



## **PACIFIC HEALTHCARE HOLDINGS LTD**

(Incorporated in the Republic of Singapore)

Company Registration No. 200100544H

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### **SIGNING OF DEBT-TO-EQUITY SWAP AGREEMENT BETWEEN PACIFIC HEALTHCARE INDONESIA, PT PACIFIC HEALTHCARE SERVICES INDONESIA ("PHSI") AND PT PLAZA MEDICAL NUSANTARA AND THE PROPOSED ACQUISITION OF AN ADDITIONAL 16% OF THE ISSUED AND PAID UP CAPITAL IN PHSI**

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#### **I. INTRODUCTION**

The Board of Directors (the "**Board**") of Pacific Healthcare Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that, on 31 March 2014, its subsidiary Pacific Healthcare Indonesia ("**PHI**") had signed a Debt-to-Equity Swap agreement ("**DESA**") with PT Pacific Healthcare Services Indonesia ("**PHSI**") and PT Plaza Medical Nusantara ("**PMN**"). PHI and PMN each hold accounts receivables against PHSI amounting to IDR 20,217,106,979 and IDR 19,424,279,254 respectively. These receivables will be converted at the nominal value of IDR10,000 per share into 2,021,710 and 1,942,427 issued and paid-up share capital in PHSI for PHI and PMN respectively. Upon conversion, PHI and PMN will retain their respective equity interest of 51% and 49% in PHSI.

PHI proposes to enter into a Sale and Purchase Agreement ("**SPA**") with PMN to acquire an additional 16% of the issued and paid-up share capital in PHSI that it does not own. This will take its total shareholding in PHSI up from 51% to the maximum allowable 67% (for a foreign investor in the healthcare sector in Indonesia). PHH will make the necessary announcement upon signing of the proposed SPA.

#### **2. THE DEBT-TO-EQUITY CONVERSION**

##### **2.1 Shareholder Loans**

PHI and PMN currently own 51% and 49% respectively of the issued and paid-up share capital of PHSI. PHSI is in the business of providing specialist medical, dental and related services at its 20,000 sq ft premise at Plaza Indonesia, Central Jakarta. The shareholder loans to be converted of IDR 20,217,106,979 and IDR 19,424,279,254 respectively from PHI and PMN represent the proportionate funding of PHSI by its shareholders.

## **2.2 Rationale for the Debt-to-Equity Swap**

The rationale for the conversion of shareholder loans/accounts receivables into equity of PHSI is to recapitalize PHSI to strengthen its balance sheet and enable the company to continue to expand its operations and grow.

## **2.3 Financial Impact of the Proposed Debt-to-Equity Swap**

The proposed DESA transaction is expected to raise the Net Tangible Asset (“NTA”) of the Group from 547,307 to 2,563,545 as at 31 December 2013 (based on the Full Year 2013 Financial Result announcement made on 1 March 2014 and using the SGD-IDR exchange rate of SGD1.00 : IDR 9633.92 at 31 December 2013).

## **3. THE PROPOSED ACQUISITION OF 16% IN PHSI**

### **3.1 Rationale for Proposed Acquisition of 16% in PHSI**

The rationale for the proposed acquisition of an additional 16% in PHSI is to raise PHI’s equity interest to the maximum allowable under the law for strategic reasons.

### **3.2 Financial Impact of the Proposed Acquisition of 16% in PHSI**

The proposed Acquisition is expected to decrease the Net Tangible Asset (“NTA”) of the Group from 2,563,545 to 2,321,170 as at 31 December 2013 (based on the Full Year 2013 Financial Result announcement on 1 March 2014 and using the USD-SGD exchange rate of USD1.00 : SGD1.26 as at 31 December 2013).

## **4. OPINION OF THE AUDIT COMMITTEE**

The Audit Committee had reviewed the terms and conditions of the Acquisition and is of the opinion that the terms of the Acquisition are on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

## **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or the controlling shareholders has any interest (direct or indirect) in the Acquisition, save for their interest arising by way of their shareholders and/or directorships, as the case may be.

By Order of the Board

Dr William Chong Lai Leong  
Executive Director and Acting Chief Executive Officer  
31 March 2014