

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

PROPOSED ACQUISITION KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ, OF 8 UNITS OF SERVICE APARTMENTS FOR A TOTAL PURCHASE CONSIDERATION OF RM1,934,880 (“PROPOSED ACQUISITION”).

This announcement is dated 8 February 2012.

1. INTRODUCTION

The Board of Directors of KPJ (“**Board**”) wishes to announce that the Company's wholly-owned subsidiary, Kumpulan Perubatan (Johor) Sdn Bhd (“**KPJSB**”), had on 8 February 2012 entered into separate Sale and Purchase Agreements (“**SPAs**”) with JCorp Hotels and Resorts Sdn. Bhd. (“**JCorp Hotels**” or “**Vendor**”) to acquire eight (8) units of Service Apartment which detailed information is mentioned in Item 2 herein (collectively “Service Apartments”) for a total purchase consideration of RM1,934,880 (“Purchase Consideration”). The purchase consideration for each one (1) unit of the Service Apartment is RM241,860.00.

The parties had also on even date executed a Deed of Assignment (“**Deed**”) by which KPJSB agreed to bear the entire responsibility and undertaking on the part of the Vendor as contained and expressed in the Principal Agreement (which is more particularly defined in Item 2 herein), absolutely as if KPJSB is a party to the Principal Agreement.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Service Apartments

The Service Apartments are part of the Berjaya Tioman Suites (formerly known as Tioman Horizon Condotel) developed by Tioman Island Resort Berhad (“**Tioman**” or “**Proprietor**”). The Berjaya Tioman Suites is located on a parcel of land at PN14711 Lot 5006, Bandar Tioman, Daerah Rompin, Pahang.

Tioman had on 30 April 1996 entered into a Sale and Purchase Agreement (“**Principal Agreement**”) with the Vendor to sell the Service Apartments with the terms and conditions contained in the said Principal Agreement.

As at to date, separate strata titles to the Service Apartments has yet to be issued by the relevant authorities. Tioman shall at its own cost and expense apply for the subdivision of the Service Apartments so as to obtain the issue of a separate strata title to the Service Apartments.

Tioman is the registered proprietor of the Service Apartments whilst the beneficial owner of the Service Apartments is JCorp Hotels.

2.2 Information on Vendor

JCorp Hotels was incorporated in Malaysia under the Companies Act, 1965 on 19 December 1970 under the name of Johor Silica Sdn Bhd. It changed its name to

Kumpulan Penambang (Johor) Sdn Bhd on 19 May 1990 before it assumed its current name on 20 June 2011.

The authorised share capital of JCorp Hotels as at date of announcement is RM46.2 million comprising 46.2 million ordinary shares of RM1.00 each have been issued and fully paid-up.

JCorp Hotels is principally involved in the cultivation of oil palm, cocoa and coconut and investment holding.

Based on the Register of Substantial Shareholders, the substantial shareholders of JCorp Hotels and their shareholdings as at the date of the announcement are as follows:-

	Shareholdings			
	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
Johor Corporation	46,200,000	100%	-	-

The details of the directors of JCorp Hotels and their respective shareholdings in JCorp Hotels as at date of announcement are as follows:-

	Shareholdings			
	Direct		Indirect	
	No. Of Shares '000	%	No. Of Shares '000	%
Kamaruzzaman Bin Abu Kassim	-	-	-	-
Datin Paduka Siti Sa'diah Sh Bakir	-	-	-	-
Rozan Bin Sa'at	-	-	-	-
Abdul Rahman Bin Sulaiman	-	-	-	-
Md Shahrodin Bin Md Yunos	-	-	-	-
Mohamad Mazlan Bin Ali	-	-	-	-
Amiruddin Bin Abdul Satar	-	-	-	-
Azli Bin Mohamed	-	-	-	-

2.3 Information of Proprietor

Tioman is a company incorporated in Malaysia with its registered office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No 1, Jalan Imbi, 55100 Kuala Lumpur. Tioman is principally involved in hotelier, operation of golf course, investment holding company and Service Apartments development.

Based on the Register of Substantial Shareholders, the substantial shareholders of Tioman and their shareholdings as at the date of the announcement are as follows:-

	Shareholdings			
	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%
Berjaya Land Berhad	34,500,000	86.25%	-	-
Pascorp Holdings Sdn Bhd	5,500,000	13.75%	-	-

As at date of announcement, the directors of Tioman are as follows:-

Dato' Seri Sulaiman bin Mohd Amin
Dato' Abdul Rahman bin Hamidon
Tan Chee Sing
Dato' Ng Sooi Lin
Abdul Rahim bin Mohd Ali
Noraskin binti Jamaludin
Su Swee Hong
Michelle Tham Lai Heng

2.4 Salient terms of the SPA

2.4.1 Terms and Conditions of the SPA

The Proposed Acquisition shall be subject to, *inter-alia*, the following terms and conditions of the SPA:-

The Vendor hereby agrees to sell and KPJSB has agreed to purchase the Service Apartments on as is where is basis, with the benefit of the rights contained in the Principal Agreement but subject to all conditions of title and all restrictions in interest whether express or implied and upon all the terms and subject to all the conditions contained in the SPA.

2.4.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on at "willing buyer willing seller" basis after taking into account the market value of each service apartment of RM241,860 (at approximately RM399.77 per square foot) as appraised by Rahim & Co, an independent firm of registered valuers in its valuation report dated 3 February 2012.

2.4.3 Settlement of the Purchase Consideration

The Purchase Consideration shall be settled in cash upon the execution of the SPA.

2.4.4 Source of Funding

The Purchase Consideration for the Land shall be financed from internally generated funds of the KPJ Group.

2.4.5 Execution and Delivery of SPA

The Vendor shall, upon the issuance of the separate strata title to the Service Apartments and subject to the payment of the Purchase Price by the Purchaser to the Vendor, procure the Developer to execute a valid and registrable instrument of transfer of the Service Apartments in favour of the Purchaser free from all encumbrances.

2.4.6 Liabilities to be assumed by KPJSB

The Purchaser will assume responsibility for and undertaking to carry out, discharge, observe and perform all agreements, conditions, covenants, liabilities, stipulations and terms on the part of the Vendor contained and expressed in the Principal Agreement.

2.4.7 Encumbrances

The Service Apartments shall be acquired free from any encumbrances.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Company views the Proposed Acquisition as beneficial for the following reasons:-

- (a) The Service Apartments may be used as a training and skills development centre as and when the need arises; and
- (b) At other times, the Service Apartments will be leased to public and managed by the Vendor.

4. RISKS IN RELATION TO THE PROPOSED ACQUISITION

There are no risks in relation to the Proposed Acquisition.

5. PROSPECTS OF TOURISM IN PULAU TIOMAN

Malaysia registered 24,577,196 tourist arrivals in 2010, an increase of 3.9% compared to 2009. Despite the challenging global economic scenario last year, tourism made its mark as a key revenue generator to the Malaysia economy. A record of RM56.5 billion in tourist receipts was generated in 2010, a growth of 5.8% compared to RM53.4 billion in 2009. Malaysia is recognised globally as a leading tourism destination and was listed as one of the top ten countries for 'Best in Travel 2010' and one of the 'Best-value Destination for 2010' by the Lonely Planet.

(Source: official tourism website at www.tourism.gov.my)

Considered one of the most beautiful islands in the world, Tioman is the largest island off the east coast of Peninsular Malaysia and the most developed of the volcanic islands that make up the Pahang Marine Parks.

Easily accessible by air or boat, Pulau Tioman attracts those who seek an escapade. Visitors can choose from a five-star resort to simple comfortable wooden chalets for accommodation. Tioman was declared as a duty-free island in February 2002, enjoying many of the duty-free status as Labuan and Langkawi islands (with exception on excise and import duty on cars and petroleum products).

In view of the above, KPJ Group believes that the prospects of tourism in Pulau Tioman as well as the Proposed Acquisition to be promising.

(Source: official Tioman tourism website at www.tourismpahang.com)

6. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will not have any material impact on the earnings, gearing and net assets per share of the KPJ Group for the current financial year ended (“FYE”) 31 December 2011.

The Proposed Acquisition also will not have any effect on the issued and paid-up share capital and substantial shareholders' of KPJ as the Purchase Consideration is to be satisfied wholly in cash.

7. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of any regulatory authority and/or the shareholders of KPJ.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, none of the directors or major shareholders of KPJ or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition:-

8.1 Major Shareholder

JCorp is a major shareholder of the Company holding directly 237,478,180 ordinary shares of RM0.50 each in the Company representing 40.60% of the equity interest in the Company as at 31 December 2011. JCorp also has an indirect interest of 390,875 ordinary shares of RM0.50 each in the Company representing 0.07% of the equity interest in the Company as at 31 December 2011.

JCorp is also the holding company of JCorp Hotels, with a direct shareholding of 100%.

8.2 Directors

Tn Hj Kamaruzzaman Bin Abu Kassim, Datin Paduka Siti Sa'diah binti Sh Bakir and Tn. Hj. Rozan Bin Mohd Sa'at (collectively referred to as "**Interested Directors**") who are directors of the Company, are also senior management of JCorp.

The Interested Directors are deemed interested in the Proposed Acquisition by virtue of them being persons connected to JCorp.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting in relation to the Proposed Acquisition.

9. DIRECTORS' OPINION

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

10. AUDIT COMMITTEE'S STATEMENT

After having considered all aspects of the Proposed Acquisition, the audit committee of the Company ("**Audit Committee**") is of the opinion that the Proposed Acquisition is in the best interest of the Company, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of the Company. In forming its view, the Audit Committee has not sought any independent advice.

11. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Acquisition is 0.25% pursuant to paragraph 10.02(g) if the Main Market Listing Requirements of Bursa Securities.

12. PAST TOTAL AMOUNT TRANSACTED

Save as the following transaction, there is no other transaction with the Johor Corporation Group of Companies during the preceding 12 month period:-

Date	Nature of Transaction	Transacted parties	Amount
30 January 2012	Disposal of 15,369 Redeemable Preference Shares in IDSB by KPJ to Johor Corporation	Johor Corporation and KPJSB	RM1,536,900

13. DOCUMENTS FOR INSPECTION

The JVA will be made available for inspection at the registered office of KPJ at Suite 12B, Level 12, Menara Ansar, No. 65, Jalan Trus, 80000 Johor Bahru, Johor during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.