



Grant Thornton

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Asian American Medical Group Limited

Independent Expert's Report and Financial Services Guide

7 November 2017

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

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7 November 2017

Dear Independent Directors

Independent Expert's Report and Financial Services Guide

Introduction

Asian American Medical Group Limited ("AAMG" or the "Company") is a Singapore based healthcare company established in 1994 and listed on the ASX since 2009. As at 6 November 2017 AAMG had a market capitalisation of \$29.8 million. AAMG's services are organised in three divisions:

- Liver segment – operates medical centres focused on the treatment of liver, pancreas and bile duct diseases in Singapore and Malaysia.
- Radiation and Oncology segment – provides radiation therapy treatment as well as management and advisory services to radiation oncology units in Asia.
- Healthcare Management and Consultancy segment – provides consultancy and management services to drive expansion of new medical facilities and other health care related projects.

On 20 October 2017 AAMG announced that its wholly owned subsidiary, Million Health Ventures Pte Limited ("MHV"), had entered into an agreement (the "Subscription Agreement") to subscribe for 19,408,163 new ordinary shares at an issue price per share of RM1.00 ("Subscription Shares") in Hippocrates Development Sdn Bhd ("HD") ("Proposed Transaction") resulting in an effective interest in the enlarged share capital of HD of 95.1%.

HD is a newly created Malaysian company¹, established to acquire a 5-acre parcel of land ("Land") from His Majesty, the Sultan of Johor, Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar Al-Haj (the "Land Vendor") to construct an advanced cancer treatment clinic in Iskandar Malaysia, State of Johor (the "Project").

The subscription price will be satisfied by a cash payment of RM5,606,963 and the balance of RM13,801,200 through issuance to the Land Vendor of approximately 40 million new AAMG shares at AUD 0.105 (collectively known as "Subscription Price"). The issuance of AAMG shares to the Land Vendor will be in part satisfaction of amounts due to the Land Vendor by HD in respect of the purchase of the Land².

¹ Incorporated on 7 July 2017

² In addition to the AAMG shares, HD will pay RM 1,065,340 in cash to the Land Vendor

The remaining 4.9% interest in HD will be held by Dato' Dr Caesarian Tan Kai Chah ("Dr Tan") who presently is the sole shareholder of HD and who will also subscribe for an additional 500,000 new ordinary shares at an issue price of RM0.001 for each share.

The Land is a vacant parcel of land to be subdivided from a larger parcel held by the Land Vendor and has been bought by HD on condition that it is designated as land for commercial use and in particular for a hospital/ medical centre and related facilities. It is a condition present in the purchase agreement that HD entered into with the Land Vendor in relation to the acquisition of the Land (the "SPA") that the Land Vendor subdivide the Land and issue HD with a separate land title with the afore mentioned zoning.

Whilst not a party to the SPA or to the Subscription Agreement, AAMG has entered into an agreement with MHV, HD and Dr Tan ("Deed of Clarification and Acknowledgment") acknowledging its responsibilities as set out in those agreements. Dr Tan is AAMG's Executive Chairman, owns all the shares in HD and approximately 38% of AAMG shares.

The Proposed Transaction is subject to MHV and AAMG shareholders' approval as well as other conditions precedent.

Purpose of the report

The Proposed Transaction constitutes an acquisition of a substantial asset from a substantial shareholder and related party. Accordingly, the Independent Directors have commissioned Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") to prepare an independent expert's report to assess whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders (i.e. shareholders excluding Dr Tan and related parties) for the purposes of Chapter 10 of the ASX Listing Rules.

For the purpose of this report, KGV International Property Consultants Sdn Bhd ("KGV") was engaged to provide an independent valuation report in relation to the Land held by HD ("the KGV Report"). The KGV Report is included as Appendix B to this report.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is FAIR AND REASONABLE to the Non-Associated Shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

Fairness assessment

In accordance with the requirements of the Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111"), in forming our opinion in relation to the fairness of the Proposed Transaction to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the Subscription Price to the fair market value of a 95.1% interest in HD after the completion of the Proposed Transaction.

The following table summarises our fairness assessment:

Fairness assessment of the Proposed Transaction	Section Reference	Malaysian Ringgit
Subscription Price paid by MHV/ AAMG	1.2	19,408,163.0
Fair market value of 95.1% interest in HD	7.1	22,144,534.8
Premium/ (discount) in value		2,736,371.8
Premium/ (discount) in value (%)		14.1%

Source: GTCF Calculations

The Subscription Price of RM19,408,163 is less than our assessed valuation of 95.1% interest in HD. Accordingly, we conclude that the Proposed Transaction is FAIR to AAMG's Non-Associated Shareholders.

We have assessed the value of a 95.1% interest in HD by assessing the market value of its net assets which mainly comprises of the Land. In assessing the market value of the Land we have relied on the independent valuation undertaken by KGV.

Reasonableness assessment

We note that the Proposed Transaction is fair to the Non-Associated Shareholders from a quantitative perspective. Notwithstanding this, for the purpose of assessing whether or not the Proposed Transaction is reasonable to the Non-Associated Shareholders, we have considered the following likely advantages, disadvantages and other factors associated with the Proposed Transaction. We note that in accordance with RG111, the Proposed Transaction is reasonable if it is fair.

Advantages

Consistent with AAMG's strategy

The Proposed Transaction is in line with AAMG's strategy to expand and diversify its existing operations into related healthcare areas including the development of healthcare real estate. The Board believes this investment will enhance its existing radiology and oncology segment and will create significant value to AAMG's shareholders in the long term. The Project is expected to meet the underserved demand for cancer treatment in Johor as well as from other parts of Malaysia and internationally. Malaysia has experienced growth in the number of healthcare travellers coming to Malaysia and the Project is expected to tap into this growth.

Provides an additional source of income for AAMG

AAMG will provide various services to HD to assist in delivering the Project. AAMG will be remunerated RM1,000,000 immediately with a another amount of RM2,000,000 to be received following the achievement of certain milestones. In addition, AAMG will receive a management service fee of 20% of the costs and expenses incurred relating to the Project. A present limitation on the receipt of this income by AAMG is that HD will be required to organise external funding for the Project, or else amounts owing to AAMG will remain unpaid or paid from funds that AAMG in the first instance has contributed via its Subscription Price.

It is also noted that upon completion of the Project, it is expected that profits will be generated either through operating the facility directly or via a third party operator. As a 95.1% shareholder AAMG could potentially benefit from this.

Partnership with the Land Vendor

Through the Proposed Transaction the Land Vendor will hold shares in AAMG and will have an on-going interest in the development of the Project. Being a Malaysian of high position and standing, the Land Vendor will be in a position to assist HD with regulatory approval processes required for the Project. We understand from Management that approval timelines tend to be more favourable as state government linked projects are prioritised. In addition, the Land Vendor's connection to the Project is believed by Management to be beneficial in obtaining funding and approaching investors for the Project. It has been observed that in the past when the Land Vendor has made investments in companies it has the effect of enhancing appeal of those companies by other investors.

Disadvantages

Dilution of Non-Associated Shareholders interest in the Company

Upon completion of the Proposed Transaction, the Land Vendor will hold an 11.8% interest in AAMG. As a result the Non-Associated Shareholders will decrease their percentage interest in AAMG.

HD is exposed to penalties if the Project does not proceed in accordance with milestones stipulated by the Sale and Purchase Agreement with the Land Vendor

HD is bound by the terms of the SPA. Whilst the SPA is not referred to in the terms of the Subscription Agreement, from a commercial perspective they are connected agreements or transactions. The SPA sets out various conditions precedent including certain milestones which if not met will result in an adverse detriment to HD. For example, if development plans for the Project are not entered into within one year from the date that the Land is registered in favour of HD, then the Land Vendor may terminate the agreement requiring the Land to be returned at HD's expense as well as any monies paid not being refunded. HD would therefore forfeit their deposit of RM1,065,340 and be required to pay expenses such as stamp duty and other taxes in order to return the Land to the Land Vendor. It is unclear from the SPA and Subscription Agreement whether the Land Vendor would be required to return the AAMG shares they are to be issued.

Other factors

Implications if the Proposed Transaction is not implemented

If the Proposed Transaction is not implemented, it would be the current Directors' intention to continue operating AAMG in line with its objectives. Non-Associated Shareholders would retain their existing shareholding interest in AAMG.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is **REASONABLE** to the Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is **FAIR AND REASONABLE** to the Non-Associated Shareholders in the absence of a superior alternative proposal emerging.



Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Transaction is a matter for each Non-Associated Shareholder to decide based on their own views of the value of HD and expectations about future market conditions, HD's performance, risk profile and investment strategy. If Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully,

GRANT THORNTON CORPORATE FINANCE PTY LTD

A handwritten signature in black ink, appearing to read 'A. De Cian'.

ANDREA DE CIAN
Director

A handwritten signature in black ink, appearing to read 'Jannaya James'.

JANNAYA JAMES
Director

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7 November 2017

Financial Services Guide**1 Grant Thornton Corporate Finance Pty Ltd**

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by AAMG to provide general financial product advice in the form of an Independent Expert's Report in relation to the Proposed Transaction. This report is included in AAMG's Notice of Meeting.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in our report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the report, Grant Thornton Corporate Finance will receive from AAMG fees in the order of \$35,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of AAMG and HD in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC") ("RG 112"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with AAMG or HD (and

associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

We note that Grant Thornton Australia Limited is the auditor of AAMG. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes. In addition, the independent expert's report was predominately prepared outside of the audit procedures and we have strict internal protocols in relation to audit independence. In our opinion, Grant Thornton Corporate Finance is independent of AAMG and its Directors and all other relevant parties of the Proposed Transaction.

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the Target's Statement should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act 2001.

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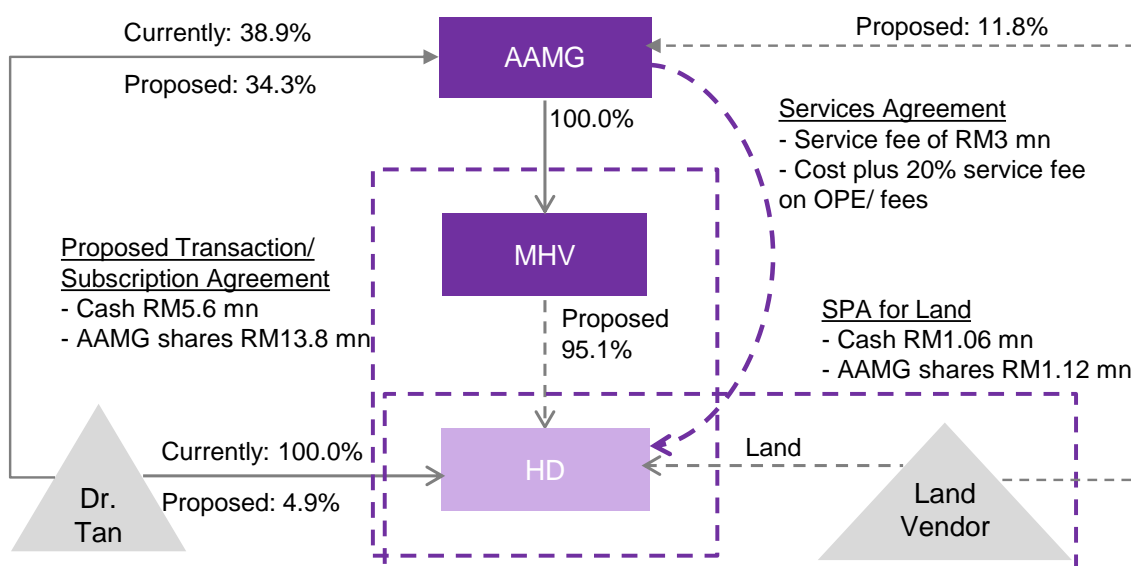
1 Outline of the Proposed Transaction

1.1 Background

AAMG is a Singaporean based healthcare company offering services focused on treatment of liver, pancreas and bile duct diseases, radiation therapy and management of oncology facilities. It also provides consultancy and management services to drive expansion of new medical facilities and other health care related projects.

MHV is a wholly owned subsidiary of AAMG set up to pursue a new service area: healthcare related property investment for AAMG. On 20 October 2017 MHV entered into the Subscription Agreement to acquire the Subscription Shares resulting in AAMG having an effective interest in HD of 95.1% of the enlarged share capital. HD was incorporated in July 2017 to acquire the Land from the Land Vendor in order to construct a hospital or medical centre. HD is currently wholly owned by its sole director, Dr Tan, who is also the Executive Chairman, and a 38.9% shareholder in AAMG. In addition AAMG will also enter into a service agreement with HD to assist them in developing the Project.

The diagram below illustrates the elements and effects of the Proposed Transaction as well as other transactions relevant to the Proposed Transaction.



1.2 Key terms of the Proposed Transaction

Key terms and conditions of the Proposed Transaction pursuant to the Subscription Agreement are outlined below:

- MHV will subscribe for the Subscription Shares at an issue price of RM1.00 per share ("Subscription Price").
- Dr Tan who presently holds all the issued share capital in HD (500,000 Ordinary Shares) will subscribe for an additional 500,000 Ordinary Shares at an issue price of RM0.001 per share.
- Upon completion of the Proposed Transaction, MHV will hold 95.1% of HD and Dr Tan will hold 4.9%.

- The Subscription Price will be paid for partly in cash (RM5,606,963) and partly by the issuance of new shares in AAMG to the value of RM13,801,200. The shares in AAMG will be issued to the Land Vendor rather than Dr Tan in part satisfaction of amounts due to the Land Vendor by HD pursuant to the Sale and Purchase Agreement between the Land Vendor and HD in relation to the acquisition by HD of the Land (see below for further information).
- Conditions precedent include the approval by MHV and AAMG shareholders of the Proposed Transaction. In addition, the title of the Land is required to be registered in the name of HD, with the category of land use marked as "Building", stating that the Land is for commercial use including a hospital/ medical centre and supporting facilities/ services.

Refer to the Explanatory Statement forming part of the Notice of Meeting for further details in relation to the conditions of the Proposed Transaction.

Relevant to the Proposed Transaction are three additional agreements that explain and regulate other transactions connected to the Proposed Transaction. The first is the SPA between the Land Vendor and HD in relation to the acquisition by HD of the Land, the second is the services agreement between HD and Asian American Medical Group Pte Limited ("AAMGPL"), a wholly owned subsidiary of AAMG in relation to services to be provided by AAMGPL to assist HD in the development of the Project using the Land (the "Services Agreement"); and the third is the Deed of Clarification and Acknowledgment.

The SPA was entered into on 5 September 2017. The key terms and conditions relevant to the Proposed Transaction are:

- HD is to acquire the Land which will be approximately 5 acres in size to be subdivided from a larger parcel of 9 acres. The Land will be issued with a separate land title and a categorisation to be marked on the land title of "Building". In addition, the land title will have express conditions stating that the Land is for commercial use that includes the use of the Land as a hospital/medical centre and all related facilities and services to support the same.
- The purchase consideration for the acquisition of the Land is RM2,178,000³ to be paid partly in cash (RM 1,065,340) and partly through the issuance of new ordinary shares in AAMG (to the amount of RM1,112,660). In addition, HD will pledge a percentage of the net profits after tax for a period of ten years earned by that portion of the medical centre set up for the Project to the Land Vendor.
- HD undertakes to construct a hospital/medical facility and related facilities/services to support the same on the Land which will provide advanced medical treatment that is not publicly available in Johor.
- The SPA sets various time frames for which certain milestones are to be achieved with consequences if not achieved. For example, if development plans for the Project is not entered into within one year from the date that the Land is registered in favour of HD, then the Land Vendor may terminate the agreement requiring the Land to be returned at HD's expense as well as any monies paid not being refunded.

Notwithstanding that the SPA sets out the purchase price for the Land to be RM2,178,000, as the Subscription Agreement sets out that the Land Vendor will be issued with new shares in AAMG to the value of RM13,801,200 the effective purchase price is therefore RM14,801,200⁴.

³ Excluding GST of RM130,680

⁴ Calculated as RM13,801,200 (AAMG shares) plus RM1,000,000 (cash deposit)

The Services Agreement was entered into on 26 September 2017. The key terms and conditions relevant to the Proposed Transaction are:

- AAMGPL is appointed for a three year period to provide various advisory and project management services⁵ to assist HD with the Project.
- AAMGPL will receive service fees of RM3 million based on defined milestones to be achieved by 26 September 2018 and cost plus 20% service fee on expenses and fees incurred by AAMGPL in relation to the Project.

The Deed of Clarification and Acknowledgment has the effect of clarifying AAMG's responsibilities under the SPA and Subscription Agreement given AAMG is not a party to either of those agreements.

AAMG announced to the ASX on 27 September that the Services Agreement is considered by the Board of AAMG (excluding Dr Tan) to be commercially reasonable and was negotiated on an arm's length basis with HD. Accordingly, Grant Thornton Corporate Finance has not been engaged to provide an opinion and it has not provided an opinion in relation to the Service Agreement.

1.3 Effects of the Proposed Transaction

If implemented, the Proposed Transaction will have the following effects:

- AAMG through its subsidiary MHV will acquire 95.1% of HD Ordinary Shares, for consideration of RM19.4 million.
- MHV will own 95.1% of HD's outstanding share capital, and HD will own the Land for the purposes of development of the Project.
- AAMG will assist HD in the development of the Project.
- The Land Vendor will own 11.8% of the ordinary share capital of AAMG.

The cash component of the Subscription Price will be financed by AAMG's internal funds.

⁵ Schedule 1 to the Services Agreement contains the list of services which includes advice on planning and overall strategies and policies in order to deliver the Project

2 Purpose and scope of the report

2.1 Purpose

Chapter 10 of the ASX Listing Rules – Transactions with persons in a position of influence

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders of a company if the company proposes to acquire or dispose of a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX.

In regards to the Proposed Transaction, we note that Dr Tan is the Executive Chairman and director of AAMG as well as a “substantial shareholder” with over 10% interest in AAMG and HD. In addition the Subscription Shares in HD to be acquired by AAMG’s subsidiary represents more than 5% of the latest shareholders’ equity of AAMG as at 30 June 2017 and therefore it constitutes an acquisition of a “substantial asset” for the purposes of ASX Listing Rules.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting and Explanatory Memorandum be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

Accordingly, the Independent Directors have requested Grant Thornton Corporate Finance to prepare an independent expert’s report stating, whether in its opinion, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders for the purposed of ASX Listing Rule 10.1.

2.2 Basis of assessment

Grant Thornton Corporate Finance has had regard to RG 111 in relation to the content of independent expert’s report and RG76 in relation to related party transactions. RG76 largely refers to RG111 in relation to the approach to related party transactions.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG 111 also regulates independent expert’s reports prepared for related party transactions in clauses 52 to 63. RG 111 notes that an expert should focus on the substance of the related party transaction, rather than the legal mechanism and, in particular where a related party transaction is one component of a broader transaction, the expert should consider what level of analysis of the related party aspect is required.

We note that RG111 clause 56 states the following:

RG 111.56 Where an expert assesses whether a related party transaction is ‘fair and reasonable’ (whether for the purposes of Chapter 2E or ASX Listing Rule 10.1), this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is ‘fair’ and ‘reasonable’, as in a control transaction. An expert should not assess whether the transaction is ‘fair and reasonable’ based simply on a consideration of the advantages and disadvantages of the proposal, as we do not consider this

provides members with sufficient valuation information (See Regulatory Guide 76 Related party transactions (RG 76) at RG 76.106–RG 76.111 for further details).

Accordingly, in the consideration of the Proposed Transaction, the expert should undertake a separate test of the fairness and then analyse the advantages and disadvantages for the Non-Associated Shareholders.

RG 111 notes that a related party transaction is:

- Fair, when the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired.
- Reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote in favour of the transaction.

In considering the fairness of the Proposed Transaction, we have compared the fair market value of the 95.1% interest in HD to the value of the Subscription Price. The fair market value of AAMG's 95.1% interest in HD has largely been underpinned by the independent valuation of the Land undertaken by KGV. The Subscription Price which comprises both cash and shares in AAMG has meant we have had regard to the value of AAMG's shares as traded on the ASX.

In considering whether the Proposed Transaction is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.
- The implications to AAMG and the Non-Associated Shareholders if the Proposed Transaction is not approved.
- Other likely advantages and disadvantages associated with the Proposed Transaction as required by RG111.
- Other costs and risks associated with the Proposed Transaction that could potentially affect the Non-Associated Shareholders.

Given that the most material asset of HD is the Land, for the purpose of this report, an independent valuation specialist, KGV was engaged to conduct an independent valuation of the Land. KGV's report (the "KGV Report") is included as Appendix B to this report.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Transaction with reference to the RG 112.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

We note that Grant Thornton Australia Limited is the auditor of AAMG. The audit services provided by Grant Thornton Australia Limited are strictly for compliance purposes. In addition, the independent expert's report was prepared outside of the audit procedures and we have strict internal protocols in relation to audit independence. In our opinion, Grant Thornton Corporate Finance is independent of AAMG and its Directors and all other relevant parties of the Proposed Transaction.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting dated on or around 7 November 2017 in which this report is included, and is prepared for the exclusive purpose of assisting the AAMG Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Meeting.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to accept the Proposed Transaction is a matter for each AAMG Shareholder based on their own views of the value of AAMG and expectations about future market conditions, AAMG's performance, their individual risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.



3 Industry sector profile

AAMG operates in the healthcare sector, principally within Singapore. The Project being developed by HD is also in the healthcare sector, although in Malaysia. Accordingly, we have focused this section of our report on the Malaysian healthcare and hospital development sector.

3.1 Introduction

Malaysia has a diversified economy and has become a leading exporter of electrical appliances, electronic parts/ components and natural gas. The economy has witnessed growth of more than 6.4% p.a. on average since 1970⁶, despite facing setbacks on account of global factors (for example, the global financial crisis). From its primary reliance on agriculture and commodity exports, the Malaysian economy has shifted to a diversified and open economy with strong links to global value chains.

In 2017, real GDP grew by 5.6% y-o-y. Growth was underpinned by domestic demand. Public and private spending and investments both witnessed significant growth, and the economy is expected to grow 4.8%⁷ in 2017 (as against 4.2% in 2016). The 11th Malaysia Plan (for 2016-20) aims to implement various reforms aimed at boosting productivity and fostering growth.

The Malaysian economy witnesses domestic and foreign investments in primary sectors as well as services sector. The private healthcare industry in Malaysia witnessed the approval of three Malaysian-owned projects and one project with 54% of foreign participation in 2016, with total investments of RM188.5 million⁸ (domestic investment was RM184.7 million). The healthcare sector in Malaysia is discussed in further detail below.

3.2 Healthcare sector in Malaysia

3.2.1 Tiered system

Healthcare in Malaysia is a two-tier system, comprising a government-run universal healthcare system for Malaysian citizens, and a private healthcare system for both Malaysian citizens and international patients. The total healthcare expenditure in 2016 was RM52 billion, including the public sector (52%) and private sector (48%). As the cost to patients of private healthcare is significantly higher than that of public healthcare, the majority of Malaysians prefer public healthcare facilities. For example, the average maternity charge for patients is RM800 for a public hospital (in Class 1 of a public hospital) and RM3,500-6,000 for a private hospital⁹.

Malaysia's healthcare facilities are considered reputable and have won several awards internationally and regionally. The country is now a preferred destination for healthcare travellers and consumers. The medical tourism industry in Malaysia has witnessed a growth in healthcare travellers from 728,000 in 2012 to 859,000 in 2015, generating revenue of RM914 million in 2015 (as against RM603 million in 2012). Most healthcare travellers in 2016 were from Indonesia, followed by India and China.

The growth in this industry is due to various factors, including:

- Increase in the numbers of ageing global population with chronic diseases

⁶ OECD Economic Surveys: Malaysia, November 2016

⁷ Malaysian Institute of Economic Research

⁸ "Malaysia: Investment Performance Report 2016", Malaysia Investment Development Authority

⁹ World Health Statistics, 2016



- Global disparity in cost for the provision of healthcare services
- Increasing admission waiting time at hospitals
- The rise in improved service quality for healthcare services provided in developing countries
- Labour market flexibility and ease in relocation

Malaysia spent 4.2% of its GDP on healthcare in 2016, with 52.4% of this being funded by the government. This spend as a proportion of GDP is relatively low, with Singapore spending 4.9% of its GDP, Japan at 10.2%, USA at 17.1% and Zimbabwe at 6.4%.

The global trend indicates that Western economies in Europe and USA are a major source of health tourists, whilst countries in Asia and Latin America are increasingly becoming the beneficiaries. While Malaysia's share of this global market is relatively small at present, health tourism has been identified as one of the key areas under the National Key Economic Areas ("NKEA") as a driver of growth for the country.

3.2.2 Tax incentives for export of services

As mentioned above, the Malaysian Government recognises the need to develop medical tourism in Malaysia further. As a result, the Malaysian Government has provided various tax incentives for the medical tourism industry, as set out below:

- *Tax Deduction for promotion of export of services:* If a healthcare service provider incurs expenditure for the promotion of exports for healthcare services, the company would be eligible to enjoy an additional deduction benefit.
- *Double tax deduction for expenses incurred in obtaining recognised accreditation:* In order to encourage Malaysian providers to obtain accreditation of their facilities (with a view to conform with quality standards, aimed at the foreign medical travellers), expenses incurred by a private hospital in obtaining domestic or internationally recognised accreditation are eligible for a double deduction benefit¹⁰. Examples of such accreditation include the Malaysian Society for Quality in Health or the Joint Commission International.
- *Tax exemption on the value of increased exports:* Companies that export services are eligible for an exemption of the value of the increased exports in the provision of private healthcare to foreign clients in and from Malaysia, amounting to 50%-70% of statutory income. Any unutilised allowance can be carried forward until fully utilised.
- *Tax exemption for hospitals registered with the Malaysia Healthcare Tourism Council ("MHTC"):* The MHTC was established to drive the strategic development of Malaysia's healthcare travel industry and to promote the country as a destination for world class healthcare services. The MHTC has initiated the following incentives:
 - Private healthcare service providers who intend to participate in health tourism can register with MHTC, in order to promote themselves in international markets.
 - In order to encourage investment in the latest technologies, new private healthcare facilities/ existing facilities undertaking expansion, modernisation or refurbishment with a view to promote healthcare travel are eligible for a tax holiday of 100% on the qualifying capital expenditure

¹⁰ If RM100,000 is spent to apply for certification in the year ended 31 December 2016, but certification is actually obtained during the year ending 31 December 2017, no deduction will be allowed in the tax return for FY16 but a deduction of RM200,000 will be allowed in the FY17 tax return.



incurred within a period of 5 years. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

3.3 Outlook

Malaysia's healthcare system is increasingly being recognised for high-quality service at an affordable price. However, the changing demographics are expected to place pressure on the capacity and specialisation of its hospitals and clinics. As Malaysia adapts to new risks and challenges (for example, the increased incidence of new infectious diseases due to urbanisation), it is welcoming foreign investment in the provision of medical services, professional expertise and key parts of the supply chain.

The expansion of Malaysia's hospitals and clinics has created new opportunities in the medical supply chain. Malaysia has attracted more investments from private companies, and local firms have started to manufacture new products in partnership with multinational companies.

The outlook for the Malaysian healthcare sector is discussed below:

- *Offtake agreements:* Malaysia has finalised procedures for offtake agreements to encourage the production and consumption of Malaysian-made health products. The revised offtake purchase agreements will run for 3 years (with an additional 2 years if export criteria are met), rather than the standard 2-year contract to supply the government. This is particularly significant for foreign investors. For example, the Ministry of Health has awarded a 3-year contract to Biocon Ltd, an Indian public biopharmaceuticals company, for supplying recombinant human insulin formulations manufactured at its facility in Johor, Malaysia. This is Malaysia's first locally manufactured biologic product approved for commercial sales within the country.
- *Clinical trials:* The Malaysian government aims to make the country a focal point for clinical trials in the region. By 2020, it aims to have 1,000 such trials performed in Malaysia. However, regulatory issues and lack of interest from specialists have slowed progress on this front.
- *Medical devices:* Malaysia is also trying to develop the medical device industry as part of its development plans for healthcare, and is working to enable their standards and regulation to conform with international guidelines.
- *NKEA:* The Malaysian government expects the proportion of people aged 60 years or older to be 10% of the population by 2020 and 15% by 2030. As life expectancy increases, the country is likely to face increased demand for elderly care. The health care NKEA focuses on three areas: mobile healthcare services; institutionalised aged care; and retirement villages (the MIDA and the Ministry of Finance are reviewing incentives for developers and operators of elderly facilities and services).



4 Profile of AAMG

4.1 Introduction

AAMG was established in 1994 and listed on the ASX since 2009. The Company was formerly known as the Asian Centre for Liver Diseases and Transplantation, and changed its name in 2013 to Asian American Medical Group. AAMG is located at Gleneagles Hospital in Singapore, and is headed by Dr. Tan, supported by specialists in various disciplines and other healthcare personnel. The Company has three main service lines:

- *Liver segment* – this division operates medical centres focused on the treatment of liver, pancreas and bile duct diseases in Singapore and Malaysia. This is run by the Company's wholly owned subsidiary, Asian American Liver Centre Pte Ltd.
- *Radiation and Oncology segment* – this division provides radiation therapy treatment as well as management and advisory services to radiation oncology units in Asia. This is run by the Company's subsidiary, Asian American Radiation Oncology Pte Ltd (formerly known as Asian American Blood and Marrow Transplant Centre Pte. Ltd.), with the supervision of Dr Daniel Tan Yat Harn.
- *Healthcare Management and Consultancy segment* – this division provides consultancy and management services to drive expansion of new medical facilities and other health care related projects. This is run by the Company's wholly owned subsidiary, Asian American Medical Group Pte Ltd.

AAMG has the following strategies to be able to grow its business going forward:

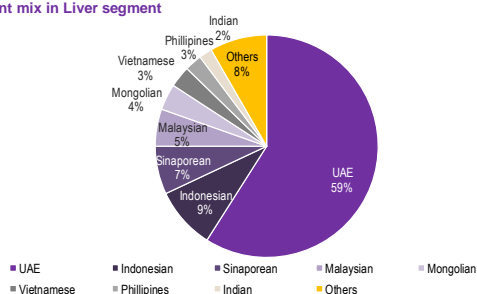
- Recruiting more specialists in liver and cancer treatment.
- Development of overseas centres and forming partnerships in various regions. For example, AAMG has partnered with UPMC, a health-care provider in Pittsburgh, USA which is highly ranked in the field of transplantation and is affiliated with the University of Pittsburgh. The Company is also working with hospitals and clinics in both Malaysia and Myanmar, and is exploring opportunities to work in Russia with RusSing Med Holdings Pte Ltd, a shareholder of the Company.
- Diversification of service offerings. Last year, Asian American Radiation Oncology Pte. Ltd. entered into an agreement with Jinsenkai Medical Corporation Aizawa Hospital, Japan, to provide proton therapy services.

4.2 Patients

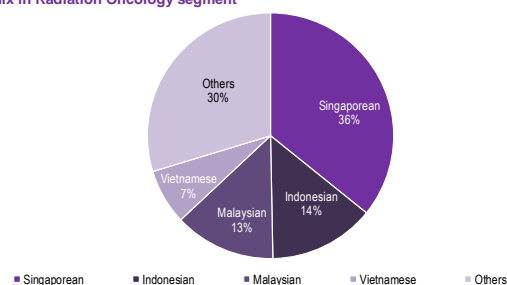
The Company mainly services patients from Asia, receiving patients from regions like South-East Asia, South Asia, Indochina, the Middle East and North Asia. A breakdown of the Company's patient mix is given below:



Patient mix in Liver segment



Patient mix in Radiation Oncology segment



Source: Management

In the Liver segment, patients from UAE contributed to 59.0% of revenue in FY16 (FY15: 56.0%). This is because 10 out of 13 transplant cases involved a patient from the UAE. In the Radiation Oncology segment, local Singaporean patients contributed 44.7% of clinical revenue in FY16.

4.3 Shareholders

The Company has 297,752,754 outstanding shares. The largest shareholders of the Company as at 31 October 2017 are set out below.

Name of shareholder	Number of shares	Shareholding %
Dr. Tan (c/o Citicorp Nominees Pty Limited)	115,798,180	38.9%
Kong Meng Ang	46,062,300	15.5%
HSBC Custody Nominees (Australia) Limited	32,209,068	10.8%
Citicorp Nominees Pty Limited	32,052,970	10.8%
Russing Med Holdings Pte Ltd	21,000,000	7.1%
Mr Zhi Cheng Ang	12,062,300	4.1%
Mr Chin Soon Ong	5,000,000	1.7%
Tye Wee Thin	5,000,000	1.7%
Aspire Strategy Pte Ltd	4,000,000	1.3%
BNP Paribas Noms Pty Ltd	3,712,826	1.2%
Mr Khai Ping Wun	3,000,000	1.0%
J P Morgan Nominees Australia Limited	2,550,001	0.9%
Mr Lee Kang Hoe	2,500,040	0.8%
Unusual Investment & Trading Pte Ltd	2,000,000	0.7%
Mr Robert John Wood + Mrs Stella Agnes Wood (Bob & Stella Wood S/F A/C)	1,140,415	0.4%
Dr Saw Huat Seong	1,000,000	0.3%
Hiroshi Tatara	1,000,000	0.3%
Mr Cherinjit Kumar Shori	842,000	0.3%
Mr Ravindran Govindan	699,483	0.2%
Mr Harry Vui Khiun Lee	561,915	0.2%
Mr Yeoh Meng Yau	457,000	0.2%
Largest shareholders	292,648,498	98.3%
Other minority shareholders	5,104,256	1.7%
Total	297,752,754	100.0%

Source: Management



4.4 Financial performance

The performance of the Company for the years ended 31 August 2016 ("FY16") and 31 August 2017 ("FY17") is presented below:

Consolidated statements of profit or loss and other comprehensive income for the year ended:	FY16 31-Aug-16 Audited	FY17 31-Aug-17 Audited
Singapore \$		
Revenue		
Provision of services	13,776,576	12,800,020
Sale of medication	2,740,879	1,965,929
Management fee	565,390	400,933
Other operating income	170,992	207,412
Total revenue and other income	17,253,837	15,374,294
Expenses		
Change in inventories	27,061	(25,110)
Inventories and Raw materials & consumables	(10,647,270)	(9,715,169)
Employee benefit expense	(6,268,352)	(6,201,273)
Operating lease expense	(492,391)	(492,993)
Directors fees	(190,315)	(81,596)
Provision for doubtful debts	(224,087)	150,078
Other expenses	(1,594,305)	(1,569,988)
EBITDA	(2,135,822)	(2,561,757)
Margin	-12.4%	-16.7%
Depreciation	(75,301)	(53,551)
Impairment of goodwill	-	(266,123)
EBIT	(2,211,123)	(2,881,431)
Margin	-12.8%	-18.7%
Finance expenses	-	-
Profit/(Loss) before income tax	(2,211,123)	(2,881,431)
Margin	-12.8%	-18.7%
Income tax benefit/ (expense)	150,000	(149,379)
Net profit/ (loss)	(2,061,123)	(3,030,810)
Margin	-11.9%	-19.7%
Discontinued operations	-	-
Other comprehensive income	220,956	525,350
Total comprehensive income/ (loss) for the year	(1,840,167)	(2,505,460)

Source: Audited financials, S&P Global and GTCF calculations

With regard to the above, we note the following:

- The liver treatment and transplantation segment contributed 91.6% of the Group's overall revenue in FY16 (FY15: 95.8%). Total revenue for this segment reduced by 19.8% from S\$19.5 million in FY15 to S\$15.6 million in FY16, on account of reduction in patients. The decrease in patient and surgical activities in the year led to lower third-party revenue, sales of medication and professional consultation fees. As a result, the segment suffered a loss of S\$0.9 million in FY16 (FY15: profit of S\$1.3 million).

In FY17, this trend continued, with the liver segment contributing 89.6% of revenue.

- In FY16, the radiation oncology segment recorded its first full year revenue of S\$1.1 million. Of total AARO revenue, 80.9% is generated from the provision of clinical services to its patients, with the remaining revenue from overseas project management and consultancy services rendered. In FY17, this division grew significantly due to the growth in the number of patient transactions, as well as the expanded operations in Russia and Myanmar.
- In FY16, the Company terminated a contract to acquire 60% of the Rich Tree Land and develop a project in Zhuhai, China. On account of the consequent termination of the project lead management contract, revenue from this division reduced significantly. The Company is making efforts to revive revenue in this division.



- The Company had goodwill relating to the Liver segment of S\$0.3 million. This was written off in FY17, following consecutive periods of losses in the division, in light of the uncertainty in profits in future years.

4.5 Financial position

The financial position of the Company as at 31 August 2016 and 31 August 2017 is presented below:

Consolidated statements of financial position as at Singapore \$	31-Aug-16 Audited	31-Aug-17 Audited
Current assets		
Cash and cash equivalents	11,307,905	9,174,730
Trade and other receivables	4,598,694	6,127,377
Inventories	190,728	165,618
Income tax refundable	8,334	8,334
Total current assets	16,105,661	15,476,059
Non-current Assets		
Plant and equipment	118,636	69,934
Intangible assets (Goodwill)	266,123	-
Deferred tax asset	150,000	-
Total non-current assets	534,759	69,934
Total assets	16,640,420	15,545,993
Current liabilities		
Trade and other payables	4,529,700	5,940,733
Current tax liabilities	-	-
Total current liabilities	4,529,700	5,940,733
Total liabilities	4,529,700	5,940,733
Net assets	12,110,720	9,605,260
Equity		
Issued capital	12,932,538	12,932,538
Reserves	(374,557)	150,793
Retained earnings/ (Accumulated losses)	(559,122)	(3,652,505)
Minority interest	111,861	174,434
Total equity	12,110,720	9,605,260

Source: Audited financials, S&P Global and GTCF calculations

With regard to the above we note:

- During FY16, the Company undertook a capital raising, issuing 57 million shares to sophisticated investors at c. A\$0.10 per share, raising A\$5.7 million.
- The Company witnessed improved collections from debtors during FY16. Debtor and creditor balances reduced during the year in line with reduced revenues.
- Fixed assets mainly comprise computers and renovations to office space.



In addition to the above, we have presented below a pro-forma balance sheet for AAMG following completion of the Proposed Transaction as provided by Management upon the completion of the Proposed Transaction (assuming all other things equal):

Consolidated statements of financial position as at Singapore \$	31-Aug-17 Audited	HD Pro-forma	Post the Proposed Transaction Pro-forma
Current assets			
Cash and cash equivalents	9,174,730	1,573,953	8,945,371
Trade and other receivables	6,127,377	-	6,127,377
Inventories	165,618	-	165,618
Income tax refundable	8,334	-	8,334
Total current assets	15,476,059	1,573,953	15,246,700
Non-current Assets			
Land	-	7,004,884	7,004,884
Plant and equipment	69,934	-	69,934
Intangible assets (Goodwill)	-	-	-
Deferred tax asset	-	-	-
Total non-current assets	69,934	7,004,884	7,074,818
Total assets	15,545,993	8,578,836	22,321,518
Current liabilities			
Trade and other payables	5,940,733	695,583	6,636,316
Current tax liabilities	-	-	-
Total current liabilities	5,940,733	695,583	6,636,316
Total liabilities	5,940,733	695,583	6,636,316
Net assets	9,605,260	7,883,253	15,685,202
Equity			
Issued capital	12,932,538	-	17,371,280
Reserves	150,793	-	150,793
Retained earnings/ (Accumulated losses)	(3,652,505)	-	(2,397,584)
Minority interest	174,434	-	560,713
Total equity	9,605,260		15,685,202

Source: Audited financials, S&P Global and GTCF calculations

Note 1: Translated using exchange rates as at 1 November 2017, at RM1 : S\$0.32162 and 1A\$: S\$1.04383.

We note that AAMG has prepared the indicative pro-forma balance sheet of AAMG post the Proposed Transaction assuming that the Proposed Transaction is a business combination in accordance with the requirements of AASB3. Based on our review of the information available and discussions with our technical audit team, we understand that it is unclear whether the Proposed Transaction should be accounted for as a business combination or an asset purchase. For completeness, we note that if the Proposed Transaction is accounted for as an asset purchase, the fair market value of the Land will reduce from S\$7 million to S\$4.76 million, and the net assets balance will reduce from S\$15.68 million to S\$13.4 million. Grant Thornton has not reviewed the reasonableness of the assumptions adopted by AAMG to prepare the pro-forma balance sheet.

**5 HD**

HD is a newly incorporated Malaysian company which is wholly owned by Dr. Tan. HD has been set up specifically to acquire the Land in order to develop the Project.

The Land is located in the Johor Bahru district of Malaysia, and measures c. 5 acres (2.023 hectares). It was acquired by HD on 5 September 2017 with the condition that its land title be designated for commercial use, particularly for a hospital/ medical centre and related facilities. The Land is located in an economic growth corridor, which also contains various housing projects and industrial schemes. Access to utilities is available, and the Land is accessible by public transport, via a highway. The nearest town centre is 6 km away. Further information concerning the Land is set out in KGV's report at Appendix B.

HD has no operations to date other than the acquisition of the Land pursuant to the SPA. The unaudited financial position of HD as at 24 October 2017 is set out below:

Consolidated statements of financial position	24-Oct-17
Malaysian Ringgit	Unaudited
Current assets	
Cash and cash equivalents	286,364
Total current assets	286,364
Non-current Assets	
Land	4,489,022
Total non-current assets	4,489,022
Total assets	4,775,385
Current liabilities	
GST Payable	130,680
Amount due to land vendor	2,112,660
Other non-trade liabilities relating to AAMG	2,027,067
Total current liabilities	4,270,407
Non-current liabilities	
Other payables	5,000
Total non-current liabilities	5,000
Total liabilities	4,275,407
Net assets	499,978
Equity	
Issued capital	500,000
Retained earnings/ (Accumulated losses)	(22)
Total equity	499,978

Source: Management

- As mentioned in Section 1, HD had acquired the Land from the Land Vendor for a consideration of RM2,178,000 payable in cash and shares of AAMG. In addition, HD has undertaken to pledge a portion of the profits from the Project for 10 years to the Land Vendor. The book value of the Land comprises the purchase consideration of RM2,178,000, along with capitalised expenses relating to the SPA and Services Agreement.
- Non-trade liabilities comprise amounts payable to AAMG in connection with the Services Agreement as referred to in Section 1.2 of this report. These include project leadership fees, fees for execution of the Services Agreement and fees for architect drawings.



6 Valuation methodologies

6.1 Introduction

In accordance with our basis of assessment set out in Section 2.2, our fairness assessment involves comparing the fair market value of the Subscription Shares with the Subscription Price of RM19,408,163.

Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

6.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Discounted cash flow method and the estimated realisable value of any surplus assets (“DCF Method”).
- Amount available for distribution to security holders on an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.



6.3 Methodologies selected

In our assessment of the fair market value of the Subscription Shares, Grant Thornton Corporate Finance has relied on the Market Value of Net Assets Method on an orderly realisation basis as discussed below.

6.3.1 Market Value of Net Assets

The fair market value of the Subscription Shares has been calculated as 95.1% of the fair market value of HD. We note that the key asset of HD is the Land. In addition to this HD also has total liabilities of approximately RM4.28 million (comprising mostly payables). In our valuation assessment, we have had regard to the fair market value of the net assets on an orderly realisation basis to value 95.1% of the issued capital in HD.

In assessing the fair market value of the HD, we have aggregated:

- The market value of the Land assessed by KGV.
- The cash balance including the contribution of cash by MHV in relation to the Subscription Shares.
- The realisable value of other assets net of liabilities.
- The transaction costs payable in relation to the Proposed Transaction.
- Realisation costs estimated at 5% of net assets.

The sum of the above has then been multiplied by 95.1% to arrive at the fair market value of the Subscription Shares.

For the purposes of this report, Grant Thornton Corporate Finance has engaged KGV to prepare a valuation of the Land which was completed in accordance with the International Valuation Standards. A copy of the KGV Report is included as Appendix B to this report.

6.4 Cross check

HD's main asset is the Land. We have engaged KGV to undertake a fair market valuation of the said Land, which is detailed in Section 7.2 below. Other assets and liabilities are taken at their carrying value. In valuing the Land, KGV used a market approach and concluded that no other valuation method was plausible. Income Methods like a DCF approach require detailed information concerning future cash flows. Given that there is a high degree of uncertainty in the timing and occurrence of future cash flows, it renders a DCF approach as not feasible.

7 Valuation assessment of HD

7.1 Valuation summary

As discussed in Section 6, we have utilised the Market Value of Net Assets Method for the purpose of assessing the fair market value of AAMG's 95.1% interest in HD. We have set out in the table below a summary of our assessed valuation, having regard to the unaudited financial statement provided by Management.

Valuation summary - Hippocrates Development Sdn Bhd Malaysian Ringgit	Section Reference	24-Oct-17 Unaudited	Fair value adjustment	Fair Market Value
Current assets				
Cash and cash equivalents	7.2	286,364	4,607,463	4,893,827
Total current assets		286,364	4,607,463	4,893,827
Non-current Assets				
Land	7.3	4,489,022	17,290,978	21,780,000
Total non-current assets		4,489,022	17,290,978	21,780,000
Total assets		4,775,385	21,898,441	26,673,827
Current liabilities				
GST Payable		130,680	-	130,680
Amount due to land vendor	7.4	2,112,660	(2,112,660)	-
Other non-trade liabilities relating to AAMG	7.5	2,027,067	-	2,027,067
Total current liabilities		4,270,407	(2,112,660)	2,157,747
Non-current liabilities				
Other payables		5,000	-	5,000
Total non-current liabilities		5,000	-	5,000
Total liabilities		4,275,407	(2,112,660)	2,162,747
Net assets		499,978	24,011,101	24,511,079
Gross fair market value of AAMG's 95.1% interest in HD		475,479		23,310,037
Less: Realisation costs	7.7	-5.0%		-5.0%
Net fair market value of AAMG's 95.1% interest in HD		451,705		22,144,535

Source: Management, KGV calculations and GTCF calculations

Based on the above, we have assessed the fair market value of AAMG's 95.1% interest in HD as RM23.3 million. The details of the above adjustments are set out in the following sections.

7.2 Cash

HD has a cash balance of RM286,364 as at 24 October 2017. We have adjusted the same for the cash to be received from both MHV and Dr. Tan as per the Subscription Agreement, less the amount payable in cash to the Land Vendor as per the SPA for the Land. We have set out in the table below a summary of the cash movements:

Hippocrates Development Reconciliation of cash balance	Malaysian Ringgit
Cash balance before the Proposed Transaction	286,364
Add: Cash received from HMV as part of the Subscription Price	5,606,963
Add: Cash received from Dr. Tan	500
Less: Part-settlement of liability to Land Vendor	(1,000,000)
Cash balance after the Proposed Transaction	4,893,827

Source: Management, GTCF analysis

7.3 Land

The book value of the Land comprises of the purchase price in accordance with the SPA plus other ancillary expenses incurred in connection with the purchase of Land. The adjustment made to the value of the Land is to record it consistent with the fair market valuation of the Land assessed by KGV, whose report is included as Appendix B.

7.4 Amounts due to the Land Vendor

As at 24 October 2017, HD has c. RM2.1 million liability payable to the Land Vendor as per the terms of the SPA. As per the SPA, this is required to be settled in cash (RM1 million) and shares of AAMG (c. RM1.1 million). As the Subscription Agreement requires AAMG to issue new shares in part satisfaction of the amount that is owed to the Land Vendor, we have reduced the liability to nil.

7.5 Other non-trade liabilities

Other non-trade liabilities represent GST payable on shares forming part of the consideration for the acquisition of the Land payable to the Land Vendor.

7.6 Corporate/ Transaction costs

According to Management, transaction costs in relation to the SPA, the Services Agreement and the Subscription Agreement, such as legal fees, stamp duty and other associated costs have already been incorporated in the cash balance forming part of HD's balance sheet. Management have also advised that AAMG will not incur any additional costs in relation to the Proposed Transaction. Accordingly, we have not made an additional adjustment for these costs.

7.7 Realisation costs

For the purpose of assessing the market value of net assets we have allowed realisation costs of 5%.

7.8 Valuation cross check

As mentioned above, the primary asset of HD is the Land held by the company. This land has been presented at fair market value as determined by KGV. The Land has not been used for commercial purposes before, and hence preparing an estimate of the income that could be generated through the exploitation of the Land is highly uncertain. This uncertainty is exacerbated by the long lag of time before cash flows generation to allow for the construction of the medical centre.

Given these circumstances, the fair market value of the Land has been determined by KGV based on comparable properties located in the vicinity of the Land which have been adjusted for location, shape and size, and stage of planning approvals. Further, there are no valuation methodologies that could be adopted to assess the value of the Land.

Given the above discussion, we have not adopted a second methodology as cross-check.

8 Subscription Price

The Subscription Price paid by AAMG/ MHV includes cash of RM5.6 million plus RM13,801,200 being approximately 40 million shares of AAMG issued at A\$0.105. As per the Subscription Agreement, the number of AAMG shares to be issued will vary only in accordance with the variation in the currency exchange rates applicable at the time of issuance.

In our fairness assessment, we have calculated the fair market value of the consideration having regard to the agreed share price of A\$0.105 per share. On this basis, we have concluded that the Proposed Transaction is fair for the Non-Associated Shareholders. While we have not separately assessed the fair market value of the AAMG shares, as long as it does not exceed A\$0.105 per share, there are no implications for our fairness assessment. In our opinion, the fair market value of AAMG shares does not exceed A\$0.105 per share due to the following:

- The trading volumes in AAMG shares are extremely limited¹¹ and accordingly, it may not necessarily represent the fair market value of the shares. However, we note that the AAMG shares traded between 9.5 cents and 12.5 cents during the last 12 months preceding the date of the announcement of the Proposed Transaction. The most recent share trades in August and September 2017 were all undertaken at A\$0.105 per share, and the share price has remained constant at A\$0.105 per share since these share trades until recently before the date of this report. As at the date of this report, the share price is A\$0.10.
- Trading activity in the share has been relatively low, with shares not being traded on a daily basis, and only 26 trades taking place during the last 12 months.
- While the trading price of AAMG shares is A\$0.10 per share, the Company's shares appear to be trading at a significant premium to the net asset backing of the Company. As at 31 August 2017, the Company's net assets per share was c. A\$0.0299.
- The Company has incurred significant losses over the last 3 years, mainly on account of declining patient numbers and therefore surgical activities. While the Company has been undertaking collaborations and partnering with large players in the healthcare industry, the benefits of these partnerships are yet to eventuate.
- AAMG is a thinly traded share with a relatively small market capitalisation. Accordingly, it is not covered by large analysts, and hence consensus estimates of forecast earnings are not easily available to the market.

Based on the above, we are of the opinion that the fair market value of an AAMG share is unlikely to exceed A\$0.105 per share.

¹¹ AAMG shares were traded 6 times in the 3 months preceding the date of this report.

9 Source of information, disclaimer and consents

9.1 Source of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Copy of SPA, Services Agreement and Subscription Agreement
- Other financial and legal documents
- ASX announcements
- Annual reports
- Management accounts
- Monthly board presentations
- Discussions with management
- IBISWorld
- S&P Global
- Other publicly available information

9.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to assist the Independent Directors of AAMG in advising the Non-Associated Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.

AAMG has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their

negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

9.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting to be sent to AAMG Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

KGV International Property Consultants has also consented for their report to be referenced within and/or annexed to this report.

Appendix A – Valuation methodology

Discounted cash flow

An analysis of the net present value of projected cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the WACC. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

The selection of the appropriate multiples to apply is a matter of judgement and involves consideration of a number of factors including:

- The stability and quality of earnings.
- The nature and size of the business.
- The financial structure of the company and gearing level.
- Future prospects of the business.
- Cyclical nature of the industry.
- The asset backing of the underlying business of the company and the quality of the assets.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Net asset backing/orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of listed securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method

uses similar or comparative transactions and/or listed trading companies to establish a value for the current transaction.

The comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – KGV Report

For personal use only



Grant Thornton

An instinct for growth

Appendix B – KGV Report

**KGV International
Property Consultants**

REPORT AND VALUATION

**PART OF PTD NO 201593
IDENTIFIED AS PLOT 1A
UNDER THE PROPOSED
MASTER PLAN
ATTACHED AS ANNEXURE A OF THE SALE AND
PURCHASE AGREEMENT
MUKIM OF PULAI
DISTRICT OF JOHOR BAHRU
STATE OF JOHOR DARUL TAKZIM**



Property Valuers
Machinery Valuers
Property Managers
Projects Managers
Auctioneers
Property Consultants
Real Estate Agents

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13700 Prai, Penang

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Email pg@kgvi-property.com

Regulated by RICS

Our Ref : KGVA 21709016-J(ONG)

October 27 2017

Grant Thornton
Level 17, 383 Kent Street
Sydney NSW 2000
Australia

Dear Sir,

**Report and Valuation
Part of PTD No 201593
Identified as Plot 1A
Under the Proposed Master Plan
Attached as Annexure A of the Sale and Purchase Agreement
Mukim of Pulau
District of Johor Bahru
State of Johor Darul Takzim**

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") has been engaged by Asian American Medical Group Limited ("AAMG") to prepare an independent expert report in relation to the **proposed acquisition of shares by AAMG's wholly owned subsidiary in a company called Hippocrates Development Sdn Bhd ("HD")**. Pursuant to your instructions via a Letter of Engagement dated October 24 2017 to advise on the present Market Value of the abovementioned property, we have inspected the same, made relevant investigations and herewith submit our report and valuation for your attention.

The Valuation Report was prepared in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia, the International Valuation Standards issued by International Valuation Standards Council and Australian Securities & Investments Commission (ASIC) Regulatory Guides 111 and 112 with the necessary professional responsibility and due diligence.

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



KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD

(214438-H)

(Formerly known as KGV-Lambert Smith Hampton (Johor) Sdn Bhd)

UNIT 9-01, LEVEL 9, JOHOR BAHRU CITY SQUARE (OFFICE TOWER)

NOS 106-108, JALAN WONG AH FOOK, 80000 JOHOR BAHRU, JOHOR DARUL TAKZIM, MALAYSIA.

TEL: (6)07-224 2022 TELEFAX: (6)07-223 1366

E-mail johor@kgviproperty.com

Internet: <http://www.kgvi-property.com>

The Subject Property was inspected on **October 25 2017** by Wong Chui Fen (Manager) and Ms Ong Xue Ting (Valuation Executive). The date of inspection is taken to be the date of valuation.

1.0 THE SUBJECT PROPERTY The subject property of this valuation comprises a piece of vacant land measuring approximately 5.000 acres identified as Plot 1A under the proposed master plan attached as Annexure A in the Sale and Purchase Agreement dated September 5 2017 attached as **Annexure I** in the valuation report. It forms part of the PTD No 201593, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim. It is designated for commercial use particularly for hospital / medical centre and all related facilities and services to support the same under the Section B of the mentioned Sale and Purchase Agreement.

2.0 PARTICULARS OF TITLE At the time of our valuation, no separate qualified title has been issued to the subject property by the relevant authorities yet.

However, vide a copy of the Sale and Purchase Agreement dated September 5 2017, the subject property was sold from HIS ROYAL HIGHNESS SULTAN IBRAHIM IBNI ALMARHUM SULTAN ISKANDAR, the SULTAN AND SOVEREIGN RULER OF THE STATE AND TERRITORY OF JOHOR DARUL TA'ZIM to HIPPOCRATES DEVELOPMENT SDN BHD.

It is identified as Plot 1A under the proposed master plan attached as Annexure A in the above-mentioned agreement and forming part of the land sited within PTD No 201593, HS(D) No 564671, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim. The land area of the subject property is approximately 5.000 acres (2.023 hectares) as stated under the Second Schedule of the mentioned agreement.

As specified under the above-mentioned agreement, the vendor undertakes to subdivide the land and issue the separate land title with the category of land use under “**Building**” with expressed conditions stating that the subject property is for commercial use that includes the use of the property as hospital/medical centre and all related facilities and services to support the same.

A copy of the Sale and Purchase Agreement is attached as **Annexure I**.

We have conducted a title search on the Master Title i.e HS(D) No 564671, PTD No 201593, Mukim of Pulai, District of Johor Bahru, State of Johor Darul Takzim on September 28 2017 at the relevant government office and extracted details of the title document as shown in **Annexure II**. A copy of the said title search is attached as **Annexure II(a)**.

Note:

For our valuation purpose, the above particulars are deemed to be correct. However, we recommend that they are verified and confirmed by a solicitor.

3.0 LOCATION

The subject property is sited in a strategic location in Iskandar Puteri and is well accessible from the Johor Bahru City centre via the Lebuhraya Sultan Iskandar (Western Coastal Highway) and the Johor Bahru Parkway, Tuas/Jurong of Singapore via the Second Link and other parts of Malaysia via the North-South Highway. Access to the subject property from Singapore will also be enhanced by the soon-to-be-opened Coastal Highway Southern Link which will be linking Medini City to the Malaysia-Singapore Second Link Expressway.

The main access to the subject property from the Johor Bahru city centre is via Jalan Skudai and thereafter turning left at its approximate 7.2th km post (4.5th milestone) onto the Western Coastal Highway for approximately 15.0 km (9.3 miles) before reaching the subject property. It is located at the south-eastern flank of the Western Coastal Highway.

Geographically, the subject property is approximately 6.0 km (3.7 miles) east of the Gelang Patah town centre while the Johor Bahru city centre is sited approximately 25.0 km (15.6 miles) north-east of it.

For the purpose of easy identification, a Location Plan marked **Appendix A** with the subject locality circled in red is attached.

4.0 SURROUNDINGS

The subject property is sited within Iskandar Puteri, Flagship B of Iskandar Malaysia. Iskandar Puteri is one of the development flagships within the growth corridor of Iskandar Malaysia. Iskandar Malaysia is designated as an economic region in Malaysia to enhance the growth of South Johor. It encompasses an area of 2,217 square kilometres. Geographically, Iskandar Malaysia encompasses almost the entire Johor Bahru district as well as several sub-districts in the neighbouring district of Pontian. It is subdivided into five development zones identified as Zone A – Johor Bahru city centre, Zone B – Iskandar Puteri, Zone C – Western Gate Development, Zone D – Eastern Gate Development and Zone E – Senai – Skudai development.

Iskandar Puteri township has a total land area of approximately 9,713 hectares (24,000 acres). Apart from the old developments, under Iskandar Malaysia's initiatives, many developments have sprouted in this area. Some of them are still under planning or construction while others are already completed.

Among the catalytic development sited within Iskandar Puteri are Medini City, Puteri Harbour and Educity.

Medini City is a self-contained city consisting of leisure, residential, financial and commercial developments while Puteri Harbour is an integrated waterfront and marina development offering a panoramic view of the Straits of Johor. Educity is a fully integrated education hub comprising world-class universities, R & D Centre, accommodation and recreational facilities.

Planned, ongoing and completed developments sited within Medini City include Legoland Malaysia, Pinewood Studio Iskandar Malaysia, Gleaneagles Medini Hospital, Mall of Medini, Afiniti Medini, Afiniti Medini Wellness Centre, 1 Medini Residences, Medini 6, Medini 7, Medini Signature Condominium, Medini Square, Paradiso Nuova, Medini 9, Medini 10, The Elysia Park Residences, D'Pristine Medini, The Meridin @ Medini, Avira Wellness Resort and Sunway Iskandar.

Prominent developments which have been completed, ongoing and planned within Puteri Harbour are Marina Clubhouse, The Transport Terminal and Custom, Immigration and Quarantine building, Jen Hotel, Indoor Theme Park, Imperia Service Apartment, Sommerset Puteri, Encorp Service Apartment, Teega Suite & Residence Service Apartments, Pinetree Residences Service Apartment, Puteri Cove Residences Service Apartment and Southern Marina Residence.

EduCity is sited further to the south-west of the subject property. Among universities in EduCity are Newcastle University Medicine Malaysia, Netherland Maritime University, University of Reading Malaysia University of Southampton, Raffles Iskandar University, Multimedia University, Management Development Institute of Singapore and EduCity Sport Centre.

Kota Iskandar (Formerly known as Johor State New Administrative Centre) is also one of the catalytic developments sited within Iskandar Puteri. It is an administrative centre for the state government of Johor, Malaysia. This administrative centre consists of the State Assembly Building (Sultan Ismail Building), Chief Minister's and State Secretariat's office (Dato' Jaafar Muhammad Building) and other state government's offices.

Other prominent developments sited within Iskandar Puteri and nearer to the subject property are Marlborough College Malaysia and Raffles American School Malaysia. Marlborough college is sited a short distance to its south-east, across Sungai Melayu while Raffles American School Malaysia is sited further towards its south-east.

Notable housing schemes are also sited nearby the subject property. Sited opposite the subject property, across the Western Coastal Highway is Horizon Hills. It is one of the prime housing schemes sited within Iskandar Puteri while further to its north-west are Taman Nusa Indah, Taman Nusa Idaman, Taman Nusa Sentral, Taman Nusa Bayu, Taman Bukit Indah.

Industrial schemes are also found within Iskandar Puteri and are sited in the broader locality. These include Nusa Cemerlang Industrial Park and Southern Industrial Logistics Cluster (SiLc).

Other prominent housing schemes sited in the broader neighbourhood include East Ledang, Ledang Heights, Impiana Resort Apartment, Ujana Service Apartment, Leisure Farm Resort, Eco Botanic and Eco Nest.

Sited to the south-west of the subject property is Gerbang Nusajaya. This is the 2nd phase under the Master Plan of Iskandar Puteri. It is owned by UEM Sunrise Berhad, the master developer of Iskandar Puteri. The development within this area includes Motorsports City and High-Tech Park.

The proposed High Speed Rail from Kuala Lumpur to Singapore with 7 terminals will be passing through Gerbang Nusajaya. One of the terminals will be located within Gerbang Nusajaya.

The Gelang Patah town centre is the nearest commercial centre for the locality.

5.0 DESCRIPTION OF PROPERTY

The subject lot which forms part of the PTD No 201593 is a piece of trapezoidal-shaped land with a site area of approximately 5.000 acres (2.023 hectares) as stated under the Sale and Purchase Agreement.

It fronts directly onto the Western Coastal Highway and is at the same level with it. There are two unnamed metalled service roads found on the subject land.

Topographically, the subject land has a flat physical terrain at its front section with undulating terrain noted at its rear section.

It has alluvial clay soil.

At the time of our inspection, we have noted that the subject land is overgrown with thick bushes and wild trees.

We have noted that the Melayu River flows a short distance to its east while a drain flows to its immediate south-west.

We have not established the specific boundaries of the subject lot or any encroachment thereon, as there are no obvious physical demarcations on the land.

Appendix B gives the Site Plan with the subject lot (Plot 1A) edged in red. Photographs of the subject property and its surrounding developments are shown in **Appendices C to C9**.

6.0 SERVICES

Public utilities such as water and electricity supplies are available in the locality and can be connected to the subject property upon application.

Public transportation in the form of buses and taxis is available along the main road leading the Western Coastal Highway.

Domestic shopping can be done at the local commercial centres of the nearby housing estates and the Gelang Patah town centre.

The subject property is sited within the jurisdiction of Johor Bahru Tengah Municipal Council which provides the usual public services.

7.0 TOWN PLANNING CONSIDERATION

The master title of the subject property is not designated for any specific use. However, vide the Sale and Purchase Agreement dated September 5 2017, the subject property is to be designated for commercial use particularly for hospital / medical centre and all related facilities and services to support the same.

8.0 MARKET OUTLOOK

The property market in Johor softened further in Quarter 1 of 2017. There were 9,015 transactions recorded worth RM4.73 billion, decreased by 14.5% in volume but increased by 1.4% in term of value over Quarter 4 of 2016.

Residential sub-sector continued to propel the overall market, accounting for 63.1% of the state's property market volume. This was followed by agricultural sub-sector with 22.7%, commercial (7.7%), development land (4.6%) and industrial (1.9%) sub-sectors.

As for the commercial sub-sector in the state of Johor, it accounted for 7.7% of the total number of transaction in the Quarter 1 of 2017. There were 695 transactions recorded worth RM904.85 million in the Quarter 1 of 2017 as compared to the Quarter 4 of 2016 with a recorded 922 transactions worth RM602.75 million. It indicates that the volume of transactions was declined by 24.6% however the value was increased by 50.1% as compared to Quarter 4 of 2016.

In Quarter 1 of 2017, the vacant commercial plot category recorded 43 transactions worth RM129.59 million as compared to the Quarter 4 of 2016 with a recorded 113 transactions worth RM71.70 million in the state of Johor. Its volume was declined by 61.9% however the value of transactions was increased by 80.7% as compared to the previous quarter.

Johor Bahru, one of the districts within the Johor state, its commercial sub-sector had experienced a significant decrease in the volume of transactions in the Quarter 1 of 2017, with a recorded 309 transactions as compared to 409 transactions in the previous quarter. It showed a decrease of 24.4%.

However, the transacted value of the commercial sub-sector in the Quarter 1 of 2017 had rose tremendously with a recorded value of RM645.61 million as compared to the previous quarter with a recorded value of RM373.40 million. It showed an increase of 72.9%.

While for the vacant commercial plot category in the district of Johor Bahru, the transacted volume in the Quarter 1 of 2017 was recorded 8 transactions worth RM91.85 million as compared with Quarter 4 of 2016 with a recorded 13 transactions worth RM31.15 million. It indicates a decrease of 38.5% in the volume of transactions but showed a tremendous increase of 194.9% in term of value.

This significant change in volume and value of transactions in commercial sub-sector in Johor Bahru was mainly due to the effect of the improvement and enhancement of the accessibility and connectivity within Johor Bahru with the completion and operation of several major infrastructures such as the Eastern Dispersal Link, the Southern Link, the Coastal Highway and the Senai-Desaru Highway as well as interchanges. It is also due to the progress of initiatives under Iskandar Malaysia with the delivery and completion of several catalytic developments such as Legoland Theme Park, universities and colleges such as Newcastle University, University of Southampton and Marlborough College Malaysia, Family Indoor Theme Park and Traders Hotel at Puteri Harbour. The strengthened ties and strong collaboration between both the governments of Johor State and Singapore also encouraged more investors from the island state to invest in Iskandar Malaysia.

Where the overall Iskandar Malaysia property market is expected to remain soft in the short term, but is expected to gain strength upon recovery of the regional and national economy. Moreover, the continuing effort in promoting Iskandar Malaysia, rapid development of infrastructure projects i.e. Forest City, Coastal Highway Southern Link, Malaysia-Singapore High Speed Rail, Johor Bahru-Singapore Rapid Transit System, Gemas-Johor Bahru Electrified Double Track Project as well as oil & gas ventures i.e Pengerang Integrated Petroleum Complex (PIPC) in Pengerang is expected to create investment opportunities and encourage property developments in the region.

Others factors are the strong collaboration between the government of Johor and Singapore which encourage the people from the island state to invest in Johor Bahru. The push factors from the state island such as expensive cost of operational and living cost, high land cost and high price of retail space, coupled by the attractive pull factors which were initiated by Iskandar Malaysia.

(Source: Property Market Report Malaysia 1st Quarter of 2017, Property Market Report Malaysia 2016 and KGV International Property Consultants Research)

9.0 METHOD OF VALUATION WE ARE VALUING THE SUBJECT PROPERTY ON THE BASIS THAT IT WILL BE SUBDIVIDED AND ISSUED WITH THE SEPARATE LAND TITLE WITH THE CATEGORY OF LAND USE UNDER "BUILDING" WITH EXPRESSED CONDITIONS STATING THAT IT IS FOR COMMERCIAL USE THAT INCLUDES THE USE OF THE PROPERTY AS HOSPITAL / MEDICAL CENTRE AND ALL RELATED FACILITIES AND SERVICES TO SUPPORT THE SAME AS STATED IN THE SALE NAD PURCHASE AGREEMENT DATED SEPTEMBER 5 2017 AS ATTACHED.

To arrive at our opinion of the present Market Value of the subject property, we adopt the Market Approach/Comparison Approach. Under this approach, the value of the property is determined by comparing it with recent sales and/or listings of similar properties in the vicinity, or if not available within similar localities. As no two properties are often identical, adjustments are then made for differences in factors such as location, physical characteristics and time element. Professional judgment is called upon in interpreting available data and making the adjustments.

The Market Approach/Comparison Approach is the only method used in our valuation as the other methods are not applicable to value the land which is without any approved development.

Our investigations revealed that commercial lands in the locality and comparable localities are currently being transacted/listed from RM836.38 to RM1,345.53 per square meter (RM77.70 to RM125.00 per square foot) depending on its specific location, accessibility, size, shape, physical terrain, the extent of improvement done and planning control among other pertinent factors.

In particular, we have noted that PTD No 203262, a piece of vacant commercial land sited within Iskandar Puteri with a land area of approximately 48,967.0 sq m (527,076.4 sq ft) was transacted on October 18 2016 at RM40,958,000.00 or RM836.38 per sq m (RM77.70 per sq ft).

Lot No 139825 , a piece of vacant commercial land sited within Taman Impian Emas, Johor Bahru with a land area of approximately 15,682.0 sq m (168,799.8 sq ft) was transacted on November 17 2015 at RM20,256,126.00 or RM1,291.71 per sq m (RM120.00 per sq ft).

We have also noted that PTD No 199685, a piece of vacant commercial land sited along Persiaran Alfiat, Iskandar Puteri with a land area of approximately 12,088.8 sq m (130,122.8 sq ft) was transacted on June 23 2015 at RM16,265,875.00 or RM1,345.53 per sq m (RM125.00 per sq ft).


A schedule of the sale comparables is shown in **Appendix D** while the details of valuation working by using Market Approach/Comparison Approach is shown in **Appendix E**. The Location Plan of the sale comparables is attached as **Appendix F**.

11.0 VALUATION

Premised on the foregoing and with due consideration to all other factors relevant to our valuation, we are of the opinion that the present Market Value of the subject property, free from all encumbrances and with vacant possession is **RM21,780,000.00 (RINGGIT MALAYSIA TWENTY ONE MILLION SEVEN HUNDRED AND EIGHTY THOUSAND ONLY).**

Yours faithfully

KGV INTERNATIONAL PROPERTY CONSULTANTS


Sr SAMUEL TAN WEE CHENG FRISM, MPEPS, MMIPPM
B Surveying (Hons) Pty Management
Executive Director
(Registered Valuer V291)

ONG/...
(KGVA 21709016-J)

“IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS / ARE NOT YET OR FULLY REALISED.”

I confirm that neither KGV International Property Consultants nor any of its Directors or employees has any pecuniary interest that could conflict with the proper determination of this Market Value of the subject property. KGV International Property Consultants has considered its independence with reference to RG112 and we confirm that we are independent. We have not previously provided services to AAMG, HD or related parties.

KGV International Property Consultants consents for this report to be referenced within and/or annexed to the Grant Thornton Corporate Finance Independent Experts Report.

The subject property itself was transacted on September 5 2017 at RM2,308,680.00. As the vendor also receives other benefits among other conditions in this transaction, the consideration does not represent the market value of the subject property.

10.0 RECONCILIATION

After adjustments made to the above comparables, we have noted that the adjusted values range from RM100.00 to RM113.00 per square foot. In reconciling our opinion of the market value, we have relied on Comparable 1 as this comparable has significant similarities with the Subject Property in term of location and it is the most recent transaction. As such, the adjusted value for Comparable 1, i.e RM100.00 is adopted as it is fair representation of the market value of the Subject Property.

ANNEXURE I

KGV International
Property Consultants

DATED THE

DAY OF

5 SEP 2017

2017

BETWEEN

**HIS ROYAL HIGHNESS SULTAN IBRAHIM IBNI ALMARHUM SULTAN ISKANDAR, the
SULTAN AND SOVEREIGN RULER OF THE STATE AND TERRITORY OF JOHOR
DARUL TA'ZIM**

["the Vendor"]

AND

**HIPPOCRATES DEVELOPMENT SDN BHD
(COMPANY NO: 1237949-A)**

["the Purchaser"]

SALE AND PURCHASE AGREEMENT

All that piece of vacant land measuring approximately 5 acres being part of the land identified as
HS(D) 564671 PTD 201593, Mukim Pulai, District of Johor Bahru, State of Johor

Prepared by:

Solicitors for the Vendor:

M/S SHAFEE & CO.
Advocates & Solicitors
Chambers Twenty-Five
No. 25, Jalan Tunku
Bukit Tunku
50480 Kuala Lumpur
Tel No: +6(03) 26948377
Fax No: +6(03) 26947307

Solicitors for the Purchaser:

Messrs ZAID IBRAHIM & CO.
Advocates & Solicitors
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Johor Bahru City Square
106-108 Jalan Wong Ah Fook
80000 Johor Bahru
Tel No: +6(07) 226 4999
Fax No: +6(07) 226 3999
[File Ref: 20173000/SPA/SNT/cf]

THIS SALE AND PURCHASE AGREEMENT is made the day and year stated in *Section 1 of the First Schedule*

BETWEEN

- (1) the first party whose name and description are stated in *Section 2 of the First Schedule* (hereinafter referred to as **"the Vendor"**) of the one part;

AND

- (2) the second party whose name and description are stated in *Section 3 of the First Schedule* (hereinafter referred to as **"the Purchaser"**) of the other part.

WHEREAS:

- A. The Vendor is holding all that piece of freehold land described in *Section 1 of the Second Schedule* (hereinafter referred to as **"the Land"**) in its capacity as stated in *Section 3 of the Second Schedule*.
- B. At the request of the Purchaser, the Vendor is in the process of having the Land subdivided such that all that piece of freehold land measuring approximately 5 acres and as more particularly described in *Section 2 of the Second Schedule* and as delineated in red in Annexure A (hereinafter referred to as **"the Property"**) will be issued with a separate land title (**"the Property Title"**) and that the category of land use marked on the Property Title will be **"Building"** and with expressed conditions stating that the Property is for commercial use that includes the use of the Property as a hospital/ medical centre and all related facilities and services to support the same.
- C. The Property is currently not charged to any financial institution and is free from any Encumbrances.
- D. In consideration of the Vendor obtaining issuance of the Property Title as provided for in Recital B above, the Purchaser is desirous of acquiring the Property from the Vendor subject to the terms herein and agrees to construct a hospital/medical centre and all related facilities and services to support the hospital/medical centre thereon and to grant the Vendor naming rights over the hospital/medical centre constructed thereon.
- E. The Vendor has appointed its solicitors, the particulars of which are stated in *Section 4 of the First Schedule* (hereinafter referred to as **"the Vendor's Solicitors"**) to act for the Vendor under this Agreement.
- F. The Purchaser has appointed its solicitors, the particulars of which are stated in *Section 5 of the First Schedule* (hereinafter referred to as **"the Purchaser's Solicitors"**) to act for the Purchaser under this Agreement.



- G. The Vendor is desirous to sell and the Purchaser is desirous to purchase the Property free from any Encumbrances and with vacant possession subject to the terms and conditions hereinafter provided.

NOW IT IS HEREBY AGREED as follows :

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement, unless the context otherwise requires, the following expressions shall have the meaning assigned below:

Consideration Shares	Consideration shares means new ordinary shares in the capital of the Asian American Medical Group Limited (ASX:AJJ) ("AAMG" or "listco") to be transferred by the Purchaser to the Vendor at the amount equivalent to Ringgit Malaysia One Million One Hundred and Twelve Thousand Six Hundred and Sixty (RM1,112,660-00) only credited as fully paid in full satisfaction of the Balance Purchase Consideration.
Development Plans	refers to the appointment of the consultants for the development of the hospital/medical centre by the Purchaser or its nominee.
Encumbrances	means any interest, right of set-off, caveat, prohibitory order, liability, charge, mortgage, pledge, lien, security interest, option, right of preemption, title retention, easement, right of way, registered lease, tenancy, third party right of occupation, preferential right or trust arrangement or other security arrangement or any equity or restriction of any kind or agreement conferring a right to a priority of payment or encumbrance whatsoever and howsoever created or arising but excluding any caveat by the Purchaser.
Month	means a period calculated from a specific day up to and including the day corresponding to that specific day in the subsequent month or, if there shall be no such day in such subsequent month, the first day of the month following such subsequent month.
Purchaser	means the party or parties more particularly described in <i>Section 3 of the First Schedule</i> , and shall include its nominee(s), successors-in-title, heirs, personal representatives and permitted assigns.
Purchaser's Solicitors	means the solicitors described in <i>Section 5 of the First Schedule</i> .

Relevant Authorities	means any governmental or semi-governmental department or statutory body having jurisdiction in respect of the relevant subject matter.
Ringgit Malaysia and "RM"	means the lawful currency of Malaysia.
Unconditional Date	means the date on which all the Conditions Precedent set out in Section 1 of the Fourth Schedule are fulfilled
Vendor	means the party or parties more particularly described in <i>Section 2 of the First Schedule</i> .
Vendor's Solicitors	means the solicitors described in <i>Section 4 of the First Schedule</i> .

1.2 INTERPRETATION

- (a) Words importing the masculine gender include the feminine and neuter genders and vice versa.
- (b) Words importing the singular number include the plural number and vice versa.
- (c) Words applicable to natural persons include any body company corporation or partnership.
- (d) Words denoting an obligation on a person or party to do an act matter or thing include an obligation to procure that it be done and words placing a person or party under a restriction include an obligation not to permit infringement of that restriction.
- (e) Any reference in this Agreement to any provisions of a statute, by-law, rule and regulation shall be construed as a reference to that provision as amended re-enacted or extended at the relevant time.
- (f) A period of time from the happening of an event or the doing of any act or thing shall be deemed to be inclusive of the day on which the event happens or the act or thing is done and if the last day of the period is a Saturday or a Sunday or on a day that is deemed to be a rest day for banks or financial institutions or government agencies in the State of Johor or a public holiday, the period shall include the next following day which is not a Saturday or a Sunday or a day that is deemed to be a rest day for banks or financial institutions or government agencies in the State of Johor or a public holiday.
- (g) Where there are two or more persons included in the expression "the Vendor" or "the Purchaser", the agreements covenants stipulations and undertakings implied or expressed to be made by the Vendor or the Purchaser shall be deemed to be made and be binding on and enforceable by such persons jointly and severally.
- (h) The headings in this Agreement are inserted for convenience only and shall not affect its interpretation.
- (i) The "Special Conditions" annexed to this Agreement, if any, shall form an essential part of this Agreement. Should there be inconsistent or repugnant term or terms, the

term or terms contained in the "Special Conditions" shall prevail.

- (j) The First Schedule, Second Schedule, Third Schedule, Fourth Schedule and Annexure A to this Agreement shall be taken read and construed as an essential part of this Agreement.
- (k) The Vendor and the Purchaser understand, agree and acknowledge that:
 - (i) this Agreement has been freely negotiated by both parties; and
 - (ii) in any controversy, dispute or contest over the meaning, interpretation, validity or enforceability of this Agreement or any of its terms or conditions, there shall be no inference, presumption or conclusion drawn whatsoever against either party by virtue of such party having drafted this Agreement or any part thereof.

2. AGREEMENT

- 2.1 The Vendor agrees to sell and the Purchaser agrees to purchase the Property on an "as-is where is" basis free from all and any Encumbrances and with vacant possession but subject to all conditions and restrictions of title express or implied affecting the Property at the price stated in *Section 1 of the Third Schedule* (hereinafter referred to as "**the Purchase Consideration**") and upon the terms and conditions referred to in this Agreement.
- 2.2 In consideration of the Vendor agreeing to sell the Property at a value of Ringgit Malaysia Ten (RM 10) per square foot, the Purchaser undertakes as follows:
 - 2.2.1 to construct a hospital/medical centre and related facilities/services to support the same on the Property which will provide advanced medical treatment that is not publicly available in Johor, and also to treat deserving residents of Johor or such beneficiaries as may be selected by the Sultan of Johor or the committee set up by the Sultan of Johor to select deserving recipients of such healthcare services;
 - 2.2.2 to enter into the Development Plans for the Property within one (1) year from the date the Property is registered in favour of the Purchaser; and
 - 2.2.3 to pledge a percentage of net profits after tax based on audited financial accounts ("Net Profits") earned by that portion of the medical centre set up for cancer treatment to the Vendor or the Vendor's named beneficiary in accordance with the terms of the Special Conditions set out in the Fourth Schedule attached hereto.
- 2.3 The Vendor shall at the Vendor's cost and expense obtain issuance of the Property Title by the relevant land office and shall at the Vendor's cost and expense ensure the Property Title is endorsed with the name of the Purchaser as the registered proprietor upon issuance of the Property Title.
- 2.4 Further, in consideration of the Vendor agreeing to assist the Purchaser to obtain the approvals necessary to acquire, develop the Property and construct thereon a hospital/ medical centre and related facilities/services to support the same, the Purchaser agrees to grant the Vendor naming rights over the hospital/medical centre constructed thereon Provided Always that such naming rights are to be bound by the prevailing applicable laws and regulations relating thereto.

- 2.5 In the event the Purchaser does not comply with Clause 2.2.2 above, the Vendor may be entitled to deem this Agreement as terminated and upon such an event occurring the parties may claim restitution as a remedy and the Purchaser shall, at the Purchaser's own cost and expense, ensure that the Property is transferred back to the Vendor including endorsing with the name of the Vendor as the registered proprietor and the Vendor shall retransfer the shares issued/transferred to the Purchaser or its nominee
- 2.5.1 In the event the matters stated in Clause 2.5 above becomes applicable, the Purchaser undertakes to indemnify all costs and expenses incurred by the Vendor during the transfer of the Property to the Purchaser at the first instance.
- 2.5.2 For avoidance of doubt, costs and expenses as stated above in Clause 2.5.1 shall include all duties and levies payable such as but not limited to Stamp Duty, Real Property Gains Tax, Income Tax (if applicable), Goods and Services Tax, quit rents, assessments, maintenance, services charges and all other outgoings payable in respect of the Property prior to the restitution.
- 2.5.3 In the event the matters stated in Clause 2.5 above becomes applicable, any monies paid by the Purchaser to the Vendor shall not be refunded.

3. PAYMENT OF PURCHASE CONSIDERATION

- 3.1 The Purchase Consideration shall be wholly satisfied by the Purchaser partly by payment in cash and partly by the allotment and issue/transfer of the Consideration Shares to the Vendor, each Consideration Share to be credited as fully paid up on issue and ranking pari passu in all respects with the existing issued ordinary shares of the listco.
- 3.2 Upon execution of this Agreement, the Purchaser shall pay the sum more particularly stated in *Section 2 of the Third Schedule* (hereinafter referred to as "**the Deposit**") which is payable by the Purchaser to the parties as stated in section 2 of the Third Schedule as deposit and part payment towards the Purchase Consideration.
- 3.3 Subject to the presentation of the Transfer and the Property Title at the relevant Land Registry or Land Office, the Purchaser shall settle the **Balance Purchase Consideration** at the time and in the manner as stated in *Section 4 of the Third Schedule* and as set out herein.
- 3.4 On or before the Completion Date the Purchaser shall cause to be allotted/issued/transferred the Consideration Shares to the Vendor and procure the following to be done and deliver or cause to be delivered to the Vendor:
- 3.4.1 the transfer /issue of the Consideration Shares; and
- 3.4.2 all regulatory approvals required to enable the Vendor to be the registered as registered and beneficial holder of the Consideration Shares; and
- 3.4.2 certified extract of the resolutions or approvals of the Board of Directors or Shareholders' of the listco approving the allotment and issuance of the Consideration Shares to the Vendor.
- 3.5 Unless otherwise agreed, payments of any moneys under this Agreement shall be made either by:

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- (i) cheque drawn by the Purchaser's Solicitors;
- (ii) Banker's Demand Draft;
- (iii) Banker's Cheque or Cashier's Order; or
- (iv) cheque drawn by Licensed Finance Company

PROVIDED that the same shall subsequently be good upon presentation for payment or via Telegraphic Transfer directly to the Client's Account of the Vendor's Solicitors.

- 3.6 All payments made by the Purchaser under this Agreement shall be made directly to the Vendor's Solicitors whose receipt shall be good and sufficient discharge to the Purchaser.

4. DELIVERY OF DOCUMENTS BY THE PURCHASER

- 4.1 If the Purchaser is a body corporate, within FOURTEEN (14) DAYS from the execution of this Agreement, the Purchaser shall deposit with the Purchaser's Solicitors such documents deemed necessary by the Purchaser's Solicitors for the transfer of the Property by the Vendor to the Purchaser:

- (i) three (3) certified true copies by the Purchaser's company secretary the shareholders' resolution, if applicable and the directors' resolution duly and validly passed for entering into this Agreement;
- (ii) three (3) certified true copies by the Purchaser's company secretary the memorandum and articles of association of the Purchaser;
- (iii) two certified true copies by the Purchaser's company secretary the latest form 49, all the existing Form 24 up to date of the Agreement together with a copy each of the duly stamped transfer forms to evince the current shareholders (if there is change of shareholders not as a result of issue of capital and which is not shown in Form 24);
- (iv) the confirmation from the Purchaser's company secretary on the current shareholders and directors of the Purchaser and the nationality of the same; and
- (v) all other relevant documents or notifications lodged pursuant to the Companies Act 2016 necessary and required by the Relevant Authorities to effect the registration of the Transfer at the land registry.

- 4.2 The Purchaser's Solicitors are authorized to forward a certified true copy each of the aforesaid documents to the Vendor's Solicitors.

5. VACANT POSSESSION

- 5.1 The Vendor shall be deemed to have delivered the vacant possession of the Property to the Purchaser on the Unconditional Date in favor of the Purchaser ("Vacant Possession Date").
- 5.2 The Purchaser shall be entitled to receive the rents and profits accruing from the Property as from the Vacant Possession Date.
- 5.3 Risk of the Property shall pass to the Purchaser from the Vacant Possession Date.

6. OUTGOINGS

- 6.1 The Vendor shall before the Vacant Possession Date settle all quit rents, assessments, maintenance, services charges and all other outgoings payable in respect of the Property (hereinafter referred to as "the Outgoings").
- 6.2 The Outgoings for the current year shall be apportioned as between the Vendor and the Purchaser as at the Vacant Possession Date and any sum due by virtue of such apportionment shall be paid or allowed to the party entitled to the same.
- 6.3 The Vendor shall indemnify the Purchaser for any loss or penalty imposed for any late payment by the Vendor of such aforesaid sum or sums incurred for the period prior to the Vacant Possession Date.
- 6.4 All notices by the Relevant Authorities served in respect of the Property up to the Vacant Possession Date shall be complied with by the Vendor.

7. PRIVATE CAVEAT

The Purchaser shall be entitled at the Purchaser's own cost and expense to lodge with the Relevant Authorities a private caveat against any dealings with the Property until the issuance of the Property Title endorsed in favor of the Purchaser PROVIDED THAT the Purchaser shall simultaneous with the execution hereof, deposit with the Purchaser's Solicitors the duly executed Notice of Withdrawal of Private Caveat and the requisite registration fees. In the event that this Agreement is aborted or lawfully terminated or for the purpose of the application for subdivision of the Land and issuance of the Property Title or for the purpose of effecting the registration of the Transfer, the Purchaser's Solicitors shall present the Notice of Withdrawal of Private Caveat for registration at the Relevant Authorities.

8. WARRANTIES BY THE VENDOR

8.1 The Vendor hereby represents and warrants:

- (i) that the Vendor has good title to and is the beneficial owner of the Property and the Vendor has the absolute right to enter into this agreement for the sale of the Property to the Purchaser;
- (ii) that there is no winding up petition pending against the Vendor;
- (iii) that the Vendor has not infringed or defaulted in the observance of any laws, by-laws or regulations relating to the Property which may result in the Purchaser not being able to have full and quiet enjoyment of the Property;
- (iv) there are no court proceedings threatened or instructed against the Vendor or affecting the Land or the Property of which it is aware or ought reasonably be aware of;
- (v) that the Vendor has not entered into any agreement to sell the Property or any part thereof and there are no previous sales or agreements for the sale of the Property or any part thereof which are still subsisting and which have not been validly and lawfully terminated or rescinded;

- (vi) that the Vendor has punctually paid all premiums, quit rent rates taxes, assessment, maintenance/ service charges (if applicable) and all other outgoings payable in respect of or in connection with or arising out of the Property up to date;
- (vii) there are no outstanding notices of any relevant government, quasi-government and or other authority adversely affecting the Property or any part or portion thereof;
- (viii) the sale and purchase herein agreed will confer on the Purchaser a good, clean and undisputed title to the Property;
- (ix) that there are no Encumbrances, charges, private, registrar or prohibitory caveats in relation to or affecting the Property or any part thereof and that the Vendor will not from the date hereof without the prior written consent of the Purchaser execute or cause to be executed any Encumbrances over the Property or any part thereof;
- (x) that the Property does not encroach on any adjoining pieces of land or on any street, road and/or drain reserve and that all public utilities as approved by the local authority are not situated within the boundary of the Property;
- (xi) that the Property Title will be issued with an area measuring approximately 5 acres and with the category of land use as "Building" and the appropriate expressed conditions that support the use of the Property as a hospital or medical centre and all related facilities and services to support the same; and
- (xii) the Vendor further undertakes to indemnify and keep indemnified the Purchaser in the event of any breach of the warranties hereby given.

The Vendor agrees and acknowledges that the Purchaser is entering this Agreement and agreeing to purchase the Property in reliance upon the declarations, representations, warranties and covenants set forth above and the Purchaser may treat the same as conditions of this Agreement and none of the said declarations, representations, warranties and covenants shall be deemed in any way modified or discharged by the completion of the sale and purchase hereunder of the Property. The Vendor shall at all times save harmless and keep indemnified the Purchaser against all actions, proceedings, damages, penalties, costs, claims and demands by reason of or on account of any breach or misrepresentations, warranties and covenants set forth herein.

9. DEFAULT BY PURCHASER

- 9.1 Subject to the terms herein and upon the Conditions Precedent being fulfilled, in the event the Purchaser fails refuses and/or neglects to pay the Balance Purchase Consideration within the time stipulated in **Section 4 of the Third Schedule**, or to complete the purchase of the Property and/or commits any breach of the terms and conditions contained in this Agreement or fails to perform or observe all or any of the Purchaser's covenants under this Agreement which are material to the completion of this transaction, the Vendor shall be entitled to terminate this Agreement and forfeit as sum equivalent to the Deposit stipulated in **Section 2 of the Third Schedule** hereto, as agreed liquidated damages and the Vendor shall forthwith return free of interest to the Purchaser any other sums or consideration paid by the Purchaser to the Vendor towards the account of the Purchase Consideration within **fourteen (14) days** from the date of receipt by the Purchaser of the Vendor's notice to terminate the Agreement. The Purchaser and the Purchaser's Solicitors shall forthwith notify the Inland Revenue of the

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termination of the Agreement and authorise and confirm refund/release of the RPGT Retention Sum to the Vendor who is entitled to forfeit the same. In simultaneous exchange of the refund, the Purchaser shall forthwith:-

- (a) withdraw any private caveat or encumbrance lodged by the Purchaser on the Title (if any);
- (b) where applicable, re-deliver to the Vendor vacant possession of the Property; and
- (c) return any documents evidencing Vendor's rights on the said Property to the Vendor in their original state and condition and with Vendor's rights thereto remaining intact (if the same or any have been delivered to the Purchaser's Solicitors or the Purchaser's Financier's solicitors) and in the event the Transfer has been presented for registration the Purchaser shall re-transfer the Property to the Vendor free from encumbrances at the Purchaser's cost and expense

and thereafter this Agreement shall be null and void and be of no further force or effect and neither party hereto shall have any claim against the other save for any antecedent breach of this Agreement.

10. DEFAULT BY VENDOR

10.1 Subject to the terms herein, in the event the Vendor fails, neglects and/or refuses to sell the said Property to the Purchaser within the time frames stipulated in this Agreement or fails to complete the sale of the Property and/or commits any breach of the terms and conditions contained in this Agreement or fails to perform or observe all or any of the Vendor's covenants in this Agreement which are material to the completion of this transaction, without prejudice to any other rights or remedies conferred upon the Purchaser whether by law or otherwise, the Purchaser shall be entitled to the remedy at law of specific performance against the Vendor OR at the Purchaser's option, terminate this Agreement by giving a notice in writing to the Vendor whereupon the Vendor shall refund, free of interests, within fourteen (14) days of the Vendor's receipt of notice of termination from the Purchaser, all sums already paid by the Purchaser pursuant to this Agreement, including the Deposit less the RPGT Retention Sum (the Purchaser and the Purchaser's Solicitors shall notify the Inland Revenue of the termination of the SPA and obtain a refund of the RPGT Retention Sum in favour of the Purchaser) and further pay a sum equivalent to the Deposit to the Purchaser as agreed liquidated damages. In simultaneous exchange of the refund, the Purchaser shall forthwith:-

- (a) withdraw any private caveat or encumbrances lodged by the Purchaser or the Financier on the Title (if any);
- (b) if applicable, redeliver vacant possession of the said Property to the Vendor (if vacant possession has been delivered earlier to the Purchaser); and
- (c) return any documents evidencing Vendor's rights on the said Property to the Vendor in their original state and condition and with Vendor's rights thereto remaining intact (if the same or any have been delivered to the Purchaser's Solicitors or the Purchaser's Financier's Solicitors),

and thereafter this Agreement shall be null and void and be of no further force or effect and neither party hereto shall have any claim against the other save for any antecedent breach of this Agreement.

11. STATE AND CONDITION OF PROPERTY

- 11.1 Within fourteen (14) days from the date of this Agreement the Vendor shall at its own cost and expense appoint the firm of licensed surveyors (nominated by the Purchaser) to conduct a survey of the Property and to demarcate the boundary with boundary stones (or in a manner acceptable to the Purchaser) and extend to the Purchaser a copy of the results of the said survey. The Vendor shall thereafter issue a written confirmation to verify that the land area and boundary of the Property is as marked on the Property Title and that the Property does not encroach onto any adjoining lands or parts thereof or areas reserved for public infrastructure and utilities. In the event the boundary to the Property has already been demarcated and a survey report done previously by the Vendor, the Purchaser shall accept the same upon verification of the above by the Vendor.
- 11.2 If the position, measurement, boundaries and/or area of the Property shown in Annexure A or in this Agreement shall be different than the actual physical measurement of the Property or as shown in the Property Title when issued and the difference does not exceed 5% of the total expected area of 5 acres (217, 800 square feet) no discrepancy or inaccuracy shall annul the sale herein except that the Purchase Price shall be adjusted accordingly at the rate RM 10 per square foot calculated on the difference between the area as herein set out AND the area as stated in the Property Title Provided Always that a fraction of a square foot shall be deemed to be one (1) square foot.
- 11.3 Any payment resulting from the adjustment and required to be paid by the party concerned shall be so paid within fourteen (14) days from the date of issuance by the Appropriate Authority of the Property Title.
- 11.4 If the difference in the area of the Property on the Property Title is in excess of 5% and the Purchaser is unable to proceed with the Development Plans the Purchaser shall have the discretion to rescind this Agreement.

12. GOVERNMENT ACQUISITION

- 12.1 The Vendor hereby warrants that as at the date of this Agreement, the Government has neither acquired nor taken any step for the acquisition of the Property of any portion thereof.
- 12.2 If after the date of this Agreement but prior to the endorsement of the Property Title in the name of the Purchaser :
 - (a) the Property is acquired or subjected to an intended acquisition by the Relevant Authorities; or
 - (b) any notification or declaration pursuant to the Land Acquisition Act 1960 or any amendment therein be published;

the Vendor shall immediately give notice in writing to the Purchaser of such notification or declaration and the Purchaser shall be entitled at his discretion by notice in writing to the Vendor either:-

- (i) to continue with the sale and purchase herein whereupon such event the Vendor shall notify the acquiring authority concerned of the Purchaser's interest in the Property and this Agreement subject to the Purchaser's due compliance with the terms of this Agreement and the full payment of the Purchase Consideration to the Vendor, the Purchaser shall be entitled to appear at and attend, either in the name of the Vendor or in the name of the Purchaser, any enquiry or hearing held by the acquiring authority for the purposes of determining the amount of the compensation monies payable and to receive all compensation monies. Any compensation monies received by the Vendor shall be held in trust for the Purchaser and shall be paid over to the Purchaser forthwith upon demand being made by the Purchaser; or
- (ii) the Purchaser shall be entitled to terminate this Agreement by serving notice on the Vendor whereupon the Vendor shall immediately refund free of interest to the Purchaser all sums paid by the Purchaser herein and this Agreement shall henceforth for all purposes be deemed to be terminated.

13. TAXES

13.1 REAL PROPERTY GAINS TAX

- (a) The Parties hereby expressly agree, covenant and undertake with each other that the Parties shall individually and at their own respective costs file their respective returns to the Director-General of Inland Revenue (herein be referred to as the "DGIR") in connection with their respective disposal and acquisition of the Property within sixty (60) days from the date the State Authority Consent as referred to in Section 1.1 (ii) of the Fourth Schedule is obtained.
- (b) The Parties hereto understand and acknowledge that pursuant to Real Property Gains Tax Act 1976, the Purchaser is required by law to deduct a sum equivalent to three per centum (3%) of the Purchase Consideration and pay the same to the DGIR towards payment of the Real Property Gains Tax (hereinafter referred to as the "RPGT Retention Sum") and the Parties hereto authorise the Purchaser's Solicitors to pay the RPGT Retention Sum to the DGIR from the sums held by the Purchaser's Solicitors as stakeholders pursuant to Clause 3.1 above and thereafter forward to the Vendor's Solicitors a copy of the receipt pertaining to the payment of the Retention Sum to enable the Vendor to file CKHT 1A form within the time period stipulated. In the event the Vendor's Solicitors confirm to the Purchaser's Solicitors in writing that the Vendor as the Sultan and sovereign Ruler of the state and territory of Johor Darul Takzim is exempted from payment of Real Property Gains Tax, the Purchaser and the Purchaser's Solicitors will not be required by law to deduct the RPGT Retention Sum as stated above.
- (c) The Vendor hereby agrees to indemnify and keep the Purchaser fully indemnified against all actions, proceedings, prosecutions, claims, demands, costs, damages, losses, fines or penalties which may be brought made or levied against or suffered by the Purchaser as a result of the Vendor's non-compliance, if any, with any of the provisions of this clause and/or the Act including but not limited to the Vendor's default or delay in the payment of the RPGT payable by the Vendor for the disposal of the Property to the Purchaser herein (except the Purchaser's delay in payment of the RPGT Retention Sum to the DGIR).

- (d) The Purchaser hereby agrees to indemnify and keep the Vendor fully indemnified against all actions, proceedings, prosecutions, claims, demands, costs, damages, losses, fines or penalties which may be brought made or levied against or suffered by the Vendor as a result of the Purchaser's late payment of the RPGT Retention Sum as provided for above.
- (e) The Parties shall within fourteen (14) days from the date of this Agreement provide each other income tax reference number and the branch of Inland Revenue Board at which the file is maintained to their respective solicitors in writing.
- (f) The Parties hereby covenant and agree with each other that they shall also comply with all necessary directives that may be issued by the DGIR. For this purpose, each Party will, within seven (7) days from a written request being made, furnish to the other Party the relevant details necessary for the submission of the return forms.
- (g) In the event it is assessed that:-
- (i) the RPGT payable is less than the RPGT Retention Sum and if and where the DGIR refunds the excess to the Purchaser or the Purchaser's Solicitors, the Purchaser hereby irrevocably agrees and covenants with and undertakes to the Vendor to immediately return or procure to be returned to the Vendor all such excess refunded by the DGIR unless this Agreement is terminated or rescinded for any reason whatsoever; or
 - (ii) the RPGT payable is more than the RPGT Retention Sum, the Vendor shall within thirty (30) days pay any such shortfall to the DGIR upon its receipt of the Notice of Assessment from the DGIR.
- (h) For the purpose of clarification and for the avoidance of doubt, the refund by the Vendor to the Purchaser of the Deposit and all other monies paid by the Purchaser towards the account of the Purchase Consideration, in the event of termination pursuant to the provision of this Agreement, shall:-
- (i) in the event that the RPGT Retention Sum has been paid to the DGIR in accordance with Clause 13.1(b) hereof, include an amount equivalent to the Retention Sum. The Vendor shall forthwith within fourteen (14) days after the termination of this Agreement write to the DGIR for the refund of the Retention Sum and furnish a copy of the same to the Purchaser for record purposes and thereafter the Vendor shall be entitled to the refund from the DGIR; or
 - (ii) in the event that the RPGT Retention Sum is yet to be paid to the DGIR in accordance with Clause 13.1(b) hereof, exclude an amount equivalent to the Retention Sum and the Purchaser's Solicitors are hereby authorised by the Parties hereto to release the RPGT Retention Sum (free of interest) to the Purchaser.

13.2 GOODS AND SERVICES TAX

- 13.2.1 The Purchase Consideration of RM2,178,000-00 is exclusive of the Goods and Services Tax ("GST") sum and the Purchaser agrees and shall pay the GST payable on the Purchase Consideration of RM2,178,000-00 Provided the Vendor is a registered person/entity within

the meaning of the Goods and Services Tax Act 2014. If applicable, any and all tax imposed on the purchase of the Property herein by the relevant authorities pursuant to the Goods and Services Tax Act 2014 shall be paid by the Purchaser. The Vendor's Solicitors shall confirm within seven (7) days from the date of this Agreement as to whether GST is payable on this transaction. If GST is payable, the Purchaser hereby undertakes to indemnify and keep the Vendor indemnified in respect of any loss, penalties, claims or expenses incurred as a result of the Purchaser's default in payment of the GST or any part thereof in the event GST is payable in respect of this transaction.

- 13.2.2 Upon receipt of notification from the Vendor or the Vendor's Solicitors and a tax compliant invoice issued by the Vendor, the Purchaser shall make payment of the GST and the Vendor shall pay and discharge the GST to the relevant authorities within the stipulated period. The Vendor shall indemnify and at all times keep the Purchaser indemnified against all claims action proceedings suits demands losses damages expenses and costs which may be taken against, sustained or incurred by the Purchaser by reason or arising from the failure of the Vendor to fully discharge and pay all taxes pursuant thereto.
- 13.2.3 The parties shall endeavor to do everything required under the Goods and Services Tax Act 2014 to enable or assist the other party to claim or verify any input tax credit, set off, rebate or refund in respect of any GST paid or payable in connection with the sale and purchase under this Agreement.
- 13.2.4 For the avoidance of doubt, it shall not be the responsibility of the parties' solicitors to collect or remit the GST payable to the Relevant Authorities.

14. ENTIRE AGREEMENT

This Agreement sets out the entire agreement and understanding between the parties and supersedes and cancels in all respects all previous agreements and undertakings, if any between the parties with respect to the subject matter. No variation of this Agreement of whatever nature shall be made or purported to be made by any party or parties (nor shall any variation or purported variation be valid or enforceable) unless the same is in writing and duly agreed to and executed by all the parties concerned.

15. COSTS

- 15.1 Each party shall pay its own solicitors' costs.
- 15.2 The Purchaser shall bear all the stamp duty on this Agreement.

16. WAIVER OR INDULGENCE

Delay in exercising or omission to exercise any right power or remedy accruing to either party or knowledge or acquiescence by the party concerned of any breach of any of the conditions or covenants or any indulgence given by the party concerned shall not affect impair or prejudice any such right power or remedy or to be construed as a waiver of such conditions or covenants or any of them and notwithstanding such knowledge or acquiescence or indulgence given the party concerned shall be entitled to exercise his rights under this Agreement and to require strict performance by the other of the terms and conditions and the party concerned

shall not be liable to the other in any manner whatsoever for not enforcing any of his rights hereunder.

17. SEVERABILITY

If any term and condition herein contained is declared by any judicial or other competent authority to be void, illegal or otherwise unenforceable, the remaining provisions of this Agreement shall remain in full force and effect. The parties shall amend that provision in such reasonable manner as to achieve the intentions of the parties without illegality or where it is not practicable to do so that provision shall be severed from this Agreement.

18. TIME

18.1 Time wherever mentioned shall be of the essence of this Agreement.

18.2 Whenever a time frame is specified for the Vendor to perform an act herein and if there is a delay in doing so, then the time delayed from the day following the expiry of the stipulated time frame to perform, to the date of actual performance by the Vendor, shall be deemed to be time extended in favour of the Purchaser and no interest shall be chargeable on the Purchaser for the delayed period.

19. SUCCESSORS IN TITLE

19.1 This Agreement shall be binding upon the heirs, personal representatives, assigns and successors-in-title, as the case may be, of the respective parties.

19.2 The Purchaser may nominate a third party as the transferee under the Transfer ("nominee"),

PROVIDED ALWAYS that:

- (a) notice in writing is given by the Purchaser to the Vendor of such intention as soon as reasonably practical after the execution of this Agreement;
- (a) the Purchaser shall furnish to the Vendor a copy all relevant corporate documents in respect of the nominee company; and
- (b) the Purchaser and its nominee shall be responsible in full in respect of all fees, charges and taxes which may be chargeable by the Appropriate Authorities for such arrangements and shall indemnify the Vendor in full from and against any expense loss damage claim or liability which the Vendor may incur sustain or suffer as the consequence of such nomination by the Purchaser prior to registration of the Transfer.

20. LAW AND JURISDICTION

This Agreement shall be governed by and construed in all respects in accordance with the laws of Malaysia and the parties shall submit to the jurisdiction of the Courts of Malaysia.

*Sale And Purchase Agreement between
HRH and HDSD*

21. NOTICE

21.1 Any notice requested or demand to be given under this Agreement;

- (a) shall be in writing; and
- (b) shall be sufficiently served or deemed to be served on the respective parties to the address mentioned in this Agreement or last known address of the parties if delivered or forwarded :
 - (i) by hand, on the date of delivery;
 - (ii) by prepaid registered post (not AR registered post), on the third (3rd) day after posting;
 - (iii) by facsimile transmission, immediately upon transmission with facsimile confirmed transmission slip.

21.2 Any change of address by either party shall be communicated to the other in writing. Nothing done in reliance of Clause 21.1 shall be affected or prejudiced by any subsequent change in the address over which the other party has no actual knowledge of at the time the act or thing was done or carried out.

22. SPECIAL CONDITIONS

IT IS HEREBY EXPRESSLY AGREED BY THE PARTIES HEREOF THAT THE "SPECIAL CONDITIONS" UNDER FOURTH SCHEDULE SHALL FORM PART OF THIS AGREEMENT and that should there be any inconsistent or repugnant term or terms, the term or terms contained and inserted in the "SPECIAL CONDITIONS" herein referred shall prevail over the same contained in Clause 1 to Clause 21 inclusive aforesaid

[The remainder of this page is intentionally left blank]

FIRST SCHEDULE

SECTION	ITEM	PARTICULARS
1.	Date of this Agreement	5 SEP 2017
2.	Vendor's name and description Registered Address	HIS ROYAL HIGHNESS SULTAN IBRAHIM IBNI ALMARHUM SULTAN ISKANDAR, the SULTAN AND SOVEREIGN RULER OF THE STATE AND TERRITORY OF JOHOR DARUL TA'ZIM Istana Bukit Pelangi
3.	Purchaser's name and description Address	Hippocrates Development Sdn Bhd (COMPANY NO: 1237949-A) Level 19-1, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Wilayah Persekutuan Kuala Lumpur
4.	Description of the Vendor's Solicitors	M/S SHAFEE & CO. Advocates & Solicitors Chambers Twenty-Five No. 25, Jalan Tunku Bukit Tunku 50480 Kuala Lumpur
5.	Description of the Purchaser's Solicitors	M/S ZAID IBRAHIM & CO. Advocates & Solicitors Suite 31-01, Level 31 Johor Bahru City Square 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim

*Sale And Purchase Agreement between
HRH and HDSD*

SECOND SCHEDULE

SECTION	ITEM	PARTICULARS
1.	Description of the Land	All that piece of vacant land measuring approximately 9.5397 hectares identified as HS(D) 564671 PTD 201593, Mukim Pulai, District of Johor Bahru, State of Johor.
2.	Description of the Property	All that piece of vacant land measuring approximately 5 acres being part of the land identified as HS(D) 564671 PTD 201593, Mukim Pulai, District of Johor Bahru, State of Johor and as more particularly delineated in red in the layout plan attached hereto as Annexure A.
3.	Capacity of the Vendor	Beneficial Owner with absolute right to deal with and dispose of the Property.

*Sale And Purchase Agreement between
HRH and HDSD*

THIRD SCHEDULE

SECTION	ITEM	PARTICULARS
1.	Purchase Consideration	Ringgit Malaysia Two Million Three Hundred And Eight Thousand Six Hundred and Eighty (RM2,308,680-00) only consisting of the purchase consideration of Ringgit Malaysia Two Million One Hundred Seventy Eight Thousand (RM2,178,000-00) Only (referred to in this Agreement as the "Purchase Consideration") and GST in the sum of Ringgit Malaysia One Hundred Thirty Thousand Six Hundred And Eighty (RM130,680-00) Only .
2.	Deposit	A sum equivalent to Ringgit Malaysia One Million Sixty Five Thousand Three Hundred And Forty (RM1,065,340-00) only and shall be paid upon the execution of this Agreement as follows:- (i) a sum equivalent to 3% of the Purchase Consideration being RM65,340-00 to the Purchaser's Solicitors upon execution of this Agreement ("the RPGT Retention Sum"); and (ii) a sum of RM1,000,000-00 to be paid to the Vendor on 30 November 2017 or upon fulfilment of the Conditions Precedent referred to in the Fourth Schedule whichever is the earlier
3.	Balance Purchase Consideration	Ringgit Malaysia One Million One Hundred Twelve Six Hundred And Sixty (1,112,660-00) Only
4.	Schedule of Payment of Balance Purchase Consideration	The Balance Purchase Price shall be paid to the Vendor within six (6) months from the date the Property Title is duly registered in favor of the Purchaser subject to an extension of time to be mutually agreed between the parties if required by the Purchaser. The Property is deemed to be duly registered in favor of the Purchaser upon the Purchaser's Solicitors receiving the Property Title duly endorsed in the name of the Purchaser from the Vendor's Solicitors.

FOURTH SCHEDULE

SPECIAL CONDITIONS

SECTION 1 CONDITIONS PRECEDENT

- 1.1 The Vendor and the Purchaser further acknowledge and confirm that the sale and purchase of the Property shall be conditional and subject to the following conditions precedent (collectively herein referred to as the “**Conditions Precedent**” and individually as the “**Condition Precedent**”) within **SIX (6) MONTHS** from the date of this Agreement (hereinafter referred to as “**the Condition Period**”):
- (i) The Property Title is to be issued and registered in the name of the Purchaser as the registered proprietor with a category of land use marked as “**Building**” and with expressed conditions stating that the Property is for commercial use that includes the use of the Property as a hospital/medical centre and all related facilities and services to support the same and a certified true copy of the Property Title duly endorsed in the name of the Vendor is to be forwarded to the Purchaser’s Solicitors; and
 - (ii) the Purchaser shall conduct at Purchaser’s cost and expense, soil testing on the Property and due diligence to determine the available infrastructure in the surrounding area and any other due diligence deemed relevant by the Purchaser’s consultants to ascertain suitability of the Property for the purposes stated in Recital B of this Agreement to the satisfaction of the Purchaser.
- 1.2 In the event the Conditions Precedents cannot be complied with or are not obtained or are rejected or with regard to item 1.1 (ii) above the Purchaser is unable to proceed with the development as proposed in Recital B above based on the findings of the due diligence conducted by the Purchaser before the expiry of the Condition Period, the Purchaser shall have the option to:
- (a) terminate the purchase of the Property and upon the notice to terminate given by the Vendor and the Vendor shall refund the Deposit to the Purchaser together with all interest accruing thereafter within **FOURTEEN (14) WORKING DAYS** from the date of receipt of such notice and thereafter neither party shall have any claim in whatsoever manner against the other party; or
 - (b) extend time(s) for the fulfillment of Conditions Precedent for a period of not less than **THREE (3) months** (“**Extended Condition Period**”) In the event the Conditions Precedent are not obtained or cannot be fulfilled on or before the said extended period(s) or further extended period(s) as may be mutually agreed by the parties, the purchase of the Property shall be deemed to be mutually terminated and the Deposit shall be refunded by the Vendor to the Purchaser together with all interest accruing thereafter within **FOURTEEN (14) WORKING DAYS** from the date of receipt of such notice and thereafter neither party shall have any claim in whatsoever manner against the other party.
- 1.3 (a) In the event the Conditions Precedent are fulfilled within the Condition Period or the

- 1.3 (a) In the event the Conditions Precedent are fulfilled within the Condition Period or the Extended Condition Period, as the case may be, but is subject to any condition(s) save and except for the usual conditions as stipulated in the guidelines of the land registry or the Relevant Authorities, the Purchaser shall immediately after its receipt inform the Vendor of the same in writing. Unless the Purchaser shall have notified the Vendor in writing of its non-acceptance of any of the conditions(s) within FOURTEEN (14) DAYS from the date of notification of the same by the Purchaser, the Purchaser shall for all purposes be deemed to have irrevocably accepted all such condition(s), and this Agreement shall become unconditional.
- (b) If, within FOURTEEN (14) DAYS from the receipt of the conditional approval as aforesaid, the Purchaser has informed the Vendor in writing of its non-acceptance of any of the condition(s) attached to such approval, this Agreement shall remain conditional. The Purchaser shall appeal to the Relevant Authorities to withdraw, vary or amend such unacceptable condition(s). At the expiry of the Extended Condition Period whether the Purchaser's appeal has been made to or dealt with or responded by the Relevant Authorities, the Purchaser shall decide whether to accept all the conditions of such approval, and shall forthwith inform the Vendor in writing of its decision.
- (c) If the Purchaser notifies that it accepts all the condition of such approval as aforesaid, this Agreement shall become unconditional. On the other hand, if the Purchaser notifies that it does not accept any of the condition(s) of such approval, then this Agreement shall be deemed to be mutually terminated. All monies paid by the Purchaser shall be refunded to the Purchaser together with interest accruing thereon within FOURTEEN (14) DAYS from the date of receipt of such notice, thereafter neither party shall have any claim in whatsoever manner against the other party.

SECTION 2 PLEDGE OF PROFITS

- 2.1 The Purchaser pledges that the Purchaser will ensure a percentage of the Net Profits earned by entity operating that portion of the medical centre set up specifically for cancer treatment ("Cancer Centre") will be paid to the Vendor or the Vendor's named beneficiary ("nominated entity") for a period of ten [10] years commencing from the date the Cancer Centre is fully operational as follows:
- a) in the event the Net Profits of the Cancer Centre for the respective financial year is less than Ringgit Malaysia Ten Million (RM10,000,000-00), the Purchaser shall ensure that ten per centum (10%) of the Net Profits is paid to the nominated entity;
- b) in the event the Net Profits of the Cancer Centre for the respective financial year exceeds Ringgit Malaysia Ten Million (RM10,000,000-00) but is less than Ringgit Malaysia Thirty Five Million (RM35,000,000-00), in addition to the amount in (a) above, the Purchaser shall ensure an additional two per centum (2%) of the Net Profits for every additional Ringgit Malaysia Five Million (RM5,000,000-00) Net Profits is paid to the nominated entity; and
- c) in the event the Net Profits of the Cancer Centre for the respective financial year exceeds Ringgit Malaysia Thirty Five Million (RM35,000,000-00) the Purchaser shall ensure a total of twenty per centum (20%) of the Net Profits is paid to the nominated entity.

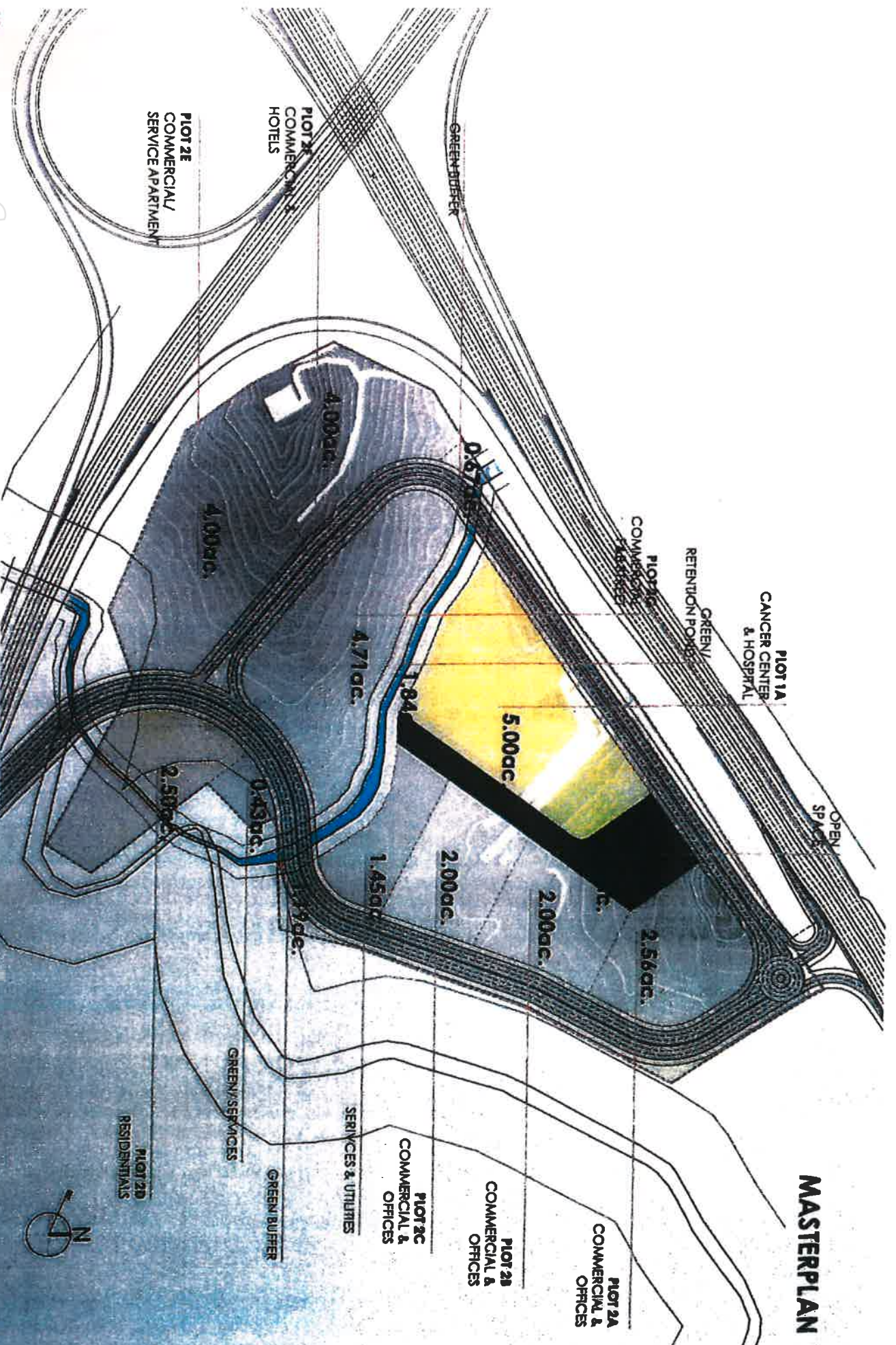
*Sale And Purchase Agreement between
HRH and HDSD*

- 2.2 The Net Profits of the Cancer Centre shall be determined based on the audited financial statement of the Cancer Centre as prepared at the direction of the Board of Directors for the Cancer Centre.

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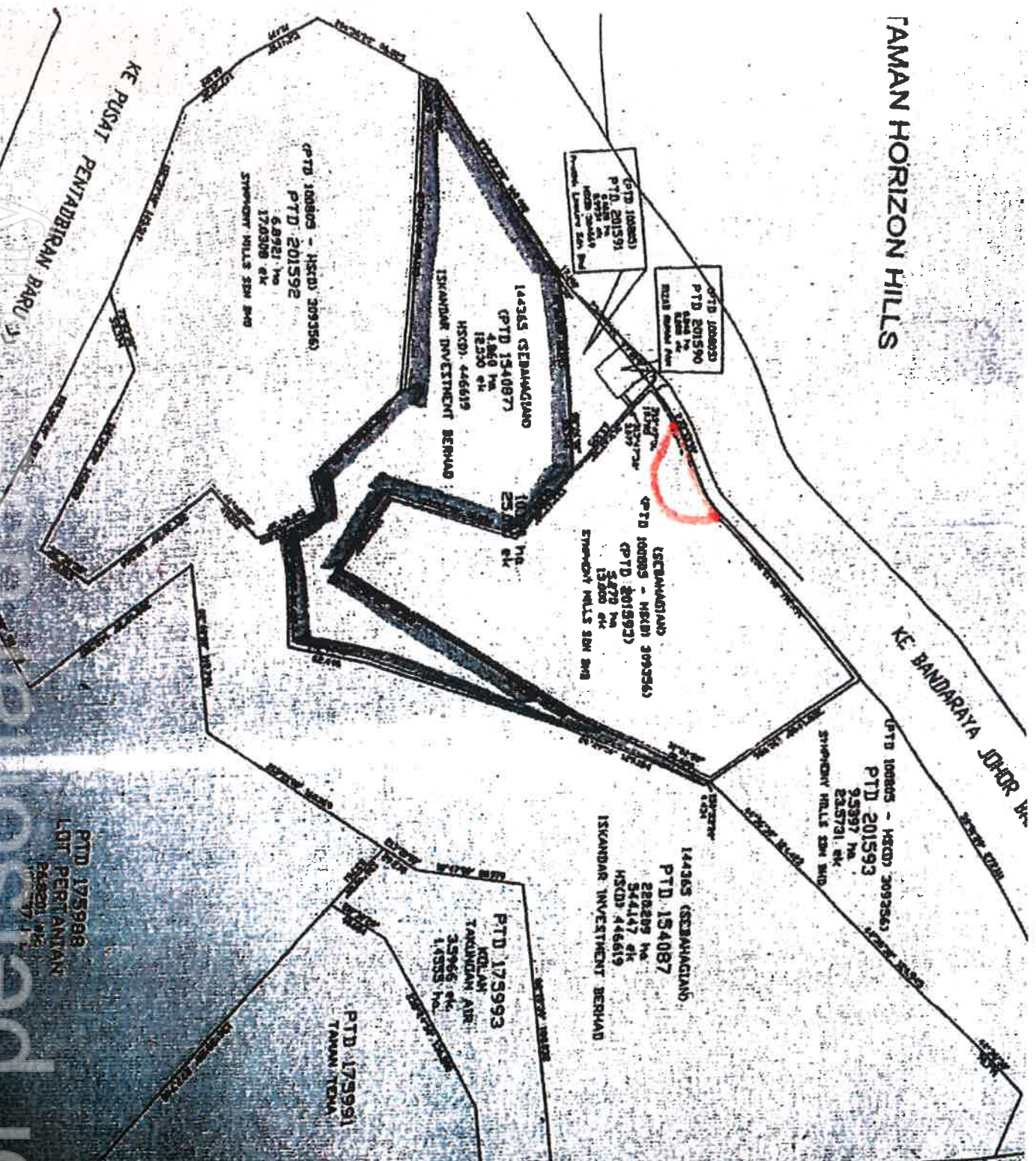
ANNEXURE A

MASTERPLAN



THE NORTH GATE WHEN ISSUED 10/1/11

TAMAN HORIZON HILLS



PELABAT TANAH JOHOR BAHRU

- ☐ PTID 100805 - HSCD 3093563
- ☐ PTID 201590
- ☐ PTID 100805 - HSCD 3093563
- ☐ PTID 201593
- ☐ PTID 154087
- ☐ PTID 175993
- ☐ PTID 175991

PTID 175998
LOT PERTANIAN
5.982 ha
17.0308 ek

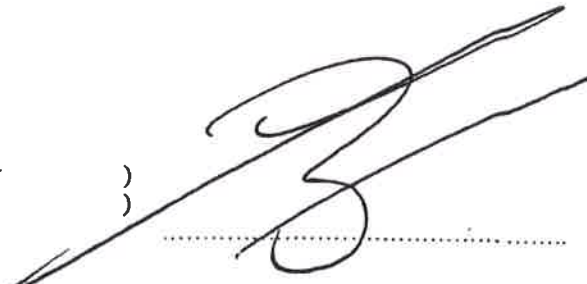

Processed by JOF

*Sale And Purchase Agreement between
HRH and HDSD*

IN WITNESS WHEREOF the parties have hereunto set their hands the day and year first above written.

THE VENDOR

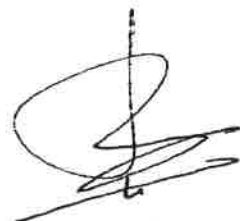
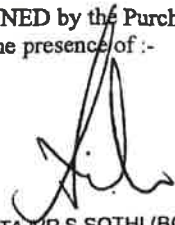
SIGNED by the Vendor
in the presence of :-

)
)



MUHAMMAD FARHAN MUHAMMAD SHAFEE (BCM/2784)
Advocate & Solicitor
Kuala Lumpur

THE PURCHASER

SIGNED by the Purchaser
in the presence of :-

)
)


SUNITA A/P S SOTHI (BC/S/321)
ADVOCATE & SOLICITOR
JOHOR BAHRU

Annexure II

Particulars of Master Title Document

Property	PTD No 201593 Mukim of Pulai District of Johor Bahru State of Johor Darul Takzim
Title	HS(D) No 564671
Interest	Freehold
Land Area	95,394.8 sq m (1,026,854.7 sq ft) or 9.540 hectares (23.573 acres)
Annual Rent	RM450.00 per annum
Category of Land Use	Nil
Registered Proprietor	SYMPHONY HILLS SDN.BHD.

Note:

Vide a copy of the Sale and Purchase Agreement dated September 5 2017, part of the master title with a land area of approximately 2.023 hectares (5.000 acres) which forms the subject property (Plot 1A) was sold to HIPPOCRATES DEVELOPMENT SDN BHD.

Express Conditions

Nil

Restriction-in-Interest

The land alienated cannot be disposed, charged, leased or transferred by using any ways, including by using sale and purchase agreement in order to dispose the land without consent from the State Authority.

Encumbrances

The subject property is presently free from any legal encumbrances.

Other Endorsement

“Approval to surrender part of the land” of approximately 5.270 hectares and the annual rent was revised to RM225.00 vide Presentation No 4924/2017 dated July 30 2017.

Note :

For our valuation purpose, the above particulars are deemed to be correct. However, we recommend that they are verified and confirmed by a solicitor.

ANNEXURE II (a)
CATATAN CARIAN PERSENDIRIAN

KGV International
Property Consultants

Jenis dan No. Hakmilik : HSD 564671	Nombor Lot / PT : PTD 201593
Bandar/Pekan/Mukim : Mukim Pulau	Tempat :
Keluasan : 9.5397 Hektar	Daerah : Johor Bahru
Nombor Syit Piawai : 70 A II	No.Permohonan Ukur : Tiada
Taraf Pegangan : Selama-lamanya (Selama-lamanya atau Pajakan)	Tarikh Luput Pajakan : (Jika Berkenaan)
Tarikh Daftar : 2 Mei 2016	Cukai Tanah : RM450.00

Kategori Kegunaan Tanah : **Tiada**
Syarat Nyata : **Tiada**
Sekatan Kepentingan : **Tanah yang dikurniakan ini tidak boleh dijual, dicagar, digadai, dipajak atau dipindahmilik dengan apa cara sekalipun, termasuk dengan cara menggunakan segala surat perjanjian yang bertujuan untuk melepaskan/menjual tanah ini tanpa kebenaran Penguasa Negeri.**

Rekod Ketuanpunyaan :

SYMPHONY HILLS SDN. BHD. , No. Syarikat : 347800-M
1/1 bahagian
TINGKAT 14, MENARA 2, FABER TOWERS, JALAN DESA BAHAGIA TAMAN DESA, OFF JALAN KLANG
LAMA 58100 Wilayah Persekutuan KL

Rekod Urusan Dan Lain-lain :

Nombor Perserahan : 4924/2017 Kelulusan serahbalik sebahagian tanah

keatas No Pers /

seluas lebih kurang 5.270 Hektar dan cukai dipinda kepada **RM225.00**

didaftarkan pada 30

Julai 2017 jam 12:16:32 petang

(No. Rujukan Fail : **PTG02/03/02/1500/0011/2017/0257/2017**)

Urusan-urusan dalam Perserahan yang belum didaftarkan : **Tiada**

Urusan-urusan dalam Perserahan yang digantung : **0**

Hakmilik : **010203HSD00564671**
Mukasurat : **1 [2]**
Tarikh : **28 / 09 / 2017**

Perkara lain yang melibatkan hakmilik :

Tiada

Dikeluarkan pada : 1:01:32 petang

Tarikh : 28 September 2017

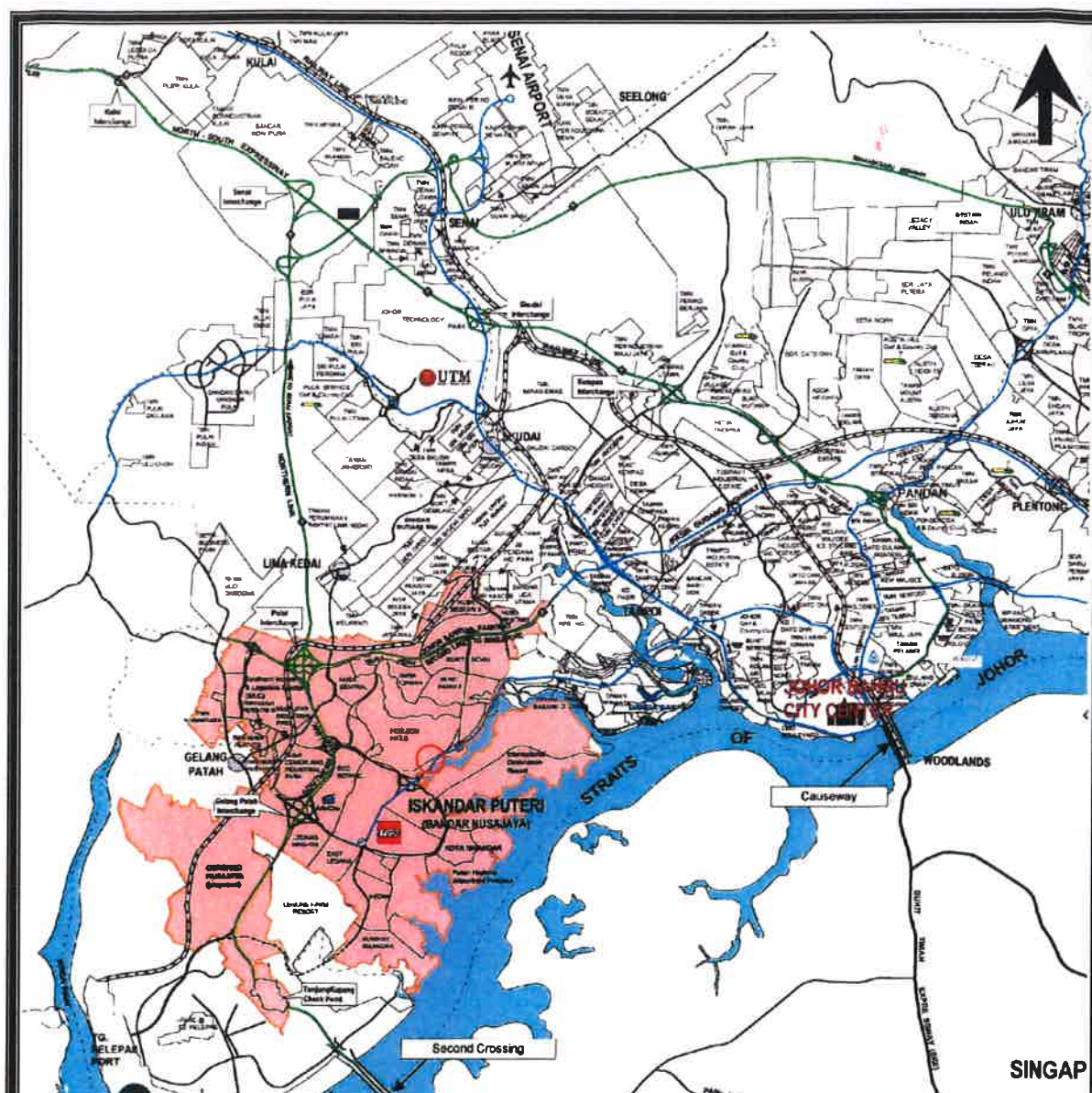
Bayaran dijelaskan : RM 200.00

Nombor Resit : 20172809BS138

(Carian Persendirian Hakmilik ini tidak sah bagi sebarang kegunaan rasmi)

Hakmilik : 010203HSD00564671
Mukasurat : 2 [2]
Tarikh : 28 / 09 / 2017

APPENDIX A



LOCATION PLAN

KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD
Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers,
International Property Consultants, Real Estate Agents.

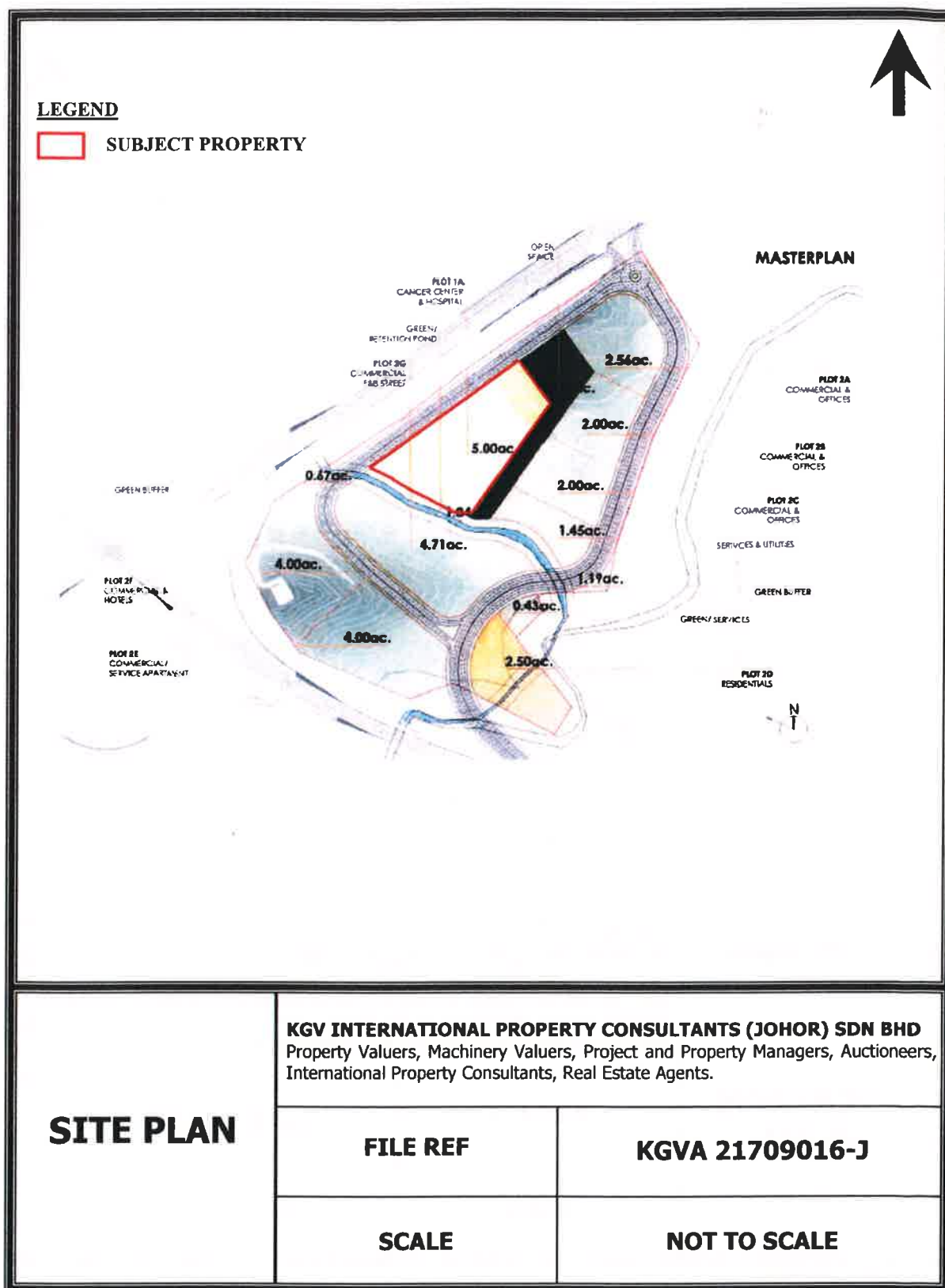
FILE REF

KGVA 21709016-J

SCALE

NOT TO SCALE

APPENDIX B



APPENDIX C



GENERAL VIEW OF THE SUBJECT LOCALITY

APPENDIX C1



ANOTHER VIEW OF THE SUBJECT LOCALITY

APPENDIX C2



CLOSER VIEW OF THE SUBJECT LOCALITY

APPENDIX C3 : PHOTOGRAPHS OF THE SURROUNDING DEVELOPMENTS

KGV International
Property Consultants



MARLBOROUGH COLLEGE MALAYSIA



RAFFLES AMERICAN SCHOOL MALAYSIA

For personal use only

APPENDIX C4

KGV International
Property Consultants



SOUTH ENTRANCE TO HORIZON HILLS



ECO BOTANIC

APPENDIX C5

KGV International
Property Consultants



MAIN ENTRANCE TO EDUCITY



EAST LEDANG

APPENDIX C6

KGV International
Property Consultants



LEDANG HEIGHTS



**KOTA ISKANDAR
(JOHOR STATE NEW ADMINISTRATIVE CENTRE)**

APPENDIX C7 : NOTABLE LANDMARKS IN THE MEDINI

**KGV International
Property Consultants**



LEGOLAND MALAYSIA



GLENEAGLES MEDINI HOSPITAL

APPENDIX C8

KGV International
Property Consultants



AFINITI MEDINI



PINEWOOD ISKANDAR MALAYSIA STUDIO

APPENDIX C9

KGV International
Property Consultants



AFINITI MEDINI WELLNESS CENTRE



MALL OF MEDINI

Appendix D

Sale Comparables

No	Property	Land Area				Transaction Date	Consideration	Vendor (s)	Purchaser (s)	Remarks
		(Hectare)	(Acre)	(Sq m)	(Sq ft)					
1	PTD No 203262 Sited within Iskandar Puteri	4.897	12.100	48,967.0	527,076.4	October 18 2016	RM40,958,000 (RM777.70 psf)	Medini Central Sdn Bhd	Medini Arena Sdn Bhd	Commercial land
2	Lot No 139825 Sited within Taman Impian Emas Johor Bahru	1.568	3.875	15,682.0	168,799.8	November 17 2015	RM20,256,126 (RM120.00 psf)	Gunung Impian Development Sdn Bhd	TSK Capital Sdn Bhd	Commercial land
3	PTD No 199685 Sited along Persiaran Alfiat, Iskandar Puteri	1.209	2.987	12,088.8	130,122.8	June 23 2015	RM16,265,875 (RM125.00 psf)	Nusajaya Greens Sdn Bhd	Columbia Asia Sdn Bhd	Commercial land

(Source : Valuation and Property Services Department)

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APPENDIX E

Valuation working by using Comparison Approach

	Comparable No 1	Comparable No 2	Comparable No 3
Transaction Date	October 18 2016	November 17 2015	June 23 2015
Tenure	Freehold	Freehold	Freehold
Location	Sited within Iskandar Puteri	Sited within Taman Impian Emas, Johor Bahru	Sited along Persiaran Alfiat, Iskandar Puteri
Lot No	PTD No 203262	Lot No 139825	PTD No 199685
Mukim	Pulai	Tebrau	Pulai
Description of Property	A parcel of commercial land	A parcel of commercial land	A parcel of commercial land
Land Area (acre / square feet)	12.100 / 527,076.4	3.875 / 168,799.8	2.987 / 130,122.8
Consideration	RM40,958,000.00	RM20,256,126.00	RM16,265,875.00
Adjustment:			
Time	0%	0%	0%
Source	Valuation and Property Services Department	Valuation and Property Services Department	Valuation and Property Services Department
Analysis Land Value (per square feet)	RM77.70	RM120.00	RM125.00
Adjustments:			
Location	0%	0%	0%
Shape	0%	0%	0%
Size	30%	-10%	-10%
Planning Approval	0%	0%	0%
Net adjustment	30%	-10%	-10%
Price Adjustment per Land Area (square feet)	RM101.02 Say RM100.00	RM108.00 Say RM110.00	RM112.50 Say RM113.00

Explanatory Notes:

1. Comparable 1

Upward adjustment is made for the smaller land size of the subject property compared to Comparable 1.

2. Comparable 2

Downward adjustment is made for the bigger land size of the subject property compared to Comparable 2.

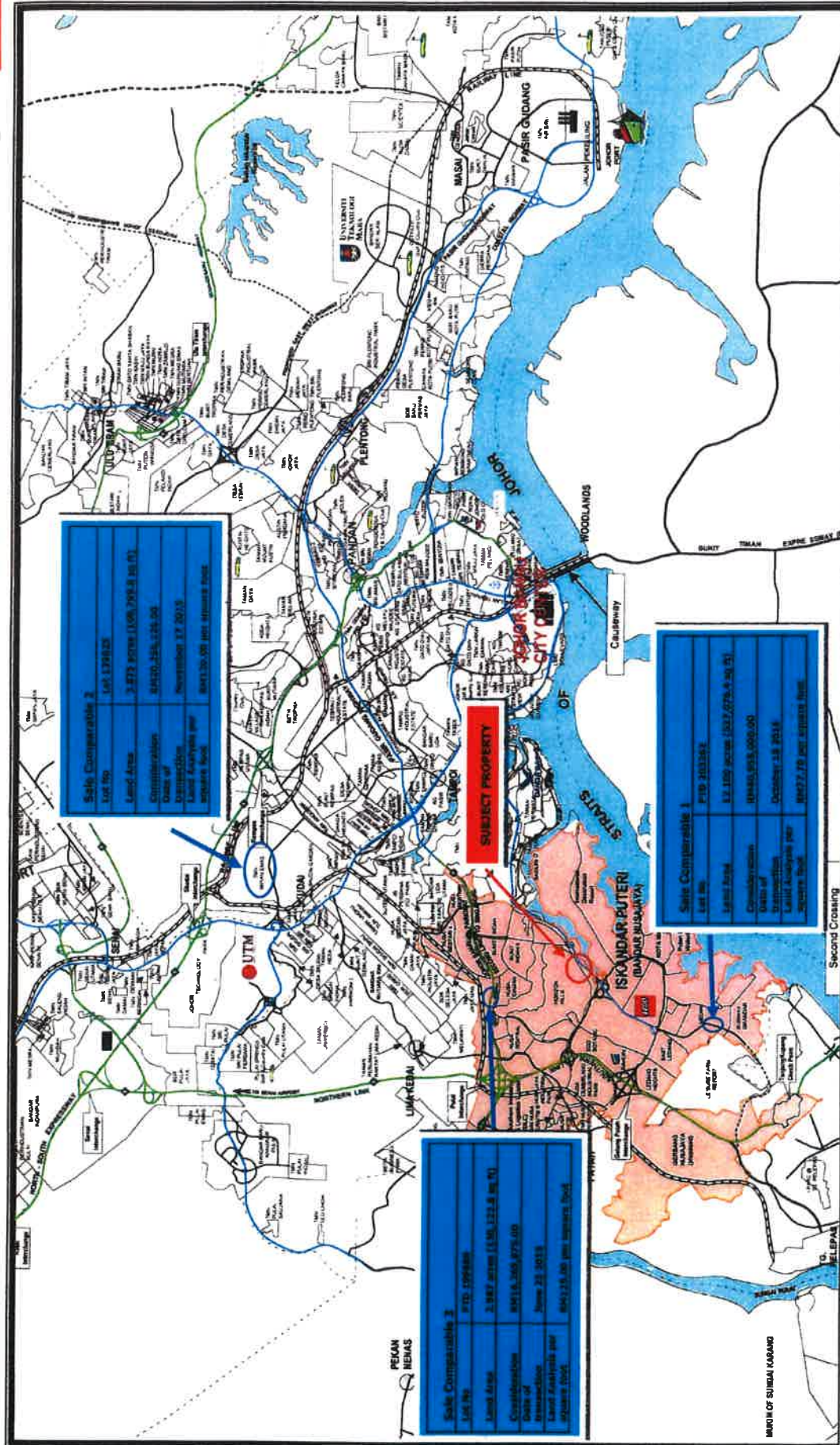
3. Comparable 3

Downward adjustment is made for the bigger land size of the subject property compared to Comparable 3.

Valuation Rationales

After adjustment made to the above comparables, we have noted that the adjusted values range from RM100.00 to RM113.00 per square foot. In reconciling our opinion of the market value, we have relied on Comparable 1 as this comparable has a significant similarities with the Subject Property in terms of location and it is the recent transaction. As such, the adjusted value for Comparable 1 is adopted as it is fair representation of the market value of the Subject Property.

APPENDIX F



KGV INTERNATIONAL PROPERTY CONSULTANTS (JOHOR) SDN BHD
Property Valuers, Machinery Valuers, Project and Property Managers, Auctioneers,
International Property Consultants & Real Estate Agents.

FILE REF
KGVA 21709016-J

SCALE
NOT TO SCALE

LEGEND:

■ : THE SUBJECT PROPERTY

■ : SALE COMPARABLE

LOCATION PLAN OF SALE COMPARABLES

LIMITING CONDITIONS

1. This Report is confidential to the Client or to whom it is addressed and for the specific purpose to which it refers. It may only be disclosed to other professional advisors assisting the Client in respect to that purpose, but the Client shall not disclose the report to any other person.
2. Neither the whole, nor any part of the Valuation Report or Certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it may appear. We shall bear no responsibility nor be held liable to any party in any manner whatsoever in the event of any unauthorised publication of the Valuation Report, whether in part or in whole.
3. The opinion of value expressed in this Report shall only be used by the addressee for the purpose stated or intended in this Report. We are not responsible for any consequences arising from the Valuation Report being relied upon by any other party whatsoever or for any information therein quoted out of context.
4. Whenever possible, a private title search is conducted at the relevant Land Registry/Office but this is done to establish title particulars relevant to valuation only. Whilst we may have inspected the title of the property as recorded in the Register Document of title, we cannot accept any responsibility for its legal validity or as to the accuracy and timeliness of the information extracted or obtained from the relevant Land Registry/Office.
5. We have not conducted any land survey to ascertain the actual site boundaries. For the purpose of this valuation, we have assumed that the dimensions correspond with those shown in the title document, certified plan or any relevant agreement.
6. While due care has been taken to note building defects in the course of inspection, no structural surveys were made nor any inspection of woodwork or other parts of the structure which were covered or inaccessible were made. We are therefore unable to express an opinion or advise on the condition of uninspected parts and this Report should not be taken as making any implied representation or statement on such parts. Whilst any defects or items of disrepair may be noted during the course of inspection, we are not able to give any assurance in respect of any rot, termite or pest infestation or other hidden defects.
7. We have considered the property as if free and clear of all charges, lien and all other encumbrances that may be secured thereon. We also assumed the property is free of statutory notices and outgoing.
8. Where information has been supplied to us by our client or related party and such information is stated in the Report as taken to be correct, we cannot be held liable for any loss or damage in the event the information is found to be false, inaccurate or misleading.
9. The Valuation Report does not automatically bind us to attend court or give evidence before any government or statutory body unless specifically made known to us in writing by the client at the time of giving the instructions for the valuation.
10. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.
11. In the inventory, machinery and/or equipment is listed as complete working units, i.e. machinery and/or equipment is meant to include all parts and accessories normally comprising the unit. We have totally disregarded such items which, in our opinion have no practical take-up value or are normally charged as operating expense.

Appendix C – Glossary

\$ or A\$	Australian dollars
AAMG or the Company	Asian American Medical Group Limited
APES 110	Code of Ethics for Professional Accountants
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange
Corporations Act	Corporations Act 2001
DCF	Discounted cash flow
Dr. Tan	Dato' Dr Caesarian Tan Kai Chah
FSG	The Financial Services Guide
FY	Financial Year
FY11	Financial Year ended 30 June 2011
GTCF, Grant Thornton or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
HD	Hippocrates Development Sdn Bhd
KGV	KGV International Property Consultants, Malaysia
Land	A 5-acre plot of land in the Johor Bahru district of Malaysia
Land Vendor	His Majesty, the Sultan of Johor, Sultan Ibrahim Ismail Ibni Almarhum Sultan Iskandar Al-Haj
MHV	Million Health Ventures Pte Limited
Project	The proposed development of a hospital/ medical centre on the 5-acre plot of land in Malaysia
p.a.	Per annum
Proposed Transaction	An agreement between MHV, Dr. Tan and HD wherein HD will issue shares to MHV and Dr. Tan
RM	Malaysian Ringgit
RG 110	Regulatory Guide 110 Share buy-backs
RG 111	Regulatory Guide 111 Content of expert's report
RG 112	Regulatory Guide 112 Independence of experts
Services Agreement	An agreement between AAMG and HD wherein AAMG will provide consultancy services to HD for the development of the Project
SPA	An agreement between HD and the Land Vendor whereby HD will acquire the Land from the Land Vendor
Subscription Agreement	An agreement between MHV, Dr. Tan and HD wherein HD will issue shares to MHV and Dr. Tan
Project	The proposed development of a hospital/ medical centre on the 5-acre plot of land in Malaysia
p.a.	Per annum
Proposed Transaction	An agreement between MHV, Dr. Tan and HD wherein HD will issue shares to MHV and Dr. Tan
RM	Malaysian Ringgit
RG 110	Regulatory Guide 110 Share buy-backs
RG 111	Regulatory Guide 111 Content of expert's report

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