

**THIS CIRCULAR 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 ADVISERS IMMEDIATELY.**

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**TDM BERHAD**

Company No. 196501000477 (6265-P)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

**THE PROPOSED BUILD AND SUB-LEASE OF A NEW BLOCK FOR KMI TAWAU MEDICAL CENTRE (“NEW SPECIALIST HOSPITAL BUILDING”) AND RENOVATION WORKS FOR THE EXISTING BUILDING OF KMI TAWAU MEDICAL CENTRE (“EXISTING SPECIALIST HOSPITAL BUILDING”) IN TAWAU SABAH (“PROPOSAL”)**

**AND**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE SIXTY FIRST (61<sup>st</sup>) ANNUAL GENERAL MEETING**

The Ordinary Resolution in respect of the Proposal will be tabled as Special Business at the Sixty First (61<sup>st</sup>) Annual General Meeting (“AGM”), which will be held at The Avenue, Level 3, KMI Kuala Terengganu Medical Centre, Lot 3963, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu on Monday, 22 June 2026 at 11.00 a.m., or any adjournment thereof. Notice of the 61<sup>st</sup> AGM together with the Proxy Form are enclosed in the Company’s Integrated Annual Report for the financial year ended 31 December 2025.

If you are unable to attend and vote at the AGM and wish to appoint a proxy or more than two (2) proxies to attend and vote on your behalf at the AGM, you must complete, sign and deposit the Proxy Form at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, Drop-in Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so and in such an event, your Proxy Form shall be deemed to have been revoked.

Last day, date and time for lodging the Proxy Form	: Saturday, 20 June 2026 at 11.00 a.m.
Date and time for the AGM	: Monday, 22 June 2026 at 11.00 a.m.
Venue of the AGM	: The Avenue, Level 3 KMI Kuala Terengganu Medical Centre Lot 3963, Jalan Sultan Mahmud 20400 Kuala Terengganu Terengganu Darul Iman

This Circular is dated 28 April 2026

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## DEFINITIONS

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

- AGM : Sixty First (61<sup>st</sup>) Annual General Meeting of TDM.
- Application for Approval to Maintain (Form 1) : The application for approval to establish and maintain a private healthcare facility or service as prescribed in Form 1 of the First Schedule of the PHFS Regulations.
- Application for the Licence to Operate (Form 3) : As defined in Section 9.4 of Appendix I of this Circular.
- Applicable Laws : All relevant laws, by-laws and rules that are applicable to the Project and the Parties which are in force and effect as the date hereof and may be promulgated or brought into force and effect during the subsistence of the ATBSL and the New SLA in the State of Sabah and Malaysia, of which include the PHFS Act, the PHFS Regulations and the Town and Country Planning Ordinance (Sabah Cap 141) and the Environmental Quality Act 1974 (Act 127) and judgments, decrees, injunctions, writs or order of any court of competent judgment.
- Approval to Establish (Form 10) : The approval to establish or maintain a private healthcare in Form 10 as prescribed under the First Schedule of the PHFS Regulations, with the capacity of 59 beds, of which is inclusive of the existing 7 beds for the Existing Specialist Hospital Building.
- It relates to the approval for changes to an existing licensed facility, which may include transfer of ownership, change of licensee, relocation, or other material modifications to the licensed healthcare facility. In the context of the BTA, it facilitates the MoH's approval for the transfer and continuation of the licensed operations from Tawau Specialist Hospital to KMITMC under the name of KMI Tawau Medical Centre.
- Approval to Maintain (Form 2) : The approval to establish or maintain a private healthcare facility or service in Form 2 as prescribed under the First Schedule of the PHFS Regulations, with the capacity of 59 beds, of which is inclusive of the existing 7 beds for the Existing Specialist Hospital Building, issued by the MoH to KMITMC pursuant to the Application for Approval to Maintain (Form 1).
- It represents the underlying operational licence of the facility.
- ATBSL : Agreement to Build and Sub-Lease dated 14 April 2026.
- BTA : The Business Transfer Agreement dated 30 September 2021 made between THSB (formerly known as Tawau Specialist Hospital Sdn Bhd) and KMITMC.

## DEFINITIONS *(Cont'd)*

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Bursa Securities	: Bursa Securities Malaysia Berhad [Company No. 200301033577 (635998-W)].
Business Day	: A day other than Friday, Saturday, Sunday and any other day which is declared by the Federal Government and the States Government of Terengganu and Sabah as a public holiday for the Federation and the States of Terengganu and Sabah respectively.
CCC	: The certificate of completion and compliance issued by the Principal Submitting Person in respect of the Specialist Hospital Buildings pursuant to the Uniform Building By-Laws 2022, certifying that the Specialist Hospital Buildings have been completed and are safe and fit for occupation, but does not include partial certificate of completion and compliance.
CKAPS	: Cawangan Kawalan Amalan Perubatan Swasta under the MoH.
CKAPS Requirements	: All requirements of CKAPS and any modifications or any amendments thereof for the time being in force.
Circular	: This circular to the shareholder dated 28 April 2026 in relation to the Proposal.
Conditional Period	: As defined in Section 4.2 of Appendix I of this Circular.
Conditions Precedent	: The conditions precedent of the ATBSL and the New SLA as set out in Section 4.1 of Appendix I of this Circular.
Construction Works	: The planning, construction, equipping and furnishing, installation and completion of the Project in accordance with the Approval to Maintain (Form 2) and any renewal thereof, the Schedule of Accommodation, the Signed-Off Drawings, the Data Sheets and the provisions of the ATBSL.
Data Sheets	: The detailed room data sheets (internal), which set out among others, all materials, goods, equipment, and consumables to be used for the Specialist Hospital Buildings.
Directors	: A natural person who holds directorship in an executive or a non-executive capacity within the Company, within the meaning of section 2(1) of the Companies Act 2016 and has the meaning given in section 2(1) of the Capital Market and Services Act 2007, which excludes an alternate director, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the Proposal were agreed upon, a director or chief executive of TDM or its subsidiary or holding company as per Paragraph 10.02(c) of the Listing Requirements.
Existing Land	: A parcel of land held under Title No. TL 107502974, District of Tawau, State of Sabah, the particulars of which are specifically set out in Section 3.3.2 of this Circular.
Existing SLA	: The Sub-Lease Agreement dated 30 September 2021 made between THSB and KMITMC in relation to the sub-lease of the Existing Land and the Existing Specialist Hospital Building erected thereon.

## DEFINITIONS (Cont'd)

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Existing Specialist Hospital Building	: The existing building of KMI Tawau Medical Centre.
GDC	: Gross Development Cost of the Project.
Handover Date	: The date on which the Specialist Hospital Buildings are handed over by THSB to KMITMC, which are subject to the completion of the Project and the issuance of the CCC for the Specialist Hospital Buildings and further, upon the provisions of Section 9.2 or Section 9.3 of Appendix I of this Circular (as the case may be).
Initial Sub-Lease Term	: As defined in Section 1.1 of Appendix II of this Circular.
KMI	: Kumpulan Medic Iman Sdn Bhd [Company No. 202101010833 (1411132-A)], a subsidiary of TDM.
KMITMC	: KMI Tawau Medical Centre Sdn Bhd [Company No. 202101010833 (1411132-A)], an indirect subsidiary of TDM.
Licence to Operate (Form 4)	: The licence to operate or provide healthcare facilities or services in Form 4 of the First Schedule of the PHFS Regulations, with the size/capacity of 59 beds for the Specialist Hospital Buildings (known as KMI Tawau Medical Centre) to be issued or issued by the MoH, in accordance with the provisions under the PHFS Act, upon the completion of the Construction Works under the Project, and subject to the terms of the ATBSL.  It is a primary licence issued by the MoH through CKAPS, allowing KMITMC to legally operate a healthcare facility, under the name of KMI Tawau Medical Centre.
Listing Requirements	: Main Market Listing Requirements of Bursa Securities.
LPD	: 14 April 2026, being the latest practicable date prior to the printing and despatch of this Circular.
MoH	: Ministry of Health, Malaysia.
New Land	: Collectively the following parcels of land leased by the Director of Lands and Surveys for and on behalf of the Government of the State of Sabah to THSB and held under:  (a) Town Lease TL 107502705, District of Tawau, State of Sabah;  (b) Town Lease TL 107502983, District of Tawau, State of Sabah; and  (c) Town Lease TL 107502698, District of Tawau, State of Sabah,  and all are in the District of Tawau, State of Sabah, the particulars of which are specifically set out in Section 3.3.2 of this Circular.
New SLA	: As defined in Paragraph 4 of Section 3.1 of this Circular.
New Specialist Hospital Building	: A new block for Tawau Specialist Medical Centre.
New Sub-Lease	: As defined in Paragraph 4 of Section 3.1 of this Circular.

## DEFINITIONS *(Cont'd)*

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Parties	: Collectively THSB and KMITMC.
PHFS Act	: The Private Healthcare and Facilities Services Act 1998 (Act 586).
PHFS Regulations	: The Private Healthcare and Facilities Services (Private Hospital Private Hospital and Other Private Healthcare Facilities) Regulations 2006.
Project	: As defined in Paragraph 1 of Section 3.1 of this Circular.
Project Completion Date	: As defined in Section 8.1 of Appendix I of this Circular.
Project Land	: Collectively the Existing Land whereupon the Existing Specialist Hospital Building is erected thereon, and the New Land whereupon the New Specialist Hospital Building will be built and constructed pursuant to the ATBSL.
Property	: The New Land together with the New Specialist Hospital Building erected thereon.
Proposed Acquisition of Business	: As defined in Paragraph 1 of Section 1 of this Circular.
Relevant Authorities	: Collectively, the Government of Malaysia and the State Government of Sabah, the Authority as defined under section 2 of Local Government Ordinance (Sabah No. 11 of 1961), entity or authority and/or other statutory authorities, departments, agencies or bodies which include CKAPS, the Department of Occupational Safety and Health under the Ministry of Human Resources; the MoH, Jabatan Bomba dan Penyelamat, Jabatan Kebajikan Masyarakat and/or any other privatized or licensed corporations to provide electricity, water, gas, telecommunication services, sewerage services or other utilities or consumption and other related services having jurisdiction over the Project.
Renewed Sub-Lease Term	: As defined in Section 1.2 of Appendix II of this Circular.
Revised GDC	: The revised GDC in the circumstances as illustrated in Section 3.2 of Appendix I of this Circular.
RM and sen	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia.
Schedule of Accommodation	: The detailed list of specifications for, inter alia, types, sizes and locations of rooms and spaces needed for the Specialist Special Buildings.
Signed-off Drawings	: All architectural, mechanical and engineering drawings and specifications for the Specialist Hospital Buildings, including the specific details of all materials, equipment, goods and consumables to be used therefor, as agreed by the Parties and duly approved by the Relevant Authorities, including the MoH.
Specialist Hospital Buildings	: Collectively, the Existing Specialist Hospital Building and the New Specialist Hospital Building.
sq. ft.	: Square feet.
TDM	: TDM Berhad [Company No. 196501000477 (6265-P)].

## DEFINITIONS (Cont'd)

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Term Sheet	: A binding term sheet dated 20 January 2025 in relation to the Proposed Build and Sub-Lease of the New Specialist Hospital Building and the Renovation Works for the Existing Specialist Hospital Building, entered into between THSB and KMITMC.
THSB	: Tawau Healthcare Sdn Bhd [Company No. 200901041269 (884419-D)].
Unconditional Date	: As defined in Section 4.2 of Appendix I of this Circular.

All references to the “Company” or “TDM” in this Circular are to TDM Berhad and references to the “Group” are to TDM and its subsidiaries, collectively.

All references to “you” and “your” are to our shareholders of TDM.

Unless specifically referred to, words denoting the singular shall be applicable, include the plural and vice versa, words denoting masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to person shall include corporations, unless otherwise specified.

Any references to any statute, rules, written law, ordinance or enactment is a reference to that statute, rules, written law, ordinance or enactment for the time being in force.

Any reference to a time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statement may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company’s plan objectives will be achieved.

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**TDM BERHAD**

Company No. 196501000477 (6265-P)  
(Incorporated in Malaysia)

**Registered Office:**

Wisma TDM  
443D, Jalan Kamaruddin  
20400 Kuala Terengganu  
Terengganu

28 April 2026

**Board of Directors**

1. YBM Tengku Seri Bijaya Raja (Dato' Seri Tengku Farok Hussin bin Tengku Abdul Jalil) (*Chairman, Non-Independent Non-Executive Director*)
2. Dato' Haji Burhanuddin Hilmi bin Mohamed @ Harun (*Non-Independent Non-Executive Director*)
3. Haji Azlan bin Md Alifiah (*Independent Non-Executive Director*)
4. Dr Norhasiza binti Mat Jusoh (*Independent Non-Executive Director*)
5. Dato' Roslee bin Chik (*Independent Non-Executive Director*)
6. YB Haji Bakri bin Jamaluddin (*Independent Non-Executive Director*)

**To: Our Shareholders**

Dear Sir/Madam

**PROPOSED BUILD AND SUB-LEASE OF A NEW BLOCK FOR KMI TAWAU MEDICAL CENTRE (“NEW SPECIALIST HOSPITAL BUILDING”) AND RENOVATION WORKS FOR THE EXISTING BUILDING OF KMI TAWAU MEDICAL CENTRE (“EXISTING SPECIALIST HOSPITAL BUILDING”) IN TAWAU SABAH (“PROPOSAL”)**

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**1. INTRODUCTION**

On 30 September 2021, the Board announced that KMITMC, an indirect subsidiary of TDM, had entered into a BTA with THSB (formerly known as Tawau Specialist Hospital Sdn Bhd) for the proposed acquisition of the business and assets relating to the operation of the Existing Specialist Hospital Building, then known as Tawau Specialist Hospital (“Proposed Acquisition of Business”) by KMITMC from THSB.

On 8 October 2021, the Board further announced on additional information relating to the Proposed Acquisition of Business.

On 31 March 2022, the Board announced that the period for completion of the Proposed Acquisition of Business had been mutually extended for a period of two (2) months to facilitate the fulfilment of the conditions precedent set out in the BTA.

On 12 May 2022, the Board announced that all the conditions precedent for the completion of the Proposed Acquisition of Business as provided under the BTA had been fulfilled save for the condition precedent on the lodgement of a private caveat by KMITMC on the New Land, which was waived by KMITMC. Vide a supplemental agreement to the BTA made on even date, the Parties agreed that the waiver was granted by KMITMC on the condition that its right to enter the private caveat shall form part of the conditions subsequent, to be fulfilled within three (3) months from the date of completion of the transfer of the business of operating the Tawau Specialist Hospital to KMITMC.

On 20 January 2025, the Board announced that pursuant to the BTA, KMITMC had entered into a binding Term Sheet with THSB, which set out all negotiated and agreed terms and conditions to be incorporated into:

- (a) the ATBSL in relation to the Project; and
- (b) the New SLA in relation to the New Sub-Lease.

Subsequently, on 14 April 2026, the Board announced that KMITMC had entered into the ATBSL with THSB. An agreed form of the New SLA is annexed to the ATBSL and shall form an integral part thereof. Upon the execution of the ATBSL, all terms set out in the Term Sheet shall be deemed superseded and replaced in their entirety by the terms and conditions of the ATBSL.

Further details of the Proposal are set out in the ensuing Sections of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSAL AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM.**

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM.**

## **2. BACKGROUND**

Prior to the execution of the BTA, THSB had obtained the Approval to Establish (Form 10) dated 15 May 2019 in respect of the Specialist Hospital Buildings, issued by the MoH. As a condition precedent under the BTA, the then Approval to Establish (Form 10) was transferred to KMITMC by the issuance of a new Approval to Establish (Form 10) dated 11 April 2022 by MoH in the name of KMITMC. Following the fulfilment of all conditions precedent on 12 May 2022, the Proposed Acquisition was completed by the handing over of the possession of the Existing Specialist Hospital to KMITMC on 26 May 2022, together with the transfer of the entire business of operating the Existing Specialist Hospital as a going concern. This included all operating assets (tangible and intangible), rights, interests, assignable contracts, employees, and relevant licences and approvals necessary for continued operations, as well as identified liabilities and obligations assumed in accordance with the BTA. Following completion, the name of Tawau Specialist Hospital was changed to Tawau Specialist Medical Centre.

Prior to the execution of the ATBSL, THSB had pursuant to the Approval to Establish (Form 10), commenced the Construction Works. During the progress of the Construction Works, amendments were made to the building structure, mechanical and electrical of the Specialist Hospital Buildings due to the constraints of the Project Land and factors concerning the fire safety and operational effectiveness of the Specialist Hospital Buildings. The Parties thus, agreed for KMITMC to resubmit to CKAPS the application for approval to establish and maintain a private healthcare facility or service as prescribed in the Application for Approval to Maintain (Form 1), for the aforesaid amendments.

The aforesaid application has been approved by the MoH by the issuance of the Approval to Maintain (Form 2) dated 22 January 2025 under the name of KMITMC, as to replace the Approval to Establish (Form 10).

## **3. DETAILS OF THE PROPOSAL**

### **3.1 Overall concept of the Proposal**

THSB shall build and construct the New Specialist Hospital Building (with an annex building for mechanical and engineering purposes on the New Land and shall undertake renovation works on the Existing Specialist Hospital Building situated on the Existing Land, which is adjacent to the New Land (collectively the “Project”), upon the terms and conditions of the ATBSL.

The New Specialist Hospital Building with the annex building shall be built on 'shell and core' basis, which comprise the structure, cladding, base building, common areas, external works, reception, lobby, passenger and patient lift shafts, stairwells, toilets, loading bays and parking bays of the New Specialist Hospital Building, mechanical and electrical and engineering systems in the Specialist Hospital Buildings, as well as the systems which run through between the Specialist Hospital Buildings, as set out in the Schedule of Accommodation, the Signed Off-Drawings and the Data Sheets.

The New Specialist Hospital Building together with the Existing Specialist Hospital Building shall have a size/capacity of 59 beds, inclusive of the existing 7 beds for the Existing Specialist Hospital Building, as approved by the MoH by the issuance of the Approval to Maintain (Form 2).

Upon completion of the Project, THSB (being the registered and beneficial owner of the New Land) shall grant a sub-lease of the Property to KMITMC ("New Sub-Lease"), upon the terms and conditions of the sub-lease agreement for the New Sub-Lease ("New SLA").

In the event that the ATBSL is terminated in accordance with its terms, KMITMC shall take all necessary steps to transfer the Approval to Maintain (Form 2) in favour of THSB, upon the terms and conditions to be mutually agreed by the Parties and having regard to KMITMC is currently operating the business of the Existing Specialist Hospital Building, which was acquired by KMITMC from THSB pursuant to the BTA.

The Group's decision to enter into a build and sub-lease arrangement instead of outright ownership, is aligned with its strategic adoption of an asset-light model. This approach allows the Group to optimise capital allocation by minimising upfront capital expenditure, thereby preserving cash flow and enhancing financial flexibility for core healthcare operations and future expansion initiatives. Notwithstanding this, the New SLA provides KMITMC with an option to acquire the Project Land together with the Specialist Hospital Buildings in the future, thereby offering strategic flexibility to the Group when determining commercial advantageous of the ownership in the future.

The sub-lease tenure of fifteen (15) years with an option for a further fifteen (15)-year extension is consistent with market practice for healthcare infrastructure projects, particularly with long-term operational stability is required to support financing structures and investment recovery.

Please refer to Appendices I and II of this Circular for further information on the salient terms of the ATBSL and the New SLA respectively.

## **3.2 Information on the Parties**

### **3.2.1 THSB**

THSB was incorporated under the Companies Act 1965 and is deemed registered under the Companies Act 2016 as a private limited company limited by shares on 31 December 2009 under the name of Tawau Maternity and Specialist Hospital Sdn Bhd THSB subsequently changed change its name to Tawau Specialist Hospital Sdn Bhd on 9 October 2018 and its present name on 22 April 2022.

As at the LPD, the paid-up capital of THSB is RM11,310,000.00, divided into 11,310,000 ordinary shares and its principal business is property letting.

As at the LPD, the shareholders of THSB are Klinik Obstetrik and Ginekologi Dr. Teo Sdn Bhd ("KOGT") and VMed Sdn Bhd ("VMSB") with equal shareholdings.

As at the LPD, the Directors of THSB are Dr Teo Tu Huah @ Teo Yuan Fong and Dr Lee Shirley, both of whom are Shareholders of KOGT with shareholding therein of 50% and 19% respectively, and Dato' Lee Wee Long and Datin Chua Wei Yee, both of whom are Shareholders of VMSB with equal shareholdings.

### 3.2.2 KMITMC

KMITMC was incorporated under the Companies Act 2016 on 25 March 2021 as a private company limited by shares. As at the LPD, the paid-up capital of KMITMC is RM8,000,002.00 divided into 8,000,002 ordinary shares.

As at the LPD, the principal business of KMITMC is to manage and operate KMI Tawau Medical Centre and the directors of KMITMC are YB Datuk Dr Aliakbar bin Gulasan, Haji Mohd Anuar bin Haji Ali and Dr Mohd Afifi bin Shaiffuddin.

As at the LPD, KMITMC is a wholly owned subsidiary of KMI which in turn is a subsidiary of TDM. The paid-up capital of KMI is RM125,708,843 divided into 125,708,843 ordinary shares.

As at the LPD, the shareholders of KMI are TDM with shareholding therein of 99.28% and Kumpulan Mediiman Sdn Bhd (“KMSB”) with shareholding therein of 0.72%.

As at the LPD, the direct and indirect shareholders and their respective shareholding in KMITMC are as follows:

	Direct		Indirect	
	No. of Unit	(%)	No. of Unit	(%)
KMI	8,000,002	100		
TDM	-	-	7,942,402*	99.28
KMSB	-	-	57,600*	0.72

**\*Note:**

TDM holds 124,799,908 shares (99.28%) and KMSB holds 908,935 shares (0.72%) of the paid-up capital of KMI. In addition, TDM owns 95.02% of the paid-up capital of KMSB.

### 3.3 Information on the Project Land

#### 3.3.1 Status of the Project Land

- (a) The Project Land comprises contiguous four (4) parcels of land.
- (b) As at the LPD, THSB had effected the change of its old names of Tawau Maternity and Specialist Hospital Sdn Bhd and Tawau Specialist Hospital Sdn Bhd into its current name:
  - (i) in the document of title to the Existing Land on 28 March 2024; and
  - (ii) in the documents of titles to the New Land on 11 April 2025.

#### 3.3.2 Particulars of the Project Land

As at the LPD, the particulars of the Project Land are as tabulated below:

Particulars	Existing Land		New Land	
	Title No. Town Lease	Title No. Town Lease	Title No. Town Lease	Title No. Town Lease
Postal address	KMI Tawau Medical Centre, TB 4551, Jalan Abaca, P.O Box 61873, 91028 Tawau, Sabah.			
Land title	107502974, District of Tawau, State of Sabah	107502705, District of Tawau, State of Sabah	107502983, District of Tawau, State of Sabah	107502698, District of Tawau, State of Sabah
Land area	5,226 sq. ft.	7,000 sq. ft.	7,000 sq. ft.	4,469 sq. ft.
Tenure	999 years commencing on 1.1.1895 - 31.12.2894	999 years commencing on 1.1.1895 - 31.12.2894	999 years commencing on 1.1.1895 - 31.12.2894	999 years commencing on 1.1.1895 - 31.12.2894

Particulars	Existing Land		New Land	
Registered proprietor (Lessee)	THSB	THSB	THSB	THSB
Category of land use	Not stated	Not stated	Not stated	Not stated
Express conditions	Not stated	Not stated	Not stated	Not stated
Restrictions-in-interest	Not stated	Not stated	Not stated	Not stated
Encumbrances	<ul style="list-style-type: none"> <li>• A registered sub-lease. (Please refer to Note (1) below)</li> <li>• Caveat (Please refer to Note (3) below)</li> <li>• Pending a registration of charge. (Please refer to Note (5) below)</li> </ul>	<ul style="list-style-type: none"> <li>• A registered sub-lease. (Please refer to Note (2) below)</li> <li>• Caveat (Please refer to Note (4) below)</li> <li>• Pending a registration of charge. (Please refer to Note (5) below)</li> </ul>	<ul style="list-style-type: none"> <li>• Caveat (Please refer to Note (4) below)</li> <li>• Pending a registration of charge. (Please refer to Note (5) below)</li> </ul>	<ul style="list-style-type: none"> <li>• Caveat (Please refer to Note (4) below)</li> <li>• Pending a registration of charge. (Please refer to Note (5) below)</li> </ul>

**Notes:**

- (1) The sub-lease was registered in favour of KMITMC pursuant to the Existing SLA vide Memo No. MC2403100380, Memo Seq. No. (in Title) 27, dated 28.03.2024.
- (2) The sub-lease was registered in favour of Sabah Electricity Sdn Bhd (“SESB”) vide Memo No. MC2504100131, Memo Seq. No. (in Title) 18, dated 11.04.2025. The Sub-Lease Agreement was made between SESB and THSB dated 07.02.2025 for the purpose the construction of power station, serving the Specialist Hospital Buildings.
- (3) Caveat lodged by Bank Kerjasama Rakyat Malaysia Berhad (“Bank Rakyat”) vide Memo No. MC2510100062, Memo Seq. No. (in Title) 29, dated 6.10.2025.
- (4) Caveat lodged by KMITMC (as a condition subsequent for the Proposed Acquisition of Business under the BTA) vide:  
Memo No.: MC2212100057 Memo Seq. No. (in Title) 15, dated 5.12.2022 (for TL 107502705);  
Memo No.: MC2212100056, Memo Seq. No. (in Title) 18, dated 5.12.2022 (for TL 107502983); and  
Memo No.: MC2212100066, Memo Seq. No. (in Title) 22, dated 6.12.2022 (for TL 107502698).
- (5) Presentation of charge in favour of Bank Rakyat was made on 29.01.2026, vide Presentation No. PC260110002294 (as security for banking facilities granted by the Bank to THSB pursuant to the Letter of Offer dated 29.04.2025 to finance the Project) is pending registration.

**3.4 Building location layout**

The location layout of the Specialist Hospital Buildings on the Project Land is depicted below:



### 3.5 Design brief of the Specialist Hospital Buildings and floor area

#### 3.5.1 Design brief of the Specialist Hospital Buildings

The design brief of the Specialist Hospital Buildings is tabulated below:

New Specialist Hospital Buildings	Annex Building
<b>Roof</b>	None
<b>Level 4: (25 Beds)</b> <ul style="list-style-type: none"> <li>• 13 Male Ward (5 Double Bedded, 1 Three Bedded)</li> <li>• 12 General Ward (12 Single Bedded)</li> </ul>	<b>Roof</b>
<b>Level 3: (27 Beds)</b> <ul style="list-style-type: none"> <li>• Nursery (9 Basinet, 2 Cot)</li> <li>• 16 Female/Post-Partum Ward (2 Single Bedded, 4 Double Bedded, 2 Three Bedded)</li> <li>• 3 Paediatric Ward (3 Single Bedded)</li> <li>• 8 General Ward (8 Single Bedded)</li> </ul>	<b>Level 3:</b> Genset Room (2x800 kVA)
<b>Level 2:</b> <ul style="list-style-type: none"> <li>• 3 Operation Theatres</li> <li>• 3 Labour &amp; Delivery</li> <li>• 2 CSSU</li> <li>• 4 HDU</li> </ul>	<b>Level 2:</b> <ul style="list-style-type: none"> <li>• Low Voltage Room</li> </ul>
<b>Level 1:</b> <ul style="list-style-type: none"> <li>• 9 Consultant Ensuities</li> <li>• Nappy Change</li> <li>• Breastfeeding</li> <li>• Pharmacy</li> <li>• Laboratory</li> <li>• Medical Storage</li> <li>• Endoscopy (3 Daycare Bedded)</li> </ul>	<b>Level 1:</b> <ul style="list-style-type: none"> <li>• Utility Room</li> <li>• Main Switch Board Room</li> <li>• Transformer Room</li> </ul>
<b>Level Ground Floor:</b> <ul style="list-style-type: none"> <li>• Main Entrance</li> <li>• Accident &amp; Emergency (1 Resuscitation Bay)</li> <li>• Radiology (General X-Ray, MRI, Mammography, CT scan)</li> <li>• Body Holding</li> <li>• Security Room (Satellite)</li> </ul>	<b>Level Ground Floor:</b> <ul style="list-style-type: none"> <li>• Security/ Fire Control Room</li> <li>• Maintenance</li> <li>• Clinical/ Biowaste Store</li> </ul>

#### 3.5.2 Design brief for the Existing Specialist Hospital Building and renovation works

Based on the current design brief, the Existing Specialist Hospital Building comprises a 5-level building with a capacity of 7 inpatient beds, 1 operating theatre (“OT”) and 5 consultant clinics.

Upon the completion of the Project, the Specialist Hospital Buildings will be integrated into a single merged hospital building. The completed facility is planned to be a 7-level special hospital with an expanded capacity of 59 inpatient beds, 9 consultant clinic and 3 OTs, thereby significantly enhancing the overall service capability and operational scale of KMI Tawau Medical Centre.

### 3.5.3 Floor area

The existing floor area of the Existing Specialist Hospital Building is 17,341 sq. ft. Once the Project is completed, the New Specialist Hospital Building and annex building will form a single functional unit of 84,898 sq. ft.

Hence, upon the completion of the Project, the total floor area of the Specialist Hospital Building is 102,239 sq. ft.

## 4. BASIS AND JUSTIFICATION FOR THE GDC AND RENT FOR NEW SUB-LEASE

### 4.1 Basis and justification for the GDC

The GDC was arrived at after arm's length negotiations between the Parties, taking into consideration, inter alia, the following:

- (a) THSB's submission that the gross development costs of the Specialist Hospital Buildings, with gross floor area of 84,896 sq. ft. amounts to RM78,836,200.00, representing to equivalent to RM928.63 per sq. ft.; and
- (b) the final assessment report dated 28 June 2024 ("Assessment Report") issued by S&H Quantity Surveyors Sdn Bhd, an independent checker for the Project appointed by KMITMC, estimated the gross developments cost of 59-bedded KMI Tawau Medical Centre at RM60,697,193.00 equivalent to RM714.97 per sq. ft. This assessment was derived based on the cost data available of comparable healthcare projects in East Malaysia.

After careful deliberation and having considered the above and all relevant factors together with the rationale and benefit for the Proposal as set out in Section 5 of this Circular, the Board is of the view that the GDC of RM72,000,000.00, which translates to RM847.21 per sq. ft. is fair, reasonable, and in the best interest of the Company.

### 4.2 Basis of rent for the New Sub-Lease

The rent payable under the New Sub-Lease is computed based on a predetermined yield (%) applied against the GDC. As such the GDC serves as the fundamental basis in determining the rental structure, ensuring that the New Sub-Lease consideration reflects the total Project's costs incurred.

The rental yield of seven percent (7%) per annum of the GDC, as well as the ten percent (10%) yield applicable for the Renewed Sub-Lease term, were determined on a willing-buyer willing-seller basis following commercial negotiations between the Parties. Overall, the agreed yields are intended to balance commercial fairness with long-term financial sustainability for the Parties.

## 5. RATIONALE AND BENEFIT FOR THE PROPOSAL

The Proposal reflects KMITMC's commitment to the expansion of KMI Tawau Medical Centre in accordance with the Approval to Maintain (Form 2). This expansion, which forms part of the components of the Proposal, is expected to strengthen KMITMC's presence in Tawau and surrounding catchments areas by broadening its customers base and improving operational capacity, thereby contributing positively to the future earnings prospect of the Group.

The Board is of the view that the Proposal will place the Group in a stronger position to expand its regional footprints and enhance its capabilities in the healthcare segment into East Malaysia over the longer term, thereby supporting its growth strategy beyond Tawau.

## 6. SOURCE OF FUNDING

KMITMC will not assume any responsibility for the funding of the Project, as the agreed GDC for the Construction Works shall be solely borne by THSB at its own costs and risks.

The obligations of KMITMC towards THSB in respect of the payment of rent under the New Sub-Lease, which is calculated based on the percentage of the GDC or the Revised GDC (if applicable) shall only arise upon the execution of the New SLA between the Parties and shall be subject to the terms and conditions set out therein.

The rent payable for the New Sub-Lease shall be financed from internally generated funds, especially the operating income derived from the business of operating and managing KMI Tawau Medical Centre.

## **7. ASSUMPTION OF LIABILITIES**

Save for the obligations and liabilities under the ATBSL and the New SLA, there are no other liabilities including contingent liabilities and/or guarantee to be assumed by the Group, arising from the Proposal.

## **8. RISK FACTORS OF THE PROPOSAL**

### **8.1 Non-completion of the Proposal**

Completion of the Proposal is subject to the fulfilment (or waiver, where applicable) of the Conditions Precedent. In the event that the Conditions Precedent are not fulfilled by the respective Parties or waived by KMITMC within the Conditional Period, the ATBSL shall be deemed terminated and the Approval to Maintain (Form 2) shall be transferred to THSB. Such an outcome may adversely affect KMITMC's ability to continue its existing business of operating the Existing Specialist Hospital Building under the name of KMI Tawau Medical Centre, which may have an impact on the Group's existing healthcare operations in Tawau.

To mitigate this risk, the Group will take all reasonable and necessary steps to procure and facilitate the fulfilment of the Conditions Precedent which are within the Group's control and responsibility within the stipulated timeframe and will endeavour to minimise the occurrence of any termination events, with a view to ensuring the successful completion of the Proposal.

### **8.2 Business risk**

The Board does not foresee any material risks pursuant to the Proposal except for the inherent risk factors associated with the healthcare industry, of which the Group is already involved in. Such risks include changes in political, economic and social conditions, adverse changes in laws, licensing requirements or compliance standards, economic downturn, affordability of consumers for private healthcare services, changes in medical insurance policies, increase in operational costs, availability and retention of professionally trained medical specialists, nurses and allied healthcare professionals, increased competition and potential liability arising out of information technology disruptions and security breaches and potential of third party liability from negligence arising from the provision of services and dispensation of drugs.

While the Group will continue to take reasonable and proactive measures to manage and mitigate the aforesaid risks, including strengthening its internal controls and compliance frameworks, implementing talent management and retention strategies, maintaining appropriate insurance coverage and enhancing operational safeguards, there can be no assurance that such measures will be sufficient to fully mitigate the described risks.

### **8.3 Private healthcare demand and competition risk in Tawau**

The Group notes that the competitive landscape in Tawau remains limited, with only one (1) established private hospital currently operating within thirty (30) kilometres radius. Accordingly, the level of direct competition is considered manageable. Sufficient demand for KMI Tawau Medical Centre is supported by a stable and growing population base, with an extended catchment area covering the East Sabah region, including Sandakan, Lahad Datu, Semporna, Kunak and Kinabatangan. This regional reach enhances patient inflow potential beyond the immediate locality.

Upon completion of the Proposal, KMITMC is expected to strengthen its market position through the provision of enhanced medical services, improved facilities, and modern modalities. These factors are anticipated to support sustained demand and mitigate competitive pressures over the long term.

## **9. EFFECTS OF THE PROPOSAL**

### **9.1 Share capital**

The Proposal will not have any effect on the share capital and the shareholding of the substantial shareholders of TDM as there will be no issuance of new shares or alteration of the existing shareholding structure of TDM as a result of the Proposal.

### **9.2 Earnings, net assets and gearing**

The Proposal is not expected to have a material effect on the earnings, net assets or gearing of the Group for the financial year ending 31 December 2026.

Upon its completion, the Proposal is expected to contribute positively to the future earnings of the Group and support the sustainable growth in the Group's healthcare operations.

## **10. APPROVAL REQUIRED**

The Proposal is subject to the approval of TDM's shareholders at the forthcoming AGM.

## **11. CONDITIONALITY OF TRANSACTION**

The New SLA is interdependent with the ATBSL. In the event that the ATBSL is rescinded or terminated for any reason whatsoever, the New SLA shall ipso facto by reason of such rescission or termination be rescinded or terminated respectively.

## **12. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposal and as disclosed below, there is no other corporate exercise/scheme which have been announced by the Company, but pending completion as at the LPD:

### **12.1 Proposed to build and lease the land owned by Bertam Specialist Hospital Sdn Bhd through development of a specialist hospital building for KMI Bertam Medical Centre Sdn Bhd ("KMI Bertam"), a subsidiary of Kumpulan Medic Iman Sdn Bhd ("KMI")**

On 10 March 2025, KMI Bertam, a wholly owned subsidiary of KMI, entered into an Agreement to Build and Lease ("ATBL") with Bertam Specialist Hospital Sdn Bhd ("BSHSB") for the purpose of building and leasing the land owned by BSHSB through development of a specialist hospital building ("Specialist Hospital Building") for KMI Bertam.

The Gross Development Cost ("GDC") of the proposed Project is RM146,000,000.00 subject to adjustments and variations in accordance with ATBL.

With reference to the ATBL, BSHSB is required to fulfil all the Conditions Precedents ("CPs") within six (6) months from the date of the ATBL, subject to an automatic extension for a further period of six (6) months from the expiry of the CPs Period or such extended period as mutually agreed by the parties.

On 2 October 2025, the ATBL has become unconditional upon the fulfilment of all CPs by both KMI Bertam and BSHSB had completed fulfilled all the CPs.

**12.2 Execution of Land Lease Agreement for The Development of Two (2) Large-scale Solar Photovoltaic Plants (“LSS5+ Projects”) between TDM-YT Plantation Sdn Bhd (“TDM-YT”) and JAKS CPECC Solar One Sdn Bhd (“JAKS 1”) and JAKS CPECC Solar Two Sdn Bhd (“JAKS 2”)**

On 27 February 2025, the Board had announced that its subsidiary company, TDM-YT had on 26 February 2025, entered into an Addendum to the Memorandum of Understanding (“Addendum”) with JAKS Solar Power Holdings Sdn Bhd (“JSPH”). The Addendum dated 24 July 2024 was intended for the proposed lease of the Mukim Merang Land for the purpose of the LSS5 project which JSPH would undertake with consortium partner, China Power Engineering Consulting Group International Engineering Co. Ltd. (“JAKS SOLAR-CPECC Consortium”).

On 28 November 2025, the Board further announced that TDM-YT had executed a Land Leased Agreement with JAKS 1 and JAKS 2 for the development of two (2) Large-Scale Solar Photovoltaic Plants for the lease term of twenty-three (23) years and six (6) months, commencing from the effective date, in accordance with the terms of the agreement.

**12.3 Divestment of TDM’s Indonesian Plantation Division (“Proposed Disposal”)**

The Conditional Share Purchase Agreement (“CSPA”) for the disposal of PT Rafi Kamajaya Abadi (“PT RKA”) and PT Sawit Rezki Abadi (“PT SRA”) to Ikhasas Sawit Sdn Bhd was signed between TDM and Ikhasas Sawit Sdn Bhd on the 29 July 2022 for a consideration of RM115,000,000.00. Following the CSPA, PT RKA is now fully managed by PT Ikhasas Sawit Indo Makmur through a management services arrangement starting 1 August 2022.

As per announcement to Bursa Malaysia on 12 January 2026, the fulfilment of Condition Precedents has been extended to long stop date of 30 June 2026. Both TDM and the buyer are committed to seeing the completion of the disposal.

**13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders and chief executive of the Company and/or any persons connected with them (as defined in the Listing Requirements) has any interest, either direct or non-direct, in the Proposal.

**14. AUDIT COMMITTEE’S STATEMENT**

The Audit Committee of TDM, having considered all aspects of the Proposal, including but not limited to the basis and justification for arriving at the GDC, rationale and financial effects of the Proposal and salient terms of the ATBSL and the New SLA, is of the opinion that the Proposal:

- (a) is in the best interest of the Company;
- (b) fair, reasonable and on normal commercial terms; and
- (c) in the best interest of the shareholders.

**15. DIRECTORS’ STATEMENT AND RECOMMENDATION**

The Directors, having considered all aspects of the Proposal, including but not limited to the basis and justification for arriving at the GDC, the rationale and financial effects of the Proposal and salient terms of the ATBSL and the New SLA, is of the opinion that the Proposal is in the best interest of the Company.

Accordingly, the Directors recommends that you vote in favour of the Ordinary Resolution in respect of the Proposal to be tabled at the forthcoming AGM to give effect to the Proposal.

**16. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposal pursuant to Paragraph 10.02(g) of the Listing Requirements is twenty-seven percent (27%), computed based on the aggregate of the rent for the Initial Sub-Lease Term and the Renewed Sub-Lease Term.

**17. TENTATIVE TIMELINE FOR COMPLETION**

Barring unforeseen circumstances and subject to requisite approvals being obtained, the Proposal is expected to be completed in the fourth (4<sup>th</sup>) quarter of 2028.

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

<u>Key Events</u>	<u>Tentative Timeline</u>
AGM for the Proposal	: 22 June 2026
Completion of the Project	: July 2027
Commencement of the New SLA	: October 2027
Commencement of the operation of the New Specialist Hospital Building	: June 2028

**18. AGM**

The Sixty First (61<sup>st</sup>) AGM, the notice of which is enclosed in the Company's Annual Report 2025, will be held at The Avenue, Level 3, KMI Kuala Terengganu Medical Centre, Lot 3963, Jalan Sultan Mahmud, 20400 Kuala Terengganu, Terengganu on Monday, 22 June 2026 at 11.00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the Ordinary Resolution on the Proposal as set out in the Notice of the 61<sup>st</sup> AGM, to give effect to the Proposal.

A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. If you decide to appoint a proxy(ies) to attend and vote on your behalf at the AGM, the Form of Proxy should be completed and lodged at the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, Drop-in Box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

**19. FURTHER INFORMATION**

Shareholders are advised to refer to Appendix III of this Circular for Additional Information.

Your faithfully,  
For and behalf of the Board of Directors of  
TDM BERHAD

**HAJI AZLAN BIN MD ALIFIAH**  
Independent Non-Executive Director

## SALIENT TERMS OF ATBSL

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### 1. Agreement to build

In consideration of KMITMC's undertaking to sub-lease the New Specialist Hospital Building from THSB, THSB shall build and construct the New Specialist Hospital Building (with an annex building for mechanical and engineering purposes), on a 'shell and core' basis (as specifically prescribed in the second Paragraph of Section 3.1 of this Circular) on the New Land for KMITMC's use under the New Sub-Lease, together with the renovation works for the Existing Specialist Hospital Building situated on the Existing Land, which is adjacent to the New Land, upon the terms and conditions of the ATBSL.

### 2. Agreement to sub-lease

- 2.1 On the Handover Date and subject to the fulfilment of the Conditions Precedent, the Parties shall execute the New SLA, and the commencement of the New Sub-Lease shall be subject to the terms and conditions contained therein.
- 2.2 The New SLA is interdependent with the ATBSL. In the event the ATBSL is rescinded or terminated for any reason whatsoever, the New SLA shall ipso facto by reason of such rescission or termination be terminated.

### 3. Gross Development Costs ("GDC")

#### 3.1 Agreed GDC

The Parties mutually agree that the GDC for the Project is in the sum of RM72,000,000.00, which shall consist of all costs related to the Project, such as, inter alia, the costs for the Construction Works, installation of major equipment and facility system to the New Specialist Hospital Building as contained in the Schedule of Accommodation, the Signed-Off Drawings, the Data Sheets, car parking bays, fit-out costs, building professional costs and common professional fees, charges payable to the relevant authorities, finance costs, salaries of employees involved with the Project and other costs and charges as specifically set out in the ATBSL.

#### 3.2 Revised GDC

The GDC shall be revised in the following circumstances:

- (a) If after the completion of the Construction Works, it is found that the gross floor area of the completed Specialist Hospital Buildings, inclusive of the floor area of annex building to the New Specialist Hospital Building, falls short by more than three percent (3%) of the gross floor area of 84,896 sq. ft. as specified in the Signed-Off Drawing ("Shortfall in the Gross Floor Area"), the GDC shall be revised downwards proportionately to reflect the actual gross floor area of the completed Specialist Hospital Buildings, Provided That the Shortfall in the Gross Floor Area does not affect or impact the application for the issuance by the MoH of the Licence to Operate, to enable KMITMC to operate the Specialist Hospital Buildings under the name of KMI Tawau Medical Centre. KMITMC reserves its rights under the ATBSL and Applicable Laws, in the event the Shortfall in the Gross Floor Area affects or impacts its application for, or the issuance of the Licence to Operate (Form 4) by the MoH.
- (b) In the event KMITMC requests any variation, addition, change, deviation from, substitution for, or other modification from the Schedule of Accommodation, the Signed-Off Drawings and/or the Data Sheets ("Variation"), KMITMC shall bear any increase in the costs for the Construction Works resulting from the Variation or as may be determined by KMITMC, the GDC shall be revised upwards proportionately to reflect such increase in the costs.

**SALIENT TERMS OF ATBSL (Cont'd)**

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**4. Conditions Precedent**

4.1 The Parties' obligations under the ATBSL and the New SLA shall be subject to the fulfilment of following conditions (collectively the "Conditions Precedent") within the relevant Conditional Period:

- (a) KMITMC shall have obtained the approval of KMI at a general meeting to be convened for KMITMC to undertake the Project;
- (b) TDM shall have obtained the approval of its shareholders at a general meeting to be convened, for KMITMC to undertake the Proposal;
- (c) THSB shall have provided to KMITMC certified true copies of contracts for the engagement of all Consultants and Personnel engaged by KMITMC for the Project, together with their credentials, valid certified licence or relevant experience;
- (d) THSB shall have obtained the approval of its shareholders at a general meeting to be convened for THSB to undertake the Proposal; and
- (e) in the event THSB obtains a banking facility to fund the Project with a condition that the New Land shall be charged as a security for the payment of the banking facility, THSB shall have obtained a written consent from the bank for the grant of the New Sub-Lease by THSB upon KMITMC, upon completion of the construction of the New Specialist Hospital Building under the Project.

4.2 For the purpose of Section 4.1 above, "Conditional Period" means:

- (a) for the Conditions Precedent set out in Section 4.1(a), (b), (c) and (d) above, a period of three (3) months commencing from the date of the execution of ATBSL; and
- (b) for the Condition Precedent set out in Section 4.1(e) above, at any time prior to the Project Completion Date.

In the event the Conditions Precedent are not fulfilled ((unless waived by KMITMC's absolute discretion and to the satisfaction of KMITMC) within the aforesaid period, such period shall be extended automatically for a further period of three (3) months and in the event the Conditions Precedent are not fulfilled within the aforesaid extended period, such period may be further extended for a further period of two (2) months subject to written consent of the Parties. The ATBSL shall become unconditional on the day which all Conditions Precedent shall have been fulfilled or waived ("Unconditional Date").

**5. ATBSL deemed terminated**

5.1 If any of the Conditions Precedent is not obtained or fulfilled or waived by the expiration of the Conditional Period, the Parties shall, within seven (7) Business Days of the occurrence of the aforesaid event, meet and consult with each other to examine and consider the effect, implication and circumstances thereof with a view to arriving at a mutually acceptable solution as evidenced by a written agreement between the Parties within twenty-one (21) Business Days of the occurrence of the event ("Consultation Period").

5.2 If the Parties are unable to arrive at a mutually acceptable solution through such consultation, the ATBSL shall be deemed terminated upon expiry of the Consultation Period at the instance of the Party that is unable to fulfil the applicable Conditions Precedent which relates to it ("Non-Performing Party").

**SALIENT TERMS OF ATBSL (Cont'd)**

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**6. Consequence of termination**

- 6.1 Upon the deemed termination of the ATBSL pursuant to Section 5 above, the other Party (“Performing Party”) shall be entitled to claim from the Non-Performing Party all direct losses and/or damages actually incurred and suffered as a result of such termination, Provided That such losses and/or damages are substantiated by reasonable and sufficient documentary evidence.
- 6.2 In the event that:
- (a) the Non-Performing Party is KMITMC, THSB shall then be entitled to call upon the ATBSL Bank Guarantee (as provided by KMITMC pursuant to Section 7 below) and subject to Section 6.3 below if the amount of THSB’s losses exceeds the security deposit under ATBSL Bank Guarantee; or
  - (b) the Non-Performing Party is THSB, KMITMC shall then be entitled to claim from THSB all actual losses and/or damages incurred by KMITMC, but subject to the provisions set out in Section 6.3 below.
- 6.3 In the event the amount of the claim for such losses and/or damages made by the Performing Party against the Non-Performing Party exceeds the amount of the security deposit under the ATBSL Bank Guarantee (“Surplus Amount”), the Parties shall within thirty (30) Business Days from the date of the termination of the ATBSL, engage in good faith discussions to negotiate an amicable settlement for the Surplus Amount. For the avoidance of any doubt, the Non-Performing Party shall remain liable for the full extent of such Surplus Amount.
- 6.4 If the Parties are unable to reach a mutually acceptable settlement of the Surplus Amount within twenty-one (21) Business Days from the commencement of such negotiation, the Performing Party shall be entitled to enforce its legal rights against the Non-Performing Party under the law, for the full recovery of its losses and/or damages arising from the termination of the ATBSL pursuant to Section 5.2 above, without any further reference or obligation to engage in further negotiation with the Non-Performing Party.

**7. ATBSL Bank Guarantee**

- 7.1 KMITMC shall, within three (3) months from the execution of the ATBSL, deliver to THSB a security deposit in the form of a bank guarantee for an amount of RM1,260,000.00 (“ATBSL Bank Guarantee”), of which is equivalent to three (3) months of the first rent payable for the New Sub-Lease under the New SLA, as security for the due observance of performance by KMITMC of the terms and conditions of the ATBSL.
- 7.2 Subject to Section 7.3 below, KMITMC shall maintain the ATBSL Bank Guarantee throughout the subsistence of the ATBSL.
- 7.3 THSB shall return the ATBSL Bank Guarantee to KMITMC for cancellation upon the execution of the New SLA.

**8. Construction Works**

- 8.1 THSB shall complete the Construction Works within a period of twenty-four (24) months from the Unconditional Date (“Construction Period”). The Construction Works shall be deemed to be completed on date of receipt by THSB of the CCC in respect of the Specialist Hospital Buildings and a copy of which is provided to KMITMC (“Project Completion Date”).
- 8.2 Delay in completing the Construction Works within the Construction Period or any extended Construction Period (as the case may be) shall entitle KMITMC to claim for agreed liquidated ascertained damages (“LAD”) in the amount of RM15,780.82 per day which is calculated at the rate of eight percent (8%) per annum of the GDC on a daily basis, commencing from the day next day after the expiry of the Construction Period until the Project Completion Date.

**SALIENT TERMS OF ATBSL (Cont'd)**

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8.3 THSB shall be entitled to an extension of time to the Construction Period without liable to pay any LAD, where the delay in the progress of the Construction Works is caused by any of the following events:

- (a) any act or default by KMITMC that prevents THSB from complying with any requirements of the relevant authorities in the ATBSL;
- (b) any variation in the design of the Specialist Hospital Buildings or the Signed-Off Drawings as requested by KMITMC; or
- (c) force majeure event.

“Force majeure event” means an event which renders the impossible the due performance, such as inter alia, strikes, lockouts, act of God, regulations and control as imposed by any statute, Provided That such event shall not include any economic downturn or other adverse economic consequences, non-availability or insufficient funds or lack of financing on the part of the Parties to perform their respective obligations under the ATBSL.

## **9. Handover of the Specialist Hospital Buildings**

9.1 The handover of the Specialist Hospital Buildings to KMITMC shall be subject to completion of all remedial works of defaults and faults on the Specialist Hospital Buildings, which are due to the non-compliance with the Signed-Off Drawings, the Schedule of Accommodation and Data Sheets by THSB, based on a joint inspection conducted on the Specialist Hospital Buildings.

9.2 Upon KMITMC’s receipt of documents evidencing the completion of remedial works by THSB to the satisfaction of KMITMC, KMITMC shall deliver the duly signed Certificate of Acceptance to THSB, confirming KMITMC’s acceptance that the vacant possession of the Specialist Hospital Buildings has been delivered to KMITMC on the date of the Certificate of Acceptance (“Handover Date”), Provided That all keys and access cards to the Specialist Hospital Buildings are delivered by THSB to KMITMC’s authorized representative at the Specialist Hospital Buildings on the Handover Date.

9.3 If KMITMC fails to sign-off the Certificate of Acceptance or agree on the Handover Date, the vacant possession of the Specialist Hospital Buildings shall be deemed to have been delivered to KMITMC upon the expiry of thirty (30) days from the date of completion of all remedial works (“Handover Date”), Provided That all keys and access cards to the Specialist Hospital Buildings are delivered by THSB to KMITMC’s authorized representative on the Handover Date.

9.4 For the purpose of obtaining the approval and issuance of the Licence to Operate (Form 4), KMITMC shall at its own cost and expense submit the application for the licence or renewal of licence to operate KMI Tawau Medical Centre as prescribed in Form 3 of the First Schedule of the PHFS Regulations (“Application for the Licence to Operate (Form 3)”) to the MoH within one (1) month from the Handover Date.

## **10. Termination on default**

### **10.1 THSB’s right to termination**

On or at any time after the occurrence of any event of default at the instance of KMITMC as specified under Clause 17.1(a) of the ATBSL, THSB shall be entitled to terminate the ATBSL by issuing a written notice of termination of the ATBSL to KMITMC, whereupon, THSB shall be entitled to call upon the ATBSL Bank Guarantee and the security deposit provided thereunder shall be absolutely forfeited to THSB, Subject Always to the provisions under Section 10.3 below.

**SALIENT TERMS OF ATBSL (Cont'd)**

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**10.2 KMITMC's right to termination**

On or at any time after the occurrence of any event of default at the instance of THSB as specified under Clause 17.2(a) of the ATBSL, KMITMC shall be entitled to terminate the ATBSL by issuing a written notice of termination of the ATBSL to THSB, whereupon THSB shall:

- (a) return the ATBSL Bank Guarantee to KMITMC for cancellation; and
- (b) pay a sum equivalent to the security deposit provided under the ATBSL Bank Guarantee to KMITMC, Subject Always to the provisions under Section 10.3 below.

**10.3 Surplus Amount**

- (a) In the event the amount of the claim for such losses and/or damages made by either THSB against KMITMC or KMITMC against THSB arising from the termination of ATBSL pursuant to the above Section 10.1 or Section 10.2 respectively ("Surplus Amount"), the Parties shall within thirty (30) Business Days from the date of the termination of the ATBSL, engage in good faith discussions to negotiate an amicable settlement for the Surplus Amount.
- (b) If the Parties are unable to reach a mutually acceptable settlement of the Surplus Amount within twenty-one (21) Business Days from the commencement of such negotiation, the Party which has issued the termination notice of the ATBSL ("Non-Defaulting Party") to the other Party ("Defaulting Party") shall be entitled to enforce its legal rights against the Defaulting Party under the ATBSL and the law, for the full recovery of its losses and/or damages arising from the termination of the ATBSL, without any further reference or obligation to engage in further negotiation with the Defaulting Party.

**11. General Indemnification**

11.1 THSB acknowledges that albeit the Approval to Maintain (Form 2) is under the name of KMITMC and the Licence to Operate (Form 4) will be issued under the name of KMITMC, the responsibility and associated risks with regard to construction of the New Specialist Hospital and the undertaking the renovation works at the Existing Specialist Hospital Building shall rest solely on THSB.

11.2 In relation to this, THSB shall indemnify, defend and hold harmless KMITMC and its directors, officers, managers, employees, members, agents and representatives (collectively the "Indemnified Parties"), from and against any and all actions, claims, demands, losses, liabilities, damages, suit, actions or proceedings (including any inquiry or investigation) costs and expenses of any kind or nature whatsoever (including, without limitation, reasonable solicitors' fees and fees of expert consultants and witnesses) incurred by and/or asserted against any of the Indemnified Parties from and after the date of the execution of the ATBSL, whether direct or indirect or consequential by reason of, or arising out of or resulting from or with respect to:

- (a) any violation, infringement or non-compliance of the provisions, regulations or requirements of any of the Applicable Laws or the Relevant Authorities in relation to the designs and the construction of the New Specialist Hospital Building and the renovation works for the Existing Specialist Hospital Building; or
- (b) any breach by THSB of its undertakings and obligations under the ATBSL or failure to ensure that the construction of the New Specialist Hospital Building and the renovation works for the Existing Specialist Hospital Building are carried out with full compliance of the requirements of Relevant Authorities, CKAPS Requirements or the Applicable Laws; or
- (c) any breach of any warranties and representation provided by THSB to KMITMC; or

**SALIENT TERMS OF ATBSL (Cont'd)**

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- (d) any negligent or wilful acts or omissions by THSB in the course of its performance of its obligations under the ATBSL; or
- (e) any claims and/or demands of every kind resulting from any accident, damage, injury or death arising out of, or in the course of, or by reason of the execution of the Construction Woks or any part thereof and KMITMC shall have no responsibility or liability whatsoever in relation to any accident, damage, injury or death.

**12. Further effect on termination of ATBSL**

As specifically illustrated in the fourth (4<sup>th</sup>) paragraph of Section 3 of this Circular.

**13. New SLA****13.1 Execution of the New SLA**

On the Handover Date and subject to the fulfilment of the Conditions Precedent, the Parties shall execute the New SLA in the agreed form, annexed as Appendix I of the ATBSL. The New SLA is interdependent with the ATBSL. In the event the ATBSL is rescinded or terminated for any reason whatsoever, the New SLA shall ipso facto by reason of such rescission or termination, be rescinded or terminated.

**13.2 Interdependence of agreements**

In the event the ATBSL is rescinded or terminated for any reason whatsoever, the New SLA shall ipso facto by reason of such rescission or termination be terminated.

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## SALIENT TERMS OF THE NEW SLA

## 1. The Sub-Lease Term

- 1.1 The Initial Sub-Lease shall be for a period of fifteen (15) years commencing from the date of the expiry of the rent-free period and expiring on the fifteenth (15<sup>th</sup>) anniversary from the date of the expiry of the rent-free period (“Initial Sub-Lease Term”).
- 1.2 The Initial Sub-Lease is renewable at the option of KMITMC for a further period of fifteen (15) years, commencing immediately from the expiry of the Initial Sub-Lease Term and expiring on the fifteenth (15<sup>th</sup>) anniversary from the expiry of the Renewed Sub-Lease Term (“Renewed Sub-Lease Term”).
- 1.3 There shall be no further option to renew the Sub-Lease upon the expiry of the Renewed Sub-Lease Term, unless mutually agreed otherwise between the Parties.

## 2. Rent payment

- 2.1 The monthly rent payable for the Initial Sub-Lease Term and the Renewed Sub-Lease Term is summarised as follows:

Year	Lease Rate (%) <sup>1</sup>	Indicative Amount (RM)*	
		Per month (RM)	Per Annum (RM)
<b>INITIAL SUB-LEASE</b>			
Year 1 - 3	7%	420,000.00	5,040,000.00
Year 4 - 6	7%	449,400.00	5,392,800.00
Year 7-9	7%	480,858.00	5,770,296.00
Year 10-12	7%	514,518.06	6,174,216.72
Year 13-15	7%	550,534.32	6,606,411.89
<b>RENEWED SUB-LEASE (Refer to the Note<sup>2</sup> below)</b>			
Year 16-18	10%	605,587.75	7,267,053.08
Year 19-21	7%	647,978.90	7,775,746.80
Year 22-24	7%	693,337.42	8,320,049.08
Year 25-27	7%	741,871.04	8,902,452.51
Year 28-30	7%	793,802.01	9,525,624.19

**Note<sup>1</sup>**

- (1) The rent is based on predetermined yield (%) applied against the GDC or the Revised GDC (as the case may be).
- (2) The rent payment shall be reduced by the amount of rent payable for the corresponding month under the Existing SLA.

**Note<sup>2</sup>**

- (1) The rent for the Renewed Sub-Lease is based on the prevailing market rate as determined by a reputable independent registered valuer jointly appointed by the Parties (whose determination shall be final and binding upon the parties). Such rent shall be capped at ten percent (10%) increment of the immediately preceding rent at the expiry of the Initial Sub-Lease Term for the first three (3) years of the Renewed Sub-Lease Term.
- (2) The rent for the Initial Sub-Lease Term and the Renewed Sub-Lease Term shall be revised every three (3) years and the first revised rent shall be on the third (3<sup>rd</sup>) anniversary of the date that falls immediately after the expiry of the rent-free period and the subsequent revised rent shall be in every three (3) years following the first (1<sup>st</sup>) revision of the rent.

**Note<sup>3</sup>**

The rent payable under the Existing SLA is as follows:

- (1) the monthly rent payable for the first sub-lease term of fifteen (15) years was initially RM28,000.00;
- (2) the rent payable for second sub-lease term of further fifteen (15) years, shall be based on the prevailing market rate as determined by a reputable independent registered valuer jointly appointed by the Parties. Such rent shall be capped at ten percent (10%) increment of the preceding rent for the first sub-lease term; and
- (3) the rent payable for the first sub-lease term and second sub-lease term may be reviewed in every three (3) years to an amount equivalent up to seven percent (7%) increment of preceding rent.

### SALIENT TERMS OF THE NEW SLA (Cont'd)

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#### 3. Rent-free period

- 3.1 There shall be a rent-free period of six (6) months (which is applicable to the rent for the New Specialist Hospital Building only), commencing from the Handover Date to enable KMITMC to do fit out works for the New Specialist Hospital Buildings. The rent-free period shall be determined based on the provisions as set out in Sections 3.2 and 3.3 below.
- 3.2 KMITMC shall submit the application for the licence or renewal of licence to operate KMI Tawau Medical Centre in the prescribed Application for the Licence to Operate (Form 3) to the MoH within one (1) month from the Handover Date as prescribed in the BTA ("Application Period"), Provided That THSB has delivered to KMITMC on the Project Completion Date all documents which are required to be furnished by THSB for the purpose of supporting such application, of which shall include but not limited to a copy of the CCC (collectively the "Supporting Documents"). Failing to do so, the Application Period shall commence from the date of receipt of the last Supporting Documents by KMITMC from THSB ("Extended Application Period").
- 3.3 In the event KMITMC has submitted the Application for the Licence to Operate (Form 3) (as provided in ATBSL) within the Application Period or the Extended Application Period (as the case may be), but the Licence to Operate (Form 4) is not obtained within the period of six (6) months from the Handover Date, of which is due to:
- (a) any default or breach of the terms and conditions of ATBSL by THSB, then the rent-free period shall be a period commencing from the Handover Date until the date of KMITMC having obtained the Licence to Operate (Form 4) from the MoH; or
  - (b) any non-compliance by KMITMC of its obligations under the CKAPS Requirements with regards to the obtaining of the Licence to Operate (Form 4), including but not limited to KMITMC's failure to submit the Application for the Licence to Operate (Form 3) within the Application Period or the Extended Application Period (as the case may be), then the rent-free period shall remain to six (6) months commencing from the Handover Date.
- 3.4 For the avoidance of any doubt, in the event KMITMC fails to submit the Application for the Licence to Operate (Form 3) to the MoH within the Application Period or the Extended Application Period (as the case may be), despite having received all the Submission Documents from THSB, then the following shall apply:
- (a) if THSB has delivered all the Supporting Documents on the Project Completion Date to KMITMC, and KMITMC fails to submit the Application for the Licence to Operate (Form 3) to the MoH within the Application Period, the rent-free period shall remain as six (6) months commencing from the Handover Date; or
  - (b) if THSB delivers all the Supporting Documents to KMITMC, during the Extended Application Period, the rent-free period shall be six (6) months commencing from the date on which KMITMC receives the last of the Supporting Documents from THSB.

#### 4. Security Deposit

- 4.1 KMITMC shall within three (3) months from the date of signing of the New SLA (which coincides with the Handover Date), deliver to THSB a security deposit in the form of a bank guarantee ("Sub-Lease Bank Guarantee"), for an amount equivalent four (4) months of the rent for each three (3) year term, commencing from year one of the rent for the Initial Sub-Lease ("Security Deposit") as security for the due observance of performance by KMITMC its obligations under the New SLA.
- 4.2 The Sub-Lease Bank Guarantee for the Security Deposit shall be maintained throughout the Initial Sub-Lease Term, subject to the expiry of the Initial Sub-Lease Term or the sooner determination of the New SLA upon the terms therein.

SALIENT TERMS OF THE NEW SLA (Cont'd)

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**5. Option and right granted upon KMITMC****5.1 Option to Purchase the Project Land**

- (a) THSB agrees to grant to KMITMC a right to purchase the Project Land, and such right shall be an option ("Option to Purchase"), of which is exercisable by KMITMC at any time after the expiry of the fifth-year anniversary of the date of the New SLA.
- (b) In the event KMITMC wishes to exercise the Option to Purchase, it shall issue a written notice to exercise the Option to Purchase ("Option Notice") to THSB at the prevailing market price. If THSB does not agree with the price offered by KMITMC, THSB is not obligated to sell to KMITMC and THSB shall thereafter be at liberty to sell the Project Land to any third party but Subject Always to the provisions relating to the First Right Refusal.

**5.2 First Right of Refusal**

- (a) If at any time during the Sub-Lease Term, THSB wishes to sell or transfer the Project Land to a third party ("Third-Party Purchaser") or THSB receives a bona fide written offer by a willing Third-Party Purchaser to purchase the Project Land, KMITMC shall have the right of first refusal to purchase the Project Land ("First Right of Refusal") on the same terms and conditions of that offer made by the Third-Party Purchaser, including but not limited to the purchase price and the completion period of the sale and purchase of the Project Land ("Offer").
- (b) Upon receipt of the Offer, THSB shall give written notice to KMITMC, notifying the Offer and accompanied with a copy of the Offer. KMITMC shall within ninety (90) days after receipt of THSB's written notice to KMITMC, notify THSB in writing whether or not KMITMC agrees to purchase the Project Land on the same terms and conditions as contained in the Offer.
- (c) A failure by KMITMC to give THSB any written notification within the aforesaid prescribed time, shall be deemed a notice to THSB that KMITMC does not elect to purchase the Project Land and accordingly, THSB shall be free to sell or transfer the Project Land to the Third-Party Purchaser in accordance with the terms and conditions of the Offer, Subject Always to the following provisions:
  - (i) the sale and/or transfer shall be subject to the New SLA and the interests of KMITMC contained therein, and without vacant possession;
  - (ii) THSB shall procure that all its rights and obligations under the New SLA shall be novated to the Third-Party Purchaser and the Third-Party Purchaser shall be bound by the terms and conditions of the New SLA as if it was the original sub-lessor; and
  - (iii) all associated costs incurred and imposed on KMITMC, including but not limited to stamp duty shall be borne by THSB.
- (d) Should there be any material changes in such terms and conditions from the Offer for the sale and transfer of the Project Land by THSB to the Third-Party Purchaser, such changes shall be deemed a new offer triggering the First Right of Refusal being granted upon KMITMC, and the provisions relating the First Right of Refusal shall apply mutatis mutandis.
- (e) If THSB fails to give written notice to KMITMC, notifying the changes in the terms of the Offer to enable KMITMC to exercise its option to the First Right of Refusal, such failure tantamount to a breach of the ATBSL by THSB.

**SALIENT TERMS OF THE NEW SLA (Cont'd)**

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**6. Assignment of the Option to Purchase and First Right of Refusal**

KMITMC shall have the right to assign its rights under the Option to Purchase and the First Right of Refusal to any of its related corporations without any approval from THSB.

**7. Default and termination**

**7.1 Default of by the Parties**

KMITMC and THSB shall be in default of the New SLA upon occurrence of any of the events set out Clause 11.1(a) and Clause 11.1(b) of the New SLA respectively, which entitle the non-defaulting party to issue a written termination notice of the New SLA to the defaulting party.

**7.2 Consequence of default**

(a) If the defaulting party is KMITMC, THSB shall be entitled to issue a written termination notice of the New SLA, whereupon:

- (i) THSB shall be entitled to call for the Sub-Lease Bank Guarantee and forfeit the Security Deposit;
- (ii) THSB shall re-enter and take possession of the Property at any time and KMITMC shall at its own cost and expense yield up the Property to THSA in accordance with the provisions of the New SLA;
- (iii) KMITMC shall at its own costs and expense, remove the equipment, materials, system, fixtures and fittings provided and/or installed at the New Specialist Hospital Building and yield up the Property in accordance with the provision of the New SLA; and
- (iv) KMITMC shall thirty (30) days from the date of THSB's notice of termination of the New SLA, pay to THSB a sum equivalent to the rent for the remaining unexpired Initial Sub-Lease Term or the Renewed Sub-Lease Term, as the case may be ("Unexpired Sub-Lease Term") calculated from the date of the THSB's notice of termination of the Initial Sub-Lease Term or the Renewed Sub-Lease Term (as the case may be), as ascertained liquidated damages ("Ascertained Damages"), less the Security Deposit. Where KMITMC is able to procure a replacement sub-lease to continue with the Unexpired Sub-Lease Term, the ascertained liquidated damages shall be reduced by taking into account the monthly rent and other obligations of the replacement sub-lessee for the Unexpired Sub-Lease Term.

(b) Default of THSB

If the defaulting party is THSB, KMITMC shall be entitled to issue a written termination notice of the New SLA, whereupon:

- (i) THSB shall immediately return the Sub-Lease Bank Guarantee to KMITMC for cancellation;
- (ii) THSB shall within thirty (30) days from the date of THSB's notice of termination pay to THSB a sum equivalent to the Security Deposit under Sub-Lease Bank Guarantee and the rent for the Unexpired Sub-Lease Term as Ascertained Damages; and
- (iii) KMITMC shall at THSB's costs and expense yield up the Property to THSB in accordance with the provisions of the New SLA.

**SALIENT TERMS OF THE NEW SLA (Cont'd)**

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- (c) Upon the satisfaction by the non-defaulting party of its obligations under Paragraph (a) or (b) above (as the case may be), neither Party shall have any claim against the other save for antecedent breaches.

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## ADDITIONAL INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. MATERIAL LITIGATION

As at the LPD, save as disclosed below, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and there are no other pending or threaten against the Group, or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Group.

#### 2.1 PENGADILAN NEGERI SINTANG No. 44.Pdt.G/LH/2021/PN StgMinistry of Environment & Forest, Indonesia Plaintiff VS PT. Rafi Kamajaya Abadi ("PTRKA") Defendant

On 27 December 2021, PT RKA received lawsuit claims from the Ministry of Environment and Forestry of Indonesia for the alleged violation against the laws and regulations related to fire incident occurred in PT RKA's plantation in year 2019. The total claims filed by the Ministry of Environment and Forestry is Indonesia Rupiah ("Rp") 1,001,844,350,959, as follows:

- (a) total damages claimed amounting to Rp270,807,710,959 relating to compensation cost for environment impact verification, loss of ecology and loss of economy; and
- (b) total compensation claimed amounting to Rp731,036,640,000 relating to costs of make good, reactivate the affected ecology system, repair and redevelop hydrology system, revegetation and monitoring.

The District Court of Sintang had on 8 August 2022 rejected the claim and delivered its decision on the case as follows:

- (a) PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle;
- (b) PT RKA is to pay a compensation of Rp270,807,710,959 for the environmental loss to the National Account of Indonesia as per the claim by the Plaintiff; and
- (c) PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of Rp646,216,640,000 as per the claim by the Plaintiff.

PT RKA then appealed against the decision of the District Court of Sintang to High Court of Pontianak. The High Court of Pontianak had on 27 October 2022 decided as follows:

PT RKA is responsible on the loss due to the fire incident based on the 'strict liability' principle.

- (a) PT RKA is to pay a compensation of Rp188,977,440,000 for the environmental loss to the National Account of Indonesia as per the claim; and
- (b) PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of Rp731,036,640,000.

**ADDITIONAL INFORMATION (Cont'd)**

On 18 November 2022, PT RKA has filed an appeal against the above decision of the High Court of Pontianak to the Supreme Court of Indonesia in Jakarta. On 2 November 2023, PT RKA was officially served with the decision of the Supreme Court that the Court rejected the appeal and upheld the decision of Pengadilan Tinggi Pontianak as follows:

- (a) PT RKA is to pay a compensation of Rp188,977,440,000 for the environmental loss to the National Account of Indonesia as per the claim by the Respondent; and
- (b) PT RKA is to rehabilitate the environment on the affected area due to the fire incident of 2,560 ha and to reactivate the affected ecology system with the cost of Rp731,036,640,000.

Subsequently, PT RKA had on 12 June 2024 filed a judicial review against the above decision.

Through a series of negotiations, PTRKA had on 8 July 2025 signed a Kesepakatan Bersama with the Plaintiff (KLH) to voluntarily execute the decision of the Supreme Court. The deal will see PTRKA complying to a cash penalty of IDR188,977,440,000 (approximately RM49.3 million) by 30 September 2025 and submitting a 3-year blueprint within 90 days to KLH on plans to rehabilitate 2,560 ha of land affected by the fire incident. Upon payment of the cash penalty, KLH will authorise the relevant authority to have PTRKA's Sistem Administrasi Badan Hukum (SABH) reactivated accordingly.

PTRKA had on 29 September 2025 paid the cash penalty of IDR188,977,440,000 to the Government of Indonesia through its Kementerian Keuangan and PTRKA's Sistem Administrasi Badan Hukum (SABH) has been reactivated accordingly. PTRKA is currently working with the consultant for the rehabilitation program.

The Directors are of the opinion, based on the legal advice and management assessment, that no significant exposure will arise that requires recognition in the financial statements/

### **3. MATERIAL CONTRACTS**

Save as disclosed below, neither the Company nor its subsidiaries has entered into any material contracts (not being contracts entered into the ordinary course of business during the two (2) years immediately preceding the date of this Circular.

#### **3.1 Proposed to build and lease the land owned by Bertam Specialist Hospital Sdn Bhd through development of a specialist hospital building for KMI Bertam Medical Centre Sdn Bhd ("KMI Bertam"), a subsidiary of Kumpulan Medic Iman Sdn Bhd ("KMI")**

On 10 March 2025, KMI Bertam, a wholly owned subsidiary of KMI, entered into an Agreement to Build and Lease ("ATBL") with Bertam Specialist Hospital Sdn Bhd ("BSHSB") for the purpose of building and leasing the land owned by BSHSB through development of a specialist hospital building ("Specialist Hospital Building") for KMI Bertam.

The Gross Development Cost ("GDC") of the proposed Project is RM146,000,000.00 subject to adjustments and variations in accordance with ATBL.

With reference to the ATBL, the vendor required to fulfil all the Conditions Precedent ("CPs") within six (6) months from the date of the ATBL subject to an automatic extension for a further period of six (6) months from the expiry of the CPs Period or such extended period as mutually agreed by the Parties.

On 2 October 2025, the ATBL had become unconditional upon the fulfilment of all CPs by both KMI Bertam and BSHSB.

**ADDITIONAL INFORMATION (Cont'd)**

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**3.2 Execution of Land Lease Agreement for The Development of Two (2) Large-scale Solar Photovoltaic Plants (“LSS5+ Projects”) between TDM-YT Plantation Sdn Bhd (“TDM-YT”) and JAKS CPECC Solar One Sdn Bhd (“JAKS 1”) and JAKS CPECC Solar Two Sdn Bhd (“JAKS 2”)**

On 27 February 2025, TDM had announced that its subsidiary, TDM-YT had on 26 February 2025, entered into an Addendum to the Memorandum of Understanding (“Addendum”) with JAKS Solar Power Holdings Sdn Bhd (“JSPH”). The Addendum dated 24 July 2024 was intended for the proposed lease of the Mukim Merang Land for the purpose of the LSS5 project which JSPH would undertake with consortium partner, China Power Engineering Consulting Group International Engineering Co. Ltd. (herein referred to as “JAKS SOLAR-CPECC Consortium”). On 28 November 2025, TDM has announced that its subsidiary, TDM-YT had executed a Land Leased Agreement with JAKS 1 and JAKS 2 for the development of two (2) Large-Scale Solar Photovoltaic Plants for the lease term of twenty-three (23) years and six (6) months, commencing from the effective date, in accordance with the terms of the agreement.

**3.3 Divestment of TDM’s Indonesian Plantation Division**

The Conditional Share Purchase Agreement (“CSPA”) for the disposal of PT Rafi Kamajaya Abadi (“PT RKA”) and PT Sawit Rezki Abadi (“PT SRA”) was signed between TDM and Ikhasas Sawit Sdn Bhd (“Buyer”) on the 29 July 2022 for an aggregate cash consideration of RM115,000,000.00. Following the CSPA, PT RKA is now fully managed by PT Ikhasas Sawit Indo Makmur through a management services arrangement starting 1 August 2022.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company, Wisma TDM, 443D, Jalan Kamaruddin, 20400 Kuala Terengganu, Terengganu from the date of this Circular up to and including the date of the AGM:

- (a) the Constitution;
- (b) the Assessment Report referred to in Section 4.1 (b) of this Circular;
- (c) the audited financial statements of the Company for the past two (2) financial years ended 31 December 2024 and 31 December 2025;
- (d) the ATBSL with the New SLA appended thereto;
- (e) the relevant cause papers in respect of the Material Litigations referred to in Section 2 of Appendix III of this Circular; and
- (f) copies of Material Contracts referred to in Section 3 of Appendix III of this Circular.

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