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

PROPOSED JOINT VENTURE BETWEEN KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ, AND NAIM LAND SDN BHD

This announcement is dated 19 April 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 19 April 2012 signed a Joint Venture Agreement ("**JVA**") with Naim Land Sdn Bhd (**"NLSB"**) for the purpose of designing, developing, building, completing and owning a purpose-built hospital building and subsequently operating as a hospital ("Proposed Hospital") at the said Land (as defined in Section 3.4) ("**Proposed JV**").

2. DETAILS OF THE PARTIES TO THE JVA

2.1 Kumpulan Perubatan (Johor) Sdn. Bhd.

KPJSB is a wholly owned subsidiary of KPJ and was incorporated on 8 June 1988 with the issued and fully paid-up share capital of RM90 million divided into 90 million 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.

2.2 Naim Land Sdn. Bhd.

NLSB is a wholly owned subsidiary of Naim Holdings Berhad and was incorporated on 12 April 1993 with its registered office at the 9th Floor, Wisma Naim, 2 ½ Mile, Rock Road, 93200 Kuching, Sarawak. The issued and fully paid-up share capital of NLSB is RM80 million and its principal activity is property development.

3. DETAILS OF THE PROPOSED JV

3.1 Information on the Proposed JV

The Proposed JV shall operate through a joint venture company ("**JVC**"), of which KPJSB will hold 70% equity interest while NLSB will hold the remaining 30% equity interest at all times.

Pursuant to the JVA, NLSB shall dispose the Land with vacant possession for the building of the Proposed Hospital whilst KPJSB shall provide the technical and management services for the construction of the hospital building and shall use its best endeavour to assist the JVC in matters relating to the construction and completion of the hospital building.

3.2 Salient terms of the JVA

The JVC will be engaged in the business of designing, developing, building, completing, owning and subsequently operating as a hospital from the said building. The name of the Proposed Hospital shall be mutually agreed by both Parties. The JVC shall commence and be fully engaged in the business within two (2) years of its incorporation.

(i) Share Capital of JVC

The JVC shall have an initial authorised share capital of RM25 million divided into 25 million ordinary shares of RM1.00 each ("**JVC Shares**") and an initial issued share capital of RM2.00 divided two (2) ordinary shares of RM1.00 each.

Within one (1) month of the date of the signing of the JVA ("Effective Date"), the issued share capital of JVC shall be increased to ten (10) ordinary shares of RM1.00 each of which KPJSB and NLSB shall subscribe and be allotted with seven (7) and three (3) ordinary shares each respectively.

Upon the successful transfer of the Land from NLSB to JVC, the parties shall subscribe to the JVC Shares as follow:-

(a) NLSB shall subscribe and be allotted with 5,900,000 JVC Shares payable in consideration of the disposal of the Land to JVC; and

(b) KPJSB shall subscribe and be allotted with 13,766,667 JVC Shares payable in cash.

Subsequent increases in JVC's share capital shall be based on the requirements of the JVC from time to time and as agreed by the Parties.

However, the percentage shareholding in the JVC shall at all times, be and remain as 70% to be held by KPJSB and 30% to be held by NLSB.

(ii) Conditions Precedent of the JVA

The JVA is subject to the approval of the board of directors KPJSB and NLSB within ninety (90) days from the date of the JVA.

(iii) Composition of the Board of Director of JVC

The board of directors of JVC shall comprise of at least seven (7) directors, of which five (5) persons shall be nominated by KPJSB and two (2) persons nominated by NLSB. From among the five (5) persons nominated as directors by KPJSB, one (1) shall be appointed as Executive Director of the JVC and one (1) shall be appointed as Chairman of the JVC with no casting vote.

(iv) Future Funding of JVC

The funding required by the JVC for the purpose of the business or any working capital requirement shall be provided in the following manners:-

(a) by way of loans or other financial assistance from financial institutions or other third parties;

(b) out of the profits generated by the JVC;

(c) in the event of the board of directors of JVC being unable to procure loans or financial assistance as Section 13.2(a), by way of share capital for by the Shareholders in proportion to their shareholding in the JVC.

3.3 Source of Funding

The subscription price of RM13,766,667 for the 13,766,667 JVC Shares as described in Section 2.2(i)(a) above will be financed via internally generated funds of the KPJ Group.

3.4 Information on the Land

The Land refers to the piece of land held under Lot 3247 Block 11, Kuala Baram Land District, Miri, Sarawak measuring 4 acres. NLSB is the registered owner of the Land.

4. RATIONALE FOR THE PROPOSED JV

The Company views the Proposed JV between KPJSB and NLSB as beneficial for the following reasons:

(a) The Proposed JV is in line with KPJ and its subsidiaries ("**KPJ Group**") objective to increase its network of hospitals to locations where private healthcare is in demand, enlarge the customer base as well as other areas of healthcare services.

(b) The Proposed JV shall leverage on KPJ and NLSB's capabilities to successfully operate as a private hospital.

(c) The Proposed JV shall lower KPJ's initial start up cost, i.e. cost of land and construction cost of hospital building, and lower maintenance spend.

5. PROSPECTS OF PRIVATE HEALTHCARE INDUSTRY IN MALAYSIA

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)

In view of the above, KPJ Group believes that the prospects of the healthcare industry as well as the Proposed JV to be promising.

6. RISKS IN RELATION TO THE PROPOSED JV

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

7. EFFECTS OF THE PROPOSED JV

7.1 Share Capital and Substantial Shareholders' Shareholding

The Proposed JV will not have any effect on the share capital and substantial shareholders' shareholding of KPJ.

7.2 Earnings

The Proposed JV will not have any material financial impact on KPJ's earnings in the current financial year but is expected to contribute positively in the future.

7.3 Net Assets and Gearing

The Proposed JV will not have any material financial impact on KPJ's net assets and gearing.

8. APPROVALS REQUIRED

Proposed JV is conditional upon approval being obtained from relevant authorities (if any) being order to effect the completion of the Proposed JV. The Proposed JV is not subject to the approval of the shareholders of KPJ.

9. 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 Proposed JV.

10. DIRECTORS' OPINION

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

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the conditions precedent of the Proposed JV are expected to be fulfilled and completed by the first (1^{st}) half of 2012.

12. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed JV as per Paragraph 10.02(g) Chapter 10 of the Listing Requirements is the value of equity interest invested, compared with the net assets of the KPJ which amounts to approximately 3.36% based on the latest consolidated financial statements of the KPJ as at FYE 31 December 2011.

13. DOCUMENTS FOR INSPECTION

The JVA will be made available for inspection at the registered office of KPJ at Suite 12B, Tingkat 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.