

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

PROPOSED DISPOSAL OF 80% STAKE IN PT KHIDMAT PERAWATAN JASA MEDIKA BY KUMPULAN PERUBATAN (JOHOR) SDN BHD (Company No: 198801003611 (170968-A)) (“KPJSB”), A WHOLLY-OWNED SUBSIDIARY OF KPJ, TO MR IRFAN JASRI AND MS ANNIE TRISUSILO FOR A TOTAL CONSIDERATION OF INDONESIAN RUPIAH 96 BILLION (“PROPOSED DISPOSAL”)

We refer to the Announcement dated 30 July 2020.

1. INTRODUCTION

The Board of Directors of KPJ (“Board”) wishes to announce that the Company’s subsidiary KPJSB had, on 29 July 2020, entered into 2 separate Shares Sale and Purchase Agreements (“SSPA”) with Mr Irfan Jasri and Ms Annie Trisusilo for the proposed disposal of its 80% stake in PT Khidmat Perawatan Jasa Medika (“KPJM”).

KPJM operates a specialist hospital in Jakarta Barat Indonesia known as RS Medika Permata Hijau. It is a joint-venture company between KPJSB which holds an 80% share and Mr Irfan Jasri who holds a 20% share of the paid-up capital of KPJM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Background information on the Proposed Disposal

The Proposed Disposal involves the sale by KPJSB of its 80% stake (16,000 shares) in KPJM to Mr Irfan Jasri (15,999 shares) and Ms Annie Trisusilo (1 share) for a total consideration of Indonesian Rupiah 96 billion or Indonesian Rupiah 6 million per share (“Disposal Price”).

As at the date of the SSPA, the Proposed Disposal is valued around RM28 million.

2.2 Basis and justification for arriving at the Disposal Price

The Disposal Price of Indonesian Rupiah 6 million per share was agreed between the parties on a “willing buyer-willing seller” basis. The Disposal Price per share was arrived at based on 2 times the Net Tangible Asset value of KPJM as at 30 June 2020.

2.3 Salient Terms of the SSPA

The salient terms of the SSPA are as follows:-

2.3.1 Mode of Payment

- (i) the proposed disposal of 15,999 shares for Indonesian Rupiah 95.994 billion to Mr Irfan Jasri will be payable not later than 24 months after the execution of the Deed of Transfer of the said shares.
- (ii) the proposed disposal of 1 share for Indonesian Rupiah 6 million to Ms Annie Trisusilo will be payable in cash upon the execution of the Deed of Transfer of the said share.
- (iii) the Deeds of Transfer will be executed not later than 30 days after all the Conditions Precedent have been fulfilled.

2.3.2 Conditions Precedent

The Proposed Disposal is subject to the following conditions precedent:-

- (i) KPJM has obtained all approvals as required by its Articles of Association, laws and regulations and agreements which are binding on KPJM comprising of the following matters:-
 - (a) KPJM has made an announcement in a newspaper within 30 days before the invitation to the general meeting of shareholders to approve the Proposed Disposal;
 - (b) KPJM has made an announcement to its employees on the Proposed Disposal;
 - (c) KPJM has prepared a document showing that there is no objection from its creditors to the Proposed Disposal and, if there are objections, to furnish a document evidencing that it has resolved such creditors' objections before the KPJM shareholders resolution approving the Proposed Disposal; and
 - (d) KPJSB has obtained a resolution in an extraordinary general meeting of shareholders of KPJM approving the Proposed Disposal.

2.4 Information of the Parties

(a) KPJSB

KPJSB is a company incorporated in Malaysia under the Companies Act 1965, Malaysia and having its registered address at Level 16, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor.

(b) MR IRFAN JASRI

Mr Irfan Jasri is an Indonesian citizen having his residential address at Jl. Kartini 1, No.2, Padang, West Sumatra, Indonesia.

He is presently the minority shareholder holding 4,000 shares or 20% stake in KPJM and is also a member of the Board of Commissioners of KPJM.

(c) MS ANNIE TRISUSILO

Ms Annie Trisusilo is a dentist by profession having her residential address at Al Mujahidin No. 39, RT 011/002, Keluهران Rambutan Kecamatan Ciracas, Jakarta Timur.

Ms Annie is presently the Medical Director of RS Medika Bumi Serpong Damai, Tangerang Selatan, the other KPJ hospital in Indonesia.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is part of the restructuring of KPJ hospital operations in Jakarta, Indonesia and has been necessitated due to the difficulty encountered by KPJM to comply with the licencing and regulatory requirements imposed on foreign operators like KPJ.

The Proposed Disposal is part of a wider restructuring exercise that is being explored to allow for KPJ to fully comply with the licencing and regulatory requirements of the Indonesian authorities. KPJ will make the requisite announcement once the restructuring exercise involving its hospital operations in Indonesia is finalised in due course.

4. RISKS IN RELATION TO THE PROPOSED DISPOSAL

The Board does not foresee any material risk pursuant to the Proposed Disposal except for the inherent risk factors associated with the healthcare industry, of which the KPJ Group is already involved in.

5. EFFECT OF THE PROPOSED DISPOSAL

The Proposed Disposal is not expected to have a material effect on the earnings of KPJ for the financial year ending 31 December 2020.

6. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of other relevant authorities and the shareholders of KPJ.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors, substantial shareholders of KPJ and/or persons connected to the Directors and/or substantial shareholders has any direct or indirect interest in the Proposed Disposal.

8. DIRECTORS' OPINION

The Board having considered all the relevant factors in respect of the Proposed Disposal is of the opinion that it is in the best interest of the Company and will be beneficial to the business of the KPJ Group.

9. DOCUMENTS FOR INSPECTION

The SSPA will be made available for inspection at the registered office of KPJ at Level 16, 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.