



# **KPJ HEALTHCARE BERHAD**

(247079-M)

(A Member of Johor Corporation Group)

## **ANNOUNCEMENT TO BURSA MALAYSIA**

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

**PROPOSED ACQUISITION BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (COMPANY NO: 170968-A) (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, OF ONE HUNDRED PERCENT (100%) EQUITY INTEREST IN RAWANG SPECIALIST HOSPITAL SDN BHD (COMPANY NO: 334166-V) (“RSHSB”) COMPRISING OF 30,000,000 ORDINARY SHARES OF RM1.00 EACH FOR A TOTAL CASH CONSIDERATION OF RM50,630,164.00.00 (“PROPOSED ACQUISITION”)**

#### **1. INTRODUCTION**

The Board of Directors of KPJ (“Board”) wishes to announce that the Company’s wholly-owned subsidiary, KPJSB has on 17 April 2013 entered into a Sale and Purchase Agreement (“SPA”) with the shareholders of RSHSB (as listed in Paragraph 2.4 hereto) (collectively the “Vendor”) for the acquisition of one hundred percent (100%) equity interest in RSHSB comprising of 30,000,000 ordinary shares of RM1.00 each (“Sale Shares”) for a total cash consideration of RM50,630,164.00 (“Purchase Price”).

Upon the completion of the Proposed Acquisition, RSHSB will be a wholly-owned subsidiary of KPJSB.

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

##### **2.1 Information on RSHSB**

RSHSB is a private limited company duly incorporated on 20 February 1995 under the Companies Act 1965, Malaysia and having its registered address at No. 145, Jalan Radin Anum 1, Seri Petaling, 57000 Kuala Lumpur.

RSHSB was incorporated under the name of “Starutara Sdn Bhd” and assumed its present name on 7 March 2007. The principal business of RSHSB is to operate and manage a specialist hospital and to provide healthcare solutions wherein it is constructing a hospital building located at Section 16, Bandar Rawang, Gombak, Selangor Darul Ehsan. The Certificate of Completion and Compliance/ Certificate of Fitness for Occupation in respect of the Building (“CCC”) is expected to be obtained by the end of June 2013.

RSHSB shall be the only multi-discipline specialist hospital catering to Rawang and its surrounding area with more than one million (1,000,000) population. It has been granted the approval from the Ministry of Health, Malaysia to operate with 159 licensed beds.

The authorised and paid up share capital of RSHSB is RM30,000,000.00 comprising of 30,000,000 ordinary shares of RM1.00 each which have been issued and credited as fully paid-up.

RSHSB registered an audited loss after tax of RM128,042.00 and audited net current liabilities of RM9,147,194.00 for the financial year ended 31 March 2012.

## **2.2 Information on KPJSB**

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 RM100,000,000.00 divided into 100,000,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital of KPJSB is RM90,000,000.00 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.

## **2.3 Information on Vendor**

The vendors for the Sale Shares are as follows:-

- (a) Optimax Healthcare Services Sdn Bhd (Company No. 937891-K) (“OHSSB”) was incorporated on 28 March 2011 under the Companies Act 1965, Malaysia. OHSSB has an authorised share capital of RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital of OHSSB is RM1,000,000.00 comprising of 1,000,000 ordinary shares of RM1.00 each. OHSSB is involved in the business of investment holding and providing management services to its subsidiary companies.
- (b) Mitrajaya Holdings Berhad (Company No. 268257-T) (“MHB”) was incorporated on 28 June 1993 under the Companies Act 1965, Malaysia, under the name “Presmurni Berhad” and assumed its present name on 19 November 1993. MHB is a public company that is listed on the Main Board of the Bursa Malaysia Securities Berhad. MHB has an authorised share capital of RM500,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.50 each and the current issued and paid-up share capital of MHB is RM198,765,900.50 comprising of 397,531,801 ordinary shares of RM0.50 each. MHB is involved in the business of investment holding.
- (c) Wilayah Kontakt Sdn Bhd (Company No. 584634-K) (“WKSB”) was incorporated on 28 June 2002 under the Companies Act 1965, Malaysia. WKSB has an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital of WKSB is RM25,000.00 comprising of 25,000 ordinary shares of RM1.00 each. WKSB is involved in the business of providing optical services and a dealer in various contact lenses and optical instruments, apparatus, appliances, products and accessories.

- (d) Registec Sdn Bhd (Company No. 945333-D) (“RSB”) was incorporated on 20 May 2011 under the Companies Act 1965, Malaysia. RSB has an authorised share capital of RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each of which RM1,200,000.00 comprising of 1,200,000 ordinary shares of RM1.00 each has been issued and fully paid up. RSB is currently dormant.

(“OHSSB”, “MHB”, “WKSB” and “RSB” are collectively referred to as “Vendor”.)

Details of the shareholding of RSHB and the breakdown of the Purchase Price to be received by the Vendor are as follows:-

Shareholders	Nationality / Place of Incorporation	No of Sale Shares held by the Vendors		Amount of Purchase Price Received (RM)
		No of Sale Shares held	Percentage (%)	
OHSSB	Malaysian/ Malaysia	16,800,000	56.0	28,352,891.84
MHB	Malaysian/ Malaysia	6,000,000	20.0	10,126,032.80
WKSB	Malaysian/ Malaysia	6,000,000	20.0	10,126,032.80
RSB	Malaysian/ Malaysia	1,200,000	4.0	2,025,206.56
<b>Total</b>		<b>30,000,000</b>	<b>100.0</b>	<b>50,630,164.00</b>

#### 2.4 History and Background of the Site and Building owned by RSHSB

Pursuant to a sale and purchase agreement dated 10 December 2008 entered between SAP Holdings Berhad (Company No. 14546-H) (“Proprietor”), Mahumas Sdn. Bhd. (Company No. 429077-W) (“Developer”) and Tepat Maksima Sdn. Bhd. (Company No. 816222-P) (“TMSB”), TMSB had purchased a piece of land measuring approximately 78,408, square feet held under

part of H.S.(D) 52121, P.T. No. 4156, Section 16, Bandar Rawang, District Gombak, State of Selangor which is more particularly described under the sale and purchase agreement dated 10<sup>th</sup> December 2008 entered between the Proprietor, the Developer and TMSB ("Site") upon the terms and subject to the conditions therein contained. By virtue of a deed of trust dated 21 September 2011 entered between TMSB and RSHSB and in consideration of the premises therein contained, RSHSB is the beneficial owner of the Site and TMSB holds the Site on trust for RSHSB, pending the settlement of the MBB Loan (as defined herein).

In consideration of the MBB Loan (as defined herein) being granted to and for the benefit of the Company, TMSB had created a third party assignment over the Site as security for the MBB Loan. As at the date of the SPA, the Site is currently registered in the name of the Proprietor and has not been issued with an individual document of title.

The Vendor has obtained the development order approval in respect of the development of '1 Unit Bangunan Hospital Swasta 8 Tingkat Serta 2 Tingkat 'Lower Ground' di atas sebahagian Lot 24 (sebahagian) Lot PT 4156/HSD 52121, Seksyen 16, Bandar Rawang, Daerah Gombak, Majlis Perbandaran Selayang, Selangor Darul Ehsan' erected on the Site and more particularly identified in the plans attached in the SPA ("Building") on the Site from Majlis Perbandaran Selayang and all other approvals required for the construction of the Building (as defined herein) and in particular, the private specialist hospital (save and except for the issuance of the CCC which is to be issued by the Building architect (of which one (1) copy shall be forwarded and accepted by Majlis Perbandaran Selayang) and Borang 4 by the Kementerian Kesihatan Malaysia("KKM") based on the existing Borang 2) .

## **2.5 The Loan granted to RSHSB by Malayan Banking Berhad**

As at the date of the SPA, RSHSB has an existing loan granted by Malayan Banking Berhad ("MBB") in the maximum principal aggregate sum of Ringgit Malaysia Thirty Seven Million Five Hundred Thousand (RM37,500,000.00) only ("MBB Loan"). The MBB Loan is being secured by the documents in relation to the MBB Loan which are more particularly described in the SPA.

## **3. PROPOSED ACQUISITION**

### **3.1 Salient Terms and Conditions of the SPA**

An extract of the salient terms and conditions of the SPA is as follows:-

#### **3.1.1 Agreement for Sale and Purchase of Sale Shares**

The Vendor shall sell and the Purchaser shall purchase the Sale Shares comprising of one hundred percent (100%) of the issued and paid up share capital of RSHSB which shall be sold by the Vendor and purchased by the Purchaser free from all liens, charges, pledges and encumbrances but with all rights of whatsoever nature now or hereafter attaching to them and subject to the terms and conditions of the SPA.

#### **3.1.2 Purchase Price**

The Purchaser shall pay the sum of Ringgit Malaysia Fifty Million Six Hundred Thirty Thousand One Hundred Sixty Four (RM50,630,164.00) only ("Purchase Price") in the manner and proportion as mentioned in item 3.1.3 and item 3.1.4

below. The Purchase Price has been agreed between the Vendor and Purchaser on the basis of a willing buyer and willing seller basis and shall be subjected to the adjustments, if any, under the provisions of item 3.1.7 below.

### **3.1.3 Settlement of the Purchase Price**

The Purchase Price shall be satisfied at the following times and in the following manner:-

- (1) a sum equivalent to twenty percent (20%) of the Purchase Price only ("Initial Sum") shall be paid to the Vendor's solicitors, as stakeholders, on the execution of the SPA. The Vendor's solicitors shall be authorized to release the Initial Sum in accordance with the provisions of item 3.1.4 below;
- (2) a sum equivalent to eighty percent (80%) of the Purchase Price ("the Final Payment") shall be paid by the Purchaser to the Vendor's solicitors, as stakeholders, within fourteen (14) business days from the date of issuance of the Certificate of Completion and Compliance/ Certificate of Fitness for Occupation in respect of the Building to be issued by the Building architect ("CCC") ('Final Payment Date') of which ten percent (10%) of the Final Payment ('Joint Stakeholder Sum') shall be retained by the Vendor's solicitors and the Purchaser's solicitors, as joint stakeholders ("Joint Stakeholders"), in a joint stakeholder account to be opened and managed jointly by the Vendor's solicitors and Purchaser's solicitors, for a period of twelve (12) months from the date of the Vendor's solicitors receipt of the Final Payment. The Vendor's solicitors shall be authorized to release the Final Payment, less the Joint Stakeholder Sum, in accordance with the provisions of item 3.1.4 below and the Joint Stakeholders shall be authorized to release the Joint Stakeholder Sum in accordance with the provisions of item 3.1.4 below.

In the event that the Purchaser is unable to pay the Final Payment by the Final Payment Date, the Vendor hereby agrees to grant an automatic extension of thirty (30) business days commencing from the expiry of the Final Payment Date for the Purchaser to pay the Final Payment subject to the Purchaser paying late payment interest at ten percent (10%) per annum on a daily basis on the outstanding Final Payment PROVIDED always that if the Purchaser shall fail to pay the Final Payment in full upon the expiry of the said thirty (30) business days, the Purchaser shall be deemed to be in default of the SPA.

### **3.1.4 Release of the Purchase Price**

The Vendor's solicitors shall be authorized to deal with and release the Initial Payment and the Final Payment as follows:-

- (1) To release the Initial Payment to the Vendor upon the Vendor's solicitors receipt and clearance of the same subject to any deduction and payment of a sum equivalent to two percent (2%) of the Purchase Price to the Inland Revenue Board, Malaysia; and
- (2) To release the Final Payment to the Vendor on or after the Completion Date after having accounted for any deductions provided under item 3.1.7

below and subject to retention of the Joint Stakeholder Sum in accordance with item 3.1.3 above; and

- (3) The Joint Stakeholder Sum shall be released by the Joint Stakeholders to the Vendor upon the expiry of twelve (12) months from the date of the Vendor's Solicitors receipt of the Final Payment or upon the issuance of Borang 4 by the Ministry of Health, Malaysia ("KKM"), whichever is the earlier subject, if applicable, to any lawful deductions for the costs of attending to any repairs or defect rectification required by KKM in order for Borang 4 to be issued by KKM for the Building provided always that the Vendor shall not be obliged to carry out any repairs or defect rectification works that are of Malaysian Society for Quality in Health (MSQH) or Joint Commission International (JCI) standards which works shall be carried out by the Purchaser at the Purchaser's own cost and expense.

### 3.1.5 Due diligence audit

The Purchaser has carried out a technical, legal and financial due diligence audit of the Company prior to the execution of the SPA ("Due Diligence Audit") and hereby confirms that the results of its Due Diligence Audit are satisfactory.

### 3.1.6 Specific Covenants of the Parties Post Execution of the SPA

- 3.1.6.1 After the execution of the SPA, the Purchaser hereby covenants with the Vendor that MBB, upon the request made by the Vendor or the Vendor's solicitors, consenting to the following revisions to the MBB Loan:-

- (a) the change of shareholding in RSHSB in favour of the Purchaser;
- (b) the removal of the existing guarantors under the MBB Loan and the replacement of the same with the Purchaser as the new guarantor; and
- (c) the re-designation of the assignment of the Site to MBB from a 3<sup>rd</sup> party assignment to a 1<sup>st</sup> party assignment as security for the MBB Loan;

the Purchaser shall cause the existing guarantors under the MBB Loan to be released and discharged from their obligations under the MBB Loan and replace the same with the Purchaser as the new guarantor and the Vendor shall procure the execution by TMSB of:-

- (i) the deed of receipt and reassignment between TMSB and MBB in respect of the Site; and
- (ii) the deed of assignment (by way of transfer) between TMSB and RSHSB in respect of the Site;

both duly endorsed by, together with the necessary consents from, the Developer and the Proprietor for the Site in order for RSHSB to simultaneously assign the Site to MBB by way of a first party deed of assignment (by way of security) as security for the MBB Loan.

It is further mutually agreed between the parties that all costs and expenses to be incurred in respect of the matters in the paragraph above shall be borne by RSHSB by way of advances provided to it by the Purchaser and that the Purchaser shall be responsible to ensure that RSHSB abides by the terms and conditions imposed by MBB under the MBB Loan with effect from the date hereof which includes, but is not limited to providing financial assistance to RSHSB to settle the on-going loan instalments under the MBB Loan. The Purchaser acknowledges that as at the date hereof, the MBB Loan has not been fully drawn-down and hereby agrees and consents to any unutilized MBB Loan to be applied or continue to be applied by RSHSB to settle a portion of the book debts and liabilities identified under the SPA.

- 3.1.6.2 After the issuance of the CCC for the Building, the Purchaser shall pay or cause to be paid Ringgit Malaysia Sixteen Million Eight Hundred Sixty Nine Thousand Eight Hundred Thirty Six (RM16,869,836-00) only ('Agreed Liabilities') for and on behalf of RSHSB to settle the balance portion of the book debts and liabilities identified under the SPA within a period of fourteen (14) business days from the date of RSHSB's receipt of the relevant billings/ invoices save for any retention sum(s) under the relevant contract(s) ('Defect Liability Retention') which Defect Liability Retention shall be paid and released by RSHSB to the respective/ relevant parties only upon the expiry of the respective Defect Liability Retention period provided that RSHSB is not making any claim(s) for defect rectification works against the respective/ relevant parties under the relevant contracts. In the event that any portion of the Agreed Liabilities are not utilized and paid in the manner identified above, the Purchaser hereby agrees and declares that such excess shall be deemed and treated as an amount due and owing by RSHSB to the Vendor provided that in the event that the Purchaser delays or defaults in paying the Agreed Liabilities or such portion or portions then outstanding by the respective due date(s) above mentioned, the Purchaser acknowledges and shall be solely liable for any indebtedness and consequences that may arise or accrue therefrom.
- 3.1.6.3 In consideration of the premises therein contained, the Vendor agrees to grant the Purchaser a right to immediately after tendering the Initial Sum, place a commissioning team at the Site and provide them unlimited (but subject to safety, security and other construction rules and regulations at the Site) access to execute pre-opening tasks of the Hospital especially but not limited to its bio-medical, nursing, and information technology requirements for the Hospital provided that the Purchaser shall not be permitted to commit to any contracts for and on behalf of the Company or to cause the Company to incur any liabilities whatsoever unless the same has been expressly provided herein OR until and unless the Final Payment has been settled by the Purchaser and provided further that the pre-opening tasks works are merely preparatory in nature and shall not involve any amendments, physical construction or renovation works to the Building until and unless the CCC for the Building and Borang 4 from the KKM has been issued.

### **3.1.7 Tabulation of the Purchase Price and the Final Payment**

Within seven (7) days from issuance of the CCC, the Vendor's Solicitors will deliver a letter to the Purchaser's Solicitors ("Tabulation Letter") tabulating the actual Purchase Price due from the Purchaser to the Vendor (together with all necessary supporting documents) after taking into account the following:-

- 3.1.7.1 RSHSB's book debts and liabilities identified under the SPA; and
- 3.1.7.2 the outstanding monies due and owing by RSHSB (if any) to creditors identified under the Third Schedule based on, where relevant, the 'Penultimate Certificate' issued for the Building by the licensed architect ('Penultimate Cert') (save for the MBB Loan which is provided for in item 3.1.6.1 above and the Defect Liability Retention which is provided for in item 3.1.6.2 above);

as at the date of the Tabulation Letter. The Purchaser will review the Tabulation Letter and confirm its contents within fourteen (14) business days from receipt of the same failing which, the Purchaser shall be deemed to have accepted the contents of the Tabulation Letter as is.

If, at the date of the Tabulation Letter:-

- (a) there are outstanding monies due and owing by RSHSB to the creditors identified under the Third Schedule of the SPA based on, where relevant, the Penultimate Cert (save for the MBB Loan which is provided for in item 3.1.6.1 above and the Defect Liability Retention which is provided for in item 3.1.6.2 above), the Vendor's Solicitor shall be authorized to deduct an amount equivalent to such outstanding sum from the Final Payment and utilize such deduction towards the settlement of the outstanding monies due and owing by the Company to the creditors identified under the Third Schedule of the SPA based on, where relevant, the Penultimate Cert (save for the MBB Loan which is provided for in item 3.1.6.1 above and the Defect Liability Retention which is provided for in item 3.1.6.2 above); and
- (b) the CCC for the Building was issued after the expiry of ninety (90) business days from the date of the SPA and the Purchaser has not terminated the SPA pursuant to the termination provisions set out in Clause 8.1.4 of the SPA, the Vendor's Solicitor shall be authorized to deduct a sum equivalent to zero point five percent (0.5%) per annum above MBB's base lending rate calculated on a daily basis on the Purchase Price for the period commencing from date of expiry of ninety (90) business days from the date of the SPA until the date of the issuance of the CCC and utilize such deduction towards the settlement of the agreed liquidated damages for the delay in issuance of the CCC for the Building provided that the Purchaser is not in default of any of its covenants under item 3.1.6 above.

### **3.1.8 Specific Conditions**

- 3.1.8.1 The SPA is subject to the conditions agreed by the parties as follows:-



a) Debts and Liabilities

The outstanding book debt and liabilities of RSHSB are as stated in the Third Schedule of the SPA and that the Company will not after the date of the SPA incur or agree to incur any capital expenditure or commitments save for those which are in the ordinary course of business of RSHSB.

b) Assets

RSHSB's assets are as listed under the Fourth Schedule of the SPA ("Company's Assets") and that RSHSB will not after the date of the SPA dispose off any of the Company's Assets. The Purchaser will only be responsible to settle and discharge any liens and charges that arise or may arise over the Company's Assets after the Completion Date subject always to the provisions of item 3.1.6 and item 3.1.7 above.

c) Employees

It is hereby mutually agreed between the parties that the Purchaser shall abide by and honour the contracts of employment entered into between RSHSB and the employees identified under the Fifth Schedule of the SPA on and after the Completion Date.

d) Contracts with Third Parties

The Vendor warrants that there are no subsisting material contracts between RSHSB and any third parties including directors, service providers etc save for those listed in the Sixth Schedule of the SPA.

e) Company's Bank Accounts

The Vendor represents that the Company currently operates the bank accounts which details are stated in the Seventh Schedule of the SPA. The Vendor agrees that the Company shall deal with the said bank accounts as stated in Clause 6.1.1 (iii) of the SPA.

### 3.1.9 Vendor's Covenants

3.1.9.1 The Vendor hereby expressly covenants with the Purchaser that the Vendor shall:-

- a) upon the execution of the SPA, deliver to the Vendor's solicitors, as stakeholders, the valid and registrable, but unstamped, Forms 32A ("Transfer Forms") for the Sale Shares duly executed by the Vendor in favour of the Purchaser or as the Purchaser shall direct, together with the relevant and original share certificates in respect of the Sale Shares and all other relevant documents for registration of the same in favour of the Purchaser;

- b) upon the execution of the SPA, deliver to the Vendor's Solicitors, as stakeholders, an undated directors' and members resolution in accordance with the Articles of Association of RSHSB approving the transfer of the Sale Shares in favour of the Purchaser and the registration of the said transfer in the register of members of RSHSB on the Completion Date (as defined herein) together with the duly executed 'Certificate of No Indebtedness' and a 'Waiver of Pre-emption Rights' from the Vendor;
- c) within seven (7) business days from the Completion Date, close all existing bank accounts of RSHSB that is identified under the Seventh Schedule of the SPA;
- d) upon the execution of the SPA, deliver to the Vendor's Solicitors the undated letters of resignation duly executed by the existing directors and company secretary of RSHSB on the Completion Date. It is expressly agreed that the Vendor shall not be required to procure the resignation of the auditor on the Completion Date which engagement shall remain the prerogative and responsibility of the Purchaser after the Completion Date (as defined herein);
- e) deliver RSHSB 's seal on the Completion Date (as defined herein);
- f) deliver RSHSB's Certificate of Incorporation on the Completion Date (as defined herein);
- g) deliver the statutory books of RSHSB duly written and maintained up to date on the Completion Date;
- h) deliver all available copies of the Memorandum & Articles of Association of RSHSB on the Completion Date (as defined herein);
- i) be deemed to have delivered possession and control of the Building to the Purchaser on an as is where is basis on the Completion Date (as defined herein); and
- j) deliver all original contracts that are subsisting as listed under the Sixth Schedule of the SPA and that relates to the assets of RSHSB as listed under the Fourth Schedule of the SPA together with the financial records of RSHSB on the Completion Date (as defined herein);

3.1.9.2 The Vendor shall also ensure that no further dealings, whether directly or indirectly, shall be transacted or made over the Sale Shares with effect from the date hereof and during the duration of the SPA and that RSHSB does not enter into any new material contracts with any third parties during the duration of the SPA save where required to secure the issuance of the CCC subject to the provisions of item 3.1.6 and item 3.1.7 above.

## **3.2 Completion**

### **3.2.1 Registration of the Sale Shares**

Upon the Vendor's Solicitors' receipt of the Final Payment (subject to clearance), the Vendor's Solicitors shall be authorised to release to the Purchaser's Solicitors all the documents referred to under item 3.1.9.1 above (hereinafter referred to as ("the Completion Date")) whereby the Purchaser's solicitors shall proceed to adjudicate the Transfer Forms and upon the Purchaser's settlement of the stamp duty fees, send the Transfer Forms for the Sale Shares duly executed by the Vendor and the relevant original share certificates to RSHSB's Secretary or Registrar together with all other relevant documents for purposes of effecting registration of the same in favour of the Purchaser.

### **3.2.2 Release of Share Certificate**

RSHSB's Secretary or Registrar shall be authorised to forthwith release the original share certificates for the Sale Shares duly endorsed and registered in favour of the Purchaser to the Purchaser immediately upon endorsement and registration thereof.

### **3.2.3 Changes to be effected in a timely manner**

The Purchaser shall ensure that the resignation of the existing directors and company secretary of RSHSB are effected within one (1) month from the Completion Date save for the auditor whose resignation, if required by the Purchaser or unless otherwise determined by the Purchaser, shall be effected at the next annual general meeting of RSHSB. The Purchaser shall indemnify the Vendor for any losses, damages or liabilities that may be suffered or incurred by the Vendor as a result of any delay or omission on the part of the Purchaser in effecting the foregoing changes.

## **3.3 Basis and Justification of arriving at Purchase Price**

The Purchase Price for the Proposed Acquisition was arrived at on a "willing buyer willing seller" basis and shall be subjected to the adjustments, if any, under the provisions of item 3.1.7 above.

## **3.4 Sources of Funding**

The Purchase Price shall be financed from internally generated funds of KPJ and its subsidiaries ("KPJ Group").

## **3.5 Liabilities to be assumed by KPJ and KPJSB**

There are no liabilities, including contingent liabilities and guarantees, to be assumed by KPJ and KPJSB pursuant to the Proposed Acquisition.

## **3.6 Encumbrances**

The Sale Shares are to be acquired free from any encumbrances.

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

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

#### **5. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition would enable KPJ Group to expand its network of hospitals to locations where private healthcare is in demand, enlarge the customer base and further establish itself as a key healthcare service provider in Malaysia.

#### **6. PROSPECTS OF THE HEALTHCARE INDUSTRY AND THE PROPOSED ACQUISITION**

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 resources development and optimize resource allocation. Improvements in the delivery system will be undertaken with greater involvement of the private sector and non-governmental organizations.

The healthcare industry has become a powerful engine for economic growth in Malaysia due to demographic shifts. Currently, the sector contributes RM15 billion to Malaysia's Gross National Income (GNI).

The government aims to grow three subsectors of healthcare, namely pharmaceuticals, health travel and medical technology products with the objective to migrate from primarily a lower-value product strategy to a more comprehensive product, services and asset strategy.

The government targets to generate RM35 billion incremental GNI contribution to reach RM50 billion by 2020. The Healthcare National Key Economic Areas (NKEA) is also targeting to welcome 1 million health travelers and conduct 1,000 clinical trials, all of which will create approximately 181,000 new jobs.

Given the ambitious target to grow the healthcare sector and treble its contribution to GNI, the sector will require RM23 billion cumulatively from 2011 to 2020 to fund growth. Ninety-nine (99) percent of this sum will be funded by the private sector and only one (1) percent of this sum is publicly funded.

In Malaysia, where the Government is striving to achieve developed economy status by 2020, the services sector is seen as the main driver of growth. The services sector is expected to expand by 3.6% in 2010 and within this sector, the Government has identified healthcare travel as one of the potential services subsectors to generate national economic growth.

(Source: official website of PEMANDU at [www.pemandu.gov.my](http://www.pemandu.gov.my))

The Proposed Acquisition will also allow KPJ to operate immediately from a completed hospital building and thus eliminating the usual gestational period of three (3) years.

In view of the above, KPJ believes that the prospects of the healthcare industry remain promising.

## **7. EFFECTS OF THE PROPOSED ACQUISITION**

The effects of the Proposed Acquisition are as follows:

### **7.1 Share Capital and Shareholding Structure**

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

### **7.2 Earnings per Share (“EPS”)**

The Proposed Acquisition is not expected to have a material effect on the EPS of the KPJ Group for the financial year ending 31 December 2012.

### **7.3 Net Asset (“NA”), NA per share and gearing**

In view of the intended means of funding for the Proposed Acquisition, the Proposed Acquisition is expected to affect KPJ’s consolidated NA, NA per share and gearing of the KPJ Group.

### **7.4 Gearing**

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

### **7.5 Dividend**

The Proposed Acquisition will not have any material effect on the dividend policy of the KPJ Group.

## **8. APPROVALS REQUIRED**

The Proposed Acquisition is not subject to the approval of the shareholders of KPJ.

## **9. ESTIMATED TIMEFRAME FOR COMPLETION**

KPJ expects to complete the Proposed Acquisition by the end of the fourth quarter of 2013.

## **10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

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

## **11. DIRECTORS' STATEMENT**

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

## **12. HIGHEST PERCENTAGE RATIO APPLICABLE**

The highest percentage ratio applicable to the Proposed Acquisition is **5.67%** pursuant to paragraph 10.02(g) of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

## **13. DOCUMENT AVAILABLE FOR INSPECTION**

The SPA is available for inspection at the registered office of the Company 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.

This announcement is dated 17 April 2013.