FABER GROUP BERHAD (“FGB”)
JOINT VENTURE AGREEMENT (“JVA”) BETWEEN SEGI OPERASI SDN BHD (“SOSB”), FABER MEDI-SERVE SDN BHD (“FMS”), 1CARE CONSORTIUM SDN BHD (“1CARE”) AND SEDAFIAT SDN BHD (“SSB”)

1. INTRODUCTION

We are pleased to announce that SOSB, a wholly owned subsidiary of FMS, which in turn is a wholly owned subsidiary of FGB, had on 27 February 2013, entered into a JVA with FMS, 1CARE and SOSB for the purpose of carrying out the Hospital Support Services (“HSS”) to the hospitals operated by the Ministry of Health (“MOH”) throughout the state of Sabah, via the Joint Venture Company (“JVC”), SSB.

2. INFORMATION ON FGB, SOSB, FMS, 1CARE AND SSB

2.1 FGB

FGB was incorporated in Malaysia under the Companies Act, 1965 on 31 May 1963. The authorised share capital of FGB is RM750,000,000.00 divided into 3,000,000,000 ordinary shares of RM0.25 each. The issued and paid-up share capital of FGB is RM90,750,263.25 divided into 363,001,053 ordinary shares of RM0.25 each. The principal activities of FGB are investment holding and provision of management services to its subsidiaries.

2.2 SOSB

SOSB was incorporated in Malaysia under the Companies Act, 1965 on 12 December 2012. The authorised share capital of SOSB is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of SOSB is RM2.00 divided into 2 ordinary shares of RM1.00 each. SOSB has not commenced operation since its incorporation.

2.3 FMS

FMS was incorporated in Malaysia under the Companies Act, 1965 on 14 November 1983. The authorised share capital of FMS is RM100,000,000.00 divided into 100,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of FMS is RM43,170,010.00 divided into 42,600,010 Class A ordinary shares of RM1.00 each and 11,400,000 Class B ordinary shares of RM0.05 each. The principal activities of FMS are the provision of HSS.

2.4 1CARE

1CARE is a joint venture between Crystal Everich Sdn Bhd (43% shareholding), Perbadanan Pembangunan Ekonomi Sabah (40% shareholding) and Norbeh bin Dahlan (17% shareholding). 1CARE was incorporated in Malaysia under the Companies Act, 1965 on 26 April 2010. The authorised share capital of 1CARE is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of 1CARE is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each.

2.5 SSB

SSB is a joint venture between SOSB (40% shareholding) and 1CARE (60% shareholding). SSB was incorporated in Malaysia under the Companies Act, 1965 on 30 September 2011. The current authorised share capital of SSB is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The current issued and paid-up share capital of SSB is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each.

3. SALIENT TERMS OF THE JVA

(i) The JVA is conditional upon the fulfilment or waiver of the conditions precedent as set out below:-

(a) the execution of concession agreement ("Concession Agreement") between the Government of Malaysia and the JVC whereupon the Government of Malaysia will grant a concession in favour of the JVC for the provision of HSS in the contract hospitals in the State of Sabah and the Federal Territory of Labuan ("Territory");

(b) the approval of the board of directors of each of 1CARE and SOSB being obtained for the subscription of shares in the JVC upon the terms and conditions of the JVA; and

(c) the consent, approval, permit or waiver of relevant regulatory body(ies) or third party(ies) being obtained by the parties for the implementation and completion of transactions contemplated in the JVA, including but not limited to the subscription/purchase of shares by 1CARE and SOSB upon the terms and conditions of the JVA (if any).

(ii) The JVC shall have:-

(a) an authorised share capital of RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each; and

(b) the initial issued and paid-up share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each.

The equity participation in the JVC shall, unless otherwise agreed by SOSB and 1CARE in writing, be in the following proportions:-

Party	No of Issued and Paid-Up Shares / Percentage
1CARE	60,000 (60%)
SOSB	40,000 (40%)
TOTAL	**100,000 (100%)**

(iii) The JVC shall be managed by a Board of Directors consisting not more than ten (10) Directors of which six (6) shall be nominees of 1CARE and four (4) shall be nominees of FMS respectively.

(iv) The Chief Executive Officer shall be elected from amongst the nominees of 1Care and appointed by the Board of the JVC. The Head of Operations and Head of Finance shall be nominated by 1CARE and SOSB jointly and subsequently appointed by the Board of the JVC.

(v) The JVA shall be terminated upon:

(a) the date of the dissolution of the JVC following its winding-up;

(b) the date where less than two (2) shareholders hold shares in the JVC;

(c) the date from which the shareholders unanimously agree that the JVA shall be terminated;

(d) the date from which the JVA shall otherwise be terminated in accordance with the terms and conditions provided in the JVA; or

(e) the termination of the Concession Agreement in its entirety for whatever reason in which case the shareholders shall commence proceedings to wind up the JVC by way of a members' voluntary liquidation.

The parties to the JVA agree that in the event of voluntary winding-up of the JVC, SOSB and 1CARE shall be given the first right of refusal to purchase the assets and equipment of the JVC based on the net book value of such assets and equipment.

4. RATIONALE

The rationale for the JVA is to regulate the relationship of SOSB and 1CARE with each other as shareholders of JVC and to govern the management and operations of the JVC in the provision of the HSS to the hospitals operated by the MOH in the Territory. The JVA also govern the relationship of the JVC with FMS as the holder of the current HSS concession for the Territory including but not limited to the rights and obligations of JVC and FMS, on each other.

5. LIABILITIES TO BE ASSUMED

There are no liabilities to be assumed by SOSB pursuant to the JVA.

6. FINANCIAL EFFECTS

The JVA will not have any effect on the share capital or shareholding of major shareholders of FGB. Pending the finalisation of the Concession Agreement with the Government of Malaysia for the Territory, the JVA is anticipated not to have any material effect on the earnings per share and net assets per share of FGB for the financial year ending 31 December 2013.

7. POTENTIAL RISKS

Save for the normal business risks inherent in the Concession Agreement with the Government of Malaysia and facilities management services particularly the HSS, FGB is of the view that there is no other risk which may arise as a result of the JVA.

8. APPROVAL REQUIRED

The JVA is not subject to approval of the shareholders of FGB or any relevant government authorities.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors or major shareholders of FGB and/or persons connected with them has or have any interest, direct or indirect in the JVA.

10. DIRECTORS' STATEMENT

The Board of Directors of FGB is of the opinion that the JVA is in the best interests of the FGB Group.

11. DEPARTURE FROM THE SECURITIES COMMISSION'S GUIDELINES ON THE OFFERING OF EQUITY AND EQUITY-LINKED SECURITIES ("SC GUIDELINES")

The Board of Directors of FGB is not aware of any departure from the SC Guidelines in respect of the JVA.

12. DOCUMENT FOR INSPECTION

The JVA is available for inspection at the registered office of FGB at the 20th Floor, Menara 2, Faber Towers, Jalan Desa Bahagia, Taman Desa, Off Jalan Kelang Lama, 58100 Kuala Lumpur during normal office hours from Monday to Friday (excluding any public holiday) for a period of one (1) month from the date of this announcement.

This announcement is dated 27 February 2013.