



Company : TDM BERHAD (“TDM” OR “COMPANY”)
Type : TRANSACTIONS (CHAPTER 10 OF THE LISTING REQUIREMENTS):
NON-RELATED PARTY TRANSACTIONS
Subject : PROPOSED ACQUISITION OF MALAY RESERVED LAND HELD UNDER GM
12236, LOT NO. 18458, KAMPONG JAYA, MUKIM CUKAI, KEMAMAN,
NEGERI TERENGGANU

1. INTRODUCTION

The Board of Directors of TDM wishes to announce that KMI Assets Sdn. Bhd. (“**KMIA**” or “**Purchaser**”), a wholly owned subsidiary of Kumpulan Medic Iman Sdn. Bhd., (“**KMI**”) which in turn is a subsidiary of TDM, had on 16 July 2023, entered into a sale and purchase agreement (“**SPA**”) with Majlis Perbadanan Kemaman (“**MPK**” or “**Vendor**”) to acquire a piece of freehold vacant land held under GM 12236, Lot No. 18458, Kampong Jaya, Mukim Cukai, Kemaman, Negeri Terengganu, measuring approximately 21,860 square meters and gazetted as Malay Reserved Land (“**Land**”), for a purchase price of RM14,100,000.00 (“**Purchase Price**”), subject to the terms and conditions of the SPA (“**Proposed Land Acquisition**”).

2. DETAILS OF THE PROPOSED LAND ACQUISITION

2.1 Description of the Land

- (a) Particulars of title : GM 12236, Lot No. 18458, Kampong Jaya, Mukim Cukai, Kemaman, Negeri Terengganu.
- (b) Land Area : Approximately 21,860 square meters.
- (c) Tenure : Freehold.
- (d) Reserved Area : Tanah Orang Melayu.
- (e) Category of land use : Building.
- (f) Express condition :
 - i) Tanah yang diberi pindahmilik ini hendaklah digunakan semata-mata untuk tapak sebuah rumah kediaman dan tidaklah sekali-kali boleh digunakan sebagai rumah kedai.
 - ii) Di alam masa dua (2) tahun daripada tarikh kelulusan pertukaran penggunaan tanah ini diluluskan hendaklah mendirikan sebuah rumah kediaman sebagaimana pelan yang diluluskan oleh Jemaah Bandaran Kemaman.
- (g) Restriction in interest : Nil
- (h) Encumbrance : Free from any encumbrance.

2.2 Information on MPK

MPK was established under the Local Government Act 1976 under the name of “Majlis Daerah Kemaman” and its status has been enhanced to “Majlis Perbandaran Kemaman” under Terengganu State Government Enactment No. 5/2002 on 1 January 2002.

The members of MPK comprise the followings: -

- (a) Tuan Haji Ahmad Nazwawi bin Harun (Yang Dipertua);
- (b) Encik Ahmad Farhan bin Abd. Wahab;
- (c) Ir. Mohd Ali bin Ismail;
- (d) Supt Hanyan bin Ramlan;
- (e) Dr. Mohd Shafik bin Abd. Majid;
- (f) Tuan Haji Johan bin Ismail;
- (g) Tuan Haji Wan Ali bin Wan Yusof;
- (h) Encik Ahmad Eksan bin Razali;
- (i) Tuan Haji Mohd Tahir bin Hj. Roos;
- (j) Tuan Haji Mohd Zabidin bin Awang @ Mohamad;
- (k) Encik Zawawi bin Mohamed;
- (l) Tuan Haji Abdul Wahab Bin Ahmad;
- (m) Tuan Haji Bidin bin Sulong;
- (n) Tuan Haji Amri bin Mamat;
- (o) Encik Mohd Nor bin Bakar;
- (p) Tuan Haji Maznan bin Che Chik;
- (q) Encik Ariffin bin Yusof;
- (r) Encik Mohd Hafiz bin Adam;
- (s) YM Syed Shahrudin bin Syed Mohd Sah;
- (t) Tuan Haji Rahman bin Khalid;
- (u) Puan Hajah Rosuzah binti Mohamed @ Mohd Jusoh
- (v) Puan Hajah Rohasni binti Hussin;
- (w) Tuan Haji Amzan bin Ibrahim;
- (x) Encik Abdul Halim bin Mustaffa; and
- (y) Tuan Haji Nik Abd. Rahim bin Nik Yahya.

2.3 Information on KMIA

KMIA was incorporated under the Companies Act 2016 on 29 June 2021 as a private company limited by shares with an issued and paid-up capital of RM 2.00, comprising two (2) ordinary shares.

The principal business of KMIA is Facility Management and Maintenance, Assets Management and Real Estate activities.

As at the date of the SPA, the directors of KMIA are Tuan Haji Najman bin Kamaruddin and Dr Rayney Azmi bin Ali.

2.4 Basis of the Purchase Price

The Purchase Price was arrived at on a ‘willing buyer willing seller’ basis after taking into consideration:

- (a) the Land is predominantly flat with a strategic location situated in Kampong Jaya which is approximately three (3) kilometres to the north of Cukai town centre, which brings potential and prospect for the development of a private hospital building thereon; and
- (b) the market value of the Land of RM14,970,000.00 as appraised by a registered valuer, namely Raine & Horne International + Zaki Partners Sdn. Bhd. (“**Valuers**”), which is on the assumption that the Land is converted to a commercial use as private hospital, as stipulated in the valuation report dated 2 September 2022.

The valuation of the Land was conducted on 30 August 2022. In arriving at the market value of the Land, the Valuers have adopted as a main approach, the comparison method of valuation. It entails comparison and adoption as a yardstick recent transactions and sale evidence involving other similar properties in the vicinity. Due consideration is given for such factors including locations, plot size, surrounding developments, facilities and amenities available and title particulars.

2.5 Salient terms of the SPA

2.5.1 Purchase Price

- (a) The Purchase Price of RM14,100,000.00 shall be paid to the Vendor in the following manner:
 - (i) a sum of RM423,000.00, representing three percent (3%) of the Purchase Price (“**Deposit**”) shall be paid by the Purchaser to the Vendor’s Solicitors (as stakeholder) upon the signing of the SPA.; and
 - (ii) the balance thereof in the sum of RM13,677,000.00, representing ninety seven percent (97%) of the Purchase Price (“**Balance of Purchase Price**”) shall be paid to the Vendor’s Solicitors within four (4) months from the date of the SPA being made unconditional (“**Completion Period**”).
- (b) Subject to the payment of Balance of Purchase Price duly made by the Purchaser, the Vendor’s Solicitors are irrevocably authorised to release the Deposit and the Balance of Purchase Price to the Vendor within five (5) working days after the presentation of the Memorandum of Transfer or the registration of the Memorandum of Transfer, in the name of KMIA (whichever is earlier), provided that the Purchaser has fully settled the any differential sum between the Balance of Purchase Price and the bank facility obtained by the Purchaser to fund the Proposed Land Acquisition (if any). In the event the Purchaser has obtained a banking facility, the Deposit and the Balance of Purchase Price shall be released within fourteen (14) working days from date of the disbursement of such banking facility by the financing bank.

- (c) If the Purchaser fails to pay the Balance of Purchase Price on or before the expiry of the Completion Period, the Completion Period shall be automatically extended for a further period of one (1) month, without any compensation (*ta'widh*).

2.5.2 Conditions Precedent

- (a) The obligations of each Party to complete the sale and purchase of the Land shall be conditional upon the fulfilment of the following conditions (collectively the “**Conditions Precedent**”) within four (4) months from the date of SPA:
 - (i) the Vendor shall have obtained the approval for the amendment of express condition of the Land to “hospital swasta” (“**Approval for Change in the Express Condition**”) at its own cost and expense; and
 - (ii) pursuant to section 223 of the Companies Act 2016, the Purchaser shall have obtained its shareholder’s approval for the Proposed Land Acquisition upon the terms and conditions as set out in the SPA.

The Conditional Period means a period of four (4) months from the date of the SPA and if any of the Conditions Precedents is not fulfilled within such period, such period shall be automatically extended for a further period of two (2) months.

- (b) The sale and purchase of the Land under the SPA shall become unconditional on the date of when the last of the Conditions Precedent has been fulfilled.

2.5.3 Approval for Change in the Express Condition

- (a) In the event the Vendor shall have obtained the Approval for Change in the Express Condition which is subject to terms not acceptable to the Purchaser, the Purchaser shall issue a written notice to the Vendor, notifying its decision whether to accept or not such terms (“**Election Notice**”) to the Vendor within twenty one (21) days from the date of the Purchaser’s receipt of a copy of the Approval for Change in the Express Condition from the Vendor (“**Election Period**”).
- (b) If the Purchaser does not issue the Election Notice within the Election Period, the Purchaser shall then be deemed to have accepted the terms as imposed by the State Authority for the Approval for Change in the Express Condition.

2.5.4 Agreement deemed terminated

- (a) The SPA shall be deemed to be terminated and without any effect to any Party (save for any antecedent breach) in the event:
 - (i) the Vendor and the Purchaser shall have failed to fulfil the Condition Precedent as set out in section 2.5.2(a) (i) and section 2.5.2(a) (ii) of this announcement respectively; or
 - (ii) the Purchaser issues the Election Notice to the Vendor, notifying its non-acceptance of the terms as imposed by the State Authority for the Approval for Change in the Express Condition.
- (b) In the aforesaid event, the Vendor's Solicitors shall be irrevocably authorised to refund the Deposit (without profit) to the Purchaser within fourteen (14) working days from the date of receipt by the Vendor's Solicitors of a written notice on the termination of the SPA from the Vendor or the Purchaser's Solicitors or the Purchaser. The Purchaser shall then return to the Vendor all documents relating to the sale and purchase under the SPA which have been received by the Purchaser from the Vendor.

2.5.5 Termination arising from Purchaser's default

- (a) Subject to the Vendor's compliance of the terms and conditions of the SPA, in the event that the Purchaser shall, inter alia, fail to pay the Purchase Price or to comply with its obligations and the terms and conditions as provided under the SPA, the Vendor may issue a written notice to the Purchaser to remedy the failure within thirty (30) days from the date of the Purchaser's receipt of the said notice. If the Purchaser fails to remedy the failure within the aforesaid period (or any other period as extended by the Vendor), the Vendor shall be entitled at any time to issue a written notice of termination of the SPA to the Purchaser.
- (b) Upon the termination of the SPA by the Vendor:
 - (i) the Vendor shall be entitled to forfeit from the Deposit a sum of RM141,000.00, which is equivalent to 1% of the Purchase Price as agreed compensation (ta'widh) and the balance thereof in the sum of RM282,000.00 (without profit) shall be released by the Vendor's Solicitors to the Purchaser within fourteen (14) working days from the date of receipt of a written notice from the Purchaser or the Purchaser's Solicitors, demanding for such payment;
 - (ii) the Vendor shall refund all monies duly paid to the Vendor by the Purchaser or the Purchaser's financier (as the case may be), save for the aforesaid agreed compensation (ta'widh), within fourteen (14) days from the date of the Purchaser's receipt of the notice termination of SPA by the Vendor;

- (iii) in exchange of the aforesaid refund, the Purchaser shall re-deliver the document of title to the Land (“Title”) and the Memorandum of Transfer (if such documents have been delivered to the Purchaser or the Purchaser’s Solicitors) and to reassign all rights and benefits to the Land under the Title to the Vendor if such rights have been earlier assigned to the Purchaser; and
- (iv) if the Vendor has obtained the Approval for Change in the Express Condition, the Purchaser shall reimburse the Vendor all payment made by the Vendor to the State Authority for obtaining the Approval for Change in the Express Condition.

2.5.5 Termination arising from Vendor’s default

- (a) Subject to the Purchaser’s compliance of the terms and conditions of the SPA. in the event that the Vendor shall, inter alia, fail to complete the sale of the Land or comply with its obligations and the terms and conditions as provided under the SPA, the Purchaser may issue a written notice to the Vendor to remedy the failure within thirty (30) days from the date of the Vendor’s receipt of the said notice. If the Vendor fails to remedy the failure within the aforesaid period (or any other period as extended by the Purchaser), the Purchaser shall be entitled at any time to issue a written notice of termination of the SPA to the Vendor.
- (b) Upon the termination of the SPA by the Purchaser:
 - (i) the Vendor’s Solicitors shall release and pay the Deposit and the Balance of Purchase Price or any part thereof which have been paid by the Purchaser and received by the Vendor’s Solicitors (without profit), within fourteen (14) working days from the date of the Vendor’s receipt of a written notice from the Purchaser or the Purchaser’s Solicitors;
 - (ii) the Vendor shall pay a sum of a sum of RM141,000.00 (which is equivalent to 1% of the Purchase Price) as agreed compensation (*ta’widh*) to the Purchaser within fourteen (14) working days from the date of the Vendor’s receipt of the notice of the termination of the SPA from the Purchaser or the Purchaser’s Solicitors;
 - (iii) the Vendor shall not claim against the Purchaser for any costs incurred by the Vendor in relation to the application to the State Authority for the Approval for Change in the Express Condition; and
 - (iv) in exchange for the aforesaid payment by the Vendor, the Purchaser shall at its cost and expense remove the private caveat lodged by it on the Land, re-deliver the Title and the Memorandum of Transfer (if such documents have been delivered to the Purchaser or the Purchaser’s Solicitors and re-deliver the vacant possession of the Land to the Vendor if such vacant possession has been duly delivered by the Vendor to the Purchaser.

3. RATIONALE FOR THE PROPOSED LAND ACQUISITION

The Proposed Land Acquisition will enable KMIA to build a private hospital building on the Land to be operated by a subsidiary of KMI, the entity of which will be determined at a later date.

The development of a private hospital building on the Land (“**Proposed Development**”) is a strategic fit to TDM Group’s plan for the expansion of KMI Healthcare brand in other areas in the East Coast of Malaysia. This will create economic value and the earnings potential for TDM Group.

4. SOURCE OF FUNDING

The Deposit will be funded through internally generated funds whilst the Balance of Purchase Price will be through internally generated funds and a bank facility. At this juncture, it is preliminary for TDM Group to ascertain the exact breakdown between internally generated funds and the bank facility.

5. PROPOSED DEVELOPMENT

The quantum of the total development costs for the Proposed Development and source of funding could not be determined at this juncture as the specifications and schedule of accommodation for the private hospital building have yet to be finalized.

6. RISK FACTORS

6.1 Non-completion of the Proposed Land Acquisition

There can be no assurance that the Conditions Precedent (in particular the obtaining of the Approval for Change in the Express Condition) could be fulfilled within the time as stipulated in the SPA. Nevertheless, the Board will take necessary steps to ensure the risk to be mitigated by KMIA proactively engaging with MPK and the State Authority, as to enable such requisite approval is obtained within the stipulated time.

6.2 Delay in commencement and completion of the Proposed Development

There are many external factors which are beyond the control of TDM Group that could affect the timely completion of the Proposed Development, as it is subject to various approvals from the relevant authorities, which include the approval for the establishment and licence to operate a private hospital.

The Proposed Development is also subject to construction risks, such as securing suitable building materials in adequate amounts and the fluctuation in their prices and satisfactory performance of the appointed contractors in carrying out the construction works.

The delay in the commencement and completion of the Proposed Development may affect the revenue and internal rate of return expected to be derived therefrom. To mitigate this risk, TDM Group will proactively liaise with the relevant authorities and closely monitor the schedule of construction works for the Proposed Development as to ensure that all relevant approvals are obtained and the construction works are completed in the timely manner.

7. ASSUMPTION OF LIABILITIES

TDM Group will not assume any liabilities, including contingent liabilities and guarantees pursuant to the Proposed Land Acquisition.

8. EFFECTS OF THE PROPOSED LAND ACQUISITION

8.1 Share capital and shareholding of substantial shareholders

The Proposed Land Acquisition will not have any effect on the share capital and the shareholding of substantial shareholders of TDM as does not involve any issuance of new ordinary shares in TDM.

8.2 Earnings

The Proposed Land Acquisition is not expected to have a material impact on the earnings of TDM Group for the financial year ending 31 December 2023. However, the Proposed Land Acquisition is expected to contribute positively to the future earnings of TDM Group.

8.3 Net assets (“NA”) and gearing

The Proposed Land Acquisition is not expected to have any material effect on the NA, NA per share and the gearing of TDM Group for the financial year ending 31 December 2023. The Proposed Land Acquisition is expected to enhance the NA of TDM Group in the future in view of potential future profit contribution arising from the Proposed Development.

9. APPROVALS REQUIRED

The Proposed Land Acquisition is not subject to the approval of the shareholders of TDM, but subject to MPK obtaining the approval of the State Authority for the transfer of the Land (which is reserved as Tanah Orang Melayu) and the approvals as referred in section 2.5.2 of this announcement.

The State Authority has on 31 May 2023 approved the application made by MPK to transfer the Land to KMIA.

MPK has on 4 September 2022 made an application to the State Authority for the approval to change the express condition of the Land from ‘Bangunan Kediaman’ to ‘Bangunan Hospital Swasta’. The approval from the State Authority is still pending.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of TDM and/or persons connected to them have any interest direct or indirect in the Proposed Land Acquisition.

11. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Land Acquisition (including but not limited to the rationale thereof and the risk factors relating to thereto) is of the opinion that the Proposed Land Acquisition is in the best interests of TDM Group.

12. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the third quarter of the Company financial year ending 31 December 2024.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition, which is calculated pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.3%, based on the Purchase Price of RM14,100,000.00 compared with the market value of all TDM's ordinary shares of RM327,347,390, for the financial year ended 31 December 2022.

14. DOCUMENTS FOR INSPECTION

The SPA and Land Valuation Report are available for inspection by the shareholders at the Company's registered office at Wisma TDM, 443D Jalan Kamaruddin, 20400 Kuala Terengganu, Terengganu Darul Iman, during normal business hours from Sunday to Thursday (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 17 July 2023.