

## **KPJ HEALTHCARE BERHAD (“KPJ” or “COMPANY”)**

### **PROPOSED DISPOSAL OF A 5-STOREY CARPARK BLOCK TOGETHER WITH A HALF BASEMENT LEVEL AND AN OPEN ROOF LEVEL (“PROPERTY”) IN SHAH ALAM BY SELANGOR SPECIALIST HOSPITAL SDN BHD (Company No.: 215179-P) (“SgSH” or “VENDOR”), A 60% OWNED SUBSIDIARY OF KPJ TO AMANAHRAYA TRUSTEES BERHAD (Company No.: 766894-T) AS TRUSTEE FOR AND ON BEHALF OF AL-‘AQAR HEALTHCARE REIT (“AL-‘AQAR”) (“REIT TRUSTEE” OR “PURCHASER”) – (“PROPOSED DISPOSAL”)**

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## **1. INTRODUCTION**

The Board of Directors of KPJ (“the Board”) wishes to announce that the Company’s 60% owned subsidiary SgSH had on 8 December 2017 entered into a Sale and Purchase Agreement (“SPA”) with the REIT Trustee, being the trustee of Al-‘Aqar for the proposed disposal of a 5-storey carpark block together with a half basement level and an open roof level (building only) (“Property”) in Shah Alam.

As a condition to the Proposed Disposal, SgSh will enter into a lease agreement based on the lease rental terms and conditions to be agreed with the REIT Trustee on behalf of Al-‘Aqar, and Damansara REIT Managers Sdn Berhad being the manager of Al-‘Aqar (“REIT Manager”) on the completion date of the SPA.

## **2. DETAILS OF THE PROPOSED DISPOSAL**

### **2.1 Background information on the Proposed Disposal**

The REIT Trustee is the registered owner of all that piece of leasehold land held under HS(D) 112884, Lot No. PT 2, Section 20, Town of Shah Alam, District of Petaling, State of Selangor, together with a 6-storey hospital building known as “KPJ Selangor Specialist Hospital” erected thereon, which is operated by SgSH. The land where the Property is situated is a 99-year leasehold land expiring on 1 July 2096, with a land area of 218,984 square metres (204,342 square feet) (“the Land”).

On 20 July 2017, the REIT Manager issued a Letter of Offer to SgSH whereby it agreed to buy the Property free from all encumbrances, charges, liens and with legal possession for a total consideration before GST of RM13,000,000 only (“Purchase Price”). The Letter of Offer was duly accepted by SgSH on 6 November 2017.

The Property covers 286 car park bays and 83 motorcycle bays with a gross floor area of 9,956 square metres (107,163 square feet) located within KPJ Selangor Specialist Hospital, Lot 1, Jalan Singa 20/1, Section 20, 40300 Shah Alam, Selangor Darul Ehsan. The Property was issued with a certificate of completion and compliance (“CCC”) on 1 October 2012.

## **2.2 Basis and justification for arriving at the Purchase Price**

The Purchase Price of RM13,000,000 was agreed between the parties based on the valuation done by a professional valuer on 24 October 2017.

## **2.3 Salient Terms of the SPA**

The salient terms of the SPA are as follows:-

### **2.3.1 Satisfaction of the Purchase Price**

- (i) earnest deposit totalling RM260,000\* or 2% of the Purchase Price will be paid by the Purchaser to SgSH upon the execution of the SPA.
- (ii) the balance purchase price totalling RM12,740,000\* or 98% of the Purchase Price will be payable to SgSH on or before the expiry of the Completion Period, or the Extended Completion Period and/or any other date mutually agreed by both parties .

**Note:-**

*\*Excluding goods and services tax*

*Completion Period means 3 months from Effective Date and Extended Completion Period means 1 month from expiry of Completion Period.*

### **2.3.2 Conditions Precedent**

The SPA is conditional upon and subject to the fulfilment of the following:-

- (i) the approval of the Board of Directors of SgSh and the shareholders of SgSh being obtained for the disposal of the Property to the Purchaser;
- (ii) the approval of the Board of the REIT Manager and the REIT Trustee in respect of the acquisition of the Property for and on behalf of Al-`Aqar; and
- (iii) the approval of any other relevant authorities (if applicable).

The Purchaser's solicitors shall certify that all conditions precedent under this Agreement are satisfied and that the sale and purchase transaction is ready for completion.

The parties to the SPA shall fulfil and complete the conditions precedent within 6 months from the date of the SPA or such longer period that the parties may mutually agree in writing ("**Conditional Period**").

The SPA shall become unconditional upon the date when the last of the Conditions Precedent set out above have been obtained and/or mutually waived by the Purchaser and/or the Vendor, as the case may be ("**Effective Date**").

In the event that any of the Conditions Precedent are not obtained before the expiry of the Conditional Period, the Purchaser's solicitor shall refund the Earnest Deposit (as defined in Section 2.3.1(i)) to the Purchaser and the Purchaser's solicitor shall (if the same is in the possession of the Purchaser's solicitors) return to the Vendor the relevant documents of the Vendor (if any) and thereafter, SPA shall terminate and be null and void and of no effect whatsoever and neither party shall have any right or claim against the other save for any antecedent breach.

## **2.4 Information on the parties**

### **(a) SgSH**

SgSH is a 60% owned subsidiary of KPJ and incorporated in Malaysia under the Companies Act 1965, Malaysia and having its registered address at Level 11, Menara JCorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur. SgSH operates the KPJ Selangor Specialist Hospital in Shah Alam, Selangor.

### **(b) REIT Trustee**

The REIT Trustee is a corporation registered under the Trust Companies Act 1949 and incorporated under the laws of Malaysia with its registered address at Tingkat 11, Wisma AmanahRaya, No. 2 Jalan Ampang, 50508 Kuala Lumpur and a business address at Tingkat 2, Wisma AmanahRaya II, No. 21 Jalan Melaka, 50100 Kuala Lumpur.

## **3. RATIONALE FOR THE PROPOSED DISPOSAL**

The REIT Trustee had given SgSH the rights to develop and construct the Property and a new consultant block on the vacant part of the Land which has been completed in 2012 and 2016, respectively.

The Proposed Acquisition herein will only consist the Property (i.e. the carpark). The new consultant block is proposed to be injected into Al-'Aqar at a future date to be agreed by both parties.

#### **4. RISKS IN RELATION TO THE PROPOSED DISPOSAL**

The Board does not foresee any material risk pursuant to the Proposed Disposal except for the inherent risk factors associated with the healthcare industry, of which the KPJ Group is already involved in.

#### **5. EFFECT OF THE PROPOSED DISPOSAL**

The Proposed Disposal is not expected to have a material effect on the earnings of KPJ for the financial year ending 31 December 2017.

#### **6. APPROVALS REQUIRED**

The Proposed Disposal is not subject to the approval of other relevant authorities or the shareholders of KPJ.

#### **7. INTERESTS OF DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS OF KPJ**

Save as disclosed below, none of the Directors, substantial shareholders of KPJ and/or persons connected to the Directors and/or substantial shareholders has any direct or indirect interest in the Proposed Disposal:-

##### **7.1 Directors**

Dato' Kamaruzzaman bin Abu Kassim, Dato' Amiruddin bin Abdul Satar, Zulkifli bin Ibrahim and Mohd Sahir bin Rahmat, who are directors of KPJ, are deemed to be interested in the Proposed Disposal by virtue of them being the directors and senior management of Johor Corporation ("JCorp"). Dato' Kamaruzzaman bin Abu Kassim and Dato' Amiruddin bin Abdul Satar who are directors of KPJ, are also deemed to be interested in the Proposed Disposal by virtue of them being the directors of the REIT Manager. JCorp is the ultimate holding corporation of the REIT Manager, the manager of Al-'Aqar.

Dato' Kamaruzzaman bin Abu Kassim, Dato' Amiruddin bin Abdul Satar, Zulkifli bin Ibrahim, Mohd Sahir bin Rahmat and are collectively referred to as "Interested Directors".

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and decisions at the Board meetings relating to the Proposed Disposal.

## **7.2 Major Shareholders**

JCorp is a major shareholder of KPJ holding direct and indirect interest of 44.09% equity interest in KPJ as at 30 November 2017.

KPJ is a major unitholder of Al-'Aqar with indirect interest of 39.25% of Al-'Aqar as at 30 November 2017.

## **8. DIRECTORS' OPINION**

The Board, save for the Interested Directors, having considered all the relevant factors in respect of the Proposed Disposal is of the opinion that it is in the best interest of the Company and will be beneficial to the business of the KPJ Group.

## **9. DOCUMENTS FOR INSPECTION**

The SPA will be made available for inspection at the registered office of SgSH at Level 11, Menara JCorp, No. 249, Jalan Tun Razak, 50400 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.