



KPJ HEALTHCARE BERHAD

(247079-M)

(A Member of Johor Corporation Group)

ANNOUNCEMENT TO BURSA MALAYSIA

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

PROPOSED DISPOSAL OF 30% EQUITY SHAREHOLDING IN HOSPITAL PENAWAR SDN BHD (“HOSPITAL PENAWAR”) TO DR MOHD ADNAN BIN SULAIMAN (“DR MOHD ADNAN”) AND AZIZAN BIN SULAIMAN (“AZIZAN”) (COLLECTIVELY KNOWN AS THE “PURCHASERS”) BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ (“PROPOSED DISPOSAL”)

1. INTRODUCTION

- 1.1 The Board of Directors of KPJ (“Board”) wishes to announce that KPJSB had on 1 December 2016 entered into a Sale and Purchase Agreement (“SPA”) with the Purchasers to dispose Thirty percent (30%) equity shareholding of Hospital Penawar amounting to Seven Hundred Twenty Thousand (720,000) ordinary shares of Ringgit Malaysia One (RM1.00) only each in Hospital Penawar (“Sale Shares”) to the Purchasers for a total cash consideration of Ringgit Malaysia Two Million Two Hundred Nine Thousand Eight Hundred Sixty (RM2,209,860.00) only subject to the terms and conditions as contained in the SPA.
- 1.2 The Proposed Disposal involves the following:-
- (i) KPJSB would sell to Dr Mohd Adnan Four Hundred Sixty Two Thousand Seven Hundred Fifty (462,750) ordinary shares of Ringgit Malaysia One (RM1.00) only each in Hospital Penawar with a total consideration of Ringgit Malaysia One Million Four Hundred Twenty Thousand Two Hundred Ninety Five (RM1,420,295.00) only ; and
 - (ii) KPJ would sell to Azizan Two Hundred Fifty Seven Thousand Two Hundred Fifty (257,250) ordinary shares of Ringgit Malaysia One (RM1.00) only each in Hospital Penawar with a total consideration of Ringgit Malaysia Seven Hundred Eighty Nine Thousand Five Hundred Sixty Five (RM789,565.00) only.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on Hospital Penawar

Hospital Penawar is a company incorporated in Malaysia having its registered address at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor Darul Takzim and its business address at No. 15 – 19, Business Center, 81700 Pasir Gudang Johor Darul Takzim.

The present authorised capital of Hospital Penawar is Ringgit Malaysia Five Million (RM5,000,000.00) only consisting of Five Million (5,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) only each and the total issued share capital of the Company is Ringgit Malaysia Two Million Four Hundred Thousand (RM2,400,000.00) only consisting of Two Million Four Hundred Thousand (2,400,000) ordinary shares of Ringgit Malaysia One (RM1.00) only each.

Hospital Penawar presently operates a private hospital under the name of Penawar Hospital of No. 15 – 19, Business Center, 81700 Pasir Gudang Johor Darul Takzim (“Hospital”).

2.2 Information on KPJSB

KPJSB is a company incorporated in Malaysia having its registered address at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor Darul Takzim and its business address at Level 12, Menara 238, No: 238, Jalan Tun Razak, 50400 Kuala Lumpur.

KPJSB is a wholly-owned subsidiary of KPJ and was incorporated on 8 June 1988 with an authorized share capital of RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each and the current issued and paid-up share capital of KPJSB is RM90,000,000 comprising of 90,000,000 ordinary shares of RM1.00 each.

KPJSB is in the business of management of hospitals in Malaysia and Indonesia.

2.3 Information on Dr Mohd Adnan

Dr Mohd Adnan is a Malaysian citizen residing at Pasir Gudang, Johor Darul Takzim.

Dr Mohd Adnan is the beneficial and registered shareholder of Sixty Four point Twenty Seven percent (64.27%) of the equity of Hospital Penawar amounting to One Million Seventy Nine Thousand Seven Hundred Fifty (1,079,750) ordinary shares of Ringgit Malaysia One (RM1.00) only each in Hospital Penawar.

2.4 Information on Azizan

Azizan is a Malaysian citizen residing at Pasir Gudang, Johor Darul Takzim.

Azizan is the beneficial and registered shareholder of Thirty Five point Seventy Three percent (35.73%) of the equity of Hospital Penawar amounting to Six Hundred Thousand Two Hundred Fifty (600,250) ordinary shares of Ringgit Malaysia One (RM1.00) only each in Hospital Penawar.

2.5 The Settlement of the Purchase Price

The Purchase Price shall be paid by the Purchasers to KPJSB in the following manner:-

- (i) the Deposit of Ten Percent (10%) of the Purchase Price of Ringgit Malaysia Two Hundred Twenty Thousand Nine Hundred Eighty Six (RM220,986.00) only shall be due and payable in cash within two (2) weeks of the date of the SPA and payment by the Purchasers shall be as follows:-

a)	Dr Adnan Bin Sulaiman	-	RM 142,029-50
b)	Azizan Bin Sulaiman	-	RM 78,956-50

- (ii) the Balance Purchase Price of Ninety Percent (90%) of the Purchase Price of Ringgit Malaysia One Million Nine Hundred Eighty Eight Thousand Eight Hundred Seventy Four (RM1,988,874.00) only shall be due and payable in cash within three (3) months of the Unconditional Date and payment by the Purchasers shall be as follows:-
 - a) Dr Adnan Bin Sulaiman - RM 1,278,265-50
 - b) Azizan Bin Sulaiman - RM 710,608-50
- (iii) In the event that the Balance Purchase Price is not fully settled upon the expiry of the period as specified in item (ii) above, an extension of three (3) months (hereinafter be referred to as the "Extended Period") shall be given by KPJSB to the Purchasers to make good full payment. Any payment within this extension period shall be subject to an interest rate of ten (10%) per annum calculated from the date the extension comes into effect. Nonetheless, the Deposit and any monies paid by the Purchasers to KPJSB shall be forfeited if the Balance Purchase Price is not fully settled upon the expiry of the Extended Period.
- (iv) The Purchasers are aware and acknowledged the completion of the sale and purchase of the Sale Shares are inter-conditional whereby if any one or more of the Purchasers ("Defaulting Purchasers") are unable or refuse to complete the sale and purchase transactione herein contemplated, KPJSB may, at its sole option, proceed to complete the sale and purchase transaction without prejudice to any remedy it may have under the law against the Defaulting Purchaser or KPJSB may elect to rescind the SPA and KPJSB shall be entitled to the remedy of specific performance against the Defaulting Purchasers.

2.6 Conditions Precedent

- (i) The SPA is conditional upon the following:-
 - a) each Party (if it is a body corporate) obtaining the approval from their respective Board of Directors for the acquisition of the Sale Shares; and
 - b) if necessary, each Party obtaining the approval from their respective shareholders for the disposal and/or acquisition of the Sale Shares.
 (hereinafter referred to as the "Conditions Precedent")
- (ii) The SPA shall be unconditional upon the date when all the Conditions Precedent have been fulfilled ("Unconditional Date").
- (iii) In the event any of the Conditions Precedent above are not fulfilled within one (1) month of the date of the SPA (or such other extended period as may be agreed by the Parties), then the SPA shall become null and void and be of no further effect whatsoever and neither Party hereto shall have any claim against the other hereunder. The Deposit and any monies paid by the Purchasers to KPJSB shall then be forfeited.

2.7 Completion

- (i) Within seven (7) days of the day the Purchase Price is fully settled ("Completion Date"), KPJSB shall forward to the Purchasers the following documents:-
 - (a) the original share certificates in respect of the Sale Shares; and

- (b) the duly executed share transfer forms in respect of the Sale Shares and any related transfer documents in respect of the Sale Shares.
- (ii) Hospital Penawar shall, within seven (7) days of receiving the documents mentioned in item 2.7 (i) above, cause a meeting of the Board of Directors of Hospital Penawar to be held at which:-
 - (a) To approve the resignation of the following Directors of the Company:-
 - (i) Mohd Sahir Bin Rahmat; and
 - (ii) Noreen Binti Abdul Rashid; and
 - (b) To approve the resignation of the current Company Secretaries, Puan Rohaya Binti Jaafar and Cik Salmah Binti Hj Abd Wahab.

2.8 Dividend

The Parties hereto mutually agree that any dividend declared by Hospital Penawar before the date of SPA in respect of the Sale Shares shall belong to KPJSB and any dividend declared by Hospital Penawar after the date of the SPA hereof shall belong to the Purchasers.

2.9 Special Conditions

- (i) To protect the interest of the Hospital, KPJSB agrees that it shall not under any circumstances engage or station any consultant that has left the Hospital at KPJSB's subsidiary hospital known as KPJ Pasir Gudang Specialist Hospital. Nonetheless, consultants of the Hospital may be employed and stationed at any of KPJSB's subsidiary hospital other than KPJ Pasir Gudang Specialist Hospital.
- (ii) KPJSB shall not under any circumstances employ or station any of the Hospital's salaried staff at KPJ Pasir Gudang Specialist Hospital within the period of twelve (12) months from the date of his/her resignation from the Hospital or twelve (12) months from the date of the SPA, whichever is the later. Nonetheless, any of the Hospital's salaried staff may be employed and stationed at any of KPJSB's subsidiary hospitals other than KPJ Pasir Gudang Specialist Hospital at any time.

2.10 Basis of Arriving at the Purchase Price

- (i) The Sale Shares are based on the Net Tangible Asset ("NTA") of Hospital Penawar as per the latest audited account being the Audited Account for the financial year ending 31 December 2014.
- (ii) Based on the Audited Account of the Hospital Penawar as at 31 December 2014, the NTA of the Company is Ringgit Malaysia Seven Million Three Hundred Sixty Six Thousand Two Hundred One (RM7,366,201.00) only. Thus, the total cash consideration of the Sale Shares is Ringgit Malaysia Two Million Two Hundred Nine Thousand Eight Hundred Sixty and Sen Thirty (RM2,209,860.00) only.

2.11 Utilisation of Proceed

The cash proceeds of Ringgit Malaysia Two Million Two Hundred Nine Thousand Eight Hundred Sixty and Sen Thirty (RM2,209,860.00) only arising from the Proposed Disposal is expected to be utilised by KPJSB for its working capital requirement and/or general corporate purposes.

2.12 Encumbrances and Liabilities to be Assumed

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

3. RATIONALE FOR THE PROPOSED DISPOSAL

Various options have been considered and discussed with the Board of Penawar Hospital and it was concluded that the following solutions will be the most appropriate:-

- (i) The focus on wholly-owned companies for better management and decision making;
- (ii) The Consolidation of KPJ Group of hospitals whereby the operations will be under a single entity for various operational, financial and corporate structure efficiency reason; and
- (iii) A single entity model will lead to operational efficiency and value creation.

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.

4.3 Net Assets and Gearing

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

5. APPROVALS REQUIRED

The Proposed Disposal is subject to and conditional upon approval being obtained from the Board for KPJ but is not subject to the approval of the shareholders of KPJ.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors or major shareholders of KPJ or persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

7. DIRECTORS' STATEMENT

Having considered all aspects of the Proposed Disposal, the Board is of the opinion that the Proposed Disposal is in the best interests of KPJ Group.

8. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Disposal is 0.15% pursuant to paragraph 10.02(g) of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of KPJ at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor during normal business hours from Sunday to Thursday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 1 December 2016.