

## KPJ HEALTHCARE BERHAD ("KPJ" OR "COMPANY")

ACQUISITION BY KUMPULAN PERUBATAN (JOHOR) SDN. BHD. ("KPJSB"), A WHOLLY-OWNED SUBSIDIARY OF KPJ OF AN ADDITIONAL 7,068,466 ORDINARY SHARES OF RM1.00 EACH, REPRESENTING 28.3% EQUITY INTEREST IN SEREMBAN SPECIALIST HOSPITAL SDN BHD ("SSHSB") FROM MAJLIS AGAMA ISLAM NEGERI SEMBILAN ("MAINS") FOR A TOTAL CASH CONSIDERATION OF RM14,150,000

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This announcement is dated 5 August 2009.

### 1 INTRODUCTION

The Board of Directors of KPJ ("Board") wishes to announce that the Company's wholly-owned subsidiary, KPJSB, has on 10 April 2009 completed the acquisition of an additional 7,068,466 ordinary shares of RM1.00 each, representing 28.3% equity interest in SSHSB from MAINS for a total cash consideration of RM14,150,000 ("Acquisition").

Pursuant to the Acquisition, SSHSB shall be a wholly-owned subsidiary of KPJ.

### 2 DETAILS OF THE ACQUISITIONS

#### 2.1 Details of the Acquisition of SSHSB

The consideration for the shares SSHSB of RM14,150,000 was arrived at on a willing buyer willing seller basis after taking into account of the net assets.

SSHSB registered an audited PAT of approximately RM6.78 million and NA of RM35.74 million for the FYE 31 December 2008.

The original cost of investments of the shares of SSHSB held by MAINS was made on the date and sum as follows:-

<u>Date</u>	<u>Amount (RM)</u>
15 August 1996	RM2,680,947
15 August 2002	RM 468,969
1 September 2005	RM2,750,100
4 September 2007	RM1,168,450
Total	<u>RM7,068,466</u>

The shares were acquired free from any encumbrances.

#### 2.2 Source of Funding

The purchase consideration for the Acquisition is financed from internally generated funds of KPJ and its subsidiaries ("KPJ Group").

#### 2.3 Liabilities to be assumed

There are no liabilities to be assumed by the KPJ Group arising from the Acquisition.

### **3 PROSPECTS OF THE HEALTHCARE INDUSTRY AND THE ACQUISITIONS**

The demand for private healthcare has been good over the last few years. More people are seeking better medical care and services especially among urban dwellers. The growing affluence of the Malaysian population and their increasing demand for better healthcare services as well as the Malaysian Government's national effort to promote health tourism has contributed to the growth in the usage of private hospitals in Malaysia. Under the Ninth Malaysia Plan, efforts will be undertaken to consolidate healthcare services, enhance human resource development and optimize resource allocation. Improvements in the delivery system will be undertaken with greater involvement of the private sector and non-governmental organizations.

In view of the above factors, KPJ Group believes that the prospect of the healthcare industry including SSSB remains promising.

### **4 INVESTMENT CONSIDERATIONS**

The Board does not foresee any material risk pursuant to the Acquisition except for the inherent risk factors associated with healthcare industry, of which the KPJ Group is already involved in, and will be addressed as part of the KPJ Group's ordinary course of business.

However, no assurance can be given that any adverse development in the abovementioned will not affect the business, prospects and / or future financial performance of KPJ Group.

### **5 RATIONALE FOR THE ACQUISITION**

The acquisition of SSSB by KPJ Group would enable KPJ Group to fully consolidate SSSB as its wholly-owned subsidiary.

### **6 EFFECTS OF THE ACQUISITION**

The effects of the Acquisition are as follows:-

#### **6.1 Share Capital and Shareholding Structure**

The Acquisition will not have any effect on the share capital and shareholding structure of KPJ as it will not involve and issuance of new shares in the Company.

#### **6.2 Earnings per Share ("EPS")**

The Acquisition are not expected to have a material effect on the EPS of the KPJ Group for the FYE 31 December 2009.

#### **6.3 NA**

The Acquisition will not have any material effect on the NA of the KPJ Group.

#### **6.4 Gearing**

The Acquisition is not expected to have any material effect on the gearing position of the KPJ Group.

**7 APPROVALS REQUIRED**

The Acquisition is not subject to the approval of the shareholders of KPJ Group or any governmental authority.

**8 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the directors or major shareholders of KPJ or persons connected with them has any interest, direct or indirect, in the Acquisition.

**9 DIRECTORS' STATEMENT**

Having considered all aspects of the Acquisition, the Board is of the opinion that the Acquisition is in the best interests of the KPJ Group.

**10 DEPARTURE FROM THE SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES ("SC GUIDELINES")**

To the best knowledge and belief of the Board, there are no departures from the SC Guidelines in connection with the Acquisition.