

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

### PROPOSED ACQUISITION BY KUMPULAN PERUBATAN (JOHOR) SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF KPJ HEALTHCARE BERHAD, OF THE ENTIRE EQUITY INTERESTS IN CROSSBORDER HALL (M) SDN BHD AND CROSSBORDER AIM (M) SDN BHD, WHOLLY-OWNED SUBSIDIARIES OF AL-`AQAR HEALTHCARE REIT

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#### 1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of KPJ Healthcare Berhad (“**KPJ**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”), wishes to announce that Kumpulan Perubatan (Johor) Sdn Bhd (“**KPJSB**” or “**Purchaser**”), a wholly-owned subsidiary of KPJ Healthcare Berhad (“**KPJ**”) had on 31 March 2015 entered into a share sale agreement with AmanahRaya Trustees Berhad, being the trustee for Al-`Aqar Healthcare REIT (“**Al-`Aqar**” or “**REIT**”) (“**Trustee**” or “**Vendor**”) for the acquisition of the entire equity interests in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd, wholly-owned subsidiaries of Al-`Aqar (“**Sale Shares**”), for a total cash consideration of RM4.718 million (“**Crossborder SSA**”) upon the terms and conditions of the Crossborder SSA (“**Proposed Acquisition**”).

#### 2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails KPJSB acquiring 100% equity interests in Crossborder Hall (M) Sdn Bhd (“**Crossborder Hall**”) and Crossborder Aim (M) Sdn Bhd (“**Crossborder Aim**”), wholly-owned subsidiaries Al-`Aqar, for a total cash consideration of RM4.718 million.

Crossborder Hall and Crossborder Aim shall collectively be referred to as the “**Crossborder Companies**”.

##### 2.1 Information on Crossborder Hall and Crossborder Aim

Crossborder Hall was incorporated in Malaysia on 20 November 2009 under the Companies Act, 1965 (“**Act**”) as a private company limited by shares under its present name. The principal activity of Crossborder Hall is investment holding. Crossborder Hall, along with Crossborder Aim are special purpose vehicles set up by Al-`Aqar for the purpose of equally holding shares in the PT Al-`Aqar Companies (as defined herein), which in turn own the Properties (as defined herein).

As at 25 March 2015, being the latest practicable date prior to the date of this announcement (“**LPD**”), the authorised share capital of Crossborder Hall is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in Crossborder Hall (“**CH Shares**”) of which RM2 comprising 2 CH Shares have been issued and credited as fully paid-up. The directors of Crossborder Hall are Zainah Binti Mustafa and Yusaini Bin Sidek. Please refer to **Appendix I** for the summary of the historical financial information of Crossborder Hall.

The original cost and date of investment of Crossborder Hall is RM2 on 20 November 2009.

Crossborder Hall owns 50% equity interests each in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai, both incorporated in Indonesia on 28 September 2010. The principal activity of both PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai is as a special purpose vehicle for the purpose of holding the Properties.

Crossborder Aim was incorporated in Malaysia on 20 November 2009 under the Act as a private company limited by shares under its present name. The principal activity of Crossborder Aim is investment holding. As mentioned in Section 2.1 above, Crossborder Aim, along with Crossborder Hall are special purpose vehicles set up by Al-`Aqar for the purpose of equally holding shares in the PT Al-`Aqar Companies, which in turn own the Properties

As at LPD, the authorised share capital of Crossborder Aim is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in Crossborder Aim ("**CA Shares**") of which RM2 comprising 2 CA Shares have been issued and credited as fully paid-up. The directors of Crossborder Aim are Zainah Binti Mustafa and Yusaini Bin Sidek. Please refer to **Appendix I** for the summary of the historical financial information of Crossborder Aim.

The original cost and date of investment of Crossborder Aim is RM2 on 20 November 2009.

Crossborder Aim owns the remaining 50% equity interests in PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai.

PT Al-`Aqar Permata Hijau and PT Al-`Aqar Bumi Serpong Damai shall collectively be referred to as the "**PT Al-`Aqar Companies**". The Crossborder Companies and the PT Al-`Aqar Companies shall collectively be referred to as "**Target Companies**".

PT Al-`Aqar Permata Hijau's principal asset is the Rumah Sakit Medika Permata Hijau building ("**RSMPH**"), an investment property located in Jakarta, Indonesia. The RSMPH is held under land certificate: Hak Guna Bangunan (Right to Build) No.01036, Kelurahan Sukabumi Selatean, Kecamatan Kebon Jeruk, Kotamadya Jakarta Barat, Propinsi Daerah Khusus Ibukota Jakarta Raya, Indonesia. The RSMPH was built in the year 1992. PT Al-`Aqar Permata Hijau became the registered owner of RSMPH on 2011. The RSMPH is a five (5)-storey hospital building (including all fixtures and fittings) with the capacity of 92 beds and provides a wide range of hospital services and specialties such as Cardiology, Radiology, general surgery, Gynecology, .Dermatology, Gastroenterology, Physiology, Ophthalmology, Urology, Neurology and Nephrology. Please refer to **Appendix II** for the summary of the historical financial information of PT Al-`Aqar Permata Hijau.

PT Al-`Aqar Bumi Serpong Damai's principal asset is the Rumah Sakit Medika Bumi Serpong Damai building ("**RSBSD**"), an investment property located in Tangerang, Indonesia. The RSBSD is held under land certificate: Hak Guna Bangunan (Rights to Build) No.881, Desa Lengkong Wetan, Kecamatan Serpong, Kabupaten Tangerang, Propinsi Banten (formerly Jawa Barat), Indonesia. The RSBSD was completed in the year 2009. PT Al-`Aqar Bumi Serpong Damai became the registered owner of RSBSD on 2011. The RSBSD is a seven (7)-storey international hospital building (including all fixtures and fittings) with a capacity of 220 beds and provides a wide range of hospital services and specialties such as Cardiology, Gastroenterology, general surgery, Hemodialysis, heart and lung specialist, Ophthalmology, Orthopedics, Radiology, Urology, and Physiotherapy. Please refer to **Appendix II** for the summary of the historical financial information of PT Al-`Aqar Bumi Serpong Damai.

RSMPH and RSBSD shall collectively be referred to as the "**Properties**". The Properties are currently being rented out to PT Khidmat Perawatan Jasa Medika and PT Khasanah Putera Jakarta Medica, both wholly-owned subsidiaries of KPJ, at a gross lease rental of approximately RM7.5 million per annum to Al-`Aqar.

Other pertinent information of the RSMPH and RSBSD are as set out below:-

	<b>RSMPH</b>	<b>RSBSD</b>
Tenure	: Leasehold of 20 years expiring on 6 February 2026	Leasehold of 20 years expiring on 15 July 2027
Land area	: Approximately 4,201 square metres (" <b>Sq metres</b> ")	Approximately 12,000 sq metres
Gross floor area	: 5,026 sq metres	Approximately 22,167.75 sq metres
Market value <sup>(i)</sup>	: RM23.0 million	RM57.0 million
Lettable space <sup>(ii)</sup>	: 5,026 sq metres	Approximately 22,167.75 sq metres
Occupancy rate <sup>(iii)</sup>	: 100%	100%
Age of building	: 24 years	7 years
Net book value (" <b>NBV</b> ") as at 31 December 2014 (audited) <sup>(iii)</sup>	: RM23.0 million	RM57.0 million
Original cost of investment <sup>(iv)</sup>	: RM21.6 million	RM51.3 million
Date of investment	: 26 July 2011	26 July 2011
Charge	: Nil	Nil
Encumbrances	: Nil	Nil

**Notes:-**

- (i) *The market value of the Properties are as ascribed by Cheston International (KL) Sdn Bhd, being the independent valuer ("**Independent Valuer**") vide its valuation reports for the Properties, both dated 23 February 2015 using the investment and cost method.*
- (ii) *The lettable space for the Properties is equivalent to the gross floor area and the occupancy rate is 100% in view that the Properties are wholly leased out.*
- (iii) *The NBV of the Properties are the same as the market value as Al-`Aqar adopts fair value measurement accounting policy.*
- (iv) *Inclusive of expenses incurred in relation to the acquisition of the Properties being capitalised.*

**2.2 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>.

## 2.3 Salient Terms of The Crossborder SSA

### 2.3.1 Encumbrances

The Vendor hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase the Sale Shares from the Vendor for the Purchase Consideration (as defined herein), free from all liens, charges, mortgages, claims and other encumbrances together with all rights attached thereto including all retained profits and all dividends and distributions declared, paid or made in respect of the Sale Shares subject to the terms and conditions of the Crossborder SSA.

### 2.3.2 Settlement of the Purchase Consideration

The purchase consideration for the Sale Shares of RM4.718 million ("**Purchase Consideration**") shall be satisfied in the following manner:-

- (i) a sum of RM0.1 million of the Purchase Consideration ("**Deposit**") has been paid by the Purchaser to the Vendor upon execution of the Crossborder SSA. The Deposit shall be refundable to the Purchaser in circumstances set out in the Crossborder SSA; and
- (ii) the sum of RM4.618 million, being the remaining Purchase Consideration ("**Balance Purchase Consideration**") shall be paid by the Purchaser on or before the Completion Date (as defined herein).

The Purchase Consideration shall be subject to adjustments, if any, pursuant to the Purchase Consideration adjustment as detailed out in Section 2.3.4 below.

### 2.3.3 Shareholder's Advances

As at 31 December 2014, based on the audited financial statements of the Target Companies for the financial year ended ("**FYE**") 31 December 2014, Al-`Aqar had given shareholder's advances to the Target Companies ("**Shareholder's Advances**") in the following amount:-

Amount owing to Al-`Aqar from	RM'mil
(i) Crossborder Companies	24.43
(ii) PT Al-Aqar Companies	53.92
<b>Total</b>	<b>78.35</b>

The Shareholder's Advances were given by Al-`Aqar to the Target Companies for the purpose of, among others, to acquire the Properties, to defray expenses in relation to the acquisition of the Properties and thereon includes profit payable on the Shareholder's Advances, where applicable. The Shareholder's Advances shall also include any other amount payable by the Target Companies to Al-`Aqar.

The Purchaser agrees to settle and/or procure the respective Target Companies to settle the outstanding Shareholder's Advances amount as at the last day of the month preceding the Completion Date ("**Cut-Off Date**") on the Completion Date concurrent with the settlement of the Balance Purchase Consideration.

If the Shareholder's Advances are settled by the Purchaser on behalf of any of the Target Companies, the said Target Company(ies) shall be liable to the Purchaser for the payments made on their behalf. In the event that the Purchaser procures the Target Companies to settle the Shareholder's Advances, any costs and/or expenses incurred in relation to the settlement of the Shareholder's Advances shall be borne /reimbursed by the Purchaser ("**Loan Expenses**").

#### **2.3.4 Purchase Consideration Adjustment**

The parties to the Crossborder SSA acknowledged that the unaudited proforma consolidated net assets ("**NA**") of the Crossborder Companies as at 31 December 2014 ("**SPA NA**") incorporating ten percent (10%) premium over the SPA NA is RM4,718,000 (rounded to the nearest thousand) ("**SPA NA Plus 10% Premium**").

Should there be any movement in SPA NA Plus 10% Premium and the unaudited proforma consolidated NA of the Crossborder Companies as at Cut-Off Date ("**Cut-Off Date NA**") incorporating ten percent (10%) premium over the Cut-Off Date NA ("**Cut-Off Date NA Plus 10% Premium**") (save and except for the value of the Properties, of which is crystallised as at the date of the Crossborder SSA and the exclusion of the Loan Expenses) the Purchase Consideration shall be adjusted accordingly.

If the Cut-Off Date NA Plus 10% Premium is more than the SPA NA Plus 10% Premium, the Purchase Consideration shall be adjusted upwards by the difference between the Cut-Off Date NA Plus 10% Premium and SPA NA Plus 10% Premium. If the Cut-Off Date NA Plus 10% Premium is less than the SPA NA Plus 10% Premium, the Purchase Consideration shall be adjusted downwards by the difference between the Cut-Off Date NA Plus 10% Premium and SPA NA Plus 10% Premium.

In computing the Cut-Off Date NA, the following shall apply:-

- (i) the value of the Properties shall remain unchanged and fixed at RM80.0 million, being the market value as ascribed by the Independent Valuer; and
- (ii) The Loan Expenses, if any, shall be excluded.

The SPA NA Plus 10% Premium, the Cut-Off Date NA Plus 10% Premium and any revision to the Purchase Consideration shall be agreed by the parties to the Crossborder SSA.

For the purpose of the Purchase Consideration Adjustment, the SPA NA Plus 10% Premium and the Cut-Off Date NA Plus 10% Premium shall be rounded up to the nearest thousand and shall be in RM.

### **2.3.5 Conditions Precedent**

The Crossborder SSA is conditional upon and subject to the fulfilment of the following Conditions Precedent:-

- (i) the Purchaser obtaining the approval of (a) its shareholders for the acquisition of the Sale Shares; and (b) its Board's approval for the Proposed Acquisition;
- (ii) the holding company of the Purchaser, KPJ, obtaining the approval of its shareholders at an extraordinary general meeting ("**EGM**") to be convened for the Proposed Acquisition;
- (iii) the Manager obtaining the approval of the Board of the Manager for the disposal of the Sale Shares;
- (iv) the Vendor obtaining the approval of the Board of the Vendor for the disposal of the Sale Shares;
- (v) the approval of the unitholders of Al-'Aqar at an EGM for the disposal of the Sale Shares;
- (vi) the relevant parties obtaining the required approvals including regulatory and/or governmental approvals in Malaysia and/or Indonesia (if required) and consents from and providing notification to the relevant authorities, bodies, financiers, lenders and/or creditors for the sale and purchase of the Sale Shares;
- (vii) the Vendor providing the Purchaser an irrevocable undertaking to refund all monies paid by the Purchaser to the Vendor in the event the Proposed Acquisition is unable to be completed for any reason whatsoever;
- (viii) the receipt by the Vendor of the written undertaking from the Purchaser and the Target Companies to settle all Shareholder's Advances on Completion Date; and
- (ix) the completion of a due diligence audit conducted by the Purchaser on the audited financial statements of the Target Companies for the FYE 31 December 2014 and the tax submission (if any) of the Target Companies and the outcome of the due diligence audit is to the satisfaction of the Purchaser.

The Conditions Precedent shall be fulfilled within six (6) months from the date of the Crossborder SSA ("**Conditional Period**"). In the event the Conditions Precedent are not fulfilled within the Conditional Period, an extension of one (1) month (or such other duration as may be agreed by parties) shall be automatically granted ("**Extended Conditional Period**").

The Crossborder SSA shall be unconditional upon the fulfilment/waiver by the Purchaser or Vendor, as the case may be, of the last Conditions Precedent ("**Unconditional Date**").

In the event that the authorities impose conditions and/or require variation to the terms and conditions of the Crossborder SSA, the Crossborder SSA shall be terminated unless the conditions and/or variations imposed are acceptable to the affected party(ies).

### **2.3.6 Completion**

The parties to the Crossborder SSA agree that the Crossborder SSA and the Proposed Acquisition shall be deemed completed upon the occurrence of the following events:-

- (i) the Vendor's receipt of the Purchase Consideration in full;
- (ii) the repayment of the Shareholder's Advances by the Purchaser and/or the Target Companies to Al-`Aqar in full; and
- (iii) the transfer of the beneficial ownership of the Sale Shares from the Vendor to the Purchaser;

hereinafter referred to as "**Completion**".

The date on which Completion takes place shall be referred to as "**Completion Date**".

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

The Purchase Consideration was arrived at on a "willing buyer willing seller" basis after taking into consideration SPA NA Plus 10% Premium of the Crossborder Companies of RM4.718 million (rounded to the nearest hundred thousand), incorporating the market value of RSMPH and RSBSD of RM23.0 million (Rph 81,560,283,688) and RM57.0 million (Rph 202,127,659,574) (both translated at IDR1: RM0.000282 exchange rate) respectively, as ascribed by the Independent Valuer, vide the valuation reports dated 23 February 2015.

The valuation for the Properties has been carried out by using the investment and cost method.

### **2.5 Source of funding**

The Proposed Acquisition shall be funded by internally generated funds. The Shareholder's Advances in respect of the Crossborder Companies are expected to be funded by internally generated funds, whereas the Shareholder's Advances in respect of the PT Al-`Aqar Companies is expected to be funded by bank borrowings.

### **2.6 Liabilities to be assumed by the Purchaser**

Save for the Shareholder's Advances as stated in Section 2.3.3 above, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by KPJSB pursuant to the Proposed Acquisition.

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

The Proposed Acquisition is part of KPJ's plan to rationalise and streamline its operations in Indonesia for the purpose of, among others, to improve operational efficiency as the Proposed Acquisition will enable KPJ to have more flexibility in managing its Indonesian operations.

#### **4. PROSPECTS OF THE PROPOSED ACQUISITION**

##### **4.1 Outlook of the Indonesian economy**

Moving forward, the Indonesian economy is expected to improve further with robust domestic economic growth and maintained macroeconomic stability, supported by global recovery momentum and ongoing structural reforms to reinforce national economic fundamentals.

The Indonesian economy achieved 5.1% growth in 2014, decelerating from 5.8% in 2013. From an external standpoint, domestic economic moderation was the result of declining exports due to weaker demand and low international commodity prices as well as policy to restrict exports of unrefined minerals. In 2015, stronger economic growth is forecasted, namely in the 5.4-5.8% range. In a departure from conditions in 2014, on top of strong household consumption, expanding government consumption and investment in line with greater fiscal capacity to support productive economic activities, including infrastructure development, will catalyse high economic growth.

*(Extracted from Monetary Policy Review – January 2015, Bank Sentral Republik Indonesia)*

In Asia, growth continued to expand, albeit at a more moderate pace in several economies. Growth in Indonesia was broadly sustained (5.0%; Third Quarter 2014: 4.9%), supported by the continued expansion in domestic demand. Headline inflation moderated in most Asian economies, reflecting mainly lower fuel prices and its pass-through to lower food and transportation costs. However, inflation increased in Indonesia following the implementation of fuel subsidy rationalisation in November 2014.

*(Extracted from Economic and Financial Developments in Malaysia in the Fourth Quarter 2014, Bank Negara Malaysia)*

##### **4.2 Prospects of the Properties**

###### **(i) RSMPH**

The RSMPH is a five (5)-storey hospital building (including all fixtures and fittings) with the capacity of 92 beds and provides a wide range of hospital services and specialties such as Cardiology, Radiology, general surgery, Gynaecology, Dermatology, Gastroenterology, Physiology, Ophthalmology, Urology, Neurology and Nephrology.

RSMPH is located within West Jakarta District and is about 1.4 kilometres to the north-west of Permata Hijau fly-over. The Jakarta city centre is 11 kilometres to the north-east of RSMPH whilst the Soekarno Hatta International Airport is located about 18 kilometres due north-west of the RSMPH. RSMPH is easily accessible from various parts of Jakarta city.

West Jakarta is a city within Jakarta Special District, Indonesia. Senayan City Mall and Plaza Senayan, being the town's main attraction is located about 3.2 kilometres to the north-west of RSMPH. Additionally, RSMPH is surrounded by amongst others, shophouses, shops, restaurants, office buildings and shopping arcade. There are also prominent hotel developments in the neighbourhood which includes, among others, Somerset Berlian Jakarta, JW Marriot Hotel Jakarta, the Ritz-Carlton Jakarta and Hotel Arcadia Jakarta.



**(ii) RSBSD**

The RSBSD is a seven (7)-storey international hospital building (including all fixtures and fittings) with a capacity of 220 beds and provides a wide range of hospital services and specialties such as Cardiology, Gastroenterology, general surgery, Hemodialysis, heart and lung specialist, Ophthalmology, Orthopedics, Radiology, Urology, and Physiotherapy.

RSBSD is located in the Serpong District, Tangerang, Indonesia. It is accessible from Jalan Letnan Soetopo. Jakarta city centre is about 30 kilometres to the east of RSBSD whilst the Soekarno Hatta International Airport is located about 40 kilometres to the north-east of RSBSD.

Tangerang is the third largest urban centre after Jakarta and Bekasi and is the industrial and manufacturing hub of Java, housing more than 1,000 industrial premises. Additionally, many high-class and middle-class satellite cities have developed in Tangerang, complete with its own shopping malls, private schools and convenience centres.

Based on the above, KPJ believes the long-term prospect of Indonesia and the Properties should be beneficial to the KPJ and its subsidiaries ("**KPJ Group**").

**5. RISK FACTORS IN RELATION TO THE PROPOSED ACQUISITION**

At present, KPJ is already operating in Indonesia and as such KPJ is already exposed to, inter-alia, risks in relation to the market and economic environment of Indonesia as well as foreign exchange exposure between Rupiah and RM. In addition to the aforesaid risks, as a result of the Proposed Acquisition KPJ will also be exposed to, including but not limited to, the following risks:-

**(i) Future Market Value of Properties**

The valuation of the Properties by the Independent Valuer is not an indication of, and does not guarantee, the sale price either at the present time or at any time in the future. Accordingly, there can be no assurance that KPJ would be able to sell the Properties, or that the price realisable on such sale would not be lower than the present valuation of the Properties or the price paid by KPJ to purchase the Properties.

**(ii) Completion risk**

The completion of the Crossborder SSA is subject to, inter-alia, the fulfilment of various conditions precedent. There is no assurance that the Proposed Acquisition can be completed within the time period stipulated in the Crossborder SSA. 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 Crossborder SSA may be terminated.

## 6. EFFECTS OF THE PROPOSED ACQUISITION

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

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

### 6.2 Net Asset ("NA") and gearing

The effects of the Proposed Acquisition 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 Acquisition
	RM'000	RM'000	RM'000
Share Capital	490,955	525,211	525,211
Reserves	596,955	720,126	719,600
Less: Treasury Shares	(364)	(54,578)	(54,578)
Shareholders' Funds	1,087,546	1,190,759	1,190,233
Non-controlling interests	84,981	84,981	84,981
NA	1,172,527	1,275,740	1,275,214
No of KPJ Shares (as defined herein) (‘000)	981,910	1,050,421	1,050,421
NA per KPJ Share (RM)	1.19	1.21	1.21
Total borrowings	1,027,492	1,127,292	1,191,307
Gearing (times) (Based on Shareholders' Funds)	0.94	0.95	1.00

#### 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 ordinary shares of RM0.50 each in KPJ ("**KPJ Share(s)**") 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>), second (2<sup>nd</sup>) and third (3<sup>rd</sup>) interim dividend paid amounting to an aggregate of approximately RM49.84 million dividend paid for the FYE 31 December 2014;

**Notes (cont'd):-**

- (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%);*
- (g) *Restricted issue via Section 132D of the Act of 17,509,000 KPJ Shares to selected resident consultants of KPJ Group at an issue price of RM3.64, which was completed on 13 March 2015; and*
- (h) *proposed disposal of a parcel of land in Seremban, Negeri Sembilan, from Seremban Specialist Hospital Sdn Bhd for a cash consideration of RM4.25 million which was announced on 19 March 2015 (“**Proposed Disposal of Land**”). Including estimated expense for the Proposed Disposal of Land amounting to approximately RM0.21 million and the gain on disposal of approximately RM0.62 million.*
- (2) *Including the estimated expenses incurred for the Proposed Acquisition amounting to approximately RM0.53 million.*
- (3) *Including the bank borrowings amounting to USD 17.25 million (approximately RM64.02 million translated based on exchange rate of USD1 : RM3.711) assuming to be procured by the PT Al-`Aqar Companies to settle the Shareholder’s.*

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

The Proposed Acquisition is expected to contribute positively to the earnings of KPJ in the future.

**7. APPROVALS REQUIRED FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition is subject to the following approvals:-

- (i) the approval of the shareholders of KPJ at an EGM to be convened for the Proposed Acquisition;
- (ii) the approval of the unitholders of Al-`Aqar at an EGM for the disposal of the Sale Shares; and
- (iii) the relevant parties obtaining the required approvals including regulatory and/or governmental approvals in Malaysia and/or Indonesia (if required) and consents from and providing notification to the relevant authorities, bodies, financiers, lenders and/or creditors for the sale and purchase of the Sale Shares.

The Proposed Acquisition is not conditional upon any other proposals undertaken or to be undertaken by KPJ.

## 8. INTERESTS OF DIRECTORS AND MAJOR 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 Acquisition.

### 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 Acquisition 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 Acquisition 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 Acquisition. 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 Acquisition 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 Acquisition 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:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
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	*	-	-

**Notes:-**

\* *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 44.82% equity interest (excluding treasury shares) 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 Acquisition ("**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 Acquisition 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 Acquisition 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 PRECEEDING 12 MONTHS**

Save for the Proposed Disposal of KPJUC Properties and the Proposed Disposal of Land which were announced on 3 October 2014 and 19 March 2015 respectively, 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 Acquisition is expected to be completed by 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 Acquisition. In view of the interests of the Interested Parties in relation to the Proposed Acquisition (as mentioned in Section 8 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 Acquisition.

## **12. DIRECTORS' RECOMMENDATION**

The Board of Directors of KPJ, save for the Interested Directors, having considered all aspects of the Proposed Acquisition (including but not limited to the rationale and financial effects of the Proposed Acquisition, valuation of the Properties as ascribed by the Independent Valuer as well as the independent advice by the Independent Adviser for the Proposed Acquisition) and after careful deliberation, is of the opinion that the Proposed Acquisition 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 Acquisition (including but not limited to the rationale and financial effects of the Proposed Acquisition, valuation of the Properties as ascribed by the Independent Valuer as well as the independent advice from the Independent Adviser for the Proposed Acquisition), and after careful deliberation, is of the opinion that the Proposed Acquisition 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**

Barring any unforeseen circumstances, the application to Bursa Securities pursuant to the Proposed Acquisition is expected to be made within two (2) months from the date of this Announcement.

**15. PERCENTAGE RATIOS**

The highest percentage ratio applicable to the Proposed Acquisition as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") is the total consideration and liabilities to be assumed compared with the net assets of the KPJ Group as at 31 December 2013 based on the latest consolidated financial statements of the KPJ Group for the FYE 31 December 2013 which amounts to approximately 7.60%.

However, pursuant to the paragraph 10.12 of the Listing Requirements, the Proposed Acquisition will have to be aggregated with the Proposed Disposal of KPJUC Properties and the Proposed Disposal of Land, whereby the highest percentage ratio is approximately 23.13% computed based on total consideration and liabilities to be assumed compared with the net assets of the KPJ Group as at 31 December 2013 based on the latest consolidated financial statements of the KPJ Group for the FYE 31 December 2013.

**16. DOCUMENTS FOR INSPECTION BY SHAREHOLDERS**

The Crossborder SSA, valuation report and valuation certificate of the Properties 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 31 March 2015.

The tables below set out a summary of Crossborder Hall's and Crossborder Aim's financial statements for three (3) FYE 31 December 2012, 31 December 2013 and 31 December 2014.

**(i) Crossborder Hall**

<b>FYE 31 December</b>	<b>Audited 2012 RM</b>	<b>Audited 2013 RM</b>	<b>Audited 2014 RM</b>
Revenue	-	-	-
Profit/(Loss) before tax	(10,020)	(10,425)	(9,958)
Profit/(Loss) after tax	(10,020)	(10,425)	(9,958)
No. of shares in issue	2	2	2
Earnings/(Loss) per share (RM)	(5,010)	(5,213)	(4,979)
Total Shareholders' Advances	12,196,750	12,207,175	12,217,133
Shareholders' fund / Net Liabilities ("NL")	(19,622)	(30,047)	(40,005)
NL per share (RM)	(9,811)	(15,024)	(20,003)

**(ii) Crossborder Aim**

<b>FYE 31 December</b>	<b>Audited 2012 RM</b>	<b>Audited 2013 RM</b>	<b>Audited 2014 RM</b>
Revenue	-	-	-
Profit/(Loss) before tax	(10,028)	(10,488)	(9,958)
Profit/(Loss) after tax	(10,028)	(10,488)	(9,958)
No. of shares in issue	2	2	2
Earnings/(Loss) per share (RM)	(5,014)	(5,244)	(4,979)
Total Shareholder's Advances	12,196,758	12,207,246	12,217,204
Shareholders' fund / NL	(19,630)	(30,118)	(40,076)
NL per share (RM)	(9,815)	(0.30)	(20,039)

The tables below set out a summary of PT Al-`Aqar Permata Hijau's and PT Al-`Aqar Bumi Serpong Damai's financial statements for three (3) FYE 31 December 2012, 31 December 2013 and 31 December 2014.

**(i) PT Al-`Aqar Permata Hijau**

<b>FYE 31 December</b>	<b>Audited 2012 RM</b>	<b>Audited 2013 RM</b>	<b>Audited 2014 RM</b>
Revenue	-	-	-
Profit/(Loss) before tax	1,815,797	899,356	938,905
Profit/(Loss) after tax	1,626,014	694,736	712,093
No. of shares in issue	3,500,000	3,500,000	3,500,000
Earnings/(Loss) per share (RM)	0.46	0.20	0.20
Total Shareholder's Advances	11,672,257	14,146,516	12,753,953
Shareholders' fund / NA	10,188,548	10,883,284	11,595,378
NA per share (RM)	2.91	3.11	3.31

**(ii) PT Al-`Aqar Bumi Serpong Damai**

<b>FYE 31 December</b>	<b>Audited 2012 RM</b>	<b>Audited 2013 RM</b>	<b>Audited 2014 RM</b>
Revenue	-	-	-
Profit/(Loss) before tax	2,625,351	1,974,427	3,867,960
Profit/(Loss) after tax	2,166,647	1,487,850	3,328,611
No. of shares in issue	4,000,000	4,000,000	4,000,000
Earnings/(Loss) per share (RM)	0.54	0.37	0.83
Total Shareholders' Advances	36,518,555	41,810,091	41,116,361
Shareholders' fund / NA	12,012,660	13,500,509	15,987,020
NA per share (RM)	3.00	3.38	4.00

The above was translated at the exchange rates of IDR1,000 : RM0.2807