

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

### **SIGNING OF MEMORANDUM OF UNDERSTANDING (“MOU”) BETWEEN KUMPULAN PERUBATAN (JOHOR) SDN BHD (“KPJSB”) AND SOJITZ CORPORATION (“SOJITZ”) AND CAPITAL MEDICA CO. LTD (“CM”) OF JAPAN FOR THE PROPOSED OPENING OF AN ONCOLOGY CENTRE AT RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI (“RSMBSD”)**

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#### **1. INTRODUCTION**

The Board of Directors of KPJ wishes to announce that KPJSB, a wholly-owned subsidiary of KPJ, has signed an MOU with Sojitz and CM at the 12<sup>th</sup> World Islamic Economic Forum in Jakarta, Indonesia today.

The MOU sets out the tri-partite collaboration between the KPJSB, Sojitz and CM (“Parties”) to explore the possible development and operation of an Oncology Centre at RSMBSD that is estimated to cost approximately USD12million.

#### **2. SALIENT TERMS OF THE MOU**

- (a) The MOU is valid for a period of one (1) year until definitive agreement(s) is entered into by the Parties or extended or terminated as provided in the MOU. Such definitive agreement(s) will contain mutually agreeable terms and conditions specific to the development of the Oncology Centre project to be signed within twelve (12) months or any period to be agreed by the Parties.
- (b) The Parties also agreed to explore any potential business relationship on the basis of equality and mutual benefit.
- (c) The MOU is non-binding and will not give rise to any financial obligation by one Party to the other. All costs relating to the MOU shall be borne by each Party individually.
- (d) The Parties further agreed to protect the intellectual property rights of each party.
- (e) Each Party shall undertake to observe the confidentiality and secrecy of documents and data from or supplied to any of the other Party during and after termination of the MOU.
- (f) Any disputes between the parties shall be settled amicably by the Parties and the MOU shall be governed by the Laws of Singapore
- (g) All Parties waive the right to negotiate with and enter into contracts with others that contemplate the same or similar scope as the MOU for as long as the MOU remains in effect.

### **3. INFORMATION OF THE PARTIES**

#### **(a) KPJSB**

KPJSB is a wholly owned subsidiary of KPJ and was incorporated on 8 June 1988 under the Companies Act 1965, Malaysia.

KPJSB has an authorised share capital of RM100,000,000.00 divided into 100,000,000 ordinary shares of RM1.00 each with the current issued and paid-up share capital of RM90,000,000.00 comprising of 90,000,000 ordinary shares of RM1.00 each.

KPJSB is involved in the business of the provision of healthcare services in Malaysia and internationally. It has the necessary expertise in the areas of the provision of administration, financial, general management and other services related to the running and operation of private specialist hospitals.

#### **(b) Sojitz**

Sojitz is a corporation duly organized and existing under the laws of Japan and having its registered office at 1-1 Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100- 8691, Japan. It is a general trading and investment company with worldwide network comprising over 500 group companies and operations in more than 50 countries.

#### **(c) CM**

CM is a corporation duly organized and existing under the laws of Japan and having its registered office at 1-2-3, Toranomom, Minato-ku, Tokyo 105-0001, Japan. It is Japan's leading hospital and nursing home operator actively providing management and operation know-how of hospitals and elderly care facilities overseas especially in the Asian countries.

### **4. RATIONALE FOR THE PROPOSAL**

KPJ views the signing of the MOU as beneficial to the KPJ and its subsidiaries ("KPJ Group") for the following reasons:

- (a) The Oncology Centre has the potential to offer a wide range of cancer management services to the local population and will enhance the services available at RSMBSD.

- (b) The collaboration will facilitate the sharing and transferring of medical technology and know-how between Japan, Malaysia and Indonesia that will serve as an excellent learning platform for our doctors and healthcare professionals.
- (d) The Oncology Centre will create more employment opportunities for the long term as it will require trained medical specialists, nursing and allied health professionals.

**5. RISKS IN RELATION TO THE MOU**

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

**6. EFFECT OF THE MOU**

The MOU is not expected to have a material effect on the earnings of KPJ for the financial year ending 31 December 2016.

**7. APPROVALS REQUIRED**

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

**8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors and/or major shareholders of KPJ and/or persons connected with them have any direct or indirect interest in the MOU.

**9. DIRECTORS' OPINION**

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