

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

### PROPOSED ACQUISITION BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, OF UP TO 51% EQUITY INTEREST IN JETA GARDENS WATERFORD TRUST (“JGWT”) FOR A TOTAL CASH CONSIDERATION OF UP TO RM19,000,000 (“PROPOSED ACQUISITION”)

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This announcement is dated 31 January 2011.

We refer to the earlier announcement dated 22 September 2010 made by the Board of Directors of KPJ, in relation to the Proposed Acquisition.

Unless otherwise stated, the abbreviations used throughout this announcement shall have the same meaning as those previously defined in the Company’s announcement dated 22 September 2010.

#### 1. INTRODUCTION

On behalf of the Board, KPJ wishes to announce that KPJSB and JGWT had on 31 January 2011 entered into a Supplementary Deed (“**Supplementary Deed**”) to vary certain terms of the Proposed Acquisition as announced on 22 September 2010 (“**Proposed Variation**”).

#### 2. PROPOSED VARIATION

2.1 Pursuant to the Proposed Variation, the Second Tranche Issue consisting of the issuance of 275,704 new units and 2,481,311 Convertible Notes in JGWT for the total consideration of AUD equivalent to RM14,250,000 at the exchange rate prevalent on the date of payment is cancelled.

2.2 JGWT shall pay all stamp duty(ies) payable in relation to the Deed and the Supplementary Deed.

2.3 In place of the cancelled Second Tranche Issue, the following shall be undertaken:-

##### (i) Call Option

In consideration of the AUD 1 payable to JGWT by KPJSB (“**Call Option Fee**”), JGWT grants KPJSB the option (“**Call Option**”) to require JGWT to issue 275,704 ordinary shares and 2,481,311 New A Class Convertible Notes (“**A-Class Notes**”) in JGWT (“**Further Issue**”) at AUD equivalent to RM14,250,000 at the exchange rate prevalent on the date of payment, divided by the total number of the Further Issue (“**Further Issue Price**”).

##### (ii) Put Option

In consideration of the AUD 1 payable to KPJSB by JGWT (“**Put Option Fee**”), KPJSB grants JGWT the option to require KPJSB to subscribe for the Further Issue (“**Put Option**”) by JGWT at the Further Issue Price.

(The Call Option and Put Option shall collectively be referred to as “**Options**”)

2.4 JGWT must complete the Further Issue and KPJSB must pay the Further Issue Price for the Further Issue within 5 business days of the exercise of the Call Option/ Put Option.

- 2.5 The salient terms and conditions of the A-Class Notes, amongst others, are as follows:
- (a) The A-Class Notes shall rank pari passu without any preference amongst the other A-Class Notes;
  - (b) The A-Class Notes are not secured by any encumbrances over the assets or undertakings of JGWT;
  - (c) Interest is payable on the A-Class Notes on a non-cumulative basis at the discretion of JGWT; and
  - (d) The A-Class Notes shall be redeemed by the Trustee at the Issue Price on the earlier of 3 October 2015 or such date as determined by the Trustee ("**Maturity Date**").
- 2.6 The exercises of the Options are subject to and conditional upon the following ("**Conditions Precedent**"):-
- (i) the Treasury of the Commonwealth of Australia:-
    - (a) ceasing to be empowered under the *Foreign Acquisitions and Takeovers Act 1975(Cth)* to prohibit the Issue to KPJ; or
    - (b) giving notice in writing of a decision that the Commonwealth Government has no objection to the Issue to KPJSB and that the notice is either free from conditions or subject to conditions that are acceptable to KPJSB in their absolute discretion; and
  - (ii) all approvals being obtained for the acquisition of JGWT's real property assets by Al-`Aqar KPJ Real Estate Investment Trust.
- 2.7 The Options are exercisable as follows:-
- (i) only if the Conditions Precedent in item 2.6 above are satisfied; and
  - (ii) during the period of 1 July 2011 until 1 August 2011.

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

The Proposed Variation would accord KPJ Group flexibility in increasing their equity interest in JGWT.

### **4. EFFECTS OF THE VARIATION**

The Proposed Variation will not have any material impact on the earnings, gearing and net assets per share of the KPJ Group for the current financial year.

The Proposed Variation also will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of KPJ.

### **5. ESTIMATED COMPLETION DATE**

The First Tranche Issue is expected to be completed by the first quarter of 2011 whilst the Second Tranche Issue is expected to be completed by the 3<sup>rd</sup> quarter of 2011.

## **6. DOCUMENTS FOR INSPECTION**

A copy of the Supplementary Deed is available for inspection by the shareholders of KPJ at the Registered Office of KPJ at Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, during normal office hours from Mondays to Fridays (except public holidays) for a period of three (3) months commencing from the date of this announcement.

The remainder of the terms and conditions of the Proposed Acquisition will remain unchanged.



