

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 80% EQUITY INTEREST IN PT KHIDMAT PERAWATAN JASA MEDIKA (“PT KPJ MEDIKA”) FOR A TOTAL CASH CONSIDERATION OF RM15,840,000.00 (“PROPOSED ACQUISITION”)

This announcement is dated 23 March 2012.

1. INTRODUCTION

The Board of Directors of KPJ (“**Board**”) wishes to announce that Johor Corporation (“JCorp”), a major shareholder of KPJ, had on 27 February 2012 offered to sell its entire equity holding in PT KPJ Medika of 16,000 ordinary shares of Rp1,000,000 each (“Sale Shares”) or equivalent to 80% equity in PT KPJ Medika (“Offer”) for a total cash consideration of RM15,840,000.00 (“Purchase Consideration”). KPJ had then, via a letter dated 23 March 2012 accepted the Offer (“Acceptance”).

A conditional Sale of Shares Agreement (“Conditional SSA”) shall be executed by the parties within a month of the date of the Acceptance and an announcement to that effect shall be made accordingly.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Company

PT KPJ Medika owns and operates a private specialist hospital known as Rumah Sakit Medika Permata Hijau with its registered address and principal place of business at Jl Raya Kebayoran Lama No.64, Rukun Tetangga 006, Rukun Warga 08, Kelurahan Sukabumi Selatan, Kecamatan Kebon Jeruk, Jakarta Barat 11560, Indonesia with 92 beds capacity.

PT KPJ Medika has an authorised and paid up share capital of Rp20,000,000,000 divided into 20,000 ordinary shares of Rp1,000,000 each of which all have been issued and credited as fully paid-up.

PT KPJ Medika registered an audited profit after tax of RM12,539,519.00 (Rp35,725,126,228) and audited net assets of RM21,746,224.00 (Rp61,955,055,049) for the financial year ending 31 December 2011. Also included in the audited profit is gain on disposal of PT KPJ Medika land and building to Al-Aqar Healthcare REIT amounting to RM10,263,864.00 (Rp29,241,778,319). The exchange rate being used is RM1 = Rp0.0003510 as at 31 December 2011.

2.2 Information on JCorp

JCorp is a body corporate established under the Johor Corporation Enactment No. 4 of 1968 (as amended by Enactment No. 5 of 1995). JCorp is principally an investment holding entity and its subsidiaries are principally involved in palm oil and oleochemicals, specialist healthcare services, property development, food related activities and intrapreneur venture. JCorp’s other principal business ventures include industrial property development, intrapreneur business development, unit trusts and fund management, commercial property management and the hospitality business.

JCorp is a state government agency, and hence, has no shareholders.

As at 23 March 2012, the Directors of JCorp are as follows:-

YAB Dato' Haji Abdul Ghani Bin Othman
Tuan Haji Kamaruzzaman Bin Abu Kassim
YB Datuk Haji Ahmad Zahri Bin Jamil
YB Tuan Haji Obet Bin Tawil
YB Datuk Abdul Rahman Putra Bin Dato' Haji Taha
YB Datin Paduka Zainon Binti Haji Yusof
YBhg Dato' Sri Dr Ali Bin Hamsa
YBhg Datuk Dr Rahamat Bivi Binti Yusoff
YBhg Datuk Dr Rebecca Fatima Sta Maria
YBhg Dato' Paduka Ismee Bin Ismail
YB Tuan Haji Marsan Bin Kassim

2.3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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:-

2.3.1 Major Shareholder

JCorp is a major shareholder of the Company holding directly 82,756,505 ordinary shares of RM0.50 each in the Company representing 13.63% of the equity interest in the Company as at 21 March 2012. JCorp also has an indirect interest of 155,112,550 ordinary shares of RM0.50 each in the Company representing 25.54% of the equity interest in the Company as at 21 March 2012.

2.3.2 Directors

Tuan Haji Kamaruzzaman Bin Abu Kassim, Datin Paduka Siti Sa'diah binti Sh Bakir, Tuan Haji Ahamad Bin Mohamad, Tuan Haji Abd Razak Bin Haron and Tuan Haji 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.

2.4 Salient terms of the Offer

2.4.1 Basis and Justification of arriving at the Purchase Consideration

The Purchase Consideration of RM15,840,000.00 is on the basis of RM990.00 per share based on the adjusted audited net tangible assets of PT KPJ Medika as at 31 December 2010.

2.4.2 Settlement of the Purchase Consideration

The Purchase Consideration shall be settled in cash in the following manner:-

	RM
Upon acceptance of the Offer (equivalent to 50% of the Purchase Consideration)s	7,920,000.00
Payable according to the Conditional SSA (equivalent to 50% of the Purchase Consideration)	7,920,000.00
	<hr/> <u>15,840,000.00</u>

2.4.3 Sources of Funding

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

2.4.4 Liabilities to be assumed by KPJSB

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

2.4.5 Encumbrances

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

3. RATIONALE FOR THE PROPOSED ACQUISITION

KPJ has been managing PT KPJ Medika for 15 years. In view of the profitability of PT KPJ Medika for the last 15 years, KPJ foresees that the Proposed Acquisition as a lucrative investment and further for expansion in the Indonesian market.

4. APPROVALS REQUIRED

The Proposed Acquisition is conditional upon the approvals of the shareholders of KPJ via Extraordinary General Meeting ("EGM").

5. 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.

6. 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.

7. PAST TOTAL AMOUNT TRANSACTED

Save as the following transaction, there is no other transaction with 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
8 February 2012	Acquisition of 8 units of Condotel	Johor Land and KPJSB	RM1,934,880