

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

DISPOSAL OF REDEEMABLE PREFERENCE SHARES IN INTRAPRENEUR DEVELOPMENT SDN BHD BY KPJ (“PROPOSED DISPOSAL”)

1. INTRODUCTION

References are made to our announcements dated 26 November 2009 in relation to the Subscription Agreement entered into with Intrapreneur Development Sdn Bhd (“IDSB”) for the proposed subscription of 100,000 redeemable preference shares of RM0.01 each in IDSB (“Redeemable Preference Shares” or “RPS”) at issue price of RM100 each.

As at to date, KPJ has only subscribed and is the registered owner of 15,369 RPS with the total cost of the investment being RM1,536,900.00.

The Board of Directors of KPJ wishes to announce that the Company had on 30 January 2012 entered into a Sale of Shares Agreement (“SSA”) with Johor Corporation (“JCorp” or “Purchaser”) to dispose 15,359 RPS (“Sale RPS”) at the total sale consideration of RM1,536,900.00 (“Total Sale Consideration”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 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 subsidiary and associated companies are principally involved in palm oils, plantations, specialist healthcare services, property development, quick service restaurants and food related activities, and intrapreneur venture. JCorp’s other principal business ventures include logistic and industrial property development, intrapreneur business development, unit trusts, commercial property management and the hospitality business.

The registered office of JCorp is at Level 2, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor.

2.2 Information on IDSB

IDSB was incorporated in Malaysia on 25 April 2008 as a private limited company under the Companies Act, 1965 (“Act”) as JCorp Property Management Sdn Bhd. It subsequently changed its name to its current name on 14 August 2009.

IDSB is registered with the Securities Commission (“SC”) as a Venture Capital Corporation under the SC’s Guidelines for Registration of Venture Capital Corporations and Venture Capital Management Corporations (“SC Guidelines”) on 2 October 2009.

As at the date of the SSA, IDSB has an authorised share capital of Ringgit Malaysia One Hundred and Five Thousand (RM105,000.00) only comprising of One Hundred Thousand (100,000) ordinary shares with nominal value of Ringgit Malaysia One (RM1.00) each (“OS”) and Five Hundred Thousand (500,000) RPS out which two (2) OS and Seventy Six Thousand Eight Hundred Forty Seven (76,847) RPS have been issued, paid-up and registered in the following shareholders’ name (hereinafter referred to “the Existing Shareholders”):-

a) OS

Name of Shareholder	Number of OS
Permodalan Teras Sdn Bhd	2

b) RPS

Name of Shareholders	Number of RPS
QSR Brands Bhd	30,738
Kulim (Malaysia) Berhad	30,738
KPJ	15,369

IDSB had on 1 July 2011 issued a letter of notification to the Existing Shareholders on the proposed offer to dispose all the issued and subscribed RPS to the Purchaser.

2.3 Total Sale Consideration

The total sale consideration shall be paid in cash to KPJ by JCorp in the following manner:

- (a) Upon execution of the SSA, JCorp shall pay the sum RM153,690.00 only being the 10% of the Total Sale Consideration to KPJ
- (b) Within 14 days from the Effective Date, JCorp shall pay the sum of RM1,383,210.00 only being the balance of the Total Sale Consideration to KPJ ("Balance Purchase Consideration"). For the purpose of the SSA, "Effective Date" means the date when the last of the conditions precedent in the SSA has been obtained and performed.

2.4 Conditions Precedent

The Proposed Disposal is subject to the following conditions precedent being obtained by the parties within the approval period:-

- (i) A Board of Directors' resolution being passed at a Board of Director's meeting of KPJ approving the transactions as contemplated in the SSA;
- (ii) A Board of Directors' resolution being passed at a Board of Director's meeting of JCorp approving the transactions as contemplated in the SSA;
- (iii) A Board of Directors' resolution being passed at a Board of Director's meeting of IDSB approving the transactions as contemplated in the SSA; and
- (iv) Any other approvals required, if any from the relevant authorities.

For the purpose of the SSA, "approval period" has been defined as the period of one (1) month from the date of the SSA subject to extension by mutual agreement of the parties.

2.5 Completion

Completion shall take place on the date of payment of the Total Sale Consideration upon the completion of the simultaneous action by the parties to the SSA as follows:-

- (a) Purchaser forwarding to KPJ the Balance Purchase Consideration and a certified true copy of Board resolution approving the Proposed Disposal.
- (b) KPJ shall deliver to Purchaser a certified true copy of Board resolution approving the Proposed Disposal, valid and registrable share transfer forms of disposal and original share certificates of RPS.
- (c) The company secretary of IDSB delivering new share certificate of the Sale RPS in favour of the Purchaser.

2.6 Basis of Arriving at the Sale Consideration

The Total Sale Consideration is the initial fund invested by KPJ in IDSB.

2.7 Utilisation of Proceeds

The total cash proceeds amounting to RM1,536,900.00 is expected to be utilised for working capital of KPJ.

2.8 Encumbrances and Liabilities to be Assumed

There are no liabilities, including contingent liabilities and/or guarantees to be assumed by Purchaser arising from the Proposed Disposal.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The initial proposal to subscribe for the RPS was to enable KPJ to participate in the returns from the investment made by IDSB. However IDSB has since resolved to terminate the investment scheme. In view of the said termination, JCorp has undertaken to return the invested fund of RM1,536,900.00 to KPJ vide the purchase of the RPS by JCorp.

The Proposed Disposal will also allow KPJ to dispose of this non-core asset and concentrate its resources on its core expertise. This is in line with KPJ plans 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.

4. EFFECTS OF THE PROPOSED DISPOSAL

4.1 Share Capital and Substantial Shareholders' Shareholding

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

4.2 Earnings

The Proposed Disposal 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.

4.3 Net Assets and Gearing

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

4.4 Expected gain or loss arising from the Proposed Disposal

The Proposed Disposal will not result in any gain or loss as KPJ will get back its actual invested fund in IDSB.

5. APPROVALS REQUIRED FOR THE PROPOSED DISPOSAL

The Proposed Disposal is subject to and conditional upon approval being obtained from the Board of Directors for both KPJ and JCorp. The Proposed Disposal does not require the approval of shareholders and government authorities.

6. DIRECTORS AND MAJOR SHAREHOLDER'S INTERESTS

Save as disclosed below, none of the Directors, major shareholders of KPJ and/or persons connected to the Directors and/or major shareholder has any interest, direct and/or indirect, in the Proposed Disposal.

6.1 Directors

Tuan Haji Kamaruzzaman Abu Kassim, Datin Paduka Siti Sa'diah Binti Sh Bakir, Tuan Haji Ahamad Mohamad, Tuan Haji Rozan Mohd Sa'at and Tuan Haji Abd Razak Haron who are directors of KPJ, are also senior management of Johor Corporation ("**JCorp**").

(Tuan Haji Kamaruzzaman Abu Kassim, Datin Paduka Siti Sa'diah Binti Sh Bakir, Tuan Haji Ahamad Mohamad, Tuan Haji Rozan Mohd Sa'at and Tuan Haji Abd Razak Haron are collectively referred to as the "**Interested Directors**").

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

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

6.2 Major Shareholders

JCorp is a major shareholder of KPJ holding directly 82,756,505 KPJ Shares representing 14.15 equity interest in KPJ as at 31 December 2011. JCorp also had an indirect interest of 155,112,550 KPJ Shares representing 26.52 equity interest in KPJ as 31 December 2011.

7. AUDIT COMMITTEE

The Audit Committee having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is fair, reasonable and on normal commercial terms and it is in the best interest of the KPJ and not detrimental to the interest of the minority shareholders. In forming its view, the Audit Committee has not sought any independent advice.

8. TRANSACTED AMOUNT FOR THE PRECEDING 12 MONTHS

There was no transaction between the KPJ and JCorp for the preceding twelve (12) months.

9. DIRECTORS' RECOMMENDATION

The Board of Directors, save for the Interested Directors, of KPJ having considered the rationale for the Proposed Disposal, and after careful deliberation, is of the opinion that the Proposed Disposal is fair, reasonable and on normal commercial terms and it is in the best and long term interests of the KPJ Group and its shareholders and not detrimental to the interest of the minority shareholders.

10. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposal as per Paragraph 10.02(g) Chapter 10 of the Listing Requirements is the value of Properties, compared with the net assets of the KPJ which amounts to approximately 0.2% based on the latest consolidated financial statements of the KPJ as at FYE 31 December 2010.

11. DOCUMENTS FOR INSPECTION

The SSA 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.

This announcement is dated 30 January 2012.