

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

- (I) PROPOSED DISPOSAL BY SEREMBAN SPECIALIST HOSPITAL SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ (“SSHSB”) OF A LAND IN SEREMBAN, NEGERI SEMBILAN TO AMANAHRAYA TRUSTEES BERHAD, ON BEHALF OF AL-`AQAR HEALTHCARE REIT FOR A TOTAL CASH CONSIDERATION OF RM4.25 MILLION (“PROPOSED DISPOSAL”)
- (II) PROPOSED LEASEBACK OF THE LAND IN SEREMBAN, NEGERI SEMBILAN TO SSHSB AFTER THE COMPLETION OF THE PROPOSED DISPOSAL SUBJECT TO THE TERMS AND CONDITIONS OF THE LEASE AGREEMENT (“PROPOSED LEASEBACK”)

### (I) AND (II) SHALL COLLECTIVELY BE REFERRED TO AS “PROPOSALS”

## 1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of KPJ Healthcare Berhad (“**KPJ**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”), wishes to announce that Seremban Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of KPJ (“**SSHSB**”), had on 18 March 2015 entered into a SPA with the AmanahRaya Trustees Berhad, being the trustee of Al-`Aqar Healthcare REIT (“**Trustee**” or “**Purchaser**”), to dispose a parcel of freehold land in Seremban, Negeri Sembilan (“**SSH Land**”) to Al-`Aqar for a total cash consideration of RM4.25 million (“**SSH SPA**”) upon the terms and conditions of the SSH SPA (“**Proposed Disposal**”).

As a condition to the Proposed Disposal, SSHSB will enter into a supplemental lease agreement with the Trustee, on behalf of Al-`Aqar, and Damansara REIT Managers Sdn Berhad, being the manager of Al-`Aqar (“**DRMSB**” or “**Manager**”), for the lease of the SSH Land to SSHSB (“**SSH Supplemental Lease Agreement**”) upon the terms and conditions to be agreed between the aforesaid parties (“**Proposed Leaseback**”). The SSH Supplemental Lease Agreement shall supplement a lease agreement dated 12 December 2012 entered into between SSHSB, the Trustee and DRMSB for the lease of the Existing Properties for the second (2<sup>nd</sup>) lease term period (as defined herein) to SSHSB (“**SSH Existing Lease Agreement**”).

## 2. DETAILS OF THE PROPOSED DISPOSAL

SSHSB is the owner of the SSH Land and operator of KPJ Seremban Specialist Hospital (“**KPJ SSH**”).

The Proposed Disposal entails SSHSB disposing to the Trustee (representing Al-`Aqar), the SSH Land held under land title HS(D) 218451, PT 2466, Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan.

The SSH Land is situated adjacent to several parcels of freehold and leasehold lands owned by Al-`Aqar measuring approximately 16,823 sq metres (“**Existing Al-`Aqar Land**”). The existing KPJ SSH building which is constructed on the Existing Al-`Aqar Land (“**Existing Building**”), together with the Existing Al-`Aqar Land were acquired by Al-`Aqar on 19 August 2008.

At present, the SSH Land is being used as an open space parking lot for the KPJ SSH, and a medical gas storage building, a TNB substation and a refuse storage had been erected on the SSH Land (collectively, “**Facilities**”).

SSHSB had on 22 March 2012 obtained the approval from Majlis Perbandaran Seremban (“**MPS**”) in relation to the building plans for the proposed expansion of the KPJ Seremban Specialist Hospital, which includes construction of an additional eight (8)-storey physician consultant block and a six (6)-storey annexe block on the Existing Al-`Aqar Land (collectively referred to as “**New Buildings**”) together with Facilities (“**Proposed Expansion**”). The construction of the New Buildings, which is undertaken by SSHSB, is expected to be completed with Certificate of Completion and Compliance (“**CCC**”) in November 2015. For clarification, SSHSB is the owner of the New Buildings.

The architect of the KPJ SSH's expansion, had advised that, based on their discussion with the MPS, the SSH Land and the Existing Al-`Aqar Land will need to be amalgamated before the CCC for the New Buildings can be issued.

The amalgamation of the Existing Al-`Aqar Land and the SSH Land ("**Amalgamation**") is expected to commence after the ownership and land title of the SSH Land are transferred to Al-`Aqar, as represented by its Trustee upon completion of the Proposed Disposal.

## 2.1 Information on the SSH Land

The SSH Land, generally flat in terrain, is an irregular shaped parcel of land having a land area of approximately 5,644 sq metres. As mentioned in Section 2 above, the SSH Land is currently being used as a temporary car park area for the KPJ SSH and there are Facilities erected on it.

The audited NBV of the SSH Land as at 31 December 2014 is RM3.43 million.

Other pertinent information in respect of the SSH Land is set out as below:-

<b>Description</b>	<b>SSH Land</b>
Title number:	HSD 218451
Tenure:	Interest in perpetuity
Land area:	5,644 sq metres
Category of land use:	Building
Express condition :	This land is to be used for private hospital buildings only
Market value <sup>(i)</sup> :	RM4.25 million
Original cost of investment :	RM3.43
Date of investment	9 December 2009
Chargee:	Nil
Encumbrances:	Nil

### **Note:-**

(i) *The market value of the SSH Land is ascribed by Cheston International (KL) Sdn Bhd, being the independent valuer vide its valuation report dated 12 February 2015 using the comparison method.*

## 2.2 Liabilities to be assumed by Al-`Aqar

There are no liabilities to be assumed by Al-`Aqar pursuant to the Proposed Disposal.

## 2.3 Salient Terms of the SSH SPA

### 2.3.1 Encumbrances

SSHSB agrees to sell and the Purchaser agrees to purchase the SSH Land upon the basis that a title deed has been issued for the SSH Land in accordance with the law; free from any claims, charges, liens, other encumbrances and equities whatsoever; with legal and beneficial ownership and vacant possession of the SSH Land being transferred from the Vendor to the Purchaser; subject to all express conditions and restrictions expressed or implied of the title deed, registered or to be registered on the title deed to the SSH Land at the land registry; subject to the category of land use on the SSH Land, which is "Building"; and upon the basis that each of the representations and warranties set out in the SSH SPA are true and accurate in all respects.

### 2.3.2 Settlement of the Disposal Consideration

The Disposal Consideration shall be satisfied as follows:-

- (i) a sum of RM100,000, being the deposit and part payment of the Disposal Consideration ("**Deposit**") has been paid to the Vendor upon execution of the SSH SPA; and
- (ii) the balance sum of RM4,150,000, being the balance Disposal Consideration ("**Balance Disposal Consideration**") shall be payable by the Purchaser to the Purchaser's solicitor at least one (1) business day prior to the presentation of the transfer of the SSH Land within the Completion Period (as defined herein) or the Extended Completion Period (as defined herein), as the case may be. The Purchaser's solicitor shall then release the Balance Purchase Consideration to the Vendor within two (2) business days after the Purchaser's solicitor had received confirmation that presentation of the transfer of the SSH Land for registration at the relevant land office is successful.

The completion period shall be one (1) month from the Unconditional Date ("**Completion Period**"). In the event the Purchaser is unable to pay the Disposal Consideration or any part thereof on or before the expiry of the Completion Period, the Vendor shall grant an automatic extension of one (1) month from the expiry of the Completion Period, or such other period as the parties may agree in writing ("**Extended Completion Period**").

The completion of the SSH SPA shall take place on the date the Vendor receives the Disposal Consideration in full and the beneficial ownership of the SSH Land has been transferred from the Vendor to the Purchaser ("**SSH Completion Date**").

### 2.3.3 Conditions Precedent

The SSH SPA is conditional upon and subject to the fulfilment of the following conditions precedent:-

- (i) the approval of the shareholders and Board of SSHSB being obtained for the Proposed Disposal and Proposed Leaseback;
- (ii) the approval of the Board of the Manager and the Trustee for the proposed acquisition and Proposed Leaseback of the SSH Land;

- (iii) the approval of the shareholders of KPJ at an extraordinary general meeting to be obtained for the Proposed Disposal and for the Proposed Leaseback of the SSH Land;
- (iv) the approval of the unitholders of Al-`Aqar at a unitholders' extraordinary general meeting approving the proposed acquisition of the SSH Land by Al-`Aqar;
- (v) all such other consents and regulatory and/or governmental approvals required to be obtained by the Vendor, the Purchaser and/or KPJ in order to effect the completion of the Proposed Disposal;
- (vi) the Securities Commission Malaysia ("**SC**")'s approval for a waiver for the proposed acquisition of a vacant land, if required; and
- (vii) the SSH Supplemental Lease Agreement has been duly executed by the parties in escrow and kept in the Purchaser's solicitor's custody, and will be dated the same date as the SSH Completion Date.

The parties to the SSH SPA shall fulfill and complete the Conditions Precedent within six (6) months from the date of the SSH SPA ("**Conditional Period**"). In the event that the Conditions Precedent cannot be obtained within the said period, an extension of three (3) months from the last day of the Conditional Period may be granted by the affected party to the other party ("**Extended Conditional Period**").

The date upon which the last Conditions Precedents to the SSH SPA has been obtained/waived by the parties, as the case may be shall be the unconditional date ("**Unconditional Date**").

#### **2.3.4 Lease Arrangement**

As stated in Section 2.3.3 above, the SSH Supplemental Lease Agreement shall be executed by the parties in escrow and kept in the Purchaser's solicitor's custody, and will be dated the same date as the SSH Completion Date. The Purchaser and the Vendor agree that the SSH Supplemental Lease Agreement shall only be take effect from the SSH Completion Date.

The salient terms of SSH Supplemental Lease Agreement are as set out in Section 2.7 below.

#### **2.4 Basis and justification of arriving at the Disposal Consideration**

The Disposal Consideration for the Proposed Disposal was arrived at on a "willing buyer-willing seller" basis after taking into consideration the market value of the SSH Land amounting to RM4.25 million, as ascribed by Messrs Cheston International (KL) Sdn Bhd, the independent valuer, vide the valuation report dated 12 February 2015.

The valuation for the SSH Land has been carried out by using the Comparison Method.

#### **2.5 Estimated gain and utilisation of proceeds**

The estimated gain to KPJ and its subsidiaries ("**KPJ Group**") from the Proposed Disposal is approximately RM0.62 million.

The Disposal Consideration is proposed to be utilised for working capital purposes, which includes but not limited to payment of trade creditors and operating/administration expenses. The proceeds from the Proposed Disposal are estimated to be utilised within twelve (12) months from the receipt of the Disposal Consideration.

## 2.6 Information on Al-`Aqar

Al-`Aqar was established in Malaysia on 27 June 2006 under the trust deed dated 27 June 2006 entered into between Damansara REIT Managers Sdn Berhad (“**DRMSB**” or “**Manager**”), the management company of Al-`Aqar, and Amanah Raya Berhad, the then trustee of Al-`Aqar. Al-`Aqar was listed on the then Main Board of Bursa Securities (now known as Main Market of Bursa Securities) on 10 August 2006. Subsequently, pursuant to the supplemental trust deed dated 14 May 2009, the Trustee had substituted Amanah Raya Berhad as the trustee for Al-`Aqar on 27 May 2009 and on 19 August 2011, Al-`Aqar changed its name from Al-`Aqar KPJ REIT to Al-`Aqar Healthcare REIT.

Al-`Aqar is a real estate investment trust with an existing fund size of 696,226,468 units. The investment objective of Al-`Aqar is to own and invest in Syariah-compliant healthcare related real estate and real estate-related assets whether directly or indirectly through the ownership of single-purposes companies whose principal assets comprise real estate.

For more information on Al-`Aqar, please visit <http://www.alaqar.com.my>.

## 3. DETAILS OF THE PROPOSED LEASEBACK

The Trustee (representing Al-`Aqar), shall enter into the SSH Supplemental Lease Agreement with SSHSB and the Manager, wherein Al-`Aqar shall grant the lease of the SSH Land to SSHSB subject to the terms and conditions of the SSH Supplemental Lease Agreement to be agreed upon and to be entered into between the aforesaid parties.

The tentative salient terms of the SSH Supplemental Lease Agreement is as follows:-

Term	Details				
<b>Lessor</b>	: Al-`Aqar				
<b>Lessee</b>	: SSHSB				
<b>Commencement Date</b>	: Shall commence from the SSH Completion Date (i.e. upon payment of the Disposal Consideration to the Vendor and transfer of beneficial ownership of the SSH Land to Al-`Aqar)				
<b>Contractual Term</b>	: From the SSH Completion Date up to 13 October 2015 (the expiry of the Contractual Term shall coincide with the expiry of the SSH Existing Lease Agreement between Al-`Aqar and SSHSB for the Existing Al-`Aqar Land and the Existing Building (collectively, “ <b>Existing Properties</b> ”) for the second (2 <sup>nd</sup> ) lease rental term which is on 13 October 2015)				
	Upon expiry of both the SSH Supplemental Lease Agreement and the SSH Existing Lease Agreement, the parties will enter into a new lease agreement for the third (3 <sup>rd</sup> ) lease rental term, which will encompass the Existing Properties and the SSH Land, of which the lease rental rate shall be the same as the lease rental rate for the Existing Properties.				
<b>Rental</b>	: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Term</th> <th style="text-align: left;">Rental Formula</th> </tr> </thead> <tbody> <tr> <td>Contractual Term</td> <td>7.1% per annum x Disposal Consideration</td> </tr> </tbody> </table>	Term	Rental Formula	Contractual Term	7.1% per annum x Disposal Consideration
Term	Rental Formula				
Contractual Term	7.1% per annum x Disposal Consideration				

<b>Term</b>	<b>Details</b>
<b>Goods and services tax (“GST”), if applicable</b>	<p>: If GST is imposed on the rent or is applicable to the services rendered in connection with the lease arrangement, the Lessor is entitled to charge the Lessee the GST on the amount payable for the provision of the relevant services in the following manner:-</p> $\text{GST} = (\text{Amount of consideration payable for supply of services}) \times (\text{Applicable rate of GST})$

#### **4. RATIONALE FOR THE PROPOSALS**

##### **4.1 Proposed Disposal**

###### **(i) To facilitate the Amalgamation and future expansion plan of KPJ SSH**

As stated in Section 2 above, the SSH Land and the Existing Al-Aqar Land will need to be amalgamated before the CCC for the New Buildings can be issued. As such, the Proposed Disposal is to facilitate the Amalgamation process. Furthermore, the Proposed Disposal will also facilitate KPJ SSH's future expansion plans.

###### **(ii) To unlock value of the SSH Land**

The Proposed Disposal will enable KPJ Group to raise funds for its working capital as detailed in Section 2.5 above. Furthermore, the Proposed Disposal will also enable KPJ Group to unlock the value of the SSH Land and realise an estimated gain on disposal of approximately RM0.62 million upon completion of the Proposed Disposal.

##### **4.2 Proposed Leaseback**

The Proposed Leaseback will ensure that the KPJ Group's on-going operation is not disrupted and that KPJUC shall continue its operations at the existing location.

#### **5. RISKS IN RELATION TO THE PROPOSED DISPOSAL**

The completion of SSH SPA is subject to, inter-alia, the fulfilment of various conditions precedent. There is no assurance that the Proposed Disposal can be completed within the time period as stipulated in the SSH SPA. In addition, in the event of non-fulfilment of the conditions precedent or the necessary approvals are not obtained within the stipulated time period the SSH SPA may be terminated.

Save for the abovementioned completion risk, the Board of KPJ is not aware of any risk factors arising from the Proposed Disposal which could materially or adversely affect the financial and operating conditions of KPJ.

#### **6. EFFECTS OF THE PROPOSED DISPOSAL**

##### **6.1 Share capital and substantial shareholder's shareholdings**

The Proposed Disposal will not have any effect on the share capital as well as substantial shareholders' shareholdings in KPJ as the Proposed Disposal does not involve issuance of shares in KPJ.

## 6.2 Net Asset (“NA”) and gearing

The effects of the Proposed Disposal on the NA and gearing of KPJ are as set out below.

	I	II	
	Audited as at 31 December 2013	Subsequent Events <sup>(1)</sup>	After I and Proposed Disposal
	RM'000	RM'000	RM'000
Share Capital	490,955	525,211	525,211
Reserves	596,955	740,019	740,429 <sup>(2)</sup>
Less: Treasury Shares	(364)	(54,578)	(54,578)
Shareholders' Funds	1,087,546	1,210,652	1,211,062
Non-controlling interests	84,981	84,981	84,981
NA	1,172,527	1,295,633	1,296,043
No of KPJ Shares (as defined herein) ('000)	981,910	1,050,421	1,050,421
NA per KPJ Share (RM)	1.19	1.23	1.23
Total borrowings	1,027,492	1,127,292	1,127,292
Gearing (times) (Based on Shareholders' Funds)	0.94	0.93	0.93

### Notes:-

(1) Subsequent events include the following:-

- (a) The acquisition of a parcel of land together with a multi-storey office building erected thereon for a cash consideration of RM206.0 million (“**Acquisition**”). The Acquisition, which was completed on 10 February 2014, was financed by internal generated funds and bank borrowings. The KPJ Group incurred expenses of approximately RM0.07 million in relation to the Acquisition;
- (b) Adjusted for the rights issue of 43,637,326 KPJ Shares at an issue price of RM2.80 per rights share together with 87,274,652 free warrants (“**Free Warrants**”) which was completed on 29 January 2014 (“**Rights Issue**”). The expense incurred for the Rights Issue is approximately RM3.1 million. As at the LPD, none of the Free Warrants have been exercised;
- (c) The exercise of an aggregate 7,365,237 warrants 2010/2015 of KPJ (“**Warrants**”) throughout the period from 1 January 2014 up to LPD;
- (d) The purchase of 15,520,000 treasury shares throughout the period from 1 January 2014 up to LPD;
- (e) First (1<sup>st</sup>) and second (2<sup>nd</sup>) interim dividend paid amounting to RM14.83 million and RM14.71 million respectively for the FYE 31 December 2014;
- (f) Proposed disposal of properties from Puteri Nursing College Sdn Bhd, a wholly-owned subsidiary of KPJ for a total disposal consideration of RM77.8 million to Al-`Aqar, which was announced on 3 October 2014 (“**Proposed Disposal of KPJUC Properties**”).  
For illustration purposes, the consideration for the Proposed Disposal of KPJUC Properties is assumed to be satisfied partly in cash (75%) and partly via issuance of units by Al-`Aqar (25%); and
- (g) Restricted issue via Section 132D of the Act of 17,509,000 ordinary shares of RM0.50 each in KPJ (“**KPJ Share(s)**”) to selected resident consultants of KPJ Group at an issue price of RM3.64, which was completed on 13 March 2015.

(2) Including the estimated expenses incurred amounting to approximately RM0.21 million and the gain on disposal of approximately RM0.62 million from the Proposed Disposal.

### 6.3 Earnings and earnings per share (“EPS”)

The Proposed Disposal is not expected to have any material effect on the earnings and EPS of KPJ for the financial year ending 31 December 2015. The Proposed Disposal is expected to generate a one-off gain of approximately RM0.62 million.

## 7. APPROVALS REQUIRED FOR THE PROPOSED DISPOSAL

The Proposed Disposal is subject to the following approvals:-

- (i) the approval of the shareholders of KPJ at an EGM to be convened for the Proposed Disposal and Proposed Leaseback;
- (ii) the SC’s approval for a waiver for the proposed acquisition of a vacant land by Al-`Aqar, if required; and
- (iii) all such other consents and regulatory and/or governmental approvals required to be obtained by SSHSB and/or KPJ and the Trustee, on behalf of Al-`Aqar in order to effect the completion of the Proposed Disposal, as the case may be.

The completion of the Proposed Disposal is inter-conditional with the Proposed Leaseback and it is not conditional upon any other proposals undertaken or to be undertaken by KPJ

## 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF KPJ

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.

### 8.1 Directors

Dato’ Kamaruzzaman Bin Abu Kassim, Dato’ Amiruddin Bin Abdul Satar, Ahamad Bin Mohamad, Zulkifli Bin Ibrahim and Aminudin Bin Dawam, who are directors of KPJ, are deemed to be interested in the Proposed Disposal by virtue of them being the directors and senior management of Johor Corporation (“**JCorp**”). Datin Paduka Siti Sa’diah Binti Sh Bakir, who is a director of KPJ, is also deemed to be interested in the Proposed Disposal by virtue of her being a director of DRMSB, the manager of Al-`Aqar. JCorp is the ultimate holding company of DRMSB, the manager of Al-`Aqar.

Dato’ Kamaruzzaman Bin Abu Kassim, Datin Paduka Siti Sa’diah Binti Sh Bakir, Dato’ Amiruddin Bin Abdul Satar, Ahamad Bin Mohamad, Zulkifli Bin Ibrahim and Aminudin Bin Dawam are collectively referred to as, “**Interested Directors**”.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and decision at the Board meetings relating to the Proposed Disposal. The Interested Directors will also abstain from the voting in respect of their direct and indirect shareholdings in KPJ on any resolution in relation to the Proposed Disposal at the forthcoming EGM of KPJ and shall undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect interests on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM of KPJ.



The Interested Director's direct and indirect shareholdings in KPJ as at LPD are set out below:-

<b>Name</b>	<b>Direct No. of shares</b>	<b>%</b>	<b>Indirect No. of shares</b>	<b>%</b>
Dato' Kamaruzzaman Bin Abu Kassim	-	-	-	-
Datin Paduka Siti Sa'diah Binti Sh Bakir	1,147,124	0.11	19,583 <sup>(1)</sup>	*
Dato' Amiruddin Bin Abdul Satar	6,266	*	-	-
Ahamad Bin Mohamad	1,125	*	-	-
Zulkifli Bin Ibrahim	-	-	-	-
Aminudin Bin Dawam	11,197	*	-	-

**Note:-**

\* *Negligible*

(1) *Deemed interested by virtue of her daughter, Amy Nadzlina Binti Mohamed's shareholdings in KPJ pursuant to Section 6A of the Companies Act, 1965*

## **8.2 Major Shareholders**

JCorp is a major shareholder of KPJ holding direct and indirect interest of 463,835,712 KPJ Shares representing 45.6% equity interest in KPJ as at LPD.

DRMSB, the Manager of Al-`Aqar, is a wholly-owned subsidiary of Damansara Assets Sdn Bhd, which in turn is a wholly-owned subsidiary of JCorp.

As such, JCorp is deemed interested in the Proposed Disposal ("**Interested Major Shareholder**").

Accordingly, JCorp shall abstain from voting in respect of its direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM. In addition, JCorp will ensure that persons connected to JCorp, if any, abstain from voting in respect of their direct and indirect shareholdings in KPJ on the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

The Interested Directors and Interested Major Shareholder are collectively referred to as "**Interested Parties**".

## **9. TRANSACTED AMOUNT FOR THE PRECEDING 12 MONTHS**

Save for the Proposed Disposal of KPJUC Properties, there are no other transactions with Al-`Aqar and its group of companies that is not in the ordinary course of business, for the twelve (12) months preceding the date of this Announcement.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the third (3<sup>rd</sup>) quarter of the year 2015.

**11. APPOINTMENT OF ADVISERS**

The Board of Directors of KPJ has appointed AmInvestment Bank as the Main Adviser for the Proposed Disposal. In view of the interests of the Interested Parties in relation to the Proposed Disposal (as mentioned in Section 9 above), the Board of Directors of KPJ have also appointed Mercury Securities Sdn Bhd to act as the Independent Adviser to advise the non-interested directors and shareholders of the Company on to the Proposed Disposal.

**12. DIRECTORS' RECOMMENDATION**

The Board of Directors of KPJ, save for the Interested Directors, having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects of the Proposed Disposal, valuation of the SSH Land as ascribed by the Independent Valuer as well as the independent advice by the Independent Adviser 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 are in the best interests of the KPJ Group and not detrimental to the interest of the non-interested shareholders.

**13. AUDIT COMMITTEE**

The Audit Committee, having considered all aspects of the Proposed Disposal (including but not limited to the rationale and financial effects of the Proposed Disposal, valuation of the SSH Land as ascribed by the Independent Valuer as well as the independent advice from the Independent Adviser 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 are in the best interest of the KPJ Group and are not detrimental to the interest of the minority shareholders.

**14. ESTIMATED TIMEFRAME FOR SUBMISSION OF RELEVANT AUTHORITIES**

The circular to the shareholders of KPJ for the Proposed Disposal is expected to be submitted to Bursa Securities within two (2) months from the date of this announcement.

**15. PERCENTAGE RATIOS**

The highest percentage ratio applicable to the Proposed Disposal as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") is the value of the SSH Land compared with the net assets of the KPJ Group which amounts to approximately 0.67% based on the latest audited consolidated financial statements of the KPJ Group for the financial year ended 31 December 2013.

However, pursuant to the paragraph 10.12 of the Listing Requirements, the Proposed Disposal will have to be aggregated with the Proposed Acquisition of KPJUC Properties and the proposed leaseback of the said properties to Puteri Nursing College Sdn Bhd, whereby the highest percentage ratio is approximately 15.53% computed based on total consideration and liabilities to be assumed compared with the net assets of the KPJ Group which amounts to approximately 15.25% based on the latest consolidated financial statements of the KPJ Group for the financial year ended 31 December 2013.

**16. DOCUMENTS FOR INSPECTION BY SHAREHOLDERS**

The SSH SPA, valuation report and valuation certificate will be made available for inspection at the registered office of KPJ at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor during normal office hours from Mondays to Fridays (except on public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 19 March 2015.