

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

### PROPOSED DISPOSAL OF:

- (i) 75% EQUITY INTEREST IN PT KPJ MEDICA (“KPJM”) BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ; AND
- (ii) 100% EQUITY INTEREST IN PT AL-AQAR BUMI SERPONG DAMAI (“AABSD”) BY CROSSBORDER AIM (M) SDN BHD (“CAMSB”) AND CROSSBORDER HALL (M) SDN BHD (“CHMSB”), WHOLLY-OWNED SUBSIDIARIES OF KPJ, TO PT NUSAUTAMA MEDICALINDO (“PTNM”)

FOR A TOTAL CONSIDERATION WHICH WILL BE DETERMINED BASED ON AN ENTERPRISE VALUE OF RINGGIT MALAYSIA 150.2 MILLION

### COLLECTIVELY REFERRED TO AS “PROPOSED DISPOSAL”

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This announcement is dated 6 March 2023.

Reference is made to the Company’s announcements on 1 March 2023 in relation to the Proposed Disposal (“**Earlier Announcement**”). Unless otherwise stated, defined terms in this announcement shall carry the same meanings as defined in the Earlier Announcement.

On behalf of the Board, KPJ wishes to provide additional information in relation to the Proposed Disposal.

## 1. FURTHER DETAILS OF THE PROPOSED DISPOSAL

In deriving the cash, closing debt and closing working capital upon Closing, month-end management accounts will be used with a tentative cut-off date of 30 April 2023.

The enterprise value of RM150.2 million with the amount to be received by KPJ of RM156.7 million is reconciled in the table below. The difference of RM6.53 million accounts for the net debt in KPJM and AABSD.

<b>Net proceeds reconciliation</b>	<b>Amount</b>
	<b>RM(‘000)</b>
Enterprise Value	150,150
Net Debt	(136,487)
Equity Value	13,664
Repayment of Shareholder’s Loan*	143,066
Total	<u>156,730</u>

Note \*:

The repayment of shareholder’s loan is derived from:-

	<b>Amount</b>
	<b>RM(‘000)</b>
Repayment of shareholder’s loan	137,474
Forex adjustment	5,592
Total	<u>143,066</u>

The repayment of shareholder’s loan will be settled wholly in cash.

As at the Last Practicable Date of 30 Nov 2022, the amount owing from KPJM and AABSD to KPJ is summarised below. The shareholder's loans are granted for working capital requirements of the Indonesian operations.

	<u>KPJM</u>	<u>AABSD</u>	<u>Total</u>
	(RM'000)	(RM'000)	(RM'000)
Principal	48,555	48,169	96,724
Profit	21,046	19,704	40,750
	<u>69,601</u>	<u>67,873</u>	<u>137,474</u>

## 2. OTHER SALIENT TERMS OF THE SHARE SALE AGREEMENT (“SSA”)

### (i) DEPOSIT

As mentioned in the Earlier Announcement, the Deposit was deposited on signing of the SSA, and serves as a security deposit for the payment of the Provisional Purchase Price and is considered a part of the Provisional Purchase Price. The Deposit will only be refunded or forfeited under the following circumstances:

- (a) where the SSA is terminated by the Sellers solely in connection with a breach by the Purchaser of its obligations under SSA, then provided that none of the Sellers are in breach of its respective obligations under the SSA, the Deposit (together with the interest accrued thereon) shall be deemed forfeited and the Sellers shall have retain the Deposit together with the accrued interest;
- (b) where the SSA is terminated by the Purchaser solely in connection with a breach by any Seller of any of its obligation under the SSA relating to closing deliverables, then provided that the Purchaser is not in breach of its obligations under the SSA, the Deposit (together with the interest accrued thereon) shall be refunded to the Purchaser in full;
- (c) where the SSA is terminated due to a failure of the Parties to fulfil the conditions precedent set out in the SSA, or waiver performance of such conditions precedent, the Deposit (together with the interest accrued thereon) shall be refunded to the Purchaser in full; or
- (d) if the SSA is mutually terminated by the Parties, or the SSA is terminated by the Purchaser under the provisions of termination in the SSA entitling the Purchaser to terminate the agreement, the Deposit (together with the interest accrued thereon) shall be refunded to the Purchaser in full.

### (ii) TERMINATION

The SSA shall continue and remain in full force and effect as from the date of the SSA unless terminated:

- (a) pursuant to the provisions of the SSA relating to a failure to either satisfy or waive fulfilment of the conditions precedent before a long stop date, or a failure by the parties to comply with obligations relating to closing deliverables by the date scheduled for Closing; or

- (b) by the Purchaser, if at any time on or prior to Closing, a material breach of any provisions of the SSA has been committed by any of the Sellers, and if such breach is capable of being remedied, the defaulting Seller fails, refuses or neglects to remedy such breach within fifteen (15) business days after written notice has been given to the defaulting Seller by the Purchaser providing particulars of the breach and requiring such breach to be remedied; and for the avoidance of doubt, a breach is deemed material if the breach would give rise to a Claim by the Purchaser against any Seller for Losses of an amount in aggregate in excess of IDR142,750,000,000;
- (c) by either the Sellers jointly, or the Purchaser, if (i) any directive, judgment, decree, direction, regulation or order of any governmental authority shall be in effect; or (ii) any applicable laws shall have been enacted, promulgated, enforced or deemed applicable by any governmental authority, in each case that will prohibit, make illegal or delay the Closing as contemplated in the SSA;
- (d) by the Purchaser, if at any time on or prior to Closing any of the Sellers' fundamental warranties relating to due incorporation, authority and capacity, insolvency, the Sale Shares, incorporation and corporate power, and assets fails to be true and correct in any respect and if such breach is capable of being remedied, the defaulting Seller fails, refuses or neglects to remedy such breach within fifteen (15) Business Days after written notice has been given to the defaulting Seller by the Purchaser providing particulars of the breach and requiring such breach to be remedied; or
- (e) by the Purchaser, if at any time on or prior to Closing, an event that has a material adverse effect on the business, operations, assets, liabilities (including contingent liabilities), of a Target Company that individually or in the aggregate has resulted in, or is reasonably likely to result in a financial impact of more than IDR142,750,000,000 has occurred which is continuing.

In the event the SSA is terminated, no party shall be relieved or released from any liabilities arising (i) as a result of a breach occurring on or before such termination or (ii) out of fraud, and the Deposit (together with interest accrued thereon) shall be forfeited or refunded in accordance to the SSA provisions as stated above (see section 2.1(b) of this Announcement above).

### **(iii) REPAYMENT OF SHAREHOLDER'S LOAN**

The Shareholder's Loan shall be repaid in the following manner:

- (a) not less than ten (10) business days prior to the Closing Date, the Sellers are to deliver to the Purchaser a statement issued by KPJSB to each Target Company which states all outstanding amounts (together with interest accrued thereon) that shall be payable by each Target Company to KPJSB under the Shareholder's Loan as at the Closing Date ("**Shareholder's Loan Redemption Statement**"); and
- (b) subject to receipt by the Purchaser of the Shareholder's Loan Redemption Loan Statement above, the Purchaser shall procure the Target Companies' repayment of the Shareholder's Loan based on the amount stated in the Shareholder's Loan Redemption Statement on or within five (5) business days from the Closing Date ("**Shareholder's Loan Payment Date**").

### **3. DEPOSIT AMOUNT RECEIVED**

The 10% deposit of IDR50,000,000,000 received in Ringgit Malaysia is RM14,152,278.52 based on the exchange rate of IDR/MYR 3,532 as at 2 March 2023.

#### 4. UTILISATION OF CASH PROCEEDS

The estimated cash proceeds to be received of approximately RM156.7 million from the Proposed Disposals is expected to be utilised towards general corporate purposes (including, amongst others, debt repayment, capital expenditure, working capital and estimated expenses for the Proposed Disposal) over the next 12 months after completion of the Proposed Disposals as follows:-

	<b>Utilisation (%)</b>
Repayment of bank facilities	55
Capital expenditure	25
General working capital	15
Estimated Expenses for the Proposed Disposal	5
<b>Total</b>	<b>100</b>

The exact utilisation of the proceeds has not been determined at this juncture and is subject to changes depending on the funding requirements of KPJ and its subsidiaries ("KPJ Group" or "the Group") at any relevant time.

#### 5. GAIN ON DISPOSAL

As indicated in Section 5.2 and 5.3 of the Earlier Announcement, the estimated financial impact of the Proposed Disposal to the Profit attributable to owners of the Company from continuing operations totalling RM56.3m, after taking into consideration the gain on disposal of approximately RM60.0 million, estimated expenses for the Proposed Disposal and foreign currency translation reserve, illustrated as follows:

		<b>RM 'mil</b>
Total consideration <sup>(i)</sup>		156.7
Net liabilities <sup>(ii)</sup> of subsidiaries	(66.1)	
Consolidation adjustments <sup>(iii)</sup> at Group	139.8	
Net assets held for sale <sup>(iv)</sup>	73.7	
Non-controlling interest <sup>(v)</sup>	17.0	
Less: Net assets of subsidiaries at Group	90.7	(90.7)
Gain on disposal		<u>60.0</u>

Gain on disposal	60.0
Add: Foreign currency translation reserve	0.6
Less: Estimated expenses for the Proposed Disposal	(4.3)
Total estimated financial impact of the Proposed Disposal	<u>56.3</u>

##### **Notes**

- (i) Included in the consideration is the repayment of Shareholder's Loan by the Purchaser to the Group
- (ii) As disclosed in Section 2.1 per Earlier Announcement, the net assets and liabilities of AABSD and KPJM are RM2.0 mil and RM68.1 mil respectively
- (iii) Mainly arising from Shareholder's Loan granted to KPJM and AABSD of RM143.1 mil.
- (iv) Relates to portion of assets held for sale and liabilities associated with assets held for sale in the consolidated statements of financial position as at 31 December 2022
- (v) Represents 25% of non-controlling interest in KPJM of its net liabilities