

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the contents of this Circular prior to its issuance as it is an exempt document pursuant to Paragraph 2.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities and the Company has also been selected by Bursa Securities as a company qualified under Green Lane Policy, which entitles certain privileges including exemption of the need for pre-vetting of this Circular.

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KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE
OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE
FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled as Special Business at the Thirty-First Annual General Meeting (“**31st AGM**”) of KPJ Healthcare Berhad (“**KPJ**” or the “**Company**”) to be held at Ballroom 1 and 2, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Malaysia on Wednesday, 26 June 2024 at 11:00 a.m. or any adjournment thereof. The Notice of the 31st AGM together with the Proxy Form are available for download from the Company’s website together with this Circular at <https://kpj.listedcompany.com/ar.html>.

A member who is entitled to attend and vote at the 31st AGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, you may lodge your Proxy Form by electronic means via TIIH Online website at <https://tiih.online>, not less than forty-eight (48) hours before the time set for holding the 31st AGM as indicated below or any adjournment thereof.

Last date and time for lodging the Proxy Form : Monday, 24 June 2024 at 11:00 a.m.

Date and time of the 31st AGM : Wednesday, 26 June 2024 at 11:00 a.m.

This Circular is dated 10 May 2024

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following terms and abbreviations shall apply throughout this Circular:-

- “Act”** : Companies Act 2016, as amended from time to time and any re-enactment thereof
- “AGM”** : Annual General Meeting
- “Integrated Annual Report 2023”** : Integrated Annual Report of the Company for the financial year ended 31 December 2023
- “Board”** : Board of Directors of KPJ
- “Bursa Securities”** : Bursa Malaysia Securities Berhad
- “Circular”** : This Circular to Shareholders of KPJ dated 10 May 2024
- “Constitution”** : The Constitution of KPJ, as amended from time to time
- “Director”** : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the Company or any other company which is its subsidiary or holding company, or a chief executive officer of the Company, its subsidiary or holding company
- “EPS”** : Earnings per share
- “FYE(s)”** : Financial year(s) ended/ending, as the case may be
- “Interested Directors”** : The directors of KPJ who are deemed interested in the Proposed Shareholders’ Mandate as disclosed in Section 6 of this Circular
- “Interested Major Shareholder(s)”** : The major shareholder(s) of KPJ who is/are deemed interested in the Proposed Shareholders’ Mandate as disclosed in Section 6 of this Circular
- “JCorp”** : Johor Corporation, a body corporate established under the Johor Corporation Enactment No. 4, 1968 (as amended by Enactment No. 5, 1995)
- “JCorp Group”** : JCorp and its subsidiaries and associated companies
- “KPJ” or “the Company”** : KPJ Healthcare Berhad
- “KPJ Group” or “the Group”** : KPJ and its subsidiary companies
- “KPJ Share(s)” or “Share(s)”** : Ordinary share(s) of KPJ
- “Listing Requirements”** : Main Market Listing Requirements of Bursa Securities
- “LPD”** : 24 April 2024, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (CONT'D)

- “Major Shareholder”** : A person, who includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company, has an interest or interests in one (1) or more voting shares in the Company and the number of voting shares, or the aggregate number of those voting shares, is:-
- (a) 10% or more of the total number of voting shares in the Company;
or
- (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act
- “NA”** : Net Assets
- “Proposed New Shareholders’ Mandate”** : Proposed new shareholders’ mandate for KPJ Group to enter into additional recurrent related party transactions of a revenue or trading nature
- “Proposed Renewal of Existing Shareholders’ Mandate”** : Proposed renewal of existing shareholders’ mandate for KPJ Group to enter into recurrent related party transactions of a revenue or trading nature
- “Proposed Shareholders’ Mandate”** : Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate
- “Related Party(ies)”** : Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) who are interested in the RRPT(s) as set out in Section 2.3 of the Circular
- “RM” and “sen”** : Ringgit Malaysia and sen, respectively
- “RRPT(s)”** : Recurrent related party transaction(s) of a revenue or trading nature of KPJ Group which are necessary for the day-to-day operations and in the ordinary course of business of KPJ Group as specified in Section 2.4 of the Circular
- “Treasury Shares”** : 162,306,700 treasury shares held by KPJ as at LPD

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to “you” or “your” in this Circular are to the shareholders of the Company.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted.

Any reference to the time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE

	PAGE
1. INTRODUCTION	1-2
2. PROPOSED SHAREHOLDERS' MANDATE	
2.1 Details of the Proposed Shareholders' Mandate	2-3
2.2 Principal Activities of KPJ Group	3-7
2.3 Classes of RRPT(s) for the Proposed Shareholders' Mandate	8
2.4 Nature of RRPT(s) for the Proposed Shareholders' Mandate	9-10
2.5 Amount due and owing to KPJ Group by its Related Parties pursuant to the RRPT(s)	11
2.6 Review Procedures for RRPT(s)	11
2.7 Statement by the Audit Committee	12
2.8 Disclosure in Integrated Annual Report	12
3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE	12
4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE	13
5. APPROVALS REQUIRED	13
6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM	13-14
7. DIRECTORS' RECOMMENDATION	14
8. AGM	15
9. FURTHER INFORMATION	15
APPENDIX I – FURTHER INFORMATION	16-20

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KPJ HEALTHCARE BERHAD

(Registration No. 199201015575 (247079-M))
(Incorporated in Malaysia)

Registered Office:

Level 13
Menara KPJ
238, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

10 May 2024

Board of Directors:

Tan Sri Dato' Sri Dr. Ismail bin Bakar	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Mohd Redza Shah bin Abdul Wahid	<i>(Senior Independent Non-Executive Director)</i>
Mohamed Ridza bin Mohamed Abdulla	<i>(Independent Non-Executive Director)</i>
Khairuddin bin Jaflus	<i>(Independent Non-Executive Director)</i>
Hisham bin Zainal Mokhtar	<i>(Independent Non-Executive Director)</i>
Lee Lai Fan	<i>(Independent Non-Executive Director)</i>
Shamsul Anuar bin Abdul Majid	<i>(Non-Independent Non-Executive Director)</i>
Rozaini bin Mohd Sani	<i>(Non-Independent Non-Executive Director)</i>
Prof. Dato' Dr. Azizi bin Haji Omar	<i>(Non-Independent Non-Executive Director)</i>
Annie binti Rosle	<i>(Non-Independent Non-Executive Director)</i>
Chin Keat Chyuan	<i>(President and Managing Director)</i>

To: The Shareholders of KPJ

Dear Sir/Madam,

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE

1. INTRODUCTION

At the Thirtieth AGM of the Company held on 22 June 2023, the Company had obtained a general mandate from its shareholders for the Group to enter into RRPT(s) with Related Parties in the ordinary course of business based on commercial terms which were not more favourable to the Related Parties than those generally available to the public and were not detrimental to the minority shareholders, which were necessary for KPJ Group's day-to-day operations.

In accordance with the Listing Requirements, the aforesaid mandate is subject to annual renewal and will lapse at the conclusion of the forthcoming Thirty-First ("31st") AGM, unless authority for its renewal is obtained from the shareholders of KPJ.

On 30 April 2024, the Company had announced to Bursa Securities its intention to seek shareholders' approval for the Proposed Shareholders' Mandate pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming 31st AGM of the Company.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE, TO SET OUT THE RECOMMENDATION OF THE BOARD THEREON AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 31ST AGM UNDER THE AGENDA OF SPECIAL BUSINESS.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING 31ST AGM.

2. PROPOSED SHAREHOLDERS' MANDATE

2.1 Details of the Proposed Shareholders' Mandate

Pursuant to Paragraph 10.09(2), Part E of Chapter 10 of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPT(s), which are necessary for its day-to-day operations, subject to, inter alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, major shareholder or person connected with a director or major shareholder and where it involves the interest of the person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the transactions. An interested director or major shareholder must ensure that person connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured a shareholders' mandate in respect of RRPT(s) pursuant to Paragraph 10.09(2) of the Listing Requirements, the provisions under Paragraph 10.08 of the Listing Requirements shall not apply to the RRPT(s) which are comprised in the said mandate during the validity period of the mandate.

The shareholders' mandate for the RRPT(s) is also subject to the following:-

- (a) the transactions are conducted on normal commercial terms;
- (b) the transactions are not detrimental to the minority shareholders;
- (c) the transactions are conducted on arm's length basis; and
- (d) details of the transactions containing the information as set out in Annexure PN12-A of the Listing Requirements are set out in the circular.

2.1 Details of the Proposed Shareholders' Mandate (Cont'd)

It is anticipated that KPJ Group would, in the ordinary course of its business, enter into the RRPT(s) which are necessary for its day-to-day operations with the classes of Related Parties which are disclosed in Section 2.3 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board is seeking the shareholders' mandate which would allow the Group to enter into RRPT(s) with the Related Parties as specified in Section 2.4 of this Circular provided that such transactions are necessary for the day-to-day operations of the Group, in the ordinary course of its business carried out based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of its minority shareholders.

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming 31st AGM, will be subject to annual review and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM, at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

2.2 Principal Activities of KPJ Group

KPJ is principally an investment holding company while the principal activities of its subsidiaries include the operations of specialist hospitals, trading of pharmaceutical and consumer healthcare products, provision of pathology and laboratory services and a private nursing and allied health university. Details of the subsidiaries and associates of the Company as at LPD are set out below:-

Name of company	Effective interest %	Principal activities
Kumpulan Perubatan (Johor) Sdn. Bhd.	100	Managing and investment holding company for medical sector
Point Zone (M) Sdn. Bhd.	100	Providing treasury management services to the companies within the group
Tawakal Holdings Sdn. Bhd.	100	Investment holding company
Johor Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Pusat Pakar Tawakal Sdn. Bhd.	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Puteri Specialist Hospital (Johor) Sdn. Bhd.	100	Dormant

2.2 Principal Activities of KPJ Group (Cont'd)

<u>Name of company</u>	<u>Effective interest %</u>	<u>Principal activities</u>
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd.</u>		
Ampang Puteri Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Maharani Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Penang Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn. Bhd.	100	Operating as a specialist hospital
Rawang Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Sentosa Medical Centre Sdn. Bhd.	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn. Bhd.	100	Operating as a specialist hospital
SMC Healthcare Sdn. Bhd.	100	Operating as a specialist hospital
Kuching Specialist Hospital Sdn. Bhd.	93	Operating as a specialist hospital
Miri Specialist Hospital Sdn. Bhd.	84	Operating as a specialist hospital
Perlis Specialist Hospital Sdn. Bhd.	80	Operating as a specialist hospital
Pahang Specialist Hospital Sdn. Bhd.	70	Operating as a specialist hospital
Perdana Specialist Hospital Sdn. Bhd.	61	Operating as a specialist hospital
Selangor Specialist Hospital Sdn. Bhd.	60	Operating as a specialist hospital
Advanced Health Care Solutions Sdn. Bhd.	100	Providing healthcare information system services
BDC Specialist Hospital Sdn. Bhd.	100	Operating as a building management company
Crossborder Aim (M) Sdn. Bhd.	100	Investment holding company
Crossborder Hall (M) Sdn. Bhd.	100	Investment holding company
Fabricare Laundry Sdn. Bhd.	100	Providing laundry services
Healthcare IT Solutions Sdn. Bhd.	100	Providing healthcare information technology services
KPJ Ambulatory Care Centre Sdn. Bhd.	100	Management and operation of ambulatory care centre

2.2 Principal Activities of KPJ Group (Cont'd)

Name of company	Effective interest %	Principal activities
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd. (Cont'd)</u>		
KPJ Dhaka (Pte) Ltd	100	Providing management services to a specialist hospital
KPJ Eyecare Specialist Sdn. Bhd.	100	Providing medical and consultancy services in eye care
KPJ Healthcare University Sdn. Bhd. (formerly known as KPJ Healthcare University College Sdn. Bhd.)	100	Operating as a private university of nursing and allied health
KPJ HealthShoppe Sdn. Bhd.	100	Operating as pharmacy retail outlet
Kuantan Wellness Center Sdn. Bhd.	100	Operating as a dialysis and aged-care centre
Massive Hybrid Sdn. Bhd.	100	To be operating as a specialist hospital
PharmaCARE Sdn. Bhd.	100	Providing human resource, training services and rental of human resource information system
Pharmaserv Alliances Sdn. Bhd.	100	Marketing and distributing medical and pharmaceutical products
Pride Outlet Sdn. Bhd.	100	Dormant
Sibu Geriatric Health & Nursing Centre Sdn. Bhd.	100	Operating and managing an aged care facilities
Sterile Services Sdn. Bhd.	100	Providing sterile services
Total Meal Solution Sdn. Bhd.	100	Providing central kitchen services
UTM KPJ Specialist Hospital Sdn. Bhd.	100	To be operating as a specialist hospital
DTI Resources Sdn. Bhd.	94	Providing information technology related services and rental of software
Jeta Gardens (Qld) Pty Ltd	57	Providing retirement village and aged care facilities
Lablink (M) Sdn. Bhd.	51	Providing pathology and laboratory services
Healthcare Technical Services Sdn. Bhd.	51	Providing management and engineering maintenance services for specialist hospital

2.2 Principal Activities of KPJ Group (Cont'd)

Name of company	Effective interest %	Principal activities
<u>Subsidiaries of Kumpulan Perubatan (Johor) Sdn. Bhd. (Cont'd)</u>		
Bandar Baru Klang Specialist Hospital Sdn. Bhd.	100	Dormant
Bayan Baru Specialist Hospital Sdn. Bhd.	100	Dormant
Damansara Specialist Hospital Sdn. Bhd.	100	Dormant
Energy Excellent Sdn. Bhd.	100	Dormant
Kota Kinabalu Wellness Sdn. Bhd.	100	Dormant
KPJ Education Services Sdn. Bhd.	100	Dormant
KPJ MedikTV Sdn. Bhd.	100	Dormant
Pharmacare Surgical Technologies (M) Sdn. Bhd.	100	Dormant
Seremban Specialist Hospital Sdn. Bhd.	100	Dormant
Skop Yakin (M) Sdn. Bhd.	100	Dormant
Taiping Medical Centre Sdn. Bhd.	100	Dormant
Freewell Sdn. Bhd.	80	Dormant
<u>Subsidiary of Johor Specialist Hospital Sdn. Bhd.</u>		
Bandar Dato Onn Specialist Hospital Sdn. Bhd.	100	Operating as a specialist hospital
Kluang Specialist Hospital Sdn. Bhd.	100	Operating as a building management company
<u>Subsidiary of Ipoh Specialist Hospital Sdn. Bhd.</u>		
Sri Manjung Specialist Centre Sdn. Bhd.	100	Operating as a specialist hospital
<u>Subsidiary of Selangor Specialist Hospital Sdn. Bhd.</u>		
Pusrawi SMC Sdn. Bhd.	52	Operating as a polyclinic
<u>Subsidiary of SMC Healthcare Sdn. Bhd.</u>		
Amity Development Sdn. Bhd.	100	Operating as a property holding company

2.2 Principal Activities of KPJ Group (Cont'd)

<u>Name of company</u>	Effective interest %	<u>Principal activities</u>
<u>Subsidiary of Pharmaserv Alliances Sdn. Bhd.</u>		
Malaysian Institute of Healthcare Management Sdn. Bhd.	75	Dormant
<u>Subsidiary of KPJ Healthcare University Sdn. Bhd. (formerly known as KPJ Healthcare University College Sdn. Bhd.)</u>		
KPJ Education (M) Sdn. Bhd.	100	Dormant
<u>Subsidiaries of Jeta Gardens (Qld) Pty Ltd</u>		
Jeta Gardens Aged Care (Qld) Pty Ltd	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd	100	Dormant
<u>Associates of KPJ</u>		
Damansara REIT Managers Sdn. Berhad ^(a)	-	Manager of Al-`Aqar Healthcare REIT
Al-`Aqar Healthcare REIT	34	Real estate investment trust
<u>Associates of Kumpulan Perubatan (Johor) Sdn. Bhd.</u>		
Kedah Medical Centre Sdn. Bhd.	46	Operating as a specialist hospital
Vejthani Public Company Limited	23	Operating as an international specialist hospital

Note:-

^(a) Entity over which the Company exercises significant influence by virtue of its board representation in Damansara REIT Managers Sdn. Berhad, which controls Al-`Aqar Healthcare REIT.

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2.3 Classes of RRPT(s) for the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will apply to transactions with the following classes of Related Parties:-

Transacting Party ^(a)	Nature of RRPT	Classes of Related Party and Nature of Interest ^(a)
JCorp Group (excluding Al-`Aqar Healthcare REIT (“Al-`Aqar”) and Al-Salām Real Estate Investment Trust (“Al-Salām”))	<ul style="list-style-type: none"> ▪ Registrar fees ▪ Building management service fees payable for Menara KPJ in Kuala Lumpur ▪ Insurance coverage payable ▪ Security services fees payable ▪ Purchase of food and beverage consumables ▪ Training and seminars ▪ Medical services provided to JCorp Group’s employees as panel hospital ▪ Rental payable for renting of land for car park ▪ Rental income for renting of land for car park ▪ Housekeeping contact fees payable ▪ Rental income for renting of office ▪ Landscape ▪ Software as a service 	<p><u>Major Shareholder</u></p> <ul style="list-style-type: none"> ▪ JCorp <p>KPJ is a 44.99%-owned subsidiary of JCorp as at LPD via its direct (35.86%) and indirect interest (9.13%).</p> <p>KPJ and JCorp (via indirect shareholdings) are also the major unitholders of Al-`Aqar. Damansara REIT Managers Sdn. Berhad (“DRMSB”), the manager of Al-`Aqar and Al-Salām, is also indirectly wholly-owned by JCorp.</p> <p><u>Directors</u></p> <ul style="list-style-type: none"> ▪ Tan Sri Dato’ Sri Dr. Ismail bin Bakar ▪ Dato’ Mohd Redza Shah bin Abdul Wahid ▪ Shamsul Anuar bin Abdul Majid ▪ Rozaini bin Mohd Sani ▪ Datuk Md Arif bin Mahmood (<i>who had resigned as Non-Independent Non-Executive Chairman of KPJ on 1 April 2024</i>)
Al-`Aqar (represented by its trustee, AmanahRaya Trustees Berhad (“ ART ”) and managed by DRMSB, a wholly-owned subsidiary of Damansara Assets Sdn. Bhd. (“ DASB ”), which in turn is a wholly-owned subsidiary of JCorp. Al-`Aqar Australia Pty Ltd (“ Al-`Aqar Australia ”) is a wholly-owned subsidiary of Al-`Aqar.)	Rental payable for renting of retirement village building and aged care facility in Australia together with the land.	<p>Tan Sri Dato’ Sri Dr. Ismail bin Bakar is deemed an interested director as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ who is also a Deputy Chairman of JCorp.</p> <p>Dato’ Mohd Redza Shah bin Abdul Wahid is deemed an interested director as he is a Director of DRMSB and also a Director of KPJ.</p>
Al-Salām (represented by its trustee, ART and managed by DRMSB, a wholly-owned subsidiary of DASB, which in turn is a wholly-owned subsidiary of JCorp. Al-Salām is a 67.52%-owned subsidiary of JCorp via its direct (4.21%) and indirect interest (63.31%).)	Rental payable for renting of premises for the operations of KPJ Healthcare University (<i>formerly known as KPJ Healthcare University College</i>).	<p>Shamsul Anuar bin Abdul Majid is deemed an interested director as he is a Director of DRMSB and also a Director of KPJ. He is also a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ and being part of the senior management of JCorp.</p> <p>Rozaini bin Mohd Sani is deemed an interested director as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ and being part of the senior management of JCorp.</p> <p>Datuk Md Arif bin Mahmood, the former Non-Independent Non-Executive Chairman of KPJ who had resigned on 1 April 2024, is deemed interested in the Proposed Shareholders’ Mandate as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ.</p>

Note:-

^(a) Based on position as at LPD.

2.4 Nature of RRPT(s) for the Proposed Shareholders' Mandate

(a) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties:-

Transacting Party	Nature of RRPT	Estimated aggregate value from the forthcoming AGM to the next AGM ^(a) (RM'000)	Actual value transacted from 22 June 2023 (date of last AGM) up to the LPD "Actual Value" (RM'000)	Estimated aggregate value as disclosed in the preceding year's circular to shareholders dated 27 April 2023 "Estimated Value" (RM'000)	Deviation where Actual Value exceeds Estimated Value by 10% or more (RM'000)
JCorp Group (except for Al-`Aqar and Al-Salām)	• Registrar fees	400	300	300	-
	• Building management service fees payable for Menara KPJ in Kuala Lumpur	7,000	5,058	1,400	3,658 ^(b)
	• Insurance coverage payable	150	120	400	-
	• Security services fees payable	500	390	450	-
	• Purchase of food and beverage consumables	90	90	90	-
	• Training and seminars	100	75	100	-
	• Medical services provided to JCorp Group's employees as panel hospital	1,000	665	4,000	-
	• Rental payable for renting of land for car park	320	320	264	56 ^(c)
	• Rental income for renting of land for car park	2,700	2,500	2,700	-
	• Housekeeping contract fees payable	33,900	27,070	30,000	-
• Rental income for renting of office	70	60	60	-	
Al-`Aqar and its subsidiary, Al-`Aqar Australia	• Rental payable for renting of retirement village building and aged care facility in Australia together with the land	11,000	10,000	11,000	-
Al-Salām	• Rental payable for renting of premises for the operations of KPJ Healthcare University (formerly known as KPJ Healthcare University College)	2,300	2,000	2,300	-
Total		59,530	48,648	53,064	3,714

Note:-

^(a) The actual value of the transactions may vary from the estimated value disclosed above.

^(b) The deviation in respect of building management service fees payable for Menara KPJ in Kuala Lumpur to JCorp Group was due to a new contract entered with DASB.

^(c) The deviation in respect of rental payable for renting of land for car park to JCorp Group was due to new carpark space rented from the car park operator.

2.4 Nature of RRPT(s) for the Proposed Shareholders' Mandate (Cont'd)

(b) The Proposed New Shareholders' Mandate will apply to the following Related Parties:-

Transacting Party	Nature of RRPT	Estimated aggregate value from the forthcoming AGM to the next AGM^(a)
		(RM'000)
JCorp Group	• Landscape	116
(except for Al-`Aqar and Al-Salām)	• Software as a service	6,000
	Total	6,116

Note:-

^(a) The actual value of the transactions may vary from the estimated value disclosed above.

2.5 Amount due and owing to KPJ Group by its Related Parties pursuant to the RRPT(s)

As at 31 December 2023, being the end of the financial year of KPJ Group, there is no amount due and owing to KPJ Group by the abovementioned related parties arising from the RRPT(s) which has exceeded the normal credit terms of the KPJ Group.

2.6 Review Procedures for RRPT(s)

The Company has established the following internal review procedures to ensure that the RRPT(s) are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are not more favourable to the Related Parties than those generally available to third parties/public and are not to the detriment of the minority shareholders:-

- (i) in determining the pricing for the RRPT(s), the Group transacts at the prevailing market rates/prices for services or products, on the service or product providers' usual commercial terms, and otherwise in accordance with applicable industry norms;
- (ii) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties;
- (iii) all RRPT(s) are subject to the following limit of approval:-
 - value below RM500,000.00 must be reviewed and approved by KPJ Group Management Committee;
 - value below RM1,000,000.00 must be reviewed and approved by the President and Managing Director;
 - value above RM1,000,000.00 but below RM5,000,000.00 must be reviewed and approved by the Management Tender Committee;
 - value above RM5,000,000.00 but below RM20,000,000.00 must be reviewed and approved by the Tender Committee; or
 - value above RM20,000,000.00 must be reviewed and approved by the Board of Directors of the Company;
- (iv) if any Director of the KPJ Group has a direct or indirect interest in any particular transaction, he or she will have to abstain from any deliberation and also voting in respect of the said transaction. If a member of the Audit Committee is interested in any transactions, that member of the Audit Committee shall abstain from voting in any matter relating to any decision to be taken by the Audit Committee with respect to such transactions;
- (v) proper records shall be maintained to capture all RRPT(s) of a revenue or trading nature entered into pursuant to the shareholders' mandate to ensure accurate disclosure thereof. Disclosure shall be made in the Integrated Annual Report of the Company of the aggregate value of transactions conducted in accordance with the given mandate;
- (vi) the Audit Committee shall have overall responsibility for the determination of the review procedures;
- (vii) the Audit Committee shall review the relevant RRPT(s) of a revenue or trading nature and the existing procedures to ascertain that they have been complied with; and
- (viii) if during the review, the Audit Committee is of the view that the abovementioned procedures are no longer sufficient to ensure that the RRPT(s) are undertaken on an arm's length basis and on normal commercial terms that are not more favourable to the Related Party than those normally available to the public, the Audit Committee shall have the discretion to request for additional procedures to be imposed on all the RRPT(s).

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2.7 Statement by the Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures established in Section 2.6 above in treatment of RRPT(s) and is of the view that:-

- (i) the said procedures for the RRPT(s) as well as the periodic review to be made by the Audit Committee in relation thereto are sufficient to ensure that the RRPT(s) will be made at arm's length and in accordance with the Company's normal commercial terms and are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) the Group has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner; and
- (iii) the Audit Committee will review these procedures and processes on an annual basis.

2.8 Disclosure in Integrated Annual Report

A disclosure will be made in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT(s) entered into during the financial year, amongst others, based on the following information:-

- (i) the type of the RRPT(s) made; and
- (ii) the names of the Related Parties involved in each type of RRPT(s) made and their relationships with the Company.

The above disclosure will be made in the Company's Integrated Annual Report for each subsequent financial year after the Proposed Shareholders' Mandate has been approved and renewed.

In addition, if the actual value of the RRPT(s) entered into by the Group exceeds the estimated value of the RRPT(s) disclosed in the circular to the shareholders on the Proposed Shareholders' Mandate by 10% or more, the Company will make an immediate announcement to Bursa Securities.

3. RATIONALE AND BENEFITS OF THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT(s) to be entered into by the Group with the Related Parties are intended to meet business needs at the best possible terms. The Proposed Shareholders' Mandate also enhances the ability of the Group to explore beneficial business opportunities and promote cross-selling between the Group and the JCorp Group.

The Proposed Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make regular announcements to Bursa Securities or to issue separate circulars to shareholders and to convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the Group into such transactions. This will substantially reduce administrative time, inconvenience and expenses associated with the making of such announcements and the convening of such general meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Hence, the Directors are seeking approval from the shareholders on the RRPT(s) as described under Section 2.4 of this Circular.

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4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is not expected to have any material effect on the issued share capital of the Company, substantial shareholders' shareholdings in the Company, NA per share, gearing, EPS as well as the dividend of the Group.

Nevertheless, the Proposed Shareholders' Mandate is in relation to transactions which relate to the KPJ Group's day-to-day operations. Hence, it will affect KPJ Group's financial performance.

5. APPROVALS REQUIRED

The Proposed Shareholders' Mandate is subject to and conditional upon approval being obtained from the shareholders of the Company at the forthcoming 31st AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed in this Circular and below, none of the Directors, Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Shareholders' Mandate:-

(i) Major Shareholders' Interest

JCorp being the Interested Major Shareholder will abstain from voting in respect of its direct and indirect interests in the Company on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 31st AGM. JCorp has undertaken to ensure that persons connected with it shall abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 31st AGM in respect of their direct or indirect interests in the Company.

(ii) Directors' Interests

Tan Sri Dato' Sri Dr. Ismail bin Bakar is deemed interested in the Proposed Shareholders' Mandate as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ who is also a Deputy Chairman of JCorp.

Dato' Mohd Redza Shah bin Abdul Wahid is deemed interested in the Proposed Shareholders' Mandate by virtue of him being a Director of DRMSB and also a Director of KPJ.

Shamsul Anuar bin Abdul Majid is deemed interested in the Proposed Shareholders' Mandate by virtue of him being a Director of DRMSB and also a Director of KPJ. He is also a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ and being part of the senior management of JCorp.

Rozaini bin Mohd Sani is deemed interested in the Proposed Shareholders' Mandate as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ and being part of the senior management of JCorp.

Datuk Md Arif bin Mahmood, the former Non-Independent Non-Executive Chairman of KPJ who had resigned on 1 April 2024, is deemed interested in the Proposed Shareholders' Mandate as he is a person connected to JCorp by virtue of him being a Board representative of JCorp in KPJ.

Tan Sri Dato' Sri Dr. Ismail bin Bakar, Dato' Mohd Redza Shah bin Abdul Wahid, Shamsul Anuar bin Abdul Majid, Rozaini bin Mohd Sani and Datuk Md Arif bin Mahmood shall collectively be referred to as "**Interested Directors**".

(ii) **Directors' Interests** (Cont'd)

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberation, voting and any recommendations relating to the Proposed Shareholders' Mandate at all the relevant Audit Committee and Board meetings, where applicable. They will also abstain from voting in respect of their direct and indirect interests, if any, on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 31st AGM.

In addition, the Interested Directors have also undertaken to ensure that persons connected to them shall abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 31st AGM in respect of their direct and indirect interests in the Company.

The direct and indirect shareholdings of the Interested Major Shareholder and Interested Directors in the Company as at LPD are as follows:-

	Direct Interest		Indirect Interest	
	No. of Shares (‘000)	% ^(a)	No. of Shares (‘000)	% ^(a)
<u>Interested Major Shareholder</u>				
JCorp	1,565,053	35.86	398,622 ^(b)	9.13
<u>Interested Directors</u>				
Tan Sri Dato' Sri Dr. Ismail bin Bakar	-	-	-	-
Dato' Mohd Redza Shah bin Abdul Wahid	-	-	-	-
Shamsul Anuar bin Abdul Majid	-	-	-	-
Rozaini bin Mohd Sani	-	-	-	-
Datuk Md Arif bin Mahmood (resigned on 1 April 2024)	60,000	-	-	-

Notes:-

^(a) Based on the total number of issued share capital of 4,364,301,366 ordinary shares (after excluding 162,306,700 Treasury Shares) in the Company as at LPD.

^(b) Deemed interested by virtue of its shareholdings in Kulim (Malaysia) Berhad, JCorp Capital Solutions Sdn. Bhd., Johor Land Berhad and Waqaf An-Nur Corporation Berhad pursuant to Section 8(4) of the Act.

7. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is fair and reasonable and is in the best interest of KPJ Group.

Accordingly, the Board (save for the Interested Directors), recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled under the Agenda on Special Business at the forthcoming 31st AGM.

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8. AGM

The Notice convening the 31st AGM is available on the Company's website at <https://kpi.listedcompany.com/ar.html>. The 31st AGM of the Company will be held at Ballroom 1 and 2, Level 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur, Malaysia on Wednesday, 26 June 2024 at 11:00 a.m. for the purpose of considering, and if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate under the agenda of Special Business as set out in the said Notice.

If you are unable to attend and vote in person at the 31st AGM, you may complete, sign and return the Proxy Form in accordance with the instructions printed therein as soon as possible and in any event so as to arrive at the office of the poll administrator at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time set for holding the 31st AGM or any adjournment thereof. The Proxy Form may also be submitted electronically via TIIH Online website at <https://tjih.online> not less than forty-eight (48) hours before the time set for holding the 31st AGM. Kindly refer to the Administrative Guide for further information on electronic submission of the Proxy Form.

9. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,
For and on behalf of the Board of
KPJ HEALTHCARE BERHAD

HISHAM BIN ZAINAL MOKHTAR
Independent Non-Executive Director

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APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of KPJ and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

2. MATERIAL CONTRACTS

Save as disclosed below, KPJ Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business of KPJ Group) during the past two (2) years immediately preceding the date of this Circular:-

- (a) Three (3) separate sale and purchase agreements dated 2 September 2022 (“SPAs”) entered between the following wholly-owned subsidiaries of KPJ listed below (collectively “Subsidiaries”) with ART, being the trustee of Al-`Aqar (“Trustee” or “Purchaser”), for the sale of the following properties listed below to Al-`Aqar for a total consideration of RM192.0 million (“Sale Consideration”) (“Proposed Sale”):-

	Subsidiaries	Hospital	Properties to be disposed	Sale Consideration (RM)
1.	Pasir Gudang Specialist Hospital Sdn. Bhd.	KPJ Pasir Gudang Specialist Hospital property	Land and building	93,000,000
2.	Penang Specialist Hospital Sdn. Bhd.	TMC Health Centre building	Building only	14,300,000
3.	Maharani Specialist Hospital Sdn. Bhd.	KPJ Seremban Specialist Hospital building	Building only	84,700,000
			Total	192,000,000

As a condition to the Proposed Sale, each subsidiary had entered into three (3) separate conditional lease agreements with the Trustee (acting on behalf of Al-`Aqar), and DRMSB, being the manager of Al-`Aqar (“Manager”), for the lease of the abovementioned properties back to the respective subsidiaries as set out in the table below (“Lease Agreements”) upon the terms and conditions agreed between the aforesaid parties and contained in the Lease Agreements (“Proposed Leaseback”). The Proposed Sale and Proposed Leaseback were inter-conditional and are collectively referred to as “Proposed Sale and Leaseback”).

The Proposed Sale was completed on 23 December 2022. Upon the completion of the Proposed Sale, the Proposed Lease commenced with effect from 23 December 2022 and set out in the table below are the brief particulars of the Lease Agreements:-

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APPENDIX I – FURTHER INFORMATION (CONT'D)

2. MATERIAL CONTRACTS (Cont'd)

	Date of Lease Agreements	Subsidiaries	Hospital	Properties leased to the Subsidiaries	Contractual Term of Lease
1	23 December 2023	Pasir Gudang Specialist Hospital Sdn. Bhd.	KPJ Pasir Gudang Specialist Hospital property	Land and building	23 December 2022 to 22 December 2037
2	23 December 2023	Penang Specialist Hospital Sdn. Bhd.	TMC Health Centre building	Building only	23 December 2022 to 30 April 2024
3	23 December 2023	Maharani Specialist Hospital Sdn. Bhd.	KPJ Seremban Specialist Hospital building	Building only	23 December 2022 to 13 October 2024

- (i) Lease Agreement dated 23 December 2022 entered into between the Trustee, Pasir Gudang Specialist Hospital Sdn Bhd and the Manager for the lease of KPJ Pasir Gudang Specialist Hospital for contractual term commencing from 23 December 2022 to 22 December 2037 at a rental rate determined under the terms of the said lease agreement;
- (ii) Lease Agreement dated 23 December 2022 entered into between the Trustee, Maharani Specialist Hospital Sdn Bhd and the Manager for the lease of the Seremban New Building for contractual term commencing from 23 December 2022 to 13 October 2024 at a rental rate determined under the terms of the said lease agreement;
- (iii) Lease Agreement dated 23 December 2022 entered into between the Trustee, Penang Specialist Hospital Sdn Bhd and the Manager for the lease of the TMC New Building for contractual term commencing from 23 December 2022 to 30 April 2024 at a rental rate determined under the terms of the said lease agreement.

The Proposed Sale and Leaseback have been completed.

- (b) Contract for Commercial Land and Buildings (“**CCLB**”) dated 12 September 2022 entered by Jeta Gardens (QLD) Pty Ltd (A.C.N 102 975 182) (“**Jeta Gardens**”), a subsidiary of KPJ, with JLAND Australia Pty Ltd (A.C.N 657 536 779) (“**JLAND Australia**”) for the proposed disposal of 2 parcels of vacant freehold development land in Bethania Queensland Australia for a total cash consideration of Australian Dollars (AUD) 6,500,000 (“**Proposed Jeta Land Disposal**”). The Proposed Jeta Land Disposal has been completed.

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2. MATERIAL CONTRACTS (Cont'd)

- (c) Share Sale Agreement (“**SSA**”) dated 1 March 2023, entered between KPJ’s subsidiaries, namely Kumpulan Perubatan (Johor) Sdn. Bhd. (“**KPJSB**”), Crossborder Aim (M) Sdn. Bhd. (“**CAMSB**”) and Crossborder Hall (M) Sdn. Bhd. (“**CHMSB**”), with PT Nusautama Medicalindo (“**PTNM**”) for the proposed disposal of KPJ’s Indonesian hospital operations and facilities relating to PT KPJ Medica (“**KPJM**”) (“**Proposed Disposal**”). The Proposed Disposal involves the sale by KPJSB of its 75% stake in KPJM, as well as the sale by CAMSB and CHMSB’s of 100% stake of PT Al-Aqar Bumi Serpong Damai (“**AABSD**”) to PTNM at a provisional purchase price of Indonesian Rupiah equivalent to RM13,663,488, subject to adjustment based on closing cash, closing debt and closing working capital. The Proposed Disposal has been completed.
- (d) Lease Agreement dated 25 August 2023 entered into between ART, being the trustee of Al-`Aqar (“**Trustee**”), Perdana Specialist Hospital Sdn Bhd and DRMSB, the manager of Al-`Aqar (the “**Manager**”) for the lease of the KPJ Perdana Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;
- (e) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kajang Specialist Hospital Sdn Bhd and the Manager for the lease of the KPJ Kajang Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;
- (f) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kuantan Wellness Center Sdn Bhd and the Manager for the lease of the KPJ Kuantan Care & Wellness Centre for contractual term commencing from 1 October 2023 to 30 September 2026, at a rental rate determined under the terms of the said lease agreement;
- (g) Lease Agreement dated 25 August 2023 entered into between the Trustee, Sentosa Medical Centre Sdn Bhd and the Manager for the lease of the KPJ Sentosa KL Specialist Hospital Building for contractual term commencing from 1 October 2023 to 30 September 2026, at a rental rate determined under the terms of the said lease agreement;
- (h) Lease Agreement dated 25 August 2023 entered into between the Trustee, Kedah Medical Centre Sdn Bhd and the Manager for the lease of the Kedah Medical Centre Building for contractual term commencing from 1 October 2023 to 30 September 2038 at a rental rate determined under the terms of the said lease agreement;

(The lease agreements mentioned in subparagraphs (d) to (h) above are ongoing)

- (i) Business Transfer Agreement dated 30 September 2023 between Kumpulan Perubatan (Johor) Sdn Bhd (“**KPJSB**”), Bandar Baru Klang Specialist Hospital Sdn Bhd (“**BBKSH**”) and Rawang Specialist Hospital Sdn Bhd (“**RSH**”) (“**BTA**”) as part of an integral amalgamation of business exercise with the view of achieving greater corporate structure, operational and financial efficient, BBKSH has agreed to sell, transfer and/or to procure the sale, transfer and delivery of the legal and/or beneficial ownership of the Business comprising the Transferred Assets (as defined in the BTA) and the Transferred Liabilities (as defined in the BTA) to RSH, and RSH has agreed to purchase the Business at the Consideration upon the terms and conditions of the BTA and RSH has agreed to allot and issue the Consideration Shares in the name of KPJSB upon the terms and conditions of the BTA. The Business Transfer Agreement has been completed.

APPENDIX I – FURTHER INFORMATION (CONT'D)

2. MATERIAL CONTRACTS (Cont'd)

- (j) A Business Sale and Purchase Agreement dated 12 December 2023 entered between Jeta Gardens and its wholly-owned subsidiary Jeta Gardens Aged Care (Qld) Pty Ltd (“**JGAC**”) (collectively the “**Vendors**”), being 57.16% owned subsidiaries of KPJSB, and DPG Services Pty Ltd (“**DPG Services**” or “**Purchaser**”) (“**Business Sale Agreement**”) for the proposed disposal by the Vendors of its aged care business (including its selected existing assets and liabilities) for a net cash payment of AUD 0.700 million (equivalent to RM2.148 million) payable by the Vendors (“**Proposed Disposal**”). The Proposed Disposal has been completed;
- (k) Letter of Acceptance dated 9 February 2024 issued by Rawang Specialist Hospital Sdn Bhd (“**RSH**”) to JLG & BP Design Sdn Bhd (“**JLGBP**”) a 60% owned subsidiary of DASB which in turn is an indirect subsidiary of JCorp for the renovation work of one (1) suite of approximately 6,800 sq ft (“**Royal Suite**”) and six (6) suits of collectively approximately 8,000 sq. ft. (collectively “**Presidential Suits**”) at Damansara Specialist Hospital 2 (“**DSH2**”) (“**Proposed Renovation Works**”) for a contract value of RM15.90 million. Pursuant to the Proposed Renovation Works, JLGBP will undertake the Renovation Work of one (1) floor on Level 9 of the East Wing at DSH2.

The works in connection with the Proposed Renovation Works had commenced on 9 February 2024 with the handing over of the site possession on the same date (“**Date of Site Possession**”) and is expected to be completed on 30 September 2024 (“**Date of Completion**”).

In anticipation that the Proposed Renovation Works would be concluded by the Date of Completion, RSH has entered into a sub-tenancy agreement with JCorp, the major shareholder of KPJ, on 9 February 2024, to sub tenant Royal Suite of DSH2 to JCorp.

The term for the sub-tenancy agreement will commence on 1st October 2024 or any later date to be mutually agreed by RSH and JCorp (“**Commencement Date**”) until 30th January 2029 (“**Term**”) at the agreed rental of Ringgit Malaysia One Hundred Eleven Thousand Six Hundred Sixty Six (RM111,666.00) only per month effective from the Commencement Date.

The Proposed Renovation Works is ongoing.

3. MATERIAL LITIGATION

Save and except for the material litigation set out below, as at LPD, KPJ Group is not engaged in any material litigations, claims or arbitrations, either as plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of the Group and the Board is not aware of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

- (a) KPJ and its wholly-owned subsidiary, KPJSB had on 19 January 2024 commenced and filed a writ action at the High Court of Malaya at Kuala Lumpur vide Civil Suit No. WA-22NCC-41-01/2024 against the former members of the Board of KPJ and KPJSB.

The suit concerns the alleged breach of fiduciary and/or statutory duties owed to KPJ and KPJSB and failure to exercise reasonable care and diligence in connection with the sale of 49% shares of KPJSB’s subsidiary, Lablink (M) Sdn. Bhd. by KPJSB to KL Kappa Sdn. Bhd. in 2018.

3. MATERIAL LITIGATION (Cont'd)

KPJ and KPJSB seek, amongst others, the following reliefs:-

1. a declaration that the Defendants have breached the fiduciary duties and/or statutory duties to KPJ Group;
2. further and/or alternatively, a declaration that the Defendants were negligent;
3. consequent to reliefs at (1) and (2) above, the order that the Defendants, jointly and severally, pay:-
 - 3.1. KPJSB, the sum of RM68,690,684.74 to RM73,590,684.74 being the loss suffered by KPJSB;
 - 3.2. further and/or alternatively, KPJSB the sum of RM17,279,774.00 to RM22,179,774.00 being the losses suffered by KPJSB;
 - 3.3. such further, consequential and/or other reliefs the Honourable Court deems fit.

Barring any unforeseen circumstances, the suit is not expected to have any material financial and operational impact to KPJ and KPJSB for the financial year ending 31 December 2024.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of KPJ at Level 13, Menara KPJ, 238, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia, during ordinary business hours from Mondays to Fridays (except public holidays) for the period commencing from the date of this Circular to the date of the forthcoming 31st AGM:-

- (i) Constitution of KPJ;
- (ii) Audited consolidated financial statements of the KPJ Group for the past two (2) FYE(s) 31 December 2022 and 2023;
- (iii) Material contracts referred to in Section 2 of Appendix I; and
- (iv) Relevant cause papers that have been filed to the Court in respect of material litigation referred to in Section 3 of Appendix I.

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