

KPJ HEALTHCARE BERHAD (“KPJ” OR THE “COMPANY”)

PROPOSED ACQUISITION BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (COMPANY NO. 170968-A) (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, OF COMMERCIAL PARCEL(S) MEASURING IN TOTAL APPROXIMATELY 125,000 SQUARE FEET IN GROSS FLOOR AREA IN A BUILDING TO BE ERECTED, FROM CORONADE PROPERTIES SDN BHD (COMPANY NO. 884004-P) (FORMERLY KNOWN AS ARAB ASIA PROPERTIES SDN BHD) FOR A TOTAL PURCHASE CONSIDERATION OF RM90,000,000 (“PROPOSED ACQUISITION”)

1. INTRODUCTION

The Board of Directors of KPJ (“Board”) wishes to announce that the Company’s wholly-owned subsidiary company, Kumpulan Perubatan (Johor) Sdn Bhd (Company No. 170968-A) (“KPJSB”), had on 19 November 2015, signed a Sale and Purchase Agreement (“SPA”) with Coronade Properties Sdn Bhd (Company No. 884004-P) (formerly known as Arab Asia Properties Sdn Bhd) (“Coronade” or “Vendor”) for the proposed acquisition of commercial parcel(s) representing approximately 125,000 square feet in gross floor area in a building to be erected, for RM90,000,000 (“KPJ Property”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Property

The KPJ Property proposed to be acquired is a multi-storey building that will be constructed on part of a piece of land held under Master Title H.S.(D) 401452 PTB 21602, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor, measuring approximately 2.5589 hectares (approximately 6.323 acres) in area and will be part of a mixed commercial development provisionally known as “Coronation Square”.

2.2 Information on the Purchaser

KPJSB is a wholly-owned subsidiary of KPJ and was incorporated on 8 June 1988 under the Companies Act 1965 Malaysia, with an authorised share capital of RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital of KPJSB is RM90,000,000 comprising of 90,000,000 ordinary shares of RM1.00 each.

KPJSB is involved in the business of the provision of healthcare services in Malaysia and internationally and has the necessary expertise in the areas of providing administration, financial, general management and other services related to the running and operation of private specialist hospitals.

The directors of KPJSB as at the date of this announcement are Dato' Amiruddin bin Abdul Satar, Puan Jasimah binti Hassan, Tuan Haji Mohd Sahir bin Rahmat and Tuan Haji Abdol Wahab bin Baba.

2.3 Information on the Vendor

Coronade is a company registered and incorporated in Malaysia under the Companies Act 1965 Malaysia and having its registered address at No. 16-1, Jalan Putra Permai 1B, Taman Equine, 43300 Seri Kembangan, Selangor.

Coronade is in the business of property development. Its authorised share capital is RM25,000,000 comprising of 25,000,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital is RM11,793,000 comprising of 11,793,000 ordinary shares of RM1.00 each.

The directors of Coronade as at the date of this announcement are Datuk Patrick Lim Soo Kit, Haireen binti Abdul Halim and Kong Yoke Ying.

3. SALIENT TERMS AND CONDITIONS OF THE SPA

The proposed acquisition of KPJSB Property shall be subject to, inter alia, the following terms and conditions:-

3.1 Basis of Sale and Purchase

The proposed acquisition of KPJ Property to be erected is on a "willing buyer-willing seller" basis, with vacant possession and free from all encumbrances and subject to the terms and conditions of the SPA.

3.2 Purchase Consideration and Mode of Payment

The total purchase consideration for KPJ Property to be erected is Ringgit Malaysia Ninety Million (RM90,000,000) only. The manner of payment of the purchase consideration is as follows:-

- i) A ten percent (10%) deposit of Ringgit Malaysia Nine Million (RM9,000,000) is payable upon execution of this SPA;
- ii) A ten percent (10%) of the total purchase consideration will be paid within twenty one (21) days from the date of receipt by KPJSB of a copy of the approval issued by the appropriate authority in respect of the Building Plan submitted on 22 October 2015;

- iii) A ten percent (10%) will be paid within twenty one (21) days from the date of the Vendor's architect's written notice confirming the commencement of earthworks of the building together with a copy of the earthworks approval issued by the appropriate authority; and
- iv) the balance of seventy percent (70%) of the purchase consideration is to be paid progressively in instalments within twenty one (21) days from the date of the Vendor's architect's certificate of work done and completed for a particular month according to the stages of construction work as stipulated in the SPA.

3.3 Inter Conditionality

Simultaneously with the execution of the SPA, the Vendor had also on 19 November 2015 entered into a sale and purchase agreement with Bukit Damansara Development Sdn Bhd (Company No. 744416-U) ("BDDSB") a company incorporated in Malaysia and having its registered and business address at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor whereby the Vendor has agreed to sell and BDDSB has agreed to purchase commercial parcel(s) measuring in total approximately One Hundred and Twenty Five Thousand (125,000) square feet in gross floor area on the building.

It is hereby mutually agreed that the purchase of commercial parcel(s) by BDDSB is strictly conditional upon the completion of the purchase of KPJSB Property which shall be completed simultaneously and together with the SPA.

3.4 Conditions Precedent

The proposed acquisition of KPJSB Property shall be subjected to, inter alia, the following conditions being obtained or fulfilled:-

- (a) within six (6) months from the date of the SPA with an automatic extension of one (1) month commencing from the expiry of the aforesaid period of six (6) months
 - (i) the receipt by the Vendor of the original approval of the Building Plan of the proposed building to be erected issued by the Appropriate Authority wherein a copy of the same shall be extended to KPJSB within three (3) days from the receipt of the same; and
 - (ii) the approval of the board of directors and if required shareholders of KPJSB having been obtained for the acquisition of the commercial parcel(s) and the execution of this SPA.

3.5 Completion Date

The construction work is expected to commence within six (6) months from the date of approval of the Final Building Plan by the appropriate authorities. The Vendor is expected to complete and deliver vacant possession to KPJSB within four (4) years from the date of approval of the Final Building Plan.

3.6 Source of Funding

The proposed acquisition of KPJSB Property shall be financed from a combination of internally generated funds and external borrowings of KPJ Group.

4. RATIONALE FOR THE SPA

The proposed acquisition of KPJSB Property represents an opportunity for KPJ to create healthcare facilities comprising of outpatient centre featuring amongst others complementary medicine and wellness services and also senior living service apartments within the Coronation Square commercial development area to service local and foreign patients and complement its existing specialist hospitals within the City of Johor Bahru.

5. RISKS IN RELATION TO THE SPA

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

6. EFFECTS OF THE SPA

The effects of the SPA are as follows:-

6.1 Share Capital and Shareholding Structure

The proposed acquisition will not have any effect on the share capital and shareholding structure of KPJ.

6.2 Earnings

The proposed acquisition is not expected to have a material effect on the earnings of KPJ for the financial year ending 31 December 2015.

6.3 Net Assets and Gearing

The proposed acquisition will not have any material effect on the net assets or gearing of KPJ.

7. APPROVALS REQUIRED

This SPA is not subject to the approval of other relevant authorities and the shareholders of KPJ.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of KPJ and/or persons connected with them have any direct or indirect interest in the SPA.

9. DIRECTORS' OPINION

The Board, having considered all the relevant factors in respect of the SPA is of the opinion that the SPA is in the best interest of the Company and will be beneficial to the business of the KPJ Group.

10. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the proposed acquisition is **6.67%** pursuant to Paragraph 10.02(g) of the Main Market Listing Rules of Bursa Malaysia Securities Berhad.

11. DOCUMENTS FOR INSPECTION

The SPA will be made available for inspection at the registered office of KPJSB at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor during normal business hours from Sunday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 20 November 2015.