain the approval for the extension of the leasehold of the Land for a term of not less than 99 years from the date of the approval in which the validity period of the lease of the Land shall not be lesser than 99 years from the date of approval and the Vendor shall forward a copy of the title to the Land to the Purchaser upon receipt of the same from the appropriate authorities. On 6 February 2024, the Kuala Lumpur Land Office approved the application for the extension of the leasehold of the Land and the premium was paid on 11 March 2024. The renewed leasehold tenure for a term of 99 years last until 16 August 2123.

8. WATER FEATURE

The Vendor has constructed water feature and landscape next to it on part of the Land and the area where the water feature and the landscape are located was leased to UOA Development Bhd [Registration No. 200401015520 (654023-V)] ("**UOAD**") for a period of 30 years ("**Water Feature Lease**"). As at the date of the SPA, the Water Feature Lease in favour of UOAD is pending registration. UOAD to continue to maintain the water feature and the landscape next to it after the completion of the sale and purchase of the Property and to vote favourably for the joint management body or management corporation to sign a lease to extend the Water Feature Lease upon its expiry.

SALIENT TERMS OF THE SPA (CONT'D)

9. FORCE MAJEURE

- 9.1** Should either party be prevented by an act of god, pandemic, outbreak of disease or impediment by government regulations, governmental actions, nationwide strikes, industrial disputes, riots, war, terrorism, natural disasters, windstorm flood, or earthquake or force majeure ("**Force Majeure Event**") from performing any of their obligations hereunder, the party prevented from performance of its obligations shall notify the other party in writing immediately. The parties agree that the obligations of the affected party hereunder shall be suspended for the whole of the period where the Force Majeure Event shall remain applicable and there shall be an extension of time for performance of obligation by the affected party hereunder, free of any interest charges, corresponding to the number of days of suspension.
- 9.2** If the Force Majeure Event shall continue for a period of more than 12 months from the start of the Force Majeure Event prior to the vacant possession of the Property either Party shall be entitled to terminate the SPA after the expiry of the aforesaid 12 months by a notice in writing given to the other Party and thereafter the SPA shall become null and void and of no further legal effect and neither Party hereto shall have any claims whatsoever against one another.

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CITY VALUERS & CONSULTANTS SDN BHD

Date : 29th December 2023
Our Ref : V/WP/0333/2023

Board of Directors
Cengild Medical Berhad
Unit 2-3 & 4, Level 2
Nexus @ Bangsar South
No. 7 Jalan Kerinchi
59200 Kuala Lumpur.

co no: 198301003190
(98373-K)
reg no: VEPM (I) 0015

Headquarters:
Suites B-9-12, 13 & 13A,
Gateway Corporate Suites,
No 1, Jalan Desa Kiara,
Mont Kiara,
50480 Kuala Lumpur.

Dear Sirs,

VALUATION CERTIFICATE

STRATA PARCELS MEASURING 100,442 SQUARE FEET IN COMBINED STRATA FLOOR AREA WITHIN A PROPOSED 17-STOREY (INCLUSIVE OF 2 LOWER GROUND LEVELS) PURPOSE-BUILT PRIVATE MEDICAL CENTRE BUILDING TO BE ERECTED ON LOT 58194, HELD UNDER TITLE NO. PAJAKAN NEGERI 46331, MUKIM AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR.

tel: 03 6205 2882
fax: 03 6201 9009

Kuching Branch:
tel: 082 26 6986
fax: 082 26 6766

1.0 Terms of Reference

This Valuation Certificate for the abovementioned property is prepared on the instruction of Cengild Sdn Bhd (hereinafter referred to as the 'Client' and 'Purchaser'), a wholly-owned subsidiary of Cengild Medical Berhad for the purpose of submission to Bursa Malaysia Securities Berhad and inclusion in the circular to the shareholders of Cengild Medical Berhad in relation to the proposed acquisition of the legal interest in various strata parcels forming part of a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built and custom made private Medical Centre Building (hereinafter referred to as 'Medical Centre Building' or 'the Building') from Sunny Uptown Sdn Bhd (hereinafter referred to as the 'Vendor' and 'Registered Owner'), a wholly-owned subsidiary of UOA Development Bhd (hereinafter referred to as 'UOAD'). The proposed acquisition by Cengild Sdn Bhd is part of the acquisition of various strata parcels of the proposed Medical Centre Building on Lot 58194 by three (3) purchasers.

Penang Branch:
tel: 04 397 9889
fax: 04 390 6898

Our term of reference is to determine the Market Value of the subject strata parcels within the proposed Medical Centre Building being purchased by Cengild Sdn Bhd as indicated in a Sale and Purchase Agreement (hereinafter referred to as the 'SPA') dated 29th December 2023 between Sunny Uptown Sdn Bhd and Cengild Sdn Bhd.

The subject strata parcels comprise 100,442 square feet of combined strata floor area consisting of main parcels and accessory parcels spread over several floors of the proposed Medical Centre Building together with at least 182 car park bays as accessory parcels. The subject strata parcels are being purchased on the basis:-

- 1) **THAT THE PROPOSED MEDICAL CENTRE BUILDING WILL BE FULLY COMPLETED AND ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE (C.C.C.) IN ACCORDANCE TO THE DEVELOPMENT ORDER DATED 28th DECEMBER 2023 AND APPROVED BUILDING PLANS IN CONFORMITY TO ALL DEWAN BANDARAYA KUALA LUMPUR'S REQUIREMENTS AND OTHER NECESSARY PERMITS, LICENSES AND CERTIFICATES, AND**
- 2) **THAT STRATA TITLES CONFERRING A 99-YEAR LEASEHOLD INTEREST IN RESPECT OF THE SUBJECT PARCELS IDENTIFIED IN THE SALE AND PURCHASE AGREEMENT WILL BE ISSUED FREE FROM ALL ENCUMBRANCES AND RESTRICTIVE CONDITIONS.**



VALUATION CERTIFICATE (CONT'D)

*Valuation Certificate*

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Ref: V/WP/0333/2023

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2.0 Valuation Standards Compliance

Our valuation is prepared in compliance with the Malaysian Valuation Standards (MVS) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia and the Asset Valuation Guidelines issued by the Securities Commission Malaysia.

3.0 Definitions

Market Value is defined in the Asset Valuation Guidelines (AVG) and Malaysian Valuation Standards (MVS) are as follows:-

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

The MVS states that the term 'asset' in the above definition includes 'property' and all rights, interests and benefits related to the ownership of the asset / property.

4.0 Date of Inspection

Inspection and referencing of the subject property were carried out on 4th August 2023 and 29th December 2023.

5.0 Date of Valuation

The material date of valuation of this Valuation Certificate is 29th December 2023.

6.0 Interest to be Valued

The interest to be valued (hereinafter referred as the 'subject property') in this valuation certificate is the 99-year leasehold interest in the following strata parcels:-

- 96,854 square feet of medical space spread over 7 floors (i.e. level LG1, Ground Floor and Levels 6, 7, 8, 9 and 10);
- 1,124 square feet of al-fresco retail space on level LG1;
- 1,216 square feet of private utility rooms space on the ground floor, levels 1 and 6;
- 1,248 square feet of private M&E rooms space on level 10; and
- 186 car park bays on Levels 1, 2, 3, 4, 5, 6 and 6A

all within a proposed Medical Centre Building which is approved to be constructed on Lot 58194, Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

As per the SPA, the client is acquiring the above combined strata floor area of 100,442 square feet and car park bays at a total purchase consideration of RM122,340,668.00.

The combined strata floor area of 100,442 square feet analyses to 52.91% of the total combined strata floor area of 189,844 square feet that will be provided within the proposed Medical Centre Building for sale to three (3) separate purchasers (inclusive of the client) on the same date as the subject property. The entire Building is intended for use as specialist medical space with some retail space on Level LG1.

The 52.91% ratio of the Building being purchased by the client represents the strata ownership ratio which has been mutually agreed by all the three (3) joint purchasers of the Building.



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
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Other salient terms of the SPA

The building is scheduled to be completed within a period of 36 months (subject to such extension pursuant to the provisions of the SPA) from the date when all the Conditions Precedent in the SPA are fulfilled by the Vendor and Purchaser.

Paragraph G of the 'Recitals' in the SPA states 'The said Medical Centre Building (including the subject parcels) shall be constructed and purpose-built and specially designed and built for the Purchaser (and the other Purchasers) to use to operate for medical business and retail in accordance with the building plans mutually agreed between the Vendor, the Purchaser and the Other Purchasers and approved or to be approved by the appropriate authorities. The Parcels shall be constructed in accordance with specifications set forth in Schedule 3 hereto provided by the Purchaser and agreed by the Vendor.'

The SPA further states that in addition to the terms agreed for the subject property that there is an existing water feature and landscape occupying a small portion of the subject site comprising an estimated land area of (1,323.90 square feet) for which a 30-year lease will be entered in favour of UOAD for their continuous use as a water feature and landscape by UOAD. The Purchaser and other purchasers have agreed to continue to grant access and permit UOAD to continue to maintain the water feature and landscape at their own cost after the completion of the sale and purchase of the parcels and to vote favourably for the joint management body or management corporation to sign a lease to extend the water feature lease upon expiry of the initial 30-year lease term.

It is noted that even though the number of car park bays marked out in Schedule 2 of the SPA for the use of the client is 186 bays, Recital F of the SPA refers to the number of car park bays being purchased by the client as 'at least 182 car park bays as accessory parcels to the main parcels'.

7.0 Title Particulars

The following title particulars were obtained through a private search carried out through e-Tanah Public Portal of Pejabat Tanah dan Galian WP Kuala Lumpur on 26th December 2023. The title search was conducted to establish title particulars relevant to this valuation certificate only. The history of the title has not been investigated and this should be undertaken by a solicitor if necessary.

Lot No.	:	Lot 58194
Title No.	:	Pajakan Negeri 46331
Bandar/Pekan/Mukim	:	Mukim Kuala Lumpur
District	:	Kuala Lumpur
State	:	Wilayah Persekutuan Kuala Lumpur
Land Area	:	4,006 square metres
Quit Rent	:	RM13,821.00
Tenure ^[1]	:	Leasehold interest for a period of 99 years expiring on 16 th August 2106 (unexpired term of about 82.6 years)
Category of Land Use	:	Bangunan
Registered Owner	:	Sunny Uptown Sdn Bhd (Company No. 636596-T)
Express Condition	:	Tanah ini hendaklah digunakan untuk bangunan perdagangan sahaja
Restrictions-in-Interest	:	Tiada
Encumbrances	:	Not stated.
Caveat	:	Not stated.
Lease ^[2]	:	Not stated.
Endorsements	:	An application to extend the title lease period which expires on 16 th August 2106 has been made on 24 th September 2023 vide Presentation No. PDN2223/2023.



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
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Note

- 1) Sunny Uptown Sdn Bhd (the Registered Owner) shall at its own cost and expense apply and obtain the approval for the extension of the leasehold tenure of the said Land for a term of not less than 99 years from the date of the approval in which the validity period of the lease of the said Land shall not be lesser than 99 years from the date of approval. This application has been made and has been lodged in the 'Endorsements' section of the land title.
- 2) It is stated in the SPA related to the subject property that a Water Feature Lease in favour of UOAD is pending registration. This Water Feature Lease refers to the water feature and landscape on part of Lot 58194 (comprising an area of approximately 1,323.90 square feet) which will be leased to UOAD for a period of thirty (30) years.

The estimated land area for the above lease of 1,323.90 square feet was provided to us by the Vendor and it will be reflected in our valuation.

8.0 The Proposed Medical Centre Building**8.1 The Site**Site Particulars

Lot 58194 is a near rectangular shaped parcel of land with a titled land area of 4,006 square metres. It is bounded by Jalan Kerinchi to its north-east, Jalan 1/112H Kerinchi (also referred to as Jalan Pantai Prima) along its north-west and south-west boundaries, and The Park Residences building to its south-east.

We note that preparation for demolition works has begun for the existing commercial building on the subject site. All existing tenancies of the building have been terminated in accordance with Recital D of the SPA.

There is an existing water feature and landscape erected at the north-east portion of the subject land occupying approximately 1,323.90 square feet in area. This hard landscape houses the signage of Bangsar South and will be retained and maintained by the Vendor. This portion of the land will be subjected to a lease of 30 years in favour of the Vendor as mentioned earlier and to the terms agreed in the SPA.

Location and Neighbourhood

The subject site is located within a 60-acre integrated mixed development known as Bangsar South, developed by the UOA Group in the Kampung Kerinchi locality of Kuala Lumpur.

Bangsar South and the subject site are situated about 7.0 kilometres south-west of Kuala Lumpur city centre. The subject site is accessible from Kuala Lumpur city via the Federal Highway, Jalan Kerinchi and thereafter via Jalan 1/112H Kerinchi (also referred to as Jalan Pantai Prima), the frontage road to the subject property. Alternatively, the subject property is also accessible via the New Pantai Expressway (NPE), SPRINT Highway, North-South Expressway and Kuala Lumpur – Seremban Expressway.

Medical facilities or hospitals within a 5-kilometre radius from the subject property include the existing Cengild G.I Medical Centre at Nexus @ Bangsar South, Pantai Hospital Kuala Lumpur, Universiti Malaya Medical Centre, UM Specialist Centre, Columbia Asia Hospital, Assunta Hospital, KMI Taman Desa Medical Centre, Bangsar Medical Centre, and Asian Hospital and Medical Centre.



VALUATION CERTIFICATE (CONT'D)

*Valuation Certificate*

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Ref: V/WP/0333/2023

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8.2 Development Order

Lot 58194 has been approved by DBKL with a Development Order bearing reference no. Rujukan No. (42)d/m. DBKL.JPRB 6080/2004 JLD.5 [OSC (B) S1 230224-006 (P2-A13-PPKM 231107)] dated 28th December 2023 for the proposed 17-storey (inclusive of 2 lower ground levels) purpose-built and custom-made private medical centre building at a plot ratio of '1 : 4.35'.

The D.O. permits the land to be developed as follows:

Cadangan Meroboh Dan Membina Sebuah Bangunan Sediada 3 Tingkat Kepada Cadangan Pembangunan Satu Blok Perdagangan 17 Tingkat Yang Mengandungi:

- 1) 1 Tingkat M&E Di Aras 14;
- 2) 7 Tingkat Ruang Perubatan (8 unit) Dan Bilik M&E Persendirian (5 unit) Di Aras 7 – 13;
- 3) 6 Tingkat Tempat Letak Kereta, Ruang Perubatan (1 unit) Di Aras 6 Dan Bilik Utiliti Persendirian (2 unit) Di Aras 1 – 6A;
- 4) 1 Tingkat Ruang Perubatan (1 unit) Dan Bilik Utiliti Persendirian (3 unit) Di Aras Tanah;
- 5) 1 Tingkat Yang Mengandungi Ruang Perubatan (2 unit) Dan Ruang Perniagaan (2 unit) Di Aras Tanah Rendah 2;
- 6) 1 Tingkat Yang Mengandungi Ruang Perubatan (2 unit), Bilik M&E Persendirian (1 unit), Tempat Letak Kereta Dan M&E Di Aras Tanah Rendah 2

Di atas Lot 58194, Jalan Kerinchi, Mukim Kuala Lumpur Dalam Bandaraya Kuala Lumpur.

8.3 The Proposed Building

As per the SPA, the Vendor will be constructing a 17-storey (inclusive of 2 lower ground levels and 6 levels of elevated car park) purpose-built and custom-made private medical centre building on the subject site.

General

The building construction will be of reinforced concrete frames and beams structure, reinforced concrete walls, reinforced concrete flat roof and reinforced concrete floor. The details of the type of construction, finishes and fittings to be provided in the Building are stated in Schedule 3 of the SPA.

The building services to be provided also befits the requirements of a medical centre which includes lifts, electrical power supply, generator sets, electrical system, telecommunications, CCTV, public address system, TEL / ELV Risers, Fresh Air / Exhaust, Mechanical Ventilation (MV), Medical Gas, cold water, plumbing items, Fire Evacuation Bed Lifts, fire staircase, fire protection systems and air-conditioning.

The building will be targeted for GBI certification but the rating is still unable to be ascertained as the assessment to secure the certification shall be the sole responsibility of the purchasers.

The floor loading is typically 4.0 kN per square metre except for selected floors being 8.0 kN per square metre. There will also be about 80 in-patient beds, 46 day-care beds and 20 daycare recliner chairs upon completion of the Building as informed by the client.

Other amenities to be provided include male and female surau, ambulance parking and management office.



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Ref: V/WP/0333/2023

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Floor Areas

The floor areas of the proposed building as indicated to us for the purpose of this valuation certificate are as follows:-

Floor Area based on plot ratio ^[1]	:	187,507.00 square feet
Strata Floor Areas of the Building ^[2]	:	189,844.00 square feet
Total Built-Up Area of the Building ^[3]	:	445,646.40 square feet
Total Built-Up Area for Car Park (Levels LG, 1 to 6A) ^[3]	:	164,859.69 square feet
Total Built-Up Area for Medical Space ^[3]	:	280,786.71 square feet

Notes

- 1) As per the D.O. dated 28th December 2023
- 2) As per the surveyor's measurement of the proposed strata areas for SPAs purposes
- 3) As per the architect's area tabulation from the submitted building plans to DBKL

We have been informed by the Vendor that the application for strata titles by the Surveyor will be based on the above strata floor areas of the Building.

Notes

We note from the SPA that all information, specification and plans of the proposed / approved building are subject to amendments as may be required by the authorities or developer's project consultants.

This is also mentioned in Clause 6.2(b) of the SPA which states:

'The Purchaser acknowledges that the Development Order and/or Building Plans shall be subject to amendments from time to time, whether upon request by the Vendor or upon the advice of the Vendor's consultant or upon the request or directive of the Appropriate Authorities or upon the request of Other Purchasers provided such amendments shall not materially and substantially affect the use of the Parcels to operate for the Intended Purpose unless it is required by the Appropriate Authorities. In the event of such changes and modifications, except for amendments upon the request or directive of the Appropriate Authorities, the prior written approval of the Purchaser and the Other Purchasers are required (which Purchaser's approval shall not be unreasonably withheld, or delayed).'

Whilst every effort has been made to ascertain that the details of the proposed building are correct, we assume no liability for the accuracy of the said information and for any information which has not been revealed to us at the date of valuation. We reserve the right to amend the above facts and the value of the subject property should any of these facts be different from that which has been made known to us.

Occupancy / Proposed Use

The subject property will be occupied entirely by the client and utilised as a medical centre mainly for the treatment of gastrointestinal (GI), liver disease and obesity. The remaining floor space will be occupied by two (2) other purchasers who are also healthcare providers in other fields of specialty.

8.4 Breaches of Relevant Laws & Rules

As at the material date of valuation, there are no observable breaches of relevant laws, regulations, rules and requirements in relation to the subject property. We are however aware that the SPA has stated that there may be potential amendments, alterations and modifications to the building plans from time to time by the Vendor, Vendor's consultants, the appropriate authorities or the other purchasers.



VALUATION CERTIFICATE (CONT'D)

*Valuation Certificate*

*Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
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9.0 Basis of Valuation

The subject property is being purchased by the client on the basis that it will be fully completed in accordance to the Approved D.O. and Approved Building Plan by DBKL and in accordance to the agreed terms in the SPA and delivered to the client with the C.C.C. and Strata Titles issued within the next 36 months.

Thus, the basis of valuation is the 'Market Value' of the 99-year leasehold interest in the completed 100,442 square feet of combined strata floor area spread over several floors i.e. levels LG 1, Ground Floor and levels 1, 6, 7, 8, 9, 10, together with at least 182 car parking bays within a 17-storey (inclusive of 2 lower ground levels) purpose-built and custom-made private medical centre building built on Lot 58194, Jalan Kerinchi in Bangsar South, Kuala Lumpur as at the date of valuation.

Since the subject property is being purchased on a completed basis as per the terms and conditions of the SPA, and that all the remaining floors in the Building are being sold concurrently to two (2) other purchasers, we are of the opinion that Section 4.02 of the Asset Valuation Guidelines will apply to this valuation exercise and thus no separate valuation is required of the property in its existing condition.

10.0 Valuation Approach

The appropriate valuation approaches that are commonly used and approved are i) the Market Approach; ii) Cost Approach; and iii) Income Approach.

Section 4.06 of the AVG states that where possible at least two (2) valuation approaches are to be adopted and the respective values derived must be reconciled with the rationale provided. If only one (1) approach has been adopted, then the reasons for using only one (1) valuation approach must be disclosed.

The subject property is a relatively small purpose-built specialist medical centre building which is custom-made to the requirements of the client and the two (2) other purchasers and will be sold as strata parcels. The purchasers will be provided with dedicated private M&E rooms, private utility rooms and private lobbies specific to their respective operational needs.

We have noted that the recent sales of private medical centre buildings in the Klang Valley are all between related parties (e.g. Sunway Medical Centre Towers A and B) and / or by sale of equity shares of the company (e.g. Prince Court Medical Centre Sdn Bhd). There are also no open market sales of strata parcels in custom-made medical centre buildings. Thus, in our opinion the Market Approach of valuation would not be fully appropriate for the valuation of the market value of the subject property as at the date of valuation.

Similarly, our investigations indicate that there are no reliable open market data on the market rent, property outgoings and capitalisation yields of similar custom-made medical centre buildings for the use of the Income Approach of valuation. The subject property is also not income generating or operational as at the date of valuation.

Thus, in arriving at the Market Value of the subject property, we are adopting only the Cost Approach of Valuation.



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Ref: V/WP/0333/2023

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11.0 Valuation using Cost Approach

11.1 Cost of Land Computation

Comparable No.	1	2	3
Legal Particulars	Lot 481445 held under Title No. Pajakan Negeri 53073, Mukim and District of Kuala Lumpur, WP Kuala Lumpur.	Lots 54983 and 54984, held under Title Nos. GERAN 53545 and 53547 respectively, all of Mukim and District of Kuala Lumpur, WP Kuala Lumpur.	Lot P.T. 9544 held under Title No. H.S. (D) 120400, Mukim and District of Kuala Lumpur, WP Kuala Lumpur.
Description	A vacant parcel of commercial land zoned for mixed development use located along Jalan Kerinchi Kiri, Federal Highway and Kerinchi Link in Kampung Kerinchi locality.	Two (2) vacant parcels of development land zoned for commercial use located along Jalan Pantai Baharu and Federal Highway in Lenbah Pantai locality.	A vacant parcel of commercial land zoned for mixed development use located along Jalan Kerinchi Kiri 2 and Jalan Kerinchi Kiri 3, off Federal Highway in Kampung Kerinchi locality.
Category of Land Use	Bangunan	Tidak dinyatakan	Bangunan
Express Condition	Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan pangsapuri servis sahaja.	Tiada	Tanah ini hendaklah digunakan untuk bangunan perdagangan bagi tujuan ruang perniagaan, pangsapuri dan tempat letak kereta sahaja.
Planning Details	Zoned as 'Mixed Development' with permissible plot ratio of 1 : 5.00. Approved with planning permission as at the date of transaction.	Zoned as 'Commercial' with permissible plot ratio of 1 : 4.00. Our checks indicate that the land has an application for planning permission.	Zoned as 'Mixed Development' with permissible plot ratio of 1 : 5.00. Approved with planning permission as at the date of transaction.
Other Remarks	The purchaser intends to amend the planning permission.	-	The purchaser intends to amend the planning permission.
Land Area	1,943.00 square metres (20,914 square feet)	2,492.00 square metres (26,824 square feet)	8,917.00 square metres (95,982 square feet)
Tenure	Leasehold interest for a period of 94 years expiring 5 th September 2112 (unexpired lease term of 91.6 years)	Interest in perpetuity	Interest in perpetuity
Consideration	RM20,914,280.00	RM24,864,000.00	RM81,092,748.00
Date of Transaction	13 th January 2021	17 th June 2019	25 th May 2017
Vendor	Suez Domain Sdn Bhd	Naik Makmur Development Sdn Bhd, a wholly-owned subsidiary of UOA Development Berhad	Suileem Realty Sdn Bhd
Purchaser	BK Alliance Sdn Bhd, a 51% owned subsidiary of BKG Development Sdn Bhd, which in turn is a wholly-owned subsidiary of Chin Hin Group Property Berhad	Paramount Properties Sdn Bhd, a wholly-owned subsidiary of UOA Development Berhad	Citra Jaya Sejahtera Sdn Bhd, a wholly-owned subsidiary of UOA Development Berhad
Source	Bursa Malaysia Securities Berhad	Valuation and Property Services Department (JPPH)	Valuation and Property Services Department (JPPH) and Bursa Malaysia Securities Berhad
Related Party Disclosures*	Non-related party	Related party	Non-related party
Analysed Price	RM1,000 per sq. ft.	RM927 per sq. ft.	RM845 per sq. ft.
Adjustments	Factors considered include time / market conditions, location, plot ratio, tenure, size, frontage / access and zoning / category of land use.		
Effective Adjusted Value	RM933 per sq. ft.	RM1,406 per sq. ft.	RM872 per sq. ft.

* Based on announcements and annual reports available online in Bursa Malaysia Securities Berhad



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Ref: V/WP/0333/2023

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In arriving at the cost of land computation, we have given greater weightage to Comparable No. 1 at RM933 per square foot. This comparable has the least number of adjustments in terms of number of factors as well as being the most recent transaction.

Comparable No. 2 is between related parties and is not reliable. Comparable No. 3 has more adjustments, and the sale was completed in 2017.

As per Clause 45.1 of the SPA, the Vendor has constructed a water feature and landscape on a part of the subject site. This portion of the subject site will be leased to UOAD for an initial period of 30 years and will continue to be renewed after the expiry of the first term. We are reflecting this lease by a downward adjustment of RM28 per sq. ft. to arrive at a lease-adjusted value of RM905 per sq. ft.

The cost of land (or the adjusted current market value) of the subject site can thus be concluded as follows:-

43,120.22 square feet @ RM905 per sq. ft.	-	RM39,023,802.23
	say	<u>RM39,000,000.00</u>

11.2 Cost of Building Computation

In arriving at the current replacement cost of the Building, we have analysed the reported construction cost of similar buildings from several sources namely JUBM & Arcadis Construction Cost Handbook Malaysia 2022, BCI Central, the Building Cost Index (BCI) by National Construction Cost Centre (N3C) and our own record of medical centre building costs from previous valuation assignments.

No tender construction cost was available for reference as at the date of the valuation, as the proposed medical centre building is to be completed within a period of 36 months **from** the 'Unconditional Date' in accordance with the SPA. The construction of the Property is expected to commence only in July 2024 with scheduled completion by December 2026. **On this basis, the Valuer has not relied on any tender construction cost for the proposed building to arrive at the cost of building computation.**

The following is a summary of the parameters we have adopted to arrive at the current replacement cost of the Building: -

Construction Cost (RM per sq. ft.)	:	Medical Space	-	474 ^[1]
		Car Park Space	-	96 ^[1]
Other Value Affecting Factors				
Cost Indexing	:			3.00% ^[2]
Professional Fees	:			6.00% ^[3]
Project Management Fees	:			2.50% ^[3]
Finance Cost	:			7.00% ^[4]
Developer's Profit	:			10.00% ^[5]
Obsolescence / Depreciation	:			Not applicable

Notes

- 1) Analysed from the reported cost of a similar medical centre building in Klang Valley over the reported gross floor area. The above construction costs do not include the cost of finance, professional fees and project management fees. The analysed construction cost is also in line with the data published in the JUBM & Arcadis Construction Cost Handbook 2022 and BCI Central.
- 2) The National Construction Cost Centre (N3C) reported that the change in Building Cost Index (BCI) for 'health' assets between 2022 to 2023 computes to 2.73%. We have thus adopted 3.00% for the cost indexing.
- 3) Analysed from the reported cost of a similar medical centre building in Klang Valley where the combined professional fees and project management fees analysed to approximately 9.00% of the construction cost.
- 4) Based on the prevailing Base Lending Rate (BLR) for non-Islamic financial institutions averaging at 6.75%.
- 5) When an asset is acquired from a third party, the valuation by the Cost Approach must reflect all the costs associated with creating the asset as well as some form of profit margin to provide a return on the investment to the creator of the asset. The subject building is a 'specialised' property with a limited number of buyers. Thus, the quantum of developer's profit for the building component is adopted at 10% of the total construction costs new of the building.

Based on the abovementioned total current replacement cost inputs, the cost of building (or the analysed Market Value of the building component) is determined at **RM196,039,029.15**.



VALUATION CERTIFICATE (CONT'D)



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Ref: V/WP/0333/2023

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11.3 Market Value of the 17-Storey Medical Centre Building

Based on the valuation of the land and the building using the Cost Approach of valuation, the Market Value of the proposed Medical Centre Building can thus be concluded as follows:-

Cost of Land Computation	RM 39,000,000.00
Cost of Building Computation	<u>RM196,039,029.15</u>
Market Value	<u>RM235,039,029.15</u>

As a simplistic cross check, we have analysed the above derived market value of RM235,039,029.15 with the sale price of the Sunway Medical Centre (Towers A & B) which is the latest sale (concluded on 29th December 2022 between related parties) of a specialised medical centre building in the Klang Valley over their respective Gross Floor Areas (GFA).

The analysis is as follows:

Subject 17-storey medical centre building

$$\frac{\text{Market Value}}{\text{GFA}} = \frac{\text{RM}235,039,029.15}{445,646.40 \text{ square feet}} = \text{RM}527 \text{ per sq. ft.}$$

Sunway Medical Centre (Towers A & B)

$$\frac{\text{Transacted Price}}{\text{GFA}} = \frac{\text{RM}430,000,000.00}{780,600.00 \text{ square feet}} = \text{RM}551 \text{ per sq. ft.}$$

The difference in value between the two (2) analysed price per sq. ft. is only about 5% and thus serves to confirm that the Market Value of the subject 17-storey medical centre building determined using the Cost Approach of Valuation at RM235,039,029.15 is in line with available market evidence.

11.4 Market Value of the subject property

The combined strata floor area of 100,442 square feet analyses to 52.91% of the total combined strata floor area that is to be provided within the 17-storey Medical Centre Building. Thus, the Market Value of the subject 52.91% of the 17-storey Medical Centre Building can be computed based on this ratio as follows:-

Market Value of the whole building	RM235,039,029.15
Ratio being Purchased	x 52.91%
Market Value of the subject property	RM124,353,628.06
say	<u>RM124,000,000.00</u>

The 52.91% ratio of the Building being purchased by the client also represents the strata ownership ratio which has been mutually agreed by all the three (3) joint purchasers of the Building.



Valuation Certificate

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre to be erected on Lot 58194 held under Title No. Pajakan Negeri 46331, Mukim and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Ref: V/WP/0333/2023



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12.0 Opinion of Value

Having considered all the factors outlined in this valuation certificate, the salient features of the subject land, Building, the total built-up area and total combined strata floor area of the Building, the combined strata floor area of the subject strata parcels, the Approved D.O. from DBKL, the terms agreed in the SPA between the client / purchaser and the Vendor, the available open market data of sales of comparable lands, current costs of construction of similar purpose-built custom-made specialist medical centre buildings and the current market trends in the private hospital industry in the subject and comparable locations, we are of the considered opinion that the Market value of the legal interest in the subject property as described in the 'Basis of Valuation' chapter of this valuation certificate, with benefit of the C.C.C., vacant possession and good registerable strata titles conferring 99-year leasehold interest free from all encumbrances as at the date of valuation, i.e. 29th December 2023 is as follows:-

Market Value

Strata parcels measuring 100,442 square feet in combined strata floor area within a proposed 17-storey (inclusive of 2 lower ground levels) purpose-built private medical centre building

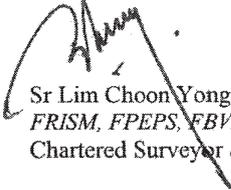
to be erected on

Lot 58194, held under Title No. Pajakan Negeri 46331
Mukim and District of Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

RM124,000,000.00

(Ringgit: One Hundred and Twenty-Four Million only).

Yours faithfully,
CITY VALUERS & CONSULTANTS SDN BHD


Sr Lim Choon Yong (C.Y. Lim)
FRISM, FPEPS, FBVAM, MRICS, ICVS
Chartered Surveyor & Registered Valuer (V963)



PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
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 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
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 www.crowe.my

26 April 2024

The Board of Directors
Cengild Medical Berhad
 Unit 2-3 & 2-4, Level 2,
 Nexus @ Bangsar South,
 No. 7, Jalan Kerinchi,
 59200 Kuala Lumpur

Dear Sirs/Madam,

**CENGILD MEDICAL BERHAD (“CENGILD MEDICAL” or the “COMPANY”)
 REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
 FINANCIAL POSITION FOR THE PROPOSED ACQUISITION OF A PROPERTY (“PROPOSED
 ACQUISITION”) TO BE INCLUDED IN A CIRCULAR**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Cengild Medical and its subsidiaries (collectively known as the “Group”) prepared by the Board of Directors of the Company (“Board”). The pro forma consolidated statements of financial position as at 30 June 2023 (“Pro Forma Consolidated Statements of Financial Position”) together with the accompanying related notes thereon, for which we have stamped for the purpose of identification.

The Pro Forma Consolidated Statements of Financial Position have been prepared by the Board for inclusion in the circular to shareholders (“Circular”) of Cengild Medical in connection with the Proposed Acquisition. The application criteria on the basis of which the Board has compiled the Pro Forma Consolidated Statements of Financial Position are as described in Note 4 of Appendix A herein.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board to illustrate the impact of the Proposed Acquisition on the Group’s financial position as at 30 June 2023 as if the Proposed Acquisition had taken place on that date. As part of this process, information about the Group’s financial position has been extracted by the Board from the audited financial statements of the Company for the financial year ended 30 June 2023.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 4 of Appendix A herein.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY MANAGEMENT

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board on the basis as described in Note 4 of Appendix A herein.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in Note 4 of Appendix A herein.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Company have been compiled, in all material respects, on the basis as described in Note 4 of Appendix A herein.

OTHER MATTER

This letter has been prepared solely for the purpose stated above, in connection with the Proposed Acquisition. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

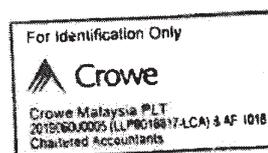
Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

Tan Keng Chiew
03709/01/2025 J
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



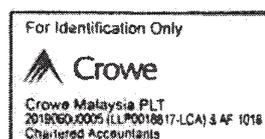
Appendix A

CENGILD MEDICAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

1. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Audited 30 June 2023 * RM'000	Pro Forma I Proposed Acquisition RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in associates		1	1
Property, plant and equipment	6.1	13,661	141,297
Right-of-use assets		10,232	10,232
Deferred tax assets		1,669	1,669
		<u>25,563</u>	<u>153,199</u>
CURRENT ASSETS			
Inventories		1,381	1,381
Trade receivables		5,077	5,077
Other receivables, deposits and prepayments		1,400	1,400
Fixed deposits with licensed banks	6.2	97,549	43,268
Cash and bank balances		759	759
		<u>106,166</u>	<u>51,885</u>
TOTAL ASSETS		<u>131,729</u>	<u>205,084</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		87,472	87,472
Reserves		2,008	2,008
Retained profits	6.3	16,629	16,580
TOTAL EQUITY		<u>106,109</u>	<u>106,060</u>

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

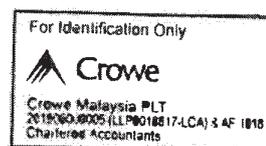
**CENGILD MEDICAL BERHAD
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

1. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)

	Note	Audited 30 June 2023 * RM'000	Pro Forma I Proposed Acquisition RM'000
NON-CURRENT LIABILITIES			
Lease liabilities		13,602	13,602
Provision for restoration costs		623	623
Term loan	6.4	-	73,404
		14,225	87,629
CURRENT LIABILITIES			
Trade payables		2,589	2,589
Other payables and accruals		7,034	7,034
Amount owing to directors		150	150
Lease liabilities		1,331	1,331
Current tax liabilities		291	291
		11,395	11,395
TOTAL LIABILITIES		25,620	99,024
TOTAL EQUITY AND LIABILITIES		131,729	205,084
Number of ordinary shares in issue ('000)		832,874	832,874
Net assets per share (RM)		0.13	0.13
Total borrowings		14,933	88,337
Gearing ratio (times)		0.14	0.83

* *Extracted from the Group's consolidated audited financial statements for the financial year ended 30 June 2023*

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

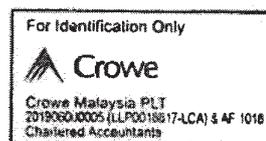
**CENGILD MEDICAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

2. ABBREVIATION

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

"Board"	:	Board of Directors of Cengild Medical
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Cengild Medical" or the "Company"	:	Cengild Medical Berhad
"Cengild"	:	Cengild Sdn. Bhd., a wholly-owned subsidiary of Cengild Medical
"Circular"	:	This circular dated 26 April 2024 to the shareholders of Cengild Medical
"EGM"	:	Extraordinary General Meeting
"Group"	:	Cengild Medical and its subsidiaries, collectively
"IPO"	:	Initial public offering of Cengild Medical
"Land"	:	A parcel of leasehold land held under Pajakan Negeri 46331, Lot 58194, Mukim and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	15 April 2024, being the latest practicable date prior to the printing of this Circular
"NA"	:	Net assets
"Property"	:	A stratified property comprising part of each of the Lower Ground Floor 1, Ground Floor, Level 1, Level 6, Level 7, Level 8, Level 9 and Level 10 with a combined strata floor area of 100,442 sq ft together with at least 182 car park bays located within the medical centre building
"Proposed Acquisition"	:	Proposed acquisition by Cengild, of the Property to be erected on the Land from the Vendor for a cash consideration of RM122,340,668
"Proposed Variation"	:	Proposed variation and extension of timeframe for the utilisation of proceeds raised from the IPO pursuant to Rule 8.24 of the Listing Requirements
"Purchase Consideration"	:	The total cash consideration for the Property for the amount of RM122,340,668

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

CENGILD MEDICAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)

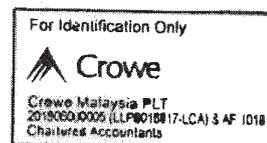
2. ABBREVIATION (CONT'D)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

"RM"	:	Ringgit Malaysia
"SPA"	:	Conditional sale and purchase agreement dated 29 December 2023 entered into between Cengild and the Vendor for the Proposed Acquisition
"Sq ft"	:	Square feet
"Sunny Uptown" or "Vendor"	:	Sunny Uptown Sdn. Bhd.

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PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**CENGILD MEDICAL BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

3. INTRODUCTION AND BACKGROUND INFORMATION

The pro forma consolidated statement of financial position of the Group as at 30 June 2023 ("Pro Forma Consolidated Statements of Financial Position"), of which the Board is solely responsible, have been prepared for inclusion in the Company's Circular in connection with the Proposed Acquisition.

3.1 Proposed Acquisition

On 29 December 2023, Cengild, being a wholly-owned subsidiary of Cengild Medical, had entered into the SPA with Sunny Uptown for the acquisition of the Property for a cash consideration of RM122,340,668, subject to the terms and conditions contained in the SPA.

Background Information on the Property

The Property is part of a proposed construction of a 17-storey medical centre building to be constructed by the Vendor with a gross floor area of 187,507 sq ft based on plot ratio. Cengild is proposing to acquire building space comprising part of the Lower Ground Floor 1, Ground Floor, Level 1, Level 6, Level 7, Level 8, Level 9 and Level 10 with a combined strata floor area of 100,442 sq ft together with at least 182 car park bays located within medical centre building.

As at the LPD, the strata title for the Property has not been issued.

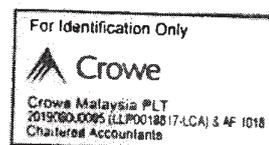
The construction of the medical centre building is estimated to start in July 2024 and expected to complete by December 2026. All the units in the Property are intended to be utilised by the Group for its core existing business operations as a healthcare service provider. As at the LPD, the Vendor has obtained the development order with endorsed development plans on 28 December 2023. The building plan approval by Kuala Lumpur City Hall is still pending.

Source of Funding

The Purchase Consideration will be funded through a combination of internally generated funds, bank borrowings and re-allocated IPO proceeds pursuant to the Proposed Variation. Save for the re-allocated IPO proceeds of approximately RM36.26 million, the breakdown of the source of funds from internally generated funds and bank borrowings will be determined at a later date after taking into consideration, among others, the internal cash requirements, gearing level and interest cost. In the event the shareholders' approval is not obtained for the Proposed Variation, the Proposed Acquisition will be funded through a combination of internally generated funds and bank borrowings, the breakdown of which the Company is unable to ascertain at this juncture.

The variation of the IPO proceeds for the amount of approximately RM36.26 million represents 50.22% of the total IPO proceeds. As such, in accordance with Rule 8.24(2)(a) of the Listing Requirements, the Proposed Variation is deemed a material change to the utilisation of IPO proceeds. Accordingly, the shareholders' approval for the Proposed Variation is required to be obtained by the Company.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**CENGILD MEDICAL BERHAD
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

3. INTRODUCTION AND BACKGROUND INFORMATION (CONT'D)

3.1 Proposed Acquisition (Cont'd)

For the illustration purpose of the pro forma, it is assumed that the Proposed Acquisition is partially funded through bank borrowings of approximately RM73.404 million while the remaining balance of RM48.936 million is funded by the re-allocated IPO proceeds and internally generated funds. The Company intends to secure bank financing for the Proposed Acquisition with a facility limit of at least 60% of the Purchase Consideration and has sufficient cash reserves to fund the balance 40% of the Purchase Consideration.

4. BASIS OF PREPARATION

4.1 Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position as at 30 June 2023 have been prepared based on the Group's audited consolidated financial position as at 30 June 2023, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the financial statements and accounting policies of the Group, and does not include effects of the adoption of MFRS issued by Malaysian Accounting Standards Board which are effective for the annual period beginning on or after 1 July 2023.

The financial statements used in the preparation of the Pro Forma Consolidated Statements of Financial Position were not subject to any audit qualification, modification or disclaimer of opinion.

Property, Plant and Equipment

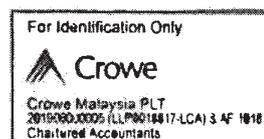
Under MFRS 116, all items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use. MFRS 116 also states that the directly attributable costs include professional fees.

The Pro Forma Consolidated Statements of Financial Position together with the accompanying related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 5 to the Pro Forma Consolidated Statements of Financial Position after incorporating adjustments of the Proposed Acquisition that are appropriate to the preparation of the Pro Forma Consolidated Statements of Financial Position.

4.2 Subsequent Event

The pro forma effects on the NA per share and gearing ratio on the Proposed Acquisition have not taken into consideration the payment of interim dividend of approximately RM3.08 million on 25 September 2023 and the payment of interim dividend of approximately RM3.08 million on 29 March 2024.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

**CENGILD MEDICAL BERHAD
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

4. BASIS OF PREPARATION (CONT'D)

4.2 Subsequent Event (Cont'd)

After taking into consideration the payment of interim dividend as highlighted above and the Proposed Acquisition:

- (i) the NA attributable to owners of the Company would be approximately RM99.90 million;
- (ii) the NA per share would be approximately RM0.12; and
- (iii) the gearing ratio of the Group would be 0.88 times.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

5.1 Pro Forma I – Proposed Acquisition

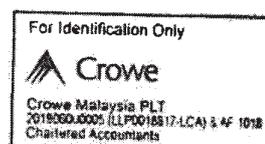
Pro Forma I incorporate the effects of the Proposed Acquisition as detailed in Note 3.1 above, which includes the capitalisation of cost of property and its directly attributable costs and the expected mode of settlement.

The Pro Forma Consolidated Statements of Financial Position are being illustrated after incorporating the following adjustments to arrive at Pro Forma I:-

- (i) The purchase consideration for the amount of RM122,340,668;
- (ii) The capitalisation of directly attributable costs into property, plant and equipment in relation to the Proposed Acquisition of approximately RM5.296 million while the remaining balance of estimated expenses of approximately RM0.049 million such as the printing of the Circular, advertisement of notice of EGM and EGM related costs are to be charged to retained earnings. The total estimated expenses comprise the professional fees, authorities' fees and incidental expenses for the EGM and stamp duty for the Property;
- (iii) Assuming the Proposed Acquisition is partially funded through bank borrowings (i.e. term loan) of approximately RM73.404 million, which represents 60% of the Purchase Consideration, while the remaining 40%, which is equivalent to RM48.936 million is funded by the re-allocated IPO proceeds and internally generated funds. The Company intends to secure bank financing for the Proposed Acquisition with a facility limit of at least 60% of the Purchase Consideration and has sufficient cash reserves to fund the balance 40% of the Purchase Consideration; and
- (iv) The projected cash outflows arising from (ii) and (iii) above totaling approximately RM54.281 million are to be credited from "fixed deposits with licensed banks".

There is no segregation of current and non-current portion of the term loan and there is no projected effect of the interest cost being reflected in Pro Forma I as the term, repayment structure and interest cost has not been determined.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

CENGILD MEDICAL BERHAD
 NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)

6. EFFECTS ON THE PRO FORMA CONSOLIDATION STATEMENTS OF FINANCIAL POSITION

6.1 PROPERTY, PLANT AND EQUIPMENT

Note	RM'000
	13,661
5.1	<u>127,636</u>
	<u>141,297</u>

As at 30 June 2023
 Effect on Pro Forma I
 - Proposed Acquisition
 Pro Forma I

6.2 FIXED DEPOSITS WITH LICENSED BANKS

Note	RM'000
	97,549
5.1	<u>(54,281)</u>
	<u>43,268</u>

As at 30 June 2023
 Effect on Pro Forma I
 - Proposed Acquisition
 Pro Forma I

6.3 RETAINED PROFITS

Note	RM'000
	16,629
5.1	<u>(49)</u>
	<u>16,580</u>

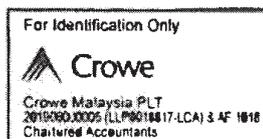
As at 30 June 2023
 Effect on Pro Forma I
 - Proposed Acquisition
 Pro Forma I

6.4 TERM LOAN

Note	RM'000
	-
5.1	<u>73,404</u>
	<u>73,404</u>

As at 30 June 2023
 Effect on Pro Forma I
 - Proposed Acquisition
 Pro Forma I

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR COMPANY AS AT 30 JUNE 2023 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Appendix A

CENGILD MEDICAL BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted on behalf of the Board of Directors of Cengild Medical Berhad in accordance with a resolution dated 1 April 2024.

A handwritten signature in black ink, appearing to be "Tan Huck Joo".

Dato' Dr. Tan Huck Joo
Director

A handwritten signature in black ink, appearing to be "Mohamed Akhtar Bin Mohamed Ditali Qureshi".

Dr. Mohamed Akhtar Bin Mohamed Ditali Qureshi
Director

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST**2.1 HLIB**

HLIB, being our Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to Cengild Medical for the Proposals.

2.2 City Valuers & Consultants Sdn Bhd

City Valuers & Consultants Sdn Bhd, being the independent property valuer, to conduct the valuation of Property has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

City Valuers & Consultants Sdn Bhd has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the independent property valuer to Cengild Medical.

2.3 Crowe Malaysia PLT

Crowe Malaysia PLT, being the Reporting Accountants for the Proposed Acquisition has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Crowe Malaysia PLT has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Reporting Accountants to Cengild Medical for the Proposed Acquisition.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any fact likely to give to any proceedings, which might materially and adversely affect the financial position or business of our Group.

As at the LPD, based on the representations from the Vendor, there is no material litigation, claims or arbitration involving the Property.

FURTHER INFORMATION (CONT'D)

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

As at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group.

4.2 Contingent liabilities

As at the LPD, our Board confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at our Registered Office during office hours from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Company's Constitution;
- (ii) the SPA;
- (iii) the audited financial statements of our Group for the FYE 30 June 2022 and FYE 30 June 2023;
- (iv) the latest quarterly results of our Group for 6-months financial period ended 31 December 2023;
- (v) the valuation certificate for the Property as set out in **Appendix II** of this Circular and the valuation report of the Property prepared by the Valuer dated 29 December 2023;
- (vi) the pro forma consolidated statement of financial position of our Company as at 30 June 2023 together with the reporting accountants' letter thereon as set out in **Appendix III** of this Circular; and
- (vii) the consent letters referred to in **Section 2** of this **Appendix IV**.



CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD
Registration No.: 202101004143 (1404442-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Cengild Medical Berhad (“**Cengild Medical**” or “**Company**”) will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur (“**Broadcast Venue**”) on **Monday, 13 May 2024 at 3:00 p.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following Ordinary Resolutions, with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF A STRATIFIED PROPERTY WITH A COMBINED STRATA FLOOR AREA OF 100,442 SQUARE FEET TOGETHER WITH AT LEAST 182 CARPARK BAYS FORMING PART OF A PURPOSE-BUILT PRIVATE MEDICAL CENTRE TO BE ERECTED ON A PARCEL OF LEASEHOLD LAND HELD UNDER PAJAKAN NEGERI 46331, LOT 58194, MUKIM AND DAERAH KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR FOR A CASH CONSIDERATION OF RM122,340,668 (“PROPOSED ACQUISITION”)

“**THAT** subject to fulfilment of the conditions precedent and the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to Cengild Sdn Bhd (“**Cengild**”), a wholly-owned subsidiary of the Company, to proceed with, carry out and implement the Proposed Acquisition, in accordance with the terms and conditions of the conditional sale and purchase agreement dated 29 December 2023 entered into between Cengild and Sunny Uptown Sdn Bhd.

AND THAT the Directors of the Company and/or Cengild be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Acquisition with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition.”

ORDINARY RESOLUTION 2

PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (“IPO”) OF CENGILD MEDICAL PURSUANT TO RULE 8.24 OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“PROPOSED VARIATION”)

“**THAT** subject to the passing of Ordinary Resolution 1, and the approval of the relevant authorities and/or parties being obtained, if required, for the Proposed Variation, approval be and is hereby given to the Company to vary the utilisation of the unutilised balance of proceeds raised from Company’s IPO of approximately RM60.46 million in the manner as set out in **Section 2.2** of the Circular to shareholders of the Company dated 26 April 2024.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may in their absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Variation.”

By Order of the Board

Wong Siew Yeen (MAICSA 7018749) (SSM Practicing Certificate No. 202008001471)
Tee Thiam Chai (MAICSA 7066679) (SSM Practicing Certificate No. 202008002297)

Company Secretaries

Kuala Lumpur
26 April 2024

Notes:

(a) **IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the Extraordinary General Meeting (“EGM”) in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM using the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Details for this EGM in order to participate remotely via RPV.

- (b) For the purpose of determining who shall be entitled to participate in this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at **6 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM via RPV.
- (c) A member who is entitled to participate in this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (d) A member of the Company who is entitled to attend and vote at this EGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this EGM.
- (e) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- (f) 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 not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (g) 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 Sections 25A(1) of the Central Depositories Act.
- (h) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (i) A member who has appointed a proxy or attorney or authorised representative to participate at this EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for this EGM.

- (j) *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote:*
- (i) *In hard copy form*
- In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 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.*
- (ii) *By electronic means*
- The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.*
- (k) *Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.*
- (l) *Last date and time for lodging the proxy form is **Saturday, 11 May 2024 at 3:00 p.m.***
- (m) *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 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 not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote. 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.*
- (n) *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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 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. The certificate of appointment of authorised representative should be executed in the following manner:*
- (i) *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
- (ii) *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
- (a) *at least two (2) authorised officers, of whom one shall be a director; or*
- (b) *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
- (o) *Shareholders are advised to check the Company's website at www.cengild.com and announcements from time to time for any changes to the administration of this EGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*



CENGILD G. I. MEDICAL CENTRE
Centre for Gastrointestinal and Liver Diseases

CENGILD MEDICAL BERHAD
202101004143 (1404442-P)
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

PROXY FORM

*I/We _____ Tel: _____
(Full name in block, NRIC / Passport No. / Company Registration No.)

of _____

being member(s) of **CENGILD MEDICAL BERHAD**, hereby appoint:

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

*and / or

Full Name (in Block as per NRIC / Passport No.)	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 which will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3, Unit 29.01 Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“**Broadcast Venue**”) on **Monday, 13 May 2024 at 3:00 p.m.** or any adjournment thereof, and to vote as indicated below:

Description of Resolutions			For	Against
Ordinary Resolution 1	-	Proposed Acquisition		
Ordinary Resolution 2	-	Proposed Variation		

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____ 2024

Signature / Common Seal

* Delete whichever not applicable



Notes:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the Extraordinary General Meeting (“EGM”) in person at the Broadcast Venue on the day of the meeting.

Please read these Notes carefully and follow the procedures in the Administrative Details for this EGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at **6 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM via RPV.
3. A member who is entitled to participate in this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint 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 who is entitled to attend and vote at this EGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this EGM.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. 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 not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. 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 Sections 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at this EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for this EGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote.
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 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.
 - (ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide.
11. Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.
12. Last date and time for lodging the proxy form is Saturday, 11 May 2024 at 3:00 p.m.

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 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 not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote. 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.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 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 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. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Shareholders are advised to check the Company's website at www.cengild.com and announcements from time to time for any changes to the administration of this EGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

CENGILD MEDICAL BERHAD
Registration No. 202101004143 (1404442-P)
c/o 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

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